July 1, 2015

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 Work 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 Work Plan for the 2015-16 Fiscal Year was developed based on a risk assessment conducted by the Office of Inspector General and input from management.

The Work Plan optimizes our audit resources to address some of the most vulnerable areas of the Department. We look forward to working with you to improve Department operations and delivery of services.

With your approval, we will implement the Work Plan for the 2015-16 Fiscal Year. Upon approval, copies of this plan will be submitted to the Governor’s Inspector General and the Auditor General. Thank you for your continued support.

Sincerely,

Julie M. Lethens  
Inspector General

Approved: 
Terry L. Rhodes, Executive Director

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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 and surveying 41 of the Department’s senior managers to gather their perspectives on the Department’s current risks and exposures.

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 2014-15 Fiscal Year

Pembroke Pines Tag Agency

The Pembroke Pines Tag Agency is a private tag agency operating in the jurisdiction of the Broward County Tax Collector. The Pembroke Pines Tag Agency has a signed Agreement with the Department to provide motor vehicle services on behalf of the Broward County Tax Collector, effective August 13, 2008.

The purpose of this engagement is to determine the Pembroke Pines Tag Agency’s compliance with applicable laws, policies, and regulations in relation to providing motor vehicle services on behalf of the Broward County Tax Collector.
K9 Training Audit

The Criminal Interdiction Unit (CIU) consists of specially trained troopers designated as felony officers and canine handlers. These troopers are strategically assigned throughout the state to patrol the interstate system and other highways in order to interdict drug couriers and other criminal activity. The CIU assists other federal, state, and local law enforcement agencies in the detection and apprehension of drug traffickers and other criminal offenders that use the roadways of Florida. The CIU is an active participant in various enforcement operations coordinated by the Florida Office of Drug Control.

The purpose of this audit is to review and evaluate the efficiency and effectiveness of the FHP K9 training program operations and compliance with applicable laws and Department policy and procedure.

Crash Data Audit

The Crash Data reporting process provides statewide crash statistics for numerous private and public organizations. It is used to plan everything from insurance rates to road construction.

The purpose of this audit is to review and evaluate the accuracy and reliability of the Crash Data reporting process and compliance with applicable laws and Department policy and procedure.

Fleet Operations Audit

Motor vehicles are essential assets for the Department to achieve its missions and objectives. Vehicle uses widely vary, ranging from day use vehicles for short-term travel needs such as attending meetings or training, to long-term needs for employees traveling throughout the state to perform their day-to-day assigned duties.

The purpose of this audit is to review and evaluate the efficiency and effectiveness of Fleet Operations and compliance with applicable laws and Department policy and procedure.

Manufactured Home Inspections Audit

The Bureau of Issuance Oversight monitors the quality of manufactured home units by ensuring manufacturers’ compliance with construction standards established by the U.S. Department of Housing and Urban Development and provides additional consumer protection by training, testing and licensing individuals who set-up and install manufactured/mobile homes.
The purpose of this audit is to review and evaluate the efficiency and effectiveness of the Bureau of Issuance Oversight operations and compliance with applicable laws and Department policy and procedure related to manufactured homes.

**Specialty License Plates (1)**

Section 320.08062, Florida Statutes, grants the Department authority to examine all records relating to the use of specialty license plate funds.

The purpose of these audits is to determine compliance with applicable laws, policies, and regulations related to the annual affidavit prepared by the organizations for specialty license plates.

**Audit Follow-Ups (2)**

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 conduct follow-up assessments of outstanding items at six-month intervals until all corrective actions have been completed.

**Planned Audits and Consulting Engagements for the 2015-16 Fiscal Year**

**Financial Responsibility Reinstatement - Operational Process Review**


The Financial Responsibility Law requires proof of bodily injury liability (BIL) and property damage liability (PDL) coverage when certain events occur. The No-Fault Law requires proof of personal injury protection (PIP) and PDL coverage throughout a current vehicle registration period.

The purpose of this audit will be to review and evaluate the efficiency and effectiveness of the Financial Responsibility Reinstatement process and compliance with applicable laws and Department policy and procedure.
FHP Auxiliary Review

Chapter 321.24, F.S., authorizes the establishment of the FHP Auxiliary comprised of unpaid volunteers who serve under the direction and supervision of FHP management. The primary mission of the FHP Auxiliary is to effectively and efficiently assist the FHP in performance of its regular constituted duties.

The purpose of this audit will be to review and evaluate the efficiency and effectiveness of the FHP Auxiliary operations and compliance with applicable laws and Department policy and procedure.

BAR Review

Section 322.222, F.S. authorizes the Bureau of Administrative Reviews (BAR) to conduct hearings for the purpose of determining eligibility to reinstate license suspensions and revocations. The BAR is part of the Office of General Counsel and is comprised of 119 supervisors, hearing officers and senior clerks in 16 offices around the state.

The purpose of this audit will be to review and evaluate the efficiency and effectiveness of the Bureau of Administrative Reviews operations and compliance with applicable laws and Department policy and procedure.

