AUDIT REPORT

Social Media

August 29, 2018

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Executive Summary

Background

Social Media is a form of electronic communication through which users create virtual communities or networks to share ideas, information, multimedia and other content using either a computer or mobile phone. Social media has not only become popular among individuals, but businesses and state and local governments. Businesses and governmental agencies are using social media platforms to increase brand awareness, foster engagement, develop relationships, recruitment and build trust with external stakeholders.

Citizens began using social media in 2013 to support communication and public outreach efforts to provide educational content on issues impacting the Florida insurance market, storm and emergency preparedness information and corporate initiatives to external stakeholders. Citizens uses multiple social media platforms including Facebook, LinkedIn, and Twitter to tailor messages to specific audiences.

Citizens' Social Media program is managed by the Communication, Legislative Educational Affairs (CLEA) business division. The Oracle Social Media Relationship Monitor (SRM) system is used to manage and monitor Citizens' social media accounts.

Audit Objectives and Scope

The objective of this audit was to evaluate the adequacy and effectiveness of the processes, procedures and controls in place to mitigate reputational risks associated with Citizens' social media program. Our scope included a review of the following areas:

- Program plans are in place and align with corporate strategies
- Policies and procedures
- Training and awareness programs
- Key performance metrics align with corporate strategies
- Monitoring systems related to social media
- Vendor Management
- Compliance with applicable federal and state regulations
- Access to social media accounts

Management's Assessment and Reporting on Controls

The Office of the Internal Auditor provided Communication, Legislative External Affairs management an opportunity to share known control weaknesses and their plans to remediate them. This process is intended to foster an environment whereby management and staff conduct periodic proactive reviews of controls and are aware of the risks to the business. It also enables OIA to focus its audit efforts on areas where it can add value to the organization.

At the start of the Social Media Audit, Communications, Legislative and External Affairs management shared the following control weakness and remediation plans with the OIA:

Communication, Legislative and External Affairs management discovered that the Oracle Social Relationship Management system does not have the capability to capture and archive all social media

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content that is published on the native social networking sites such as Facebook, Twitter and Linkedin. The system also cannot retain archived social media transactions greater than one rolling year. In addition, when a social media administrator's account is deactivated, Citizens no longer retains ownership of the social media content created by the administrator. To ensure all archived social media content is retained in accordance with state laws, federal regulations and company policies, the existing system would require additional system integrations as well as extra network storage space to store the archived content. Therefore, management is actively looking for an archiving solution that will archive all social media records in accordance with these requirements.

Audit Opinion

The overall effectiveness and efficiency of the procedures and related processes associated with Citizens' social media program is **Needs Minor Improvement**.

Results from our audit work indicate that management proactively uses social media to support the organization's communication and outreach efforts to provide educational content such as storm and emergency preparedness, issues impacting the Florida insurance market and Citizens policies and corporate initiatives to external stakeholders. Management also leverages social media as a recruiting tool to attract top talent for the organization. We also found that the Social Media Administrator and Customer Complaints Team provide timely resolution to customer inquiries, issues or concerns reported on the corporate social media accounts.

Our work indicated specific areas where opportunities for improvement were noted:

- **A formal social media strategy/plan that aligns social media use with the corporate objective and goals has not been developed and formally documented. In addition, key performance indicators and evaluation criteria has not been established to measure the effectiveness of the social media program.** Failure to develop a formal social media strategy/plan could result in management spending time and resources engaging in social media activities that may not support the achievement of business objectives and/or not reach the intended audience. In addition, the lack of key performance indicators makes it difficult for management to determine if strategies are effective. Management has stated that a social media strategy/plans and key performance indicators with evaluation criteria will be developed for the social media program. The targeted completion date for these activities is October 31, 2018.

- **Social Media Policy has not been formally reviewed and updated recently, and does not include guidance on external users. With the ever-changing advancements and uses of social media it is important to frequently review and update related corporate polices to keep pace with leading practices**. The Corporate Social Media policy has not been formally reviewed and updated by management since its inception in 2013. In addition, a User Comment Moderation policy has not been developed to provide external users guidance on how behavior is monitored and moderated on Citizens' social media accounts. Failure to update or implement social media policies may result in inconsistent and/or uncontrolled messages posted on the organization's social media accounts which could result in damage to the organization's brand, reputation or image. Management has stated that a corporate social media policy periodic review and update process will be established to take in consideration the changing social media landscape and leading practices to mitigate risk. In addition,

a user comment moderation policy will also be developed. The targeted completion date for these activities is October 31, 2018.

- **Social media accounts monitoring**. Our audit disclosed certain monitoring controls that needed improvement. For security reasons, we opted not to fully disclose details associated with the issues. Process owners have provided management action plans and will begin developing corrective measures for the issues.

- **The need to manage administrative access to corporate social media accounts. There are four Communications, Legislative & External Affairs (CLEA) and one IT personnel who have full administrative access to the corporate LinkedIn account.** The administrative access gives these individuals the ability to make edits to the company's LinkedIn page, add administrators, and publish posts. These individuals were given administrative access without proper approval to perform maintenance on the corporate's LinkedIn account. Individuals with inappropriate access to the corporate LinkedIn account could post unauthorized and/or inconsistent messages which could result in damage to the organization's brand, reputation or image. Management has stated that the individuals who longer require administrative access have been removed. In addition, users who require access to the Linkedin account will have to obtain approval from Human Resources management. This change was completed on July 15, 2018.

