

**Audit of Purchase Order B60479 with
Executive Information Systems, LLC
for Water Quality Software Services**

Office of Technology and Information Services

Report: A-2021DEP-002

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted a review of Purchase Order B60479 with Executive Information Systems, LLC (Contractor) for Water Quality Analytics (Project) for the Office of Environmental Accountability and Transparency (OEAT). The Purchase Order was issued and managed through the Office of Technology and Information Services (OTIS). This review was initiated as part of the Fiscal Year (FY) 2020-2021 Annual Audit Plan.

Scope and Objective

The scope of this review included deliverables, invoices, and management activities associated with the Purchase Order beginning September 30, 2019. The objectives were to:

- determine whether approved payments were supported by required deliverables and evidence of required activities and services under the Purchase Order
- determine the Contractor's compliance with the Purchase Order
- evaluate management oversight regarding the procurement, planning, and monitoring of Purchase Order deliverables and consulting services

Methodology

This review was conducted under the authority of Section 20.055 F.S., and in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our procedures included a review of the Purchase Order, Change Orders, and support documentation associated with procurement of the Purchase Order. We reviewed approved payments and support documentation associated with required deliverables and Purchase Order requirements. We also interviewed OEAT and OTIS management and reviewed the Project platform.

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Background

Under the Office of the Governor Executive order 19-12, the Department created OEAT, which is charged with *organizing and directing integrated scientific research and analysis to ensure that all agency actions are aligned with key environmental priorities*. Part of the Governor's Executive order includes expanding statewide water quality analytics so that an assessment can be performed on nutrient over-enrichment within Florida waterbodies.

The Department issued the Purchase Order to the Contractor for the Project on September 30, 2019. The Project provides Software as a Service (SaaS) Solution Water Quality Solution Hosting and Software Project. The Project's focus was to implement a commercially available, SaaS solution to support the data management, integration, and analysis of restoration data, funding data, regulatory data, and water quality data.

The Purchase Order includes the Contractor's Federal Supply Schedule Contract No. 47QTCA18D008 (GSA Contract) which outlines the terms of use of SAS Institute, Inc. (SAS) professional and hosting services and software license. This Project was procured through the Department of Management Services (DMS) contract source 252-GSA Schedule 70. The GSA Contract is used for the procurement of Information Technology Equipment, Software & Services between DMS and the Contractor.

The original Purchase Order included a Task Order for Water Quality Analytics (Task Order) outlining the cost of annual subscription maintenance, hosting, support, and licensing as well as eight fixed-price deliverables for a total of \$3,561,405.00. OTIS issued two formal and three informal change orders as follows:

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Task/Change Order	Description	Amount
Initial Task Order	Annual Subscription maintenance, hosting, support, and licensing. Eight fixed-price deliverables	\$3,561,405.00
Formal Change Order 1	Extended the Project end date and revised Deliverables 5 and 7	
Formal Change Order 2	Added Deliverables 9,10, and 11	\$584,494.90
Informal Change Order 1	Updated the Water Quality Analytics Project Management Plan to reflect administrative changes	
Informal Change Order 2	Revised changes to Deliverable 7	
Informal Change Order 3	Modified hours associated with Deliverables 9, 10, and 11	
	Total	\$4,145,899.90

Through September 30, 2020, the Contractor was paid \$4,073,222.32. The annual subscription maintenance, hosting, support, and licensing deliverables, required submission dates and costs were as follows:

Deliverable	Description	Due Date	Cost	Amount Paid
Project Management 1	Project Management Plan	10/16/2019	\$17,872.00	\$17,872.00
Project Management 2	Continuing Tasks including: (1) Updated Project Management Plan/Schedule, (2) Project Status Reports, (3) Meeting Minutes	8/3/2020	\$71,487.00	\$71,487.00
1	Requirements Confirmation Documentation	11/1/2019	\$53,616.00	\$53,616.00
2	Master Test Plan and User Acceptance Test (UAT) Package	5/26/2020	\$67,020.00	\$67,020.00
3	UAT Support and Documentation	7/28/2020	\$108,124.00	\$108,124.00
4	Resourcing Plan	6/8/2020	\$53,616.00	\$53,616.00
5a	Training Plan	11/22/2019	\$55,850.00	\$55,850.00
5b	Training Services	7/31/2020	\$55,850.00	\$55,850.00
6	Horizon Plan	6/6/2020	\$22,340.00	\$22,340.00
7a	Exploratory Data Analysis (EDA) Preliminary Results	12/11/2019	\$389,000.00	\$389,000.00
7b	Data Integration	2/7/2020	\$272,300.00	\$272,300.00
7c	Output Delivery Sign-off	4/27/2020	\$893,116.00	\$893,116.00
8	Data Management and Governance Recommendations	6/8/2020	\$353,214.00	\$353,214.00
9	Discharge Monitoring Analytics	9/1/2020	\$201,941.06	\$511,817.32 ¹
10	National Hydrologic Dataset (NHD) Feasibility Summary Report	9/1/2020	\$158,234.28	
11	Geological Datasets	9/1/2020	\$224,319.56	
	Annual Subscription Maintenance, Hosting, Support and Licensing		\$1,148,000.00	1,148,000.00
	Total		\$4,145,899.90	\$4,073,222.32

¹ Invoices for Deliverables 9, 10, and 11 were billed as time and materials which is not linked to deliverable completion.