Purchasing Card Program

The Department has a Purchasing Card Program in conjunction with the Department of Management Services, the Department of Financial Services, and Bank of America, in order to improve procurement and payment transaction processing. The purchasing card program simplifies the purchasing process for low-dollar purchases, provides online accountability and purchasing information, and reduces paperwork. Purchasing cards may only be used for official state-related purposes.

The purpose of this audit will be to review and evaluate the Department’s Purchasing Card Program and determine compliance with applicable laws and Department policy and procedure.

IT Inventory

The Department’s Division of Information Systems Administration (ISA) provides information technology resources to help the operational divisions accomplish the Department’s mission and goals. ISA provides acquisition of computer equipment, software and services, software development, system installation and maintenance, network administration, computer operations, and desktop support. These critical computer systems are used to issue and store information for driver licenses, vehicle
and vessel titles and registrations. Information from these systems is stored on the Department’s central databases and used by the Department, Tax Collectors, local, state, and federal agencies, businesses, and private citizens.

The purpose of this audit will be to review and evaluate internal controls relating to IT equipment inventory and compliance with applicable laws, and Department policy and procedure.

**FHP 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 FHP records.

The purpose of the audit will be 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.

**FHP Recruitment Process**

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 purpose of this audit will be to review and evaluate the efficiency and effectiveness of FHP Recruitment Process and compliance with applicable laws and Department policy and procedure.

**Confidential Credentialing Unit Review**

The Confidential Credentialing Unit processes and maintains confidential information pertaining to and fictitious motor vehicle license plates, identification cards, and driver licenses issued to federal, state, and local law enforcement agencies for investigative purposes. The Department has been issuing fictitious identifications since the early 1970’s. On average, the Department issues and renews approximately 900 fictitious identifications each year.

The purpose of this audit will be to review and evaluate the efficiency and effectiveness of the Confidential Credentialing unit and compliance with confidentiality, applicable laws, and Department policy and procedure.
**Patch Management**

ISA administers the patch management program for the Department’s software library. Patch Management includes the acquiring, testing, and installing of software updates to ensure Department software is up to date including addressing security risks. Patch Management is a vital portion of any institutions computer security program and is a requirement of Florida Administrative Code.

The purpose of this audit will be to review and evaluate the Department’s patch management programs efficiency and effectiveness.

**Investment Process**

The Florida State Treasury operates a special investment program for public entities. This program is authorized in Section 17.61(1), Florida Statutes and is called the Special Purpose Investment Account (SPIA). Component Units of the State, Universities, or Colleges that are created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA.

SPIA funds are combined with State funds and are invested as part of the Treasury Investment Pool. The Treasury Investment Pool invests in a combination of short-term liquid instruments and intermediate term fixed income securities.

The purpose of this audit will be 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.

**International Fuel Use Tax Agreements (IFTA) and International Registration Plan (IRP)**

Commercial Vehicle and Driver Services registers and audits Florida based commercial motor carriers under the International Registration Plan and the International Fuel Use Tax Agreements. The state of Florida is required by 49 USC, Subtitle VI, Part B, Chapter 317, to maintain its commercial motor vehicle registration and fuel use tax reporting laws and programs in conformance with IRP and IFTA.

IFTA is an interstate agreement between the various states and Canadian provinces, which allows a carrier to obtain a fuel tax license in one state and report all operations for fuel tax purposes to that one state. IRP is an interstate agreement between the various states and Canadian provinces, which allows a carrier to register a vehicle one time in a single jurisdiction and satisfy the registration requirements for all other participating jurisdictions. Registration fees and fuel taxes owed to other jurisdictions are then distributed accordingly. This Bureau also oversees compliance with federal and state commercial driver license regulations.
The purpose of this audit will be to review and evaluate the efficiency and effectiveness of the Department’s IFTA and IRP programs and determine compliance with applicable laws and Department policy and procedure.

**Purging of DL Records Process Review**

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 purpose of the audit will be 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.

**Specialty License Plate and Voluntary Contribution Organization Audits (10)**

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 purpose of these audits will be to determine compliance with applicable laws, policies, and regulations related to the annual affidavit prepared by the organizations for specialty license plates and voluntary contributions.

**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 their internal audit of Intelligence Procedures. The assessment focused on information collection, storage, purging, and the utilization of intelligence personnel and techniques.

Compliance Reviews

The Office of Inspector General staff review reports submitted by DUI programs and assist Division of Motorist Services staff with reviews of audit reports and affidavits 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 conduct follow-up assessments of outstanding items at six-month intervals until all corrective actions have been completed.

Long-Term Work Plan (2016-17 and 2017-18)

Other Long-Term Audit Projects

- Private Sector Rebuilt Inspection Program
- Change Management Process
- Compliance Audit of Information Technology Resource Security Policies
- IID Contract Monitoring
- Identity Fraud Prevention
- Grants Expenditures
- FHP Wrecker Program Review
- Regional Communication Centers
- Department Governance Structure
- Motorist Modernization