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Paula S. O'Neil, Ph.D.
Clerk & Comptroller
Pasco County, Florida

January 13, 2017

The Honorable Mike Moore, Chairman, and
Members of the Board of County Commissioners
Pasco County Board of County Commissioners
8731 Citizens Drive
New Port Richey, Florida 34654

Dear Chairman Moore and Members of the Board:

Enclosed is Audit Report No. 2016-05, an audit of the County's compliance with the Memorandum of Understanding (MOU) between the Stormwater Management Division and the Department of Highway Safety and Motor Vehicles (DHSMV) that provided access to the Florida Driver and Vehicle Information Database (DAVID).

The objective of the audit was to evaluate the adequacy of the internal controls over the DAVID information, and determine that the Division was in compliance with the terms and provisions stated in the MOU. At the request of management, the audit was placed on hold in May 2016, and was rescheduled for fiscal year 2017.

Based on the results on the completed audit, seven audit comments were identified. All comments and recommendations were discussed management, and their verbatim responses were included in this report.

The recommendations made in this report were provided to improve the control environment. During the course of this audit, management took corrective actions, and implemented some of the Inspector General's (IG) recommendations.

We appreciate the cooperation and professional courtesy received from the Stormwater Management Division during this audit. Please let us know if you wish to discuss any of the information provided in the report.

The results of the audit were as follows:

Compliance:

1. Quarterly Quality Control Reviews required in the MOU agreement, Section IV, Part B, subsection 9 were not conducted on a quarterly basis.



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Pasco County Board of County Commissioners
January 13, 2017
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2. Annual audits were not conducted in accordance with the MOU agreement, Section V, subsection F.
3. Annual Affirmation Statements for the audit period were not submitted to the DHSMV as required in section VI, subsection C of the MOU agreement.
4. Acknowledgements required in the terms and conditions of the MOU agreement, Section V, subsection D and E were not maintained.

Control Activities:

5. Segregation of duties for monitoring user access and activity in the DAVID system was inadequate. As a result, there was insufficient internal control over the review and oversight process for sensitive data obtained from the DAVID system.
6. Searches in the DAVID system could not always be linked to a case number. Consequently, the proper and authorized use of information could not be verified for activity reflected on the User Activity Reports.
7. Written internal policies and procedures did not exist. This contributed to some inconsistent practices for required documentation and compliance with requirements of the MOU agreement.

We request the Board to receive and file report.

Sincerely,

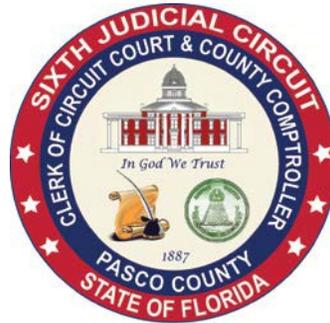
Paula S. O'Neil, Ph.D.
Clerk & Comptroller

Office of Paula S. O'Neil
Clerk & Comptroller
Pasco County, Florida

Pasco County Board of County Commissioners
Stormwater Management Division

DAVID Audit

February 7, 2017



Department of Inspector General

Patrice Monaco-McBride, CIG, CIGA, CGFO
Inspector General

Erika Hendricks, CIA, CIGA, CFE, Senior Auditor

Report No. 2016-05

Department of Inspector General
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Executive Summary

Background Information

As part of the Department of Inspector General (IG) annual audit plan for fiscal year 2016, the IG conducted an audit of the County's compliance with the Memorandum of Understanding (MOU) between the Stormwater Management Division and the Department of Highway Safety and Motor Vehicles (DHSMV). At the request of management, the audit was placed on hold on May 17, 2016, and was rescheduled for the next fiscal year. The audit resumed on October 10, 2016.

The MOU agreement was executed on March 19, 2014, contract #HSMV-0313-14, and was effective for three years. The MOU provided access to the Florida Driver and Vehicle Information Database (DAVID) which contained confidential and sensitive information. The information was to be utilized solely for business-related purposes in completing job functions, and could not be retained by agencies, unless retained for law enforcement purposes. Information was required to be protected from unauthorized users review and retrieval. Unauthorized access, use, or distribution of DAVID information could result in penalties and civil lawsuits, and possible criminal law violations.

The Stormwater Management Division used the DAVID system to obtain driver license and motor vehicle registration information to issue citations for environmental crimes, or during investigations. There were two users with access to the DAVID system.

The MOU required that the Requesting Party (Stormwater Management Division) ensure that its employees complied with the requirements, and that there were adequate controls in place to protect the personal data from unauthorized access and dissemination.

