

# **PARKING AND IT DATA EXCHANGE AUDIT AUD23-01**



WEST PALM BEACH

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Internal Audit

January 4, 2024

**City of West Palm Beach  
Internal Auditor's Office**

Beverly Mahaso Esq., CIA, CFE  
Chief Internal Auditor

# Executive Summary

PARKING AND IT DATA EXCHANGE AUDIT

AUD23-01

January 4, 2024



## OVERVIEW

- The City's Parking Department and the Florida Department of Highway Safety and Motor Vehicles (HSMV) entered into a Memorandum of Understanding (MOU) in order for Parking to obtain confidential personal information on drivers and vehicles. This information assists in the issuance and collection of parking citations. The MOU outlines the City's obligations to meet internal controls that were designed to protect confidential information from inappropriate access or use. This audit is a requirement in the MOU for the purpose of confirming compliance with the MOU terms.
- To access the data from the HSMV, the Parking Department does not interact with the data directly. Rather, the Parking Department contracts with a third-party service provider to convert the data into a user-friendly format. The formatted data is accessible via a web application hosted by the third-party service provider.

## SUMMARY FINDINGS

1. **Lack of Required Policies and Procedures:** The MOU states that the requesting party agrees to establish procedures to ensure that its employees and agents comply with safeguarding the information and to provide a copy of the procedures to the Providing Agency within ten business days of a request. Some required policies and procedures had not been drafted during the period under review. However, during fieldwork, the Parking Department established policies and procedures. Since they were drafted during fieldwork, we could not evaluate them or conclude on their effectiveness.
2. **Inadequate Third-Party Controls:** The Parking Department did not perform adequate oversight on the third-party service provider to ensure full compliance with the MOU. The third-party service provider did not meet all the applicable MOU requirements. An independent assessor identified 5 deficiencies; however, we were not provided with support for any corrective action taken.

## SUMMARY RECOMMENDATIONS

1. The Parking Department should ensure compliance with the MOU by:
  - A. Drafting policies and procedures that would ensure consistent compliance with the MOU.
  - B. Providing employees with copies of the policies and procedures and training them. Further, this should be documented to ensure staff awareness and consistent compliance.
2. The Parking Department should ensure that third-party service providers maintain adequate internal controls by performing the following:
  - A. At minimum, obtain an independent assessment of the third-party service provider's internal controls on an annual basis.
  - B. Review the assessment and determine if the third-party provider is in compliance with applicable rules and regulations including the current MOU and take appropriate action.
  - C. If applicable, review deficiencies identified and determine:
    - i. The severity of the impact on parking operations.
    - ii. The Parking Department's potential risk of MOU non-compliance.
    - iii. Whether an updated independent assessment is needed.



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January 4, 2024

Audit Committee  
City of West Palm Beach  
401 Clematis Street  
West Palm Beach, Florida

**RE: Parking and IT Data Exchange Audit (MOU HSMV-0688-22), AUD23-01**

Dear Audit Committee Members:

Attached is the Internal Auditor's Office report on the Parking and Information Technology Data Exchange Audit. This audit was conducted in compliance with a Memorandum of Understanding between the City and the State of Florida that required an internal control and data security audit. Certain disclosures and representations in the body of this report have been made based on the requirements and the work performed.

We thank the management and staff of the Parking Department and the Information Technology Department for their time, assistance, and cooperation during this audit.

Respectfully Submitted,

Beverly Mahaso  
Chief Internal Auditor

cc: Keith James, Mayor  
Faye Johnson, City Administrator  
Edward Davis, Parking Administrator  
Paul Jones, Chief Information Officer

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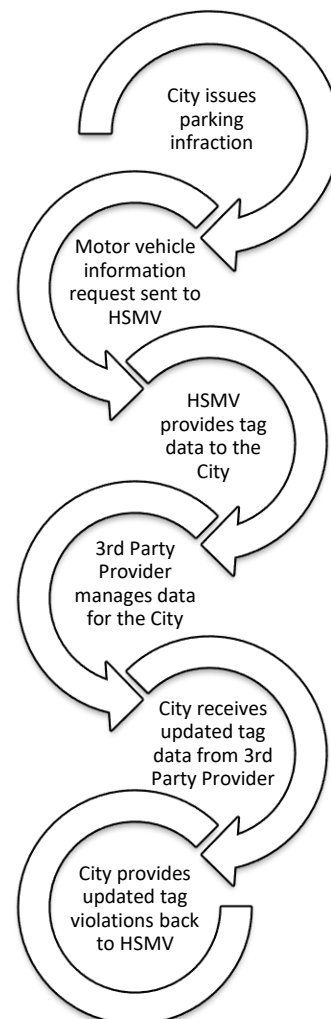
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## Background

