

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE PAR25-04



WEST PALM BEACH

Internal Audit

City of West Palm Beach Internal Auditor's Office

Beverly Mahaso Esq., CIA, CFE
Chief Internal Auditor
February 11, 2025

February 11, 2025

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

RE: POST AUDIT REPORT OF PARKING AND IT DATA EXCHANGE PAR25-04

Dear Audit Committee Members:

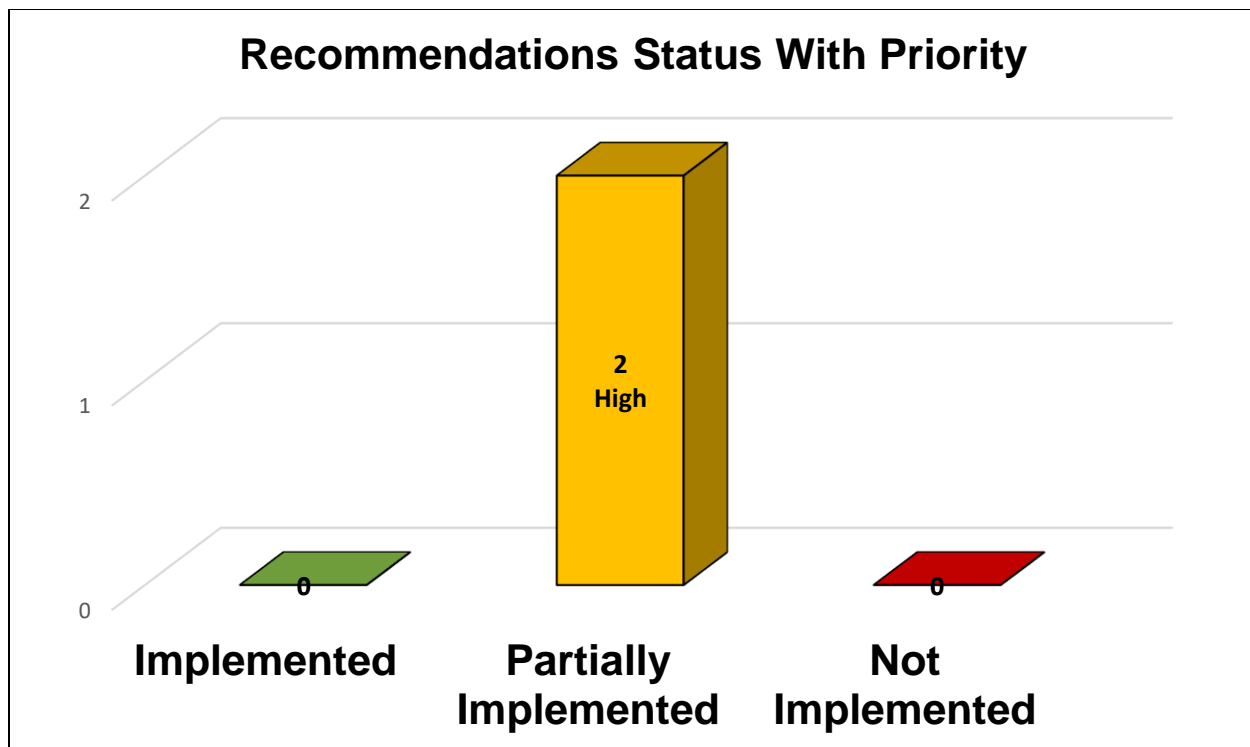
In FY2024, the Internal Auditor's Office released an audit of Parking and IT Data Exchange (**AUD23-01**). Subsequently, we performed certain procedures, as stated below, with respect to activities of the Parking and IT Departments in order to reach a conclusion on the status of the recommendations made as a result of that review.

This Post Audit Report (PAR) consisted primarily of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The audit contained two (2) recommendations that addressed the audit's findings. Upon completion of this PAR, we concluded that both recommendations remained as partially implemented.

We have enclosed a table listing all the recommendations with the current statuses. We found that management made significant efforts to take corrective action. Further, we note that the Parking and IT Departments are actively continuing to make improvements. As such, additional steps may have been taken to implement the recommendations after the conclusion of this Post Audit Review. We will conduct another Post Audit Review in approximately 12 to 18 months, resources permitting, at which time we will review all additional changes made after the conclusion of the Post Audit Review.



We thank the personnel from the Parking and IT Departments for their assistance in conducting this review and on continuing implementation efforts.

Respectfully Submitted,

s/ Beverly Mahaso
Chief Internal Auditor

cc:

Cathleen Ward, Commission President
Christy Fox, Commissioner
Christina Lambert, Commissioner
Shalonda Warren, Commissioner
Joseph Peduzzi, Commissioner

Keith James, Mayor
Faye Johnson, City Administrator
Jose-Luis Rodriguez, Assistant City Administrator
Edward Davis, Parking Administrator
Paul Jones, Chief Information Officer

Encl.