Initial training for new users included a DHSMV mandatory online DAVID instructional training and exam. Prior to gaining access into the DAVID system, users were required to complete the training and pass the exam.

Objective

The overall objective of the audit was to evaluate the adequacy of the internal controls over the DAVID information. Specifically, the objectives were to:

- Determine if the Stormwater Management Division was in compliance with the terms and provisions stated in the MOU (contract #HSMV-0313-14).
- Determine if the internal controls were adequate to monitor user activity and protect data in the DAVID system from unauthorized access, distribution, use, modification, or disclosure.

Scope and Methodology

The audit period was from March 16, 2015 through October 10, 2016. The scope was limited to the requirements specified in the MOU. The nature and scope of the audit were intended to provide objective and relevant assurance, and to contribute to the effectiveness and efficiency of governance, risk management, and control processes of the Division's use of DAVID information.

Although the audit team exercised due professional care in the performance of this audit, this did not mean that unreported noncompliance or irregularities did not exist. The deterrence of fraud, and/or employee abuse remains the responsibility of management. Audit procedures alone, even when carried out with professional care, did not guarantee that fraud or abuse was detected.

The audit was neither designed, nor intended, to be a detailed study of every relevant system, procedure, or transaction. The purpose of this report was to provide management independent, objective analysis, recommendations, and information concerning the activities reviewed. It was not an appraisal or rating of management

To achieve our objectives, the procedures performed included, but were not limited to, the following:

- Reviewed the MOU for Driver License and/or Motor Vehicle Record Data Exchange (Contract #HSMV-0313-14).
- Reviewed internal policies and procedures related to the use and oversight of the DAVID system.
- Interviewed key personnel involved in the DAVID oversight process, and users with access to the DAVID system.
- Reviewed a random sample of DAVID user activity reports for misuse.
- Reviewed documentation required by the DHSMV to maintain compliance with the MOU.
- Identified opportunities for improvement.

Statutory Authority and County Guidelines

To conduct this audit, the Department of Inspector General relied on the following authoritative guidelines to serve as criteria:

- Memorandum of Understanding for Driver License and/or Motor Vehicle Record Data Exchange (Contract #HSMV-0313-14)
- Driver's Privacy Protection Act of 1994- 18 United States Code section 2721 et seq.
- Chapter 119, Florida Statutes (section 119.0712 and 119.10)

Conclusion

The internal controls over the DAVID information for the audit period were inadequate and required improvement to be in compliance with the requirements stated in the MOU. During the course of this audit, management took corrective action and implemented some of the recommendations to improve the controls, and protect the data from unauthorized access, distribution, use and modification or disclosure.

The recommendations made in this report were offered to strengthen the control environment. All comments, and recommendations were discussed with management, and their responses were included in this report.

The Clerk & Comptroller and the Department of Inspector General thank the Stormwater Management Division for their professionalism and cooperation during this audit.

Based on the documentation reviewed and audit procedures performed, the IG identified the following opportunities for improvement:

No.	Description	Page Reference
Comments (compliance)		
1.	Quarterly Quality Control Reviews required in the MOU agreement, Section IV, Part B, subsection 9 were not conducted on a quarterly basis.	5
2.	Annual audits were not conducted in accordance with the MOU agreement, Section V, subsection F.	5
3.	Annual Affirmation Statements for the audit period were not submitted to the DHSMV as required in section VI, subsection C of the MOU agreement.	6
4.	Acknowledgements required in, the terms and conditions of the MOU agreement, Section V, subsection D and E were not maintained.	7
Comments (control activities):		
5.	Segregation of duties for monitoring user access and activity in the DAVID system was inadequate. As a result, there was insufficient internal control over the review and oversight process for sensitive data obtained from the DAVID system.	7
6.	Searches in the DAVID system could not always be linked to a case number. Consequently, the proper and authorized use of information could not be verified for activity reflected on the User Activity Reports.	8
7.	Written internal policies and procedures did not exist. This contributed to some inconsistent practices for required documentation and compliance with requirements of the MOU agreement.	9

Audit Comments & Recommendations

Compliance: Since compliance with agreements, contracts, laws, rules, regulation, policies and procedures is expected, recommendations were not provided.

1. Quarterly Quality Control Reviews required in the MOU agreement, Section IV, Part B, subsection 9 were not conducted on a quarterly basis.