The City's Parking Department utilizes data provided by the Florida Department of Highway Safety and Motor Vehicles (HSMV) to determine driver and motor vehicle information as related to parking infractions. In order to utilize the data provided, the City and HSMV enter into a Memorandum of Understanding (MOU) to obtain access and permission to enforce parking infractions. The MOU governing this audit is HSMV-0688-22. Data provided through the data exchange is confidential, thus the MOU has requirements and guidelines which must be followed for continued access and use. These requirements and guidelines include, but are not limited to:

- Physical and logical security of the information,
- Deactivation of terminated users,
- Acknowledgments of the confidentiality of information including criminal sanctions for violations,
- Business use of the information,
- Periodic reviews and audits of user activity, and
- Oversight of contracted third-party service providers.

At the request of the City, on a weekly basis a batch of data is provided electronically from the State of Florida HSMV. The City, in return, provides the State with updated vehicle data (i.e. tag violations). This data exchange process occurs in a simultaneous continuous cycle, where data is requested by the City and provided by the State. The City does not have access to the data, rather the City uses a third-party service provider to convert the data into a user-friendly format. However, the City retains ownership of all data and is responsible for ensuring compliance with the MOU. Further, the IT Department is needed to ensure that required IT security protocols are consistently followed.



## **Statement of Scope**

In accordance with MOU HSMV-0688-22, the scope of the audit was to evaluate the internal controls related to access and usage of the driver's license and motor vehicle data. Further, the period under review was from February 1, 2022, to December 31, 2022. While audit tests included reviews of policies, procedures, processes, and systems, the reviews of systems were limited to only the areas related to the data exchange process.

## **Statement of Objectives**

The objectives of this audit were to:

- A. Determine whether the internal controls governing the Parking Department's access and usage of driver and vehicle data complied with the requirements in the Memorandum of Understanding, and
- B. Determine whether there were any additional opportunities for improvement.

## **Statement of Methodology**

The methodologies used to meet the audit objectives included the following:

- Conducting interviews and inquiries of personnel in the Parking Administration Department, IT Department, and Third-Party Service Provider,
- Reviews of relevant agreements, State laws, and internal policies and procedures,
- Evaluating and testing internal controls as related to applicable systems,
- Evaluating the third-party service provider's internal controls through an independent report; and
- Other audit procedures deemed necessary.

Areas under review included, but were not limited to, user access, data backup, user administration, continuity of operations, data interfaces, monitoring, and security of information.

## **Statement of Auditing Standards**

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). These 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.

## **Audit Conclusions and Summary of Findings**

The following statements are made in response to disclosure requirements within the MOU.