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Results

Approved Payments

According to the Purchase Order Request for Quote (RFQ), *The OTIS CM shall determine successful completion of a deliverable when all tasks for that deliverable have been completed and approved by the DEP Project Team. The Project Team members, or DEP staff responsible for approving deliverables, will be identified through the Project Management Plan, or other addendum, such as the Deliverable Acceptance Form.* OTIS uses a Deliverable Acceptance and Payment Approval (DAPA) form to document the Department's deliverable acceptance and authorization for payment. The DAPA form is signed by the OEAT Business Lead and Contract Manager.

We reviewed documentation associated with 18 payments under the Purchase Order. The first payment was for the Annual Subscription Maintenance, Hosting, Support and Licensing. The remaining 17 payments were for work associated with the 11 deliverables. For Deliverables 1 through 8, we verified that OEAT and OTIS signed DAPA forms to confirm deliverable acceptance and authorization of payment. We also verified documentation which demonstrated that those deliverables were submitted within required time frames as specified in the RFQ and prior to approved payment.

Deliverables 9 through 11 were added June 2, 2020, under Change Order 2 per the Consulting Services section of the RFQ. As such, invoice payments for work during the months of June through September 2020 were based on submission of consultant timesheets rather than the acceptance criteria outlined under each deliverable. However, the OEAT Business Manager and OTIS Contract Manager signed DAPA forms approving payment of each monthly invoice

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which attested that the deliverables had been formally accepted. We verified Deliverables 9 through 11 were submitted in September 2020 as required under the Task Order.

According to the RFQ, *Ten percent (10%) of each invoice, up to Ten percent (10%) of the total contract value, will be withheld until the final project deliverable is approved by the DEP. After the final deliverable has been approved by DEP, the Contractor may invoice for the remaining 10%.* We verified that OTIS withheld ten percent retainage from invoices for Deliverables 1 through 8. Retainage was not withheld from payments associated with Consulting Services for Deliverables 9 through 11. However, payment for the withheld retainage was approved by the OTIS Contract Manager in September 2020 consistent with submission of the final deliverables.

Contractor Compliance

To determine the Contractor's compliance with Task Order deliverables, we reviewed deliverable related required plans and training documents. We also reviewed the Water Quality Analytic Platform functionality to confirm Deliverable related analytic output. Based on this review, we verified the deliverables were provided as outlined in the Task Order.

We also reviewed security requirements under Sections 4 and 10 of the Software and Hosting Services Exhibit A of the Contractor's GSA Contract. Section 10 of the Master Agreement states *EIS will implement and maintain reasonable technical and organizational security measures that are designed (i) to protect against unauthorized System access and usage; and (ii) to protect Personal Data against unauthorized access, use, alteration, destruction or disclosure.* Security measures established by the Contract include a quarterly review of system access and user permissions. We verified documentation of the Contractor's quarterly review of Department permissions.

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Section 1.3 of Directive DEP 390 *Information Technology (IT) Security Policies and Standards*, states that *Contracts and agreements involving the use of the agency's IT resources will require compliance with the agency IT security policies and procedures*. According to Section 2.1 of Directive DEP 390 all IT positions are classified as positions of special trust requiring background checks and level two background screening. Section 2.1.2 of Directive DEP 390 states that *Contractors hired as IT workers are subject to the same background investigation requirements as agency IT workers*. Based on correspondence between OTIS Contract management and the Contractor at the beginning of the Project, three contracted staff members were required to undergo the required level of background checks. We obtained a list of Department and Contract staff members with access to the Water Quality platform. Based on this list, 31 external contracted staff were listed as having active access. Based on correspondence from the Division of Administrative Services (DAS), Bureau of Human Resource Management, six staff working with the Contractor with access to the Water Quality platform had the appropriate background screenings on record with the Department.

Management Oversight

We reviewed the Department's procurement of the Purchase Order. We verified the Purchase Order was competitively procured consistent with requirements under Section 287.057, F.S. and was awarded based on a documented evaluation of Project criteria. In managing the Project, the Contract Manager maintained a monitoring spreadsheet which documented Project deliverable due dates, Contractor submissions, and approvals. The Contract Manager documented technical review comments, revisions and user acceptance team-documentation in managing the Project.