Pursuant to Section IV, B, subsection 9 of the MOU, the Requesting Party agreed to conduct Quarterly Quality Control Reviews to ensure all current users were appropriately authorized. According to documentation received, there were only two quarterly reviews conducted for the audit period (3/16/15-10/10/16), and were performed on the following dates:

- March 31, 2016- For the period from January 2016 to March 2016.
- November 2, 2016- For the period from April 2016 to October 2016.

Management Response:

Staff acknowledges that the quarterly reviews were not conducted according to the MOU requirements for quarterly quality control reviews. Staff has been notified of the importance of the quarterly reviews and the MOU requirements. Staff has since developed a new Standard Operating Procedure (SOP) which includes specific direction for completing the quarterly reviews.

Corrective Action Plan:

Implement updated SOP. This SOP includes requirements and documents for monitoring the DAVID System. Please refer to the "DAVID Monitoring" section of the SOP for the new procedure.

Target Completion Date:

The corrective action plan is complete.

2. Annual audits were not conducted in accordance with the MOU agreement, Section V, subsection F.

Pursuant to Section V, subsection F of the MOU, the Requesting Party agreed to monitor all access to the information on an on-going basis by the Requesting Party, and to complete an annual audit to ensure proper and authorized use and dissemination. The DHSMV provided guidance for conducting the DAVID annual audit.

According to documentation received, annual audits were not conducted on an annual basis, and the date completed could not be determined. The annual audit provided for the audit period was only for seven months (3/16/16 to 10/10/16), and did not include the date it was completed.

Management Response:

The Stormwater Management Division acquired DAVID System access in April of 2014. It is acknowledged that staff was not aware of the MOU's annual audit requirement. A new Standard Operating Procedure (SOP) has been finalized that addresses the annual audit reporting requirement. Every April, an annual audit will be performed. The SOP has been revised to clearly state that date the audit is completed be reported as part of the annual audit. Another revision to the SOP prohibits the POC from reviewing his own user activity.

Corrective Action Plan:

Implement the SOP.

Target Completion Date:

The corrective action plan is complete.

3. Annual Affirmation Statements for the audit period were not submitted to the DHSMV as required in Section VI, subsection C of the MOU agreement.

Pursuant to Section VI, subsection C of the MOU, the Requesting Party was required to send the DHSMV an annual affirmation statement indicating compliance with the requirements of the MOU. The statement had to be received by the DHSMV no later than 45 days after the anniversary date of the MOU.

The Annual Affirmation Statement stated, "In accordance with Section VI, Part C, of the Memorandum of Understanding between Department of Highway Safety and Motor Vehicles and the Requesting Party hereby affirms that the requesting agency has evaluated and have adequate controls in place to protect the personal data from unauthorized access, distribution, use and modification or disclosure and is in full compliance as required in the contractual agreement (contract number)".

According to the DHSMV, there was only one Affirmation Statement on file that was dated and received on 1/14/15. It could not be determined if proper evaluation of internal controls was performed prior to submitting the affirmation.

Management Response:

Management acknowledges that the Annual Affirmation Statement was not completed according to the MOU requirements. Staff has developed a new Standard Operating Procedure (SOP) which includes specific direction for completing the Annual Affirmation Statement with reference to the MOU requirements. The new SOP outlines that the Annual Affirmation Statement be completed by the POC and sent to the DHSMV no later than 45 days after the anniversary date of the MOU agreement, and provides a sample of the Annual Affirmation Statement as an attachment to the SOP.

Corrective Action Plan:

Implement updated SOP. This SOP includes requirements and documents for completing the Annual Affirmation Statement. Please refer to the "DAVID Annual Audit" section of the SOP for the new procedure.

Target Completion Date:

The corrective action plan is complete.

4. Acknowledgements as required in the terms and conditions of the MOU agreement, Section V, subsection D and E were not maintained.

Pursuant to Section V, Sections D and E of the MOU, all personnel with access to the information exchanged under the terms of the agreement will be instructed of, and acknowledge their understanding of, the confidential nature of the information and the criminal sanctions specified in state law for unauthorized use of the data. In addition, the acknowledgments were required to be maintained in a current status by the Requesting Party.

Acknowledgements of the confidential nature of information and criminal sanctions for unauthorized use of information were not maintained. The DAVID users stated they were instructed on the confidential nature of the information and criminal sanctions for unauthorized use of information through the mandatory web-based training in the DAVID system. Management was not aware that formal documentation was required to be maintained to enforce the responsibilities of the DAVID users, and for the Requesting Party to be in compliance with the terms of the MOU.

Note: During the audit, management took corrective action and acknowledgement forms were implemented and signed.

