

July 11, 2016

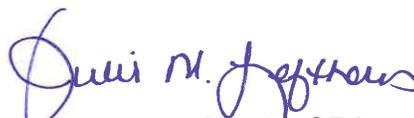
Terry L. Rhodes
Executive Director
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Director Rhodes:

I am submitting for your review and approval the Annual Audit Plan for the Office of Inspector General, pursuant to Section 20.055, Florida Statutes, Department of Highway Safety and Motor Vehicles Policy Number 11.07, and *The International Standards for the Professional Practice of Internal Auditing*. The Audit Plan for the 2016-17 Fiscal Year was developed based on a risk assessment conducted by the Office of Inspector General and input from management. Audit projects included address the major risk and operations of the Department, and optimizes the use of our audit resources.

With your approval, we will implement the Annual Audit Plan for the 2016-17 Fiscal Year. Upon approval, copies of this plan will be submitted to the Governor's Chief Inspector General and the Auditor General. Thank you for your continued support.

Sincerely,


Julie M. Leftheris, CPA
Inspector General

Approved:  7/19/16
Terry L. Rhodes, Executive Director



Risk Assessment and Annual Audit Plan for the 2016-17 Fiscal Year

July 11, 2016

Introduction

The authority and responsibilities of the Office of Inspector General are established in Section 20.055, Florida Statutes. The Inspector General reports functionally and administratively to the Department of Highway Safety and Motor Vehicles Executive Director. The Office of Inspector General has a responsibility to inform and advise management of significant deficiencies or other substantive issues noted in the course of its activities.

All operations of the Department of Highway Safety and Motor Vehicles may be subject to audit and the Office of Inspector General has the following reporting responsibilities:

- Provide individual audit results to appropriate management on a timely basis relative to significance.
- Appraise the Department of Highway Safety and Motor Vehicles Executive Director and executive management on progress made in addressing previously reported matters.
- Develop annual and long-term audit plans based on risk assessment results.
- Monitor management's process for ensuring compliance with the Department of Highway Safety and Motor Vehicles *Code of Ethics*.
- Assist management in fulfilling their responsibilities regarding financial reporting and internal control assertions and certifications.

Mission Statement

The mission of the Office of Inspector General is to promote integrity, accountability, and efficiency in the Department by conducting audits, reviews, investigations, and consulting services to provide objective, accurate, and timely information to management and the public.

Risk Assessment and Annual Audit Plan

Each year, the Office of Inspector General performs a risk assessment of the Department to identify areas with the highest level of risk. Risk is any threat to achieving the Department's mission or the likelihood that an event or action may negatively affect the Department. Our risk assessment included interviewing 31 of the Department's senior managers to gather their perspectives on the Department's current risks and exposures. It also included a review of recent FHP Troop Inspection Reports.

Other matters considered during the risk assessment and development of the annual audit plan included:

- Personnel hours and resources available;
- The dates and results of prior engagements;
- Updated assessments of risks and effectiveness of risk management and control processes;
- Requests by the Executive Director and Executive Management;
- Current changes in Department of Highway Safety and Motor Vehicles business, organizational structure, performance, operations, program systems, and controls;
- Opportunities to achieve more efficient and effective operating benefits;
- Opportunities to improve risk management, control and governance processes, and reduce opportunities for fraud related incidences;
- Statutorily required follow-up work to external audits and reviews; and
- Opportunities to improve Department of Highway Safety and Motor Vehicles governance of information technology resources.

Carry Forward Projects from the 2015-16 Fiscal Year

Confidential Credentialing Unit

The Confidential Credentialing Unit processes and maintains information pertaining to confidential and fictitious motor vehicle license plates, fictitious identification cards, and fictitious driver licenses issued to federal, state, and local law enforcement agencies for investigative purposes. The Department has been issuing fictitious identification cards and fictitious driver licenses since the early 1970's.

The objective of this audit is to review and evaluate the efficiency and effectiveness of the Confidential Credentialing Unit and compliance with confidentiality, applicable laws, and Department policy and procedure.

Information Technology Patch Management

Patch management is the process for identifying, installing, and verifying patches for products and systems. Patches correct security and functionality problems in software and firmware, and can also add new features including security capabilities. The Department's Division of Information System Administration (ISA) in conjunction with Florida's Agency for State Technology are responsible for administering the patch management program for the Department's software library. Patch Management is a vital portion of any institutions computer security program and is a requirement of Florida Administrative Code.

The objective of this audit is to review and evaluate patch management of Department programs.

Investment Process

Section 17.57(1), Florida Statutes, states that the Chief Financial Officer (CFO), or other parties with the permission of the CFO, shall deposit the money of the State or any money in the Division of Treasury (State Treasury) in such qualified public depositories of the State as will offer satisfactory collateral security for such deposits. It is the duty of the CFO, consistent with the cash requirements of the State, to keep such money fully invested or deposited in order that the State may realize maximum earnings and benefits.