- **The need to train the designated Social Media Administrator back-up and develop and implement internal procedures for the social media activities.** An individual has been identified to perform the social media responsibilities in absence of the main Social Media Administrator; however, this individual has not been trained. In addition, internal procedures outlining the social media processes have not been developed. Without a trained back-up in place in absence of the Social Media Administrator, the day-to-day social media activities will not be performed. In addition, failure to develop a procedures document may result in inconsistencies or deviations in approved operational processes. Management has stated that the designated Social Media Administrator back-up person will be trained to ensure the day to day social media responsibilities will be performed when the Social Media Administrator is unavailable. In addition, internal procedures for the social media activities will be developed and implemented. The targeted completion date is November 30, 2018.

- During the review there were also some low rated issues noted which were shared with Management and included in the detailed findings section of the report.

As a result of our work and reviewing industry best practices, OIA identified process improvement opportunities. Management is encouraged to consider the following suggestions to increase efficiencies around the social media activities:

- Develop a workflow within the Oracle Social Media Relationship Manager application to route customer inquiries, issues or concerns to the Customer Compliant Team (CCT) for resolution. Currently, the Social Media Administrator is required to copy the compliant from the social media application and send via e-mail to the Customer Compliant Team mailbox for resolution. Creating an automated workflow will help to manage social media inquiries and/or complaints effectively and enable faster responses and resolution.

- Utilize the workflow within the Oracle Social Media Relationship Manager application to approve social media content published on the corporate social media channels**. Currently, social media posts that are published using the Social Media Relationship Manager application are approved by

management via e-mail. The automated workflow will ensure that management approvals are documented and maintained and standardized in a centralized file location.

- Social Media Administrators should exclusively use the Oracle Social Relationship Manager to create and publish posts on the corporate social media accounts, instead of using the native platforms such as Twitter and Facebook. This will ensure that all social media posts are captured in the system of record.

We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this audit.

Appendix 1

Definitions

Audit Ratings

Satisfactory:
The control environment is considered appropriate and maintaining risks within acceptable parameters. There may be no or very few minor issues, but their number and severity relative to the size and scope of the operation, entity, or process audited indicate minimal concern.

Needs Minor Improvement:
The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some minor areas of weakness in the control environment that need to be addressed. Once the identified weaknesses are addressed, the control environment will be considered satisfactory.

Needs Improvement:
The audit raises questions regarding the appropriateness of the control environment and its ability to maintain risks within acceptable parameters. The control environment will require meaningful enhancement before it can be considered as fully satisfactory. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some noteworthy areas of weakness.

Unsatisfactory:
The control environment is not considered appropriate, or the management of risks reviewed falls outside acceptable parameters, or both. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate pervasive, systemic, or individually serious weaknesses.

Appendix 2

Issue Classifications

Control Category	High	Medium	Low
Financial Controls (Reliability of financial reporting)	• Actual or potential financial statement misstatements > $10 million • Control issue that could have a pervasive impact on control effectiveness in business or financial processes at the business unit level • A control issue relating to any fraud committed by any member of senior management or any manager who plays a significant role in the financial reporting process	• Actual or potential financial statement misstatements > $5 million • Control issue that could have an important impact on control effectiveness in business or financial processes at the business unit level	• Actual or potential financial statement misstatements < $5 million • Control issue that does not impact on control effectiveness in business or financial processes at the business unit level
Operational Controls (Effectiveness and efficiency of operations)	• Actual or potential losses > $5 million • Achievement of principal business objectives in jeopardy • Customer service failure (e.g., excessive processing backlogs, unit pricing errors, call center non responsiveness for more than a day) impacting 10,000 policyholders or more or negatively impacting a number of key corporate accounts • Actual or potential prolonged IT service failure impacts one or more applications and/or one or more business units • Actual or potential negative publicity related to an operational control issue • An operational control issue relating to any fraud committed by any member of senior management or any manager who plays a significant role in operations • Any operational issue leading to death of an employee or customer	• Actual or potential losses > $2.5 million • Achievement of principal business objectives may be affected • Customer service failure (e.g., processing backlogs, unit pricing errors, call center non responsiveness) impacting 1,000 policyholders to 10,000 or negatively impacting a key corporate account • Actual or potential IT service failure impacts more than one application for a short period of time • Any operational issue leading to injury of an employee or customer	• Actual or potential losses < $2.5 million • Achievement of principal business objectives not in doubt • Customer service failure (e.g., processing backlogs, unit pricing errors, call center non responsiveness) impacting less than 1,000 policyholders • Actual or potential IT service failure impacts one application for a short period of time
Compliance Controls (Compliance with applicable laws and	• Actual or potential for public censure, fines or enforcement action	• Actual or potential for public censure, fines or enforcement action	• Actual or potential for non-public action (including routine

Control Category	High	Medium	Low
regulations)	(including requirement to take corrective actions) by any regulatory body which could have a significant financial and/or reputational impact on the Group • Any risk of loss of license or regulatory approval to do business • Areas of non-compliance identified which could ultimately lead to the above outcomes • A control issue relating to any fraud committed by any member of senior management which could have an important compliance or regulatory impact	(including requirement to take corrective action) by any regulatory body • Areas of non- compliance identified which could ultimately lead to the above outcomes	fines) by any regulatory body • Areas of noncompliance identified which could ultimately lead the above outcome
Remediation timeline	• Such an issue would be expected to receive immediate attention from senior management, but must not exceed 60 days to remedy	• Such an issue would be expected to receive corrective action from senior management within 1 month, but must be completed within 90 days of final Audit Report date	• Such an issue does not warrant immediate attention but there should be an agreed program for resolution. This would be expected to complete within 3 months, but in every case must not exceed 120 days

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Distribution

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