Management Response:

Management acknowledges that the Acknowledgments were not properly maintained. All staff were previously instructed and signed the Acknowledgements, but the supporting documents are no longer available. Documentation for the original Acknowledgement Forms were lost. Staff have signed new Acknowledgement documents. These documents have been scanned and saved in a secure electronic file. The updated Standard Operating Procedure (SOP) includes the Acknowledgment form as an attachment and under the "Initial DAVID Setup" section states that the required form will be completed prior to receiving access to the system.

Corrective Action Plan:

Implement updated SOP.

Target Completion Date:

The corrective action plan is complete.

<p>Control Activities: Listed below are comments that represent opportunities to strengthen the internal controls. For each comment, a recommendation has been included.</p>

5. Segregation of duties for monitoring user access and activity in the DAVID system was inadequate. As a result, there was insufficient internal control over the review and oversight process for sensitive data obtained from the DAVID system.

The MOU's Point of Contact (POC) was responsible for conducting the Quarterly Quality Control Reviews and the annual audits. According to documentation provided, the POC monitored and reviewed his own access and user activity, and there was a lack of segregation of duties in place.

Separation of duties is an important internal control that can help prevent possible errors or irregularities from being concealed in the normal course of duty.

Recommendation:

To ensure proper segregation of duties, the POC or person responsible for monitoring and reviewing user access and activity should not be the same person that performs searches in the DAVID system for business related purposes. If this is not feasible, compensating controls should be put in place so that the POC is not approving his/her own authorization or activity.

Management Response:

Management acknowledges that the POC was reviewing all activity, including his own. With limited use of the system and only two individuals authorized to use the system, the original process was for the POC to review all activity, including his own. Within the updated policies and procedures the Assistant Public Works Director – Engineering is required to monitor the POC activity. In the “DAVID Monitoring” of the SOP it states that the Assistant Public Works Director–Engineering will be responsible for monitoring the POC’s activity.

Corrective Action Plan:

Implement updated SOP.

Target Completion Date:

The corrective action plan is complete.

6. Searches in the DAVID system could not always be linked to a case number. Consequently, the proper and authorized use of information could not be verified for activity reflected on the User Activity Reports.

Only 2 of the 35 searches in the test sample included information that associated the search to a valid business purpose. The remaining 33 (94%) of the searches in the test sample could not be traced to case numbers to determine information searched in the DAVID system was for proper and authorized use of information. In some instances, the searches were repeated on the same individuals and license plate numbers. There was no internal tracking mechanism in place for linking complaints or investigations (Illegal Dumping Camera Operation) to a user’s database search.

Recommendation:

All searches performed in the DAVID system should link to a case number, and be easily identified. Information searched in the DAVID system that is related to the Illegal Dumping Camera Operation must be documented for compliance and auditing purposes. When case numbers do not exist, management may consider including the site location, video date, and the approximate time frame (seconds, minutes, etc.) in the video as verification of authorized and proper use.

Management Response:

Staff acknowledges that case numbers were not being used prior to Oct 2016. The revised Standard Operating Procedure (SOP) now requires the use of Case Numbers, when using the DAVID System. This will assure compliance with the terms of the MOU. Since Case Numbers are now to be used consistently, supplemental information related to Illegal Dumping will be associated with specific Case Numbers.

Corrective Action Plan:

The SOP now includes a requirement to always use Case Numbers in DAVID System searches.

Target Completion Date:

This corrective action is complete.

7. Written internal policies and procedures did not exist. This contributed to some inconsistent practices for required documentation and compliance with requirements of the MOU agreement.

The MOU was contingent upon the Requesting Party having appropriate internal controls over personal data used to protect the personal data from unauthorized access, distribution, use, modification, or disclosure. At the time the audit was initiated, written policies and procedures governing the Division's use of the DAVID system did not exist.

During the audit, management took corrective action, and developed written policies and procedures. However, the template used to develop the DAVID Access policies and procedures were not adequately updated to reflect the Division's processes, included inaccurate or incomplete information, and were not distributed to all DAVID users.

Recommendation:

Establish and implement written policies and procedures governing the use and monitoring of the DAVID system, including access, distribution, use, modification, and disclosure of personal data from the DAVID system.

Review and update policies and procedures to ensure they are current and relevant. The updated policies and procedures should be distributed to all staff with access to the DAVID system

Management Response:

We appreciate both your review and advice on corrective measures needed to improve our operations. We will apply your advice immediately.

The SOP was updated. The revisions now add clarity to the document and are consistent with the MOU. A review of the finalized SOP will also be discussed with all users.

Corrective Action Plan:

Implement the revised SOP.

Target Completion Date:

By 12/9/2016.