The objective of this audit is to review and evaluate the efficiency and effectiveness of the Department's investment process and determine compliance with applicable laws and Department policy and procedure.

Florida Highway Patrol Field Records Management

One of the Department's goals is to ensure all records, in all formats, are efficiently and confidentially managed, retained, and destroyed in compliance with agency and legal policies and regulations. An effective records management program includes provisions for the custody, retention and disposal of Florida Highway Patrol records.

The objective of the audit is to review and evaluate the efficiency and effectiveness of the FHP field records management process, and compliance with applicable laws and Department policy and procedure.



Purging of Driver's License Records Process

One of the Department's goals is to ensure all records, in all formats, are efficiently and confidentially managed, retained, and destroyed in compliance with agency and legal policies and regulations. The Division of Motorist Services, Bureau of Records, is required to establish and maintain an effective records management program for the custody, retention, and disposal of driver license records.

The objective of this audit is to review and evaluate the efficiency and effectiveness of the process for purging driver license records and compliance with applicable laws and Department policy and procedure.

Florida Highway Patrol Recruitment Program

Recruitment is an essential part of ensuring an organization has the necessary staff to fulfill its goals. The FHP seeks to fulfill their vision of "A Safer Florida" by recruiting qualified candidates to join the patrol. FHP Recruiters conduct outreach efforts to attract qualified applicants from the nation's college campuses, military installations, and other police agencies.

The objective of this audit is to review and evaluate the efficiency and effectiveness of FHP Recruitment Process.

Specialty License Plate and Voluntary Contribution Organization Audits (4)

Kids Deserve Justice
Parents Make a Difference
A State of Vision
Discover Florida's Horses

Sections 320.023 and 320.08062, Florida Statutes, grant the Department authority to examine all records relating to the use of specialty license plate and voluntary contribution funds.

The objective of these audits is to determine compliance with applicable laws and policies related to the annual affidavits or single audit reports.



Planned Audits for the 2016-17 Fiscal Year

Ethics Audit

Public trust exists when citizens believe elected officials and other public servants are acting in the best interest of the people they represent. Every ethics-related decision made by a government official has the potential to further build or break down the public trust. Commitment to high ethical standards by employees at all levels and incorporation of ethical considerations into operational decisions is critical for maintaining public trust.

The objective of this audit will be to evaluate the Department's design, implementation and effectiveness of ethics-related programs and activities.

FHP – Crash Report Sales

Section 321.23, Florida Statutes, grants the Department the authority to charge fees for copies of public records and deposit all fees collected under this section in the Highway Safety Operating Trust Fund.

The objective of this audit will be to review and evaluate the efficiency and effectiveness of cash handling procedures relating to crash report sales at FHP field locations, and compliance with applicable laws and Department policy and procedure.

Public Records Processing

Public records are documents, paper, letters, maps, books, tapes, photographs, films, sound recordings, data processing software or other material, regardless of physical form, made or received connection with the transaction of official business by any agency. Section 119.01, Florida Statutes specifies it is the duty of the Department to provide access to public records upon request.

The objective of this audit will be to review the efficiency and effectiveness of the processing of public records requests, and determine compliance with applicable laws and Department policy and procedure.

MorphoTrust Contract Monitoring

The Department issues over 5 million driver licenses and identification cards annually. To issue license and identification cards, the Department has a contract with MorphoTrust to provide computers, cameras, signature pads, card printers, scanners, printer ribbons, and laminates. MorphoTrust is responsible for maintenance of this equipment and the production and shipping of consumables, in exchange for a set price per license/identification card issued.

The objective of this audit will be to evaluate contract management and oversight of the MorphoTrust contract.

Business Continuity Planning

Business continuity planning establishes policy and guidelines to ensure the execution of mission essential functions for Department personnel in the event that an emergency threatens or incapacitates operations and the relocation of selected personnel and functions is required. Specifically, the plan is designed to:

- Ensure that Department personnel are prepared to respond to emergencies, recover from them, and mitigate their impacts; and
- Ensure the Department is prepared to provide critical services in an environment that is threatened, diminished, or incapacitated.

The objective of this audit will be to review and evaluate the Department's Business continuity planning and determine the Department's Information Technology disaster recovery readiness.

DUI Program

Third Party Administrators throughout the state offer DUI programs and substance abuse courses to people wishing to reinstate their driver license, and provide the opportunity to evaluate drinking habits and make changes. The Department's DUI Section approves Traffic Law and Substance Abuse courses, and licenses non-profit organizations that provide DUI Programs. The Department's DUI Section also performs on-site monitoring of organizations that provide DUI Programs.

The objective of this audit will be to review the efficiency and effectiveness of the DUI on-site monitoring program and compliance with applicable laws, Department policy, and procedure.



Department Data Access Rights

The potential for data misuse exists if system users have excess access rights to data resources that are not appropriately segregated in line with the specific user's daily roles and responsibilities.

