



Internal Audit Report

Audit Recommendations
Status Report
as of September 30, 2017



Date: October 13, 2017



LCCC Audit Recommendations Status Report As of September 30, 2017



To: The Honorable Linda Doggett, Lee County Clerk of the Circuit Court & Comptroller

From: Tim Parks, Chief Internal Audit Officer/Inspector General
Inspector General Department

Date: October 13, 2017

Re: Lee County Clerk of the Circuit Court & Comptroller (LCCC)
Audit Recommendations Status Report as of 9/30/17

The Inspector General Department has completed its *LCCC Audit Recommendations Status Report as of 9/30/2017*, which reflects the implementation status of outstanding audit report recommendations for the Lee County Clerk of the Circuit Court & Comptroller as of September 30, 2017. The report fulfills the IG Department's accountability for reporting on issues through their resolution.

This audit activity conforms to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Red Book)* and the Association of Inspectors General (AIG) *Principles and Standards for Offices of Inspector General*.

The follow-up on recommendation status was conducted during the second quarter of 2017. We reviewed the status of the audit recommendations with the department personnel responsible for implementing the audit recommendations.

The follow-up covered the *LCCC Cash Management & Investments* audits. A summary of the recommendation status is presented in the heading of the attached report.

The follow up report contains information regarding each outstanding recommendation, including recommendation status, management actions taken, and Internal Audit Follow Up Notes.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Parks".

Tim Parks, Chief Internal Audit Officer/Inspector General
Inspector General Department
TJP/GK



Lee County Clerk of Circuit Court & Comptroller Audit Recommendation Status Report As of September 30, 2017



LCCC Cash Management and Investment (Project 2017.07, Issued September 2017)		
BOA CashPro Authorized Users List and Settings		
Observation	Recommendation	Original Management Response
<p>A test of the current "Authorized User's List" for BOA's CashPro system was conducted, and it was noted that the list is not fully updated. For example, a terminated employee was included on the list, and another employee was inactive for more than two years.</p> <p>According to the General Records Schedule GS1-SL for State and Local Government Agencies, Access Control Records (Item #189), records pertaining to employees' permission records have a retention period of "1 anniversary year after superseded or access rights terminated."</p> <p>As a best practice, we identified the following: <i>"The user access review process should include an employee that is independent of the system administration role for each IT system to verify that an administrator is not assigning excessive privileges to users or creating hidden accounts to use for illicit activities."</i></p> <p>There are no written procedures on how each user's access rights and settings are monitored and how requests for adding or deleting an authorized user are handled. Changes to employee access are not made unless the affected department makes a written request. Currently the requests are not retained. The purpose for retaining the original request from the department pertaining to any changes of the user's authorized rights and privileges, is</p>	<p>We recommend:</p> <ul style="list-style-type: none"> • CMI creates and documents a method of communicating with other departments when it comes to updating the status of the authorized users • The BOA CashPro Authorized User's list be periodically reviewed and updated when changes occur, and that permission records supporting the changes are retained for one year. The user access review process should include segregation of duties between the reviewer and the person that conducts the updates in the BOA CashPro system • User settings for banking system be reviewed to ensure access settings are customized to each user's job functions 	<p>The users referenced by Internal Audit on an "Authorized List" were not assigned access to process payments, initiate wires, release wires, or move money in the banking system. The users were granted read-only privileges in CashPro that provided access to report information. This is an important distinction as the County was never placed at risk for theft, misappropriation of funds or fraud which would have constituted a material weakness in Internal Controls in regards to user access. User access to any functionality that could increase these risks is strictly controlled as outlined by the Cash Management and Investments Office's Bank and Investment Accounts Policy. Any employee in the Finance Department granted this level of access is immediately deactivated and deleted from CashPro as necessitated by transition of duties or separation from the entity. When we receive a weekly Term Log requesting system access be removed, we follow suit and remove the exiting employee's CashPro access.</p> <p>During the audit the accesses in question were immediately reviewed and appropriate action was taken to resolve any issues. Furthermore, during the audit additional steps were implemented to strengthen processes related to</p>



