



Council Auditor's Office

DAVID Compliance Audit – Neighborhoods

March 17, 2017

Report #790

Released on: April 3, 2017

AUDIT REPORT #790

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OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



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Honorable Members of the City Council
City of Jacksonville

INTRODUCTION

The Neighborhoods Department and the Florida Department of Highway Safety and Motor Vehicles (DHSMV) entered into a memorandum of understanding (MOU) related to the Neighborhoods' access to the Driver and Vehicle Information Database (DAVID) system which is maintained by the DHSMV. Pursuant to the MOU, upon request from the DHSMV, the Neighborhoods Department is required to provide an attestation from a currently licensed CPA, its internal auditor or inspector general. As such, we were requested to conduct a compliance attestation on the Neighborhoods' internal controls surrounding its access and use of the DAVID system. When finalizing the work we elevated the standards followed to that of a performance audit.

The DAVID system contains a variety of confidential personal information regarding Florida drivers such as driver license number, home address, license plates, social security number, driver's history, emergency contact information, driver's picture, etc. Per management, Neighborhoods uses DAVID information to verify ownership of vehicles in the enforcement of local civil code violations; information is used to ensure proper owner notification.

As of January 31, 2017, there was only one employee with access to DAVID, who performed a total of four searches in DAVID from January 1, 2016 through January 31, 2017.

STATEMENT OF OBJECTIVE

To evaluate and determine that proper internal controls are in place to protect personal data in the DAVID System from unauthorized access, distribution, use, modification, or disclosure.

STATEMENT OF SCOPE AND METHODOLOGY

The scope of the audit was January 1, 2016 through January 31, 2017. We identified major internal controls in place to protect personal data contained in the DAVID System. We also identified any internal control in place that ensures compliance with Sections 4(B) and 5 of the MOU. We then tested these controls to determine whether or not we could rely on them to meet the audit objective. Lastly, we obtained and reviewed the employee's User Activity Report as follows:

- We requested support for each search such as ice-cream truck permit, email communications, and permit application package.
- We performed internet searches to find out if the individual searched was a celebrity or a politician.
- We also compared the last name of the employees requesting or doing the search with the last name of the individual being searched to see if they were potentially related.
- We also determined whether or not the DAVID search was done during regular working hours (from 8:00 am to 5:00 pm).

REPORT FORMAT

Our report is structured to identify Internal Control Weaknesses, Audit Findings, and Opportunities for Improvement as they relate to our audit objectives. Internal control is a process implemented by management to provide reasonable assurance that they achieve their objectives in relation to the effectiveness and efficiency of operations and compliance with applicable laws and regulations. An Internal Control Weakness is therefore defined as either a defect in the design or operation of the internal controls or is an area in which there are currently no internal controls in place to ensure that objectives are met. An Audit Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures. An Opportunity for Improvement is a suggestion that we believe could enhance operations.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDITEE RESPONSES

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from Stephanie Burch, Director of Neighborhoods Department in a memorandum dated March 27, 2017.

AUDIT CONCLUSIONS

In our opinion, the Neighborhoods Department has adequate controls in place to protect the personal data from unauthorized access, distribution, use and modification or disclosure; however, we found that the agency is not in full compliance as required in the contractual agreement between the Neighborhoods Department and the DHSMV.

AUDIT OBJECTIVE

To evaluate and determine that proper internal controls are in place to protect personal data in the DAVID System from unauthorized access, distribution, use, modification, or disclosure.

Finding 1 *Actual DAVID Usage Not Stated in MOU*

We noticed that Neighborhoods Department used the DAVID system twice during our audit scope period in connection with the application process of ice-cream truck permits. It appears that DAVID information was used for research and confirmation purposes during the review process of the ice-cream truck permit applications which is considered a legitimate business purpose. However, even though it appears that DAVID was used for a legitimate business purpose, this purpose is not included and authorized in the current signed MOU.

Section 1 of the MOU states that “personal information will be used as follows: To obtain the most recent address for notifying owners of properties in violation of local property safety/maintenance, zoning, and/or sign codes. Municipal Code Compliance Division is a civil property code enforcement agency”.

Section 5(A) of the MOU also states that information exchanged will not be used for any purposes not specifically authorized by the agreement.

Recommendation to Finding 1

We recommend that the Neighborhoods Department either sign a revised MOU with the DHSMV that clearly states the use of the database for ice-cream truck permits or no longer use the database for that purpose. Neighborhoods should also contact the State to determine whether or not misuse of the database has actually occurred.

Auditee Response to Finding 1

Agree Disagree Partially Agree

The original MOU was initiated in 2014 by the Director of the Regulatory Compliance Department. Since that time, the structure of the Department has changed due to re-organization. The pending MOU renewal provides an opportunity to re-state the Department's need and intended use. The verbiage related to proposed use of the DAVID system will be adjusted to reflect the current Department structure and need.

Finding 2 *Quality Control Reviews Are Not Done Quarterly*

We found that the Neighborhoods Department did not perform quarterly quality control reviews of users' access rights during our audit scope period. The DHSMV created a comprehensive Quarterly Quality Control Review form that explains in detail the audit steps that agencies should follow when performing their quarterly quality control review. Neighborhoods did not use the Quarterly Quality Control Review form provided by the DHSMV during our audit scope period.

Section 4(B)(9) of the MOU states that the requesting agency agrees to conduct quarterly quality control reviews to ensure all current users are appropriately authorized. Section 5(F) of the MOU states that all access to the information must be monitored on an on-going basis by the requesting party. Additionally, good business practices suggest using a uniform form or program when conducting a quality control review.

Recommendation to Finding 2

We recommend that the Neighborhoods Department perform a quality control review every quarter as required by the MOU and properly document the work done. The department should use the Quarterly Quality Control Review form provided by the DHSMV when performing their quarterly review and the agency should perform every step mentioned in this form. This review needs to be performed by or in conjunction with another employee since there is only one employee with access.

Auditee Response to Finding 2

Agree Disagree Partially Agree

The Department will begin immediately utilizing the proposed form to properly document regular quarterly control reviews to ensure compliance with the MOU requirements. The Department will ensure all records are maintained by a second employee of the Neighborhoods Department Director's office. This will provide dual control and monitoring of system usage and reporting.

We appreciate the assistance and cooperation we received from the Neighborhoods Department through the course of this audit.

Respectfully submitted,

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