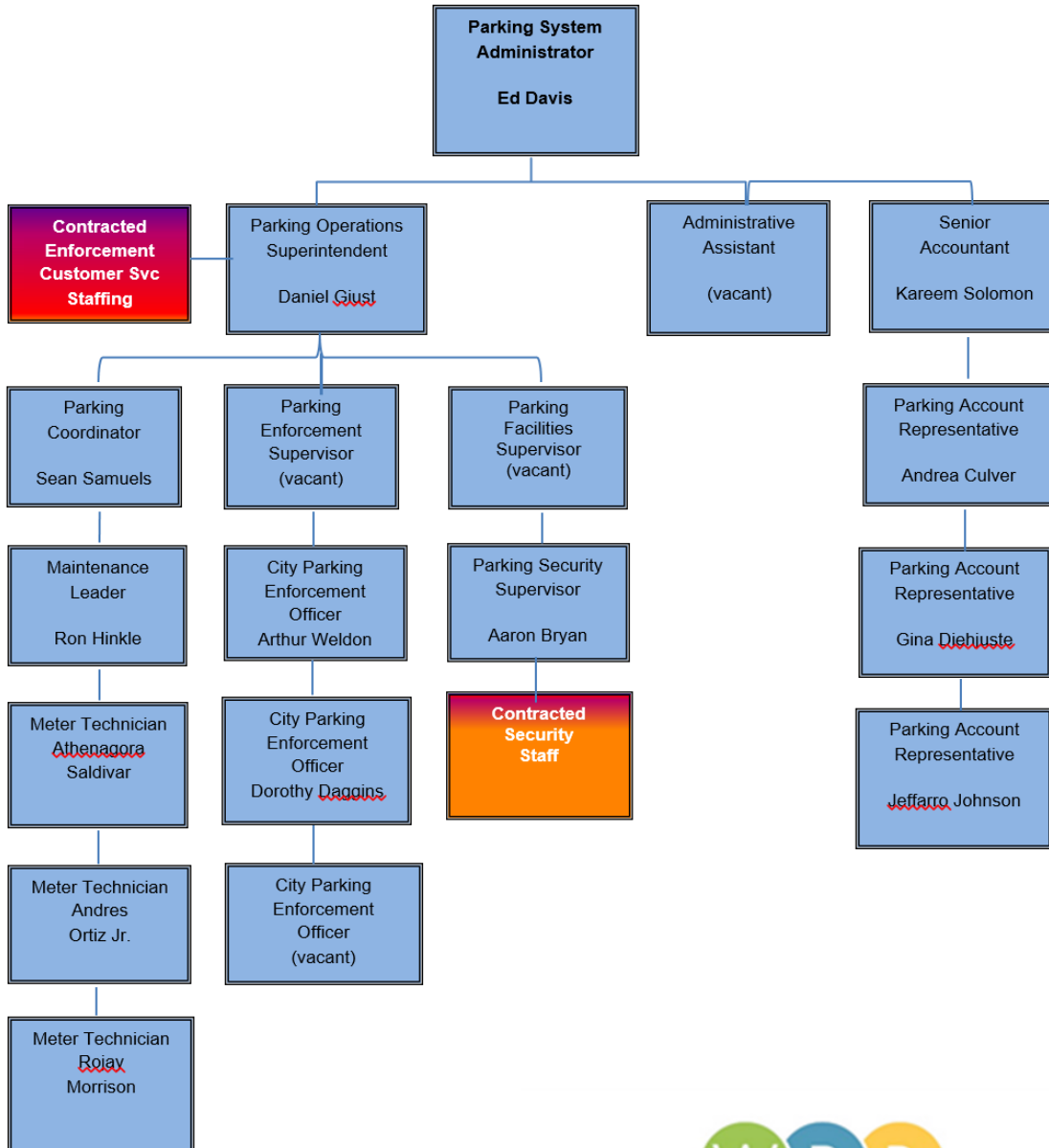
The Internal Auditor's Office has evaluated the internal controls governing the use and dissemination of personal data based on the requirements in the MOU and applicable laws. We conclude that the Parking Department did not fully meet the requirements in the MOU during the audit period. While significant corrective action was actively being taken to resolve the issues identified, this audit cannot certify that all deficiencies/issues found during the audit have been corrected and measures enacted to prevent recurrence. However, this audit can and does indicate that corrective action is being taken expeditiously. The following is a summary of opportunities for improvement that will assist the departments in meeting the requirements of the MOU and applicable laws:

- Some required policies and procedures had not been drafted during the period under review. However, during fieldwork, we found that the Department established policies and procedures that govern the data exchanged. Since the policies and procedures were established during fieldwork, we could not evaluate them or conclude on their effectiveness.
- The third-party service provider did not meet all the applicable MOU requirements. An independent assessor identified 5 deficiencies, however, we were not provided with support for any corrective action taken.

### **Noteworthy Accomplishments**

We found knowledgeable and dedicated employees who were receptive to our recommendations for improvement. Specifically, we found that both the Parking and IT Departments were proactive in taking corrective action. We commend the departments on their efforts at continuous improvement.