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<p>to prevent the assignment of excessive privileges to users.</p> <p><i>“Failing to perform user access reviews on a regular basis will place the organization at a higher risk for:</i></p> <ul style="list-style-type: none"> • <i>A terminated employee gaining remote access to the network (i.e. bank system)</i> • <i>Segregation of duties issues if an employee moves to a new department, but retains system privileges from the previous department”</i> • Unauthorized usage and dissemination of information by users that should be inactivated from the system <p>Failure to review user's access settings periodically could lead to:</p> <ul style="list-style-type: none"> • A higher risk in securing and protecting the privacy of the data • An increased risk of user's abusing their access rights 		<p>CashPro user access. A user access form was developed to document Department requests and maintain appropriate records. Procedures for CashPro user access were also finalized and include; 1) the process involved in reviewing and granting user access, 2) an annual review and confirmation of existing users and their respective accesses at the beginning of each fiscal year, 3) periodic reviews of CashPro user profile and entitlement reports to monitor the status of user activity, and 4) a weekly check of CashPro users against the employee Term Log that lists transfers and separations.</p> <p>Though regular monitoring and review has always been an ongoing aspect of CashPro user access, the Cash Management and Investments Department has already completed and further strengthened the written procedures that outline the internal controls for this process.</p> <p>Lastly, I believe it is prudent to point out that the footnoted article “The Importance of User Access Reviews” being used as a best practice reference is from the viewpoint of the Federal Financial Institutions Examination Council's (FFIEC) and relates to user access granted within all of the IT systems in use at a financial institution. Therefore these user access references should be considered in the context of that type of setting rather than the limited end user access environment that exists for general users in Bank of America CashPro, which is simply a banking platform.</p>
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Estimated Implementation Date	Revised Implementation Date	Status
12/30/2017		Closed – Management accepts risk
Last Status Update	Follow-up Management Response	IA Follow-up Notes
10/9/2017	"I was under the belief these are recommendations and not action items. As these are recommendations we have outlined what we have done and are doing in our response and we will not be providing any further information."	Due to management’s follow-up response, the auditor was unable to test further to determine if the recommendation was implemented.
Wire Approval Process (Cash Workpaper)		
Observation	Recommendation	Original Management Response
<p>The January 2017 cash workpapers were tested on a sample basis. This test proved that there are adequate controls in place as evidenced by the approvers catching two wire entry errors, (i.e. a different amount and a different recipient bank account from the requested data). However, there are no written procedures detailing how the approvers should check the wire orders to ensure consistency and continued effectiveness of the review process.</p> <p>“Well written policies and procedures increase organizational accountability and transparency and become fundamental to quality assurance and quality improvement programs.”</p>	<p>We recommend that the existing informal procedures be formalized to ensure the approval process is consistent.</p>	<p>We see no value in creating a procedure for a process that involves high level professional employees who, by virtue of their positions within the organization, are expertly versed and skilled in how to perform a review of wire transfers. We do hands-on, in-person training with new reviewers. A clerk would never be asked to review wires thereby a written procedure for that purpose in nonsensical.</p> <p>The two instances noted in the report are evidence that our existing review system works as intended. At no time during my tenure has a wire been sent to the wrong entity, which is also a testament to the effectiveness of our existing review process.</p>
Estimated Implementation Date	Revised Implementation Date	Status
N/A		Closed - Management accepts risk
Last Status Update	Current Recommendation Action	
9/21/2017		
Record Retention		
Observation	Recommendation	Original Management Response



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<p>According to the LCCC’s Public Records Access Policies and Procedures, section 6.0 of “Records Management and Retention”; “<i>The Lee County Clerk of Circuit Court Office follows the Florida Department of State Division of Library and Information Services General Records Schedules. Specifically: GS1-SL State and Local Government Agencies.</i>”</p> <p>During our review of records retention management, we relied on a retention schedule list provided by CMI and identified that the retention of two reports didn’t agree with the supplied retention schedule list. At the Exit Conference, it was mentioned that the supplied retention schedule list was no longer applicable.</p>	<p>Since there were different interpretations of the retention period as represented by the two reports that were unresolved at the Exit Conference discussion, we recommend that CMI consults with the Chief Records Officer to review and validate the applicable record retention documents categorization to ensure compliance with Florida’s GS1-SL Retention Schedule.</p>	<p>The Cash Management and Investments Department strictly adheres to the State of Florida General Records Schedule GS1-SL for State and Local Government Agencies. Therefore, we disagree with the findings as the record retention schedule list that the audit relied on to make its findings of the two reports was not the official GS1-SL Retention Schedule, but simply an internal spreadsheet used as a quick reference tool. The Cash Management and Investments Department is in compliance with the retention periods set forth in the general records schedules for the two reports in question and follows the regulations related to these recordkeeping requirements.</p>
Estimated Implementation Date	Revised Implementation Date	Status
N/A		Closed – Management accepts risk
Last Status Update	Current Recommendation Action	IA Follow-up Notes
9/21/2017		