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Conclusion

Based on our review, approved payments for the Project were supported by required deliverables and evidence of required activities and services under the Purchase Order. The Contractor generally complied with the Purchase Order and Task Order. However, we noted weaknesses in the area of Department background checks and the use of DAPA forms in approving payment for required deliverables.

Finding and Recommendation

Finding 1: Contracted Staff Background Checks

Section 1.3 of Directive DEP 390 states that *Contracts and agreements involving the use of the agency's IT resources will require compliance with the agency IT security policies and procedures*. According to Section 2.1 of Directive DEP 390, all IT positions are classified as positions of special trust requiring background checks and level two background screening. Section 2.1.2 of Directive 390 states that *Contractors hired as IT workers are subject to the same background investigation requirements as agency IT workers*. According to the Task Order Scope of Work, the Contractor was to set up, configure, and test the Water Quality system in accordance with the Department's functional and technical requirements. The Contractor was also to migrate, duplicate, or retrieve all necessary data from legacy sources into the new or augmented infrastructure that can be passed to or processed by the analytics platform. As such, Contract staff had access to Department IT resources.

At the beginning of the Project, the OTIS Contract Manager identified three Contract staff that required background checks. However, based on a list of staff with access to the Department's Water Quality platform obtained from the Contractor, 31 external contracted staff

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had active access. DAS Bureau of Human Resource Management staff verified that background checks had been conducted for six of these contracted staff.

Recommendation

We recommend OITS take necessary steps to ensure that all staff under Department Contract with access to Department IT resources have background checks and level two background screenings conducted in accordance with Directive DEP 390.

Management Comment

Deliverable Acceptance Documentation

OTIS uses a DAPA form to document the Department's deliverable acceptance and authorization for payment. The DAPA form is signed by the OEAT Business Lead and Contract Manager. As of the final Change Order, the Task Order included 11 deliverables. Deliverables 1 through 8 were fixed-price deliverables. Deliverables 9 through 11 were added through a Change Order as part of the Contract provision for Consulting Services section of the RFQ. As such, invoice payments for work during the months of June through September 2020 were based on submission of consultant timesheets rather than the acceptance criteria outlined under each deliverable.

For Deliverables 1 through 8, the OEAT Business Lead and OTIS Contract Manager signed DAPA forms to confirm deliverable acceptance and authorization of payment. They also signed DAPA forms for each monthly invoice outlining time worked toward Deliverables 9 through 11. By signing DAPA forms for work conducted and billed as hourly consulting services during the months of June through August 2020, OEAT and OTIS were attesting each month that Deliverables 9 through 11 had been received and formally accepted. We verified Deliverables 9

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through 11 were submitted in September 2020 as required under the Task Order. However, going forward, OTIS would benefit from clarifying deliverable progress expectations for invoice approval under hourly consulting services. The current DAPA form serves as an approval mechanism for payments which require deliverable completion.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Thomas Doredant and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.

*Valerie J. Peacock,
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FLORIDA DEPARTMENT OF Environmental Protection

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April 23, 2021

MEMORANDUM

TO: Valerie Peacock, Audit Director
Office of Inspector General

FROM: Warren Sponholtz, Chief Information Officer
Office of Technology & Information Services

SUBJECT: Response to Audit of Purchase Order B60479 with Executive Information Systems, LLC for Water Quality Software Services
A-2021DEP-02

FINDING SUMMARY (1 of 1) – Contracted Staff Background Checks:

Section 1.3 of Directive DEP 390 states that Contracts and agreements involving the use of the agency's IT resources will require compliance with the agency IT security policies and procedures. According to Section 2.1 of Directive DEP 390, all IT positions are classified as positions of special trust requiring background checks and level two background screening. Section 2.1.2 of Directive 390 states that Contractors hired as IT workers are subject to the same background investigation requirements as agency IT workers. According to the Task Order Scope of Work, the Contractor was to set up, configure, and test the Water Quality system in accordance with the Department's functional and technical requirements. The Contractor was also to migrate, duplicate, or retrieve all necessary data from legacy sources into the new or augmented infrastructure that can be passed to or processed by the analytics platform. As such, Contract staff had access to Department IT resources. At the beginning of the Project, the OTIS Contract Manager identified three Contract staff that required background checks. However, based on a list of staff with access to the Department's Water Quality platform obtained from the Contractor, 31 external contracted staff had active access. DAS Bureau of Human Resource Management staff verified that background checks had been conducted for six of these contracted staff.

RECOMMENDATION:

We recommend OITS take necessary steps to ensure that all staff under Department Contract with access to Department IT resources have background checks and level two background screenings conducted in accordance with Directive DEP 390.

RESPONSE - CORRECTIVE ACTION:

OTIS concurs with the recommendations and will update relevant processes and documentation by July of 2021. As of the writing of this response, the vendor has provided an updated list of 26 active consultants working on this project and level two background screenings are 88% complete with an anticipated completion mid-May 2021.

April 28, 2021

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