# Parking Department Organization Chart

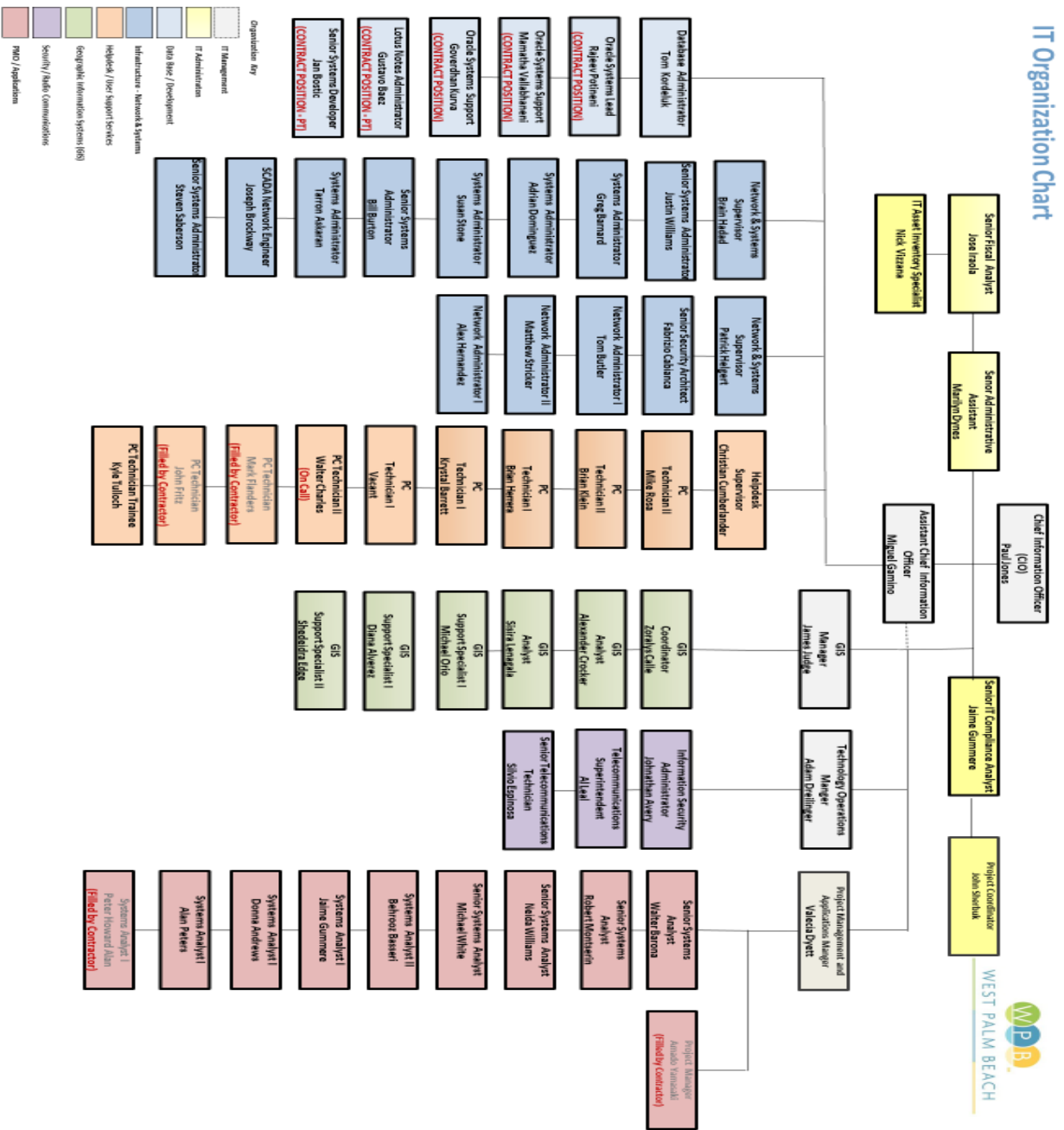


WEST PALM BEACH

Parking Administration



# IT Department Organization Chart



# Opportunities for Improvement

## 1. Lack of Required Policies and Procedures

### Condition

During the audit period (February 1, 2022 – December 31, 2022), the Parking Administration Department did not draft policies and procedures to govern the use of the data exchanged from the State of Florida Highway Safety and Motor Vehicles (HSMV). Internal Audit did identify consistent practices among the Parking Department employees when handling the data exchanged. However, Internal Audit deemed this was not sufficient to comply with the Memorandum of Understanding (MOU) or when staffing changes occur.

The following areas lacked policies and procedures:

- Business Use Purpose,
- User Access Reviews,
- Securing and Storing Physical Documents,
- Annual Compliance Statements,
- Reporting Known Violations to HSMV,
- Reporting Consumer Complaints to the Agency Point of Contact,
- Third-Party End Users, and
- Record Retention.

### Criteria

The HSMV-0688-22 MOU states that the Requesting Party agrees to establish procedures to ensure that its employees and agents comply with safeguarding the information and to provide a copy of the procedures to the Providing Agency within ten business days of a request.

### Cause

The Department did not draft policies and procedures that addressed the requirements in the MOU. However, during fieldwork we found that the Department established policies and procedures that govern the data exchanged. Since the policies and procedures were established during fieldwork, we could not evaluate them or conclude on their effectiveness.