The objective of this audit will be to assess the strength of the control environment and the adequacy of the internal control framework in place over data access.

Vehicle Rebuilt/Salvage Program

Florida's motor vehicle rebuilt inspection process is authorized pursuant to Section 319.14(1)(b), Florida Statutes, to prevent the use of stolen parts and stolen vehicles in the rebuilding process and to assist law enforcement with the investigation of vehicle theft and related fraud.

The objective of this audit will be to review and evaluate the vehicle rebuilt/salvage program and determine compliance with applicable laws, Department policy, and procedure.

Data Governance

Data Governance is a system of decision rights and accountabilities for information-related processes, executed according to agreed-upon models which describe who can take what actions with what information, and when, under what circumstances, using what methods. It is a set of processes that ensure important data assets are formally managed and encompasses the people, processes, and information technology required to create a consistent and proper handling of data.

The objective of this audit will be to review and evaluate the efficiency and effectiveness of the data governance process and compliance with Department policy and procedure.

Indicia Internal Control Review

The Department and its agents issue various indicia for the operation of motor vehicles; including registration certificates, titles, disabled parking placards, license plates, temporary tags, dealer tags, and registration decals. The proper ordering, secure storage and proper issuance are vital to the Department.

The objective of this audit will be to determine whether the Department's internal control framework for indicia inventory and issuance is adequate and that internal controls are in place to reduce risk.



Specialty License Plate and Voluntary Contribution Organization Audits

Sections 320.023 and 320.08062, Florida Statutes, grant the Department authority to examine all records relating to the use of specialty license plate and voluntary contribution funds.

The Office of Inspector General plans to conduct 13 separate audits of Specialty License Plate and Voluntary Contribution Organization Audits. The objective of these audits will be to determine compliance with applicable laws and policies related to the annual affidavit prepared by the organizations for specialty license plates and voluntary contributions.

Planned Consulting Engagements for the 2016-17 Fiscal Year

State Financial Assistance

State financial assistance is state resources provided to a non-state entity to carry out a state project. Section 215.97, Florida Statutes, establishes uniform state audit requirements for state financial assistance with the goal of promoting sound financial management, including effective internal controls, and to ensure to the maximum extent possible that state agencies monitor and follow-up on audits of state financial assistance provided to non-state entities.

The objective of this engagement will be to review and evaluate the Department's processes and compliance with requirements set forth in Section 215.97, Florida Statutes, for state awarding agencies and Department policy and procedure.

CJIS Background – External Partners

The Department contracts with various vendors, agents, and local law enforcement agencies that may need access to the Criminal Justice Information System. The U.S. Department of Justice CJIS Security Policy requires all individuals with access to, or who operate in support of, criminal justice services and information to have a criminal background check completed prior to accessing the information.

The objective of this engagement will be to review and evaluate the Department's process for ensuring all external partners complete and maintain current CJIS background checks, and to ensure compliance with applicable laws, Department policy, and procedure.

Seized Tag Revenue Procedures/Revenue Distribution

Florida Administrative Code 15A-3.016, Vehicle License Plate Seizure, requires that one-third of the driver license reinstatement fee shall be distributed to the local government entity or state agency that employed the officer who seized a license plate under the authority of Section 324.201, F.S.

The objective of this engagement will be to review and evaluate the Department's process for disbursement of seized tag fees and compliance with applicable laws, Department policy, and procedure.

Recurring Projects

Performance Measure Assessment

Section 20.055(2), Florida Statutes, requires each state agency's Office of Inspector General to perform a validity and reliability assessment of their agency's performance measures.

FHP Information and Evidence Fund

The Office of Inspector General staff conducts quarterly reviews to evaluate the internal controls over the Information and Evidence Fund and compliance with Florida Statutes, Department policies, and procedures.

FHP Intelligence Procedures

The Office of Inspector General staff conducts an annual review to assess and report on the Bureau of Criminal Investigations and Intelligence internal audit of Intelligence Procedures. The assessment focuses on information collection, storage, purging, and the utilization of intelligence personnel and techniques.

Compliance Reviews

The Office of Inspector General staff review reports assist Division of Motorist Services staff with reviews of single audit reports submitted by organizations that receive specialty license plate annual use fee proceeds.

Audit Follow-Up

Section 20.055, Florida Statutes, requires the identification of each significant recommendation described in previous audit reports which corrective action has not



been completed. The Office of Inspector General staff conducts follow-up assessments of outstanding items periodically until all corrective actions have been completed.

Long-Term Work Plan (2017-18 and 2018-19)

Other Long-Term Audit Projects

- FHP Communications Centers
- Uniform Traffic Citation – Program Review
- IFTA/IRP Cash Cashing
- Bulk Data Sales
- Outside Employment
- Data Warehouse
- FHP Evidence System
- FHP MCSAP Grant Review