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE AUDIT RECOMMENDATIONS

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
1 High Priority	<p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>INITIAL MANAGEMENT RESPONSE: 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.</p> <p>Target Implementation Date: January 31, 2024</p>	<p>PARTIALLY IMPLEMENTED JANUARY 2025 Based on the review we conducted, we found that this recommendation has been partially implemented. Some policies and procedures (P&Ps) have been established. The following areas still lack P&Ps:</p> <ul style="list-style-type: none"> • Reporting Known Violations to HSMV, • Reporting Consumer Complaints to the Agency Point of Contact, and • Record Retention. <p>The Parking Department advised that they agree to meet or exceed record retention requirements of the State and City policies and to proactively update their P&Ps. At the end of January 2025, the P&Ps were updated to incorporate record retention compliance.</p> <p>The Parking and IT Departments advised that they will meet to discuss where the remaining topics should reside.</p> <p>IT Management advised that, concerning third parties, a section is included in the Information Technology General Security Policy stating: “All third-party agents will be provided with a copy of the ‘Technology Use Policy’, and</p>

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
	<p>RECOMMENDATION: The Parking Department should ensure compliance with the MOU by:</p> <p>A. Drafting policies and procedures that would ensure consistent compliance with the MOU.</p> <p>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.</p>		<p>must verify, in writing, acceptance of said policy. All third-party agents will be required to comply with this policy. A review of all available third-party audit reports will be done annually."</p> <p>To date, no evidence was provided to demonstrate that Parking's third-party service provider received the Technology Use Policy or attested to the City's policy.</p> <p>Moreover, the current Technology Use Policy should be enhanced to cover certain third-party subtopics per the HSMV's External Information Security Policy. These third-party subtopics include:</p> <ul style="list-style-type: none"> • Response and Recovery Planning and Testing and the • Requirement to implement appropriate measures designed to meet the City's information security program objectives. <p>IT advised that, as part of IT's annual policy review, they are in the process of consolidating all policies and processes involving vendor management and vendor security requirements into one document. The recommended improvements will be incorporated into the newly created Vendor Management Policy.</p>

Legend
 ■ Implemented
 ■ Partially Implemented
 ■ Not Implemented

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
			<p>Once complete, all third-party vendors will be provided with the City's vendor security requirements. Third-parties will acknowledge receipt and compliance with the policy.</p> <p>Additionally, all updated P&Ps will be redistributed and reviewed with staff.</p> <p>Target Implementation Date: March 2025</p>
2 High Priority	<p>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</p>	<p>INITIAL MANAGEMENT RESPONSE: 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.</p> <p>Target Implementation Date: December 11, 2024</p>	<p>PARTIALLY IMPLEMENTED JANUARY 2025 We found that an independent assessment of the third-party service provider's (IPS) internal controls was conducted, known as a SOC2 report. The assessment period was limited to three months by IPS even though Parking and Internal Audit advised that a longer review period was needed. The American Institute of Certified Public Accountants, the body that governs this assessment, recommends that the period of assessment be at least six months, while twelve months is generally the standard. Due to the maturity of the third-party service provider, the expectation is a twelve-month assessment period.</p>

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
	<p>motor vehicle data managed on its behalf.</p> <p>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.</p> <p>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.</p> <p>RECOMMENDATION: The Parking Department should ensure that third-party service providers maintain adequate internal controls by performing the following:</p>		<p>Considering the insufficient testing period, we could not provide reasonable assurance outside of the three-month assessment period that the third-party provider:</p> <ul style="list-style-type: none"> • Is compliant with all applicable rules and regulations including the current MOU, • Had any deficiencies and if so, these deficiencies were reviewed to determine: <ol style="list-style-type: none"> 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. IV. Whether controls were implemented to prevent future recurrence of deficiencies. <p>Management agreed with our findings and has determined that, going forward, they will require IPS to provide SOC2 reports that cover twelve-month periods.</p> <p>Target Implementation Date: July 2025</p>

Legend
 ■ Implemented
 ■ Partially Implemented
 ■ Not Implemented

POST AUDIT REPORT PARKING AND IT DATA EXCHANGE

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
	<p>A. At minimum, obtain an independent assessment of the third-party service provider internal controls on an annual basis.</p> <p>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.</p> <p>C. If applicable, review deficiencies identified and determine:</p> <p>I. The severity of the impact on parking enforcement operations.</p> <p>II. The Parking Department's potential risk of MOU non-compliance.</p> <p>III. Whether an updated independent assessment is needed.</p>		