### Effect

In addition to general MOU compliance that is designed to protect data, policies and procedures set a standard of expectations, ensure compliance with laws and regulations, and streamline internal processes. Therefore, not having formal policies and procedures in place could lead to MOU non-compliance, compromising sensitive data, and a decrease in accountability for the actions of staff.

### Recommendation 1

The Parking Department should ensure compliance with the MOU by:

- A. Drafting policies and procedures that would ensure consistent compliance with the MOU.
- B. Providing employees with copies of the policies and procedures and training them. Further, this should be documented to ensure staff awareness and consistent compliance.

**Management Response 1**

Agree. Data Exchange and Use Policy has been published and signatures of users has been recorded and are on file for Receipt of Policy, Confidential Acknowledgement, and Criminal Sanctions Acknowledgement.

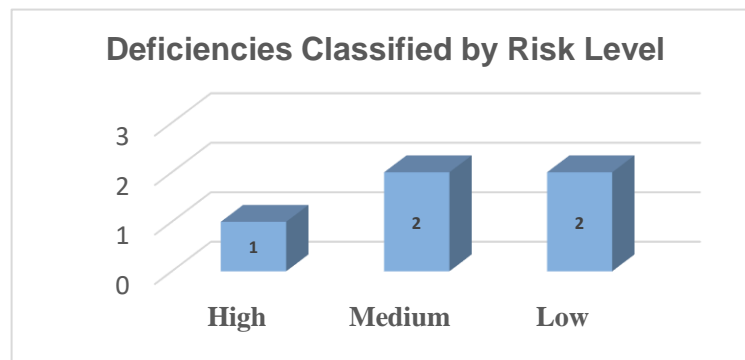
**Target Implementation Date:** January 31, 2024

## 2. Inadequate Third-Party Controls

### Condition

The MOU requires that the Parking Department ensure that third-party service providers maintain adequate internal controls to protect driver and motor vehicle data. Third-Party service providers typically obtain an independent assessment of their internal controls to ensure compliance with standards and to identify weaknesses, if applicable. Additionally, this independent assessment provides assurances that the third-party's internal controls meet the client's requirements. The Parking Department received an independent assessment of the third-party's internal controls over the driver and motor vehicle data managed on its behalf.

Internal Audit reviewed the third-party's internal control report and determined that the report adequately tested 20 internal control areas as outlined by the MOU. However, 5 (25%) areas were deficient and did not meet the internal control requirements in the MOU. Due to the sensitive nature of the data, we cannot disclose the details of the deficiencies. However, using the Florida Cyber Security Standards, Internal Audit classified the deficiencies as follows:



*Prepared by the Internal Auditor's Office using information obtained from the Parking Department.*

Internal Audit made several attempts to the third-party service provider to obtain a follow-up report from any independent auditor attesting that the deficiencies had been corrected. However, these attempts were unsuccessful, as such we were unable to verify that the third-party service provider did in fact correct the deficiencies identified in the initial independent assessment.

### Criteria

The HSMV-0688-22 MOU states that the Requesting Party agrees to maintain the confidential and exempt status of any and all information provided by the Providing Agency pursuant to this MOU and to ensure that any Third-Party End Users accessing or utilizing the data shall do so in compliance with Section 119.0712(2), Florida Statutes and the Driver Privacy Protection Act (DPPA). Highly restricted personal information shall only be released in accordance with the DPPA and Florida statutes.

### Cause

The Parking Department did not perform adequate oversight on the third-party service provider to ensure full compliance with the MOU.

## **Effect**

Inadequate internal controls of the third-party application service providers could result in non-compliance with the MOU. More importantly, non-compliance with the MOU may compromise sensitive data, result in the loss of revenue, trigger legal action against the City, and harm the City's reputation of being a good steward of taxpayer funds and protected information.

## **Recommendation 2**

The Parking Department should ensure that third-party service providers maintain adequate internal controls by performing the following:

- A. At minimum, obtain an independent assessment of the third-party service provider internal controls on an annual basis.
- B. Review the assessment and determine if the third-party provider is in compliance with applicable rules and regulations including the current MOU and take appropriate action.
- C. If applicable, review deficiencies identified and determine:
  - I. The severity of the impact on parking enforcement operations.
  - II. The Parking Department's potential risk of MOU non-compliance.
  - III. Whether an updated independent assessment is needed.

## **Management Response 2**

Agreed. Parking administration is in continuous communications with IPS to obtain the report of their internal controls. We will also seek guidance from the City's legal department as to what actions can be taken if IPS continues to delay submitting or ultimately does not provide this report.

**Target Implementation Date:** December 11, 2024