

**Review of Information Technology Services Contractor
Kyra Solutions, Inc. Compliance with
Department Directives 390 and 422**

Office of Technology and Information Services

Report: A-1516DEP-038

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 Information Technology (IT) services provider, Kyra Solutions, Inc. (Contractor) compliance with Department Directive 390 *Information Technology Security Policies and Standards* and Directive 422 *Background Investigation*.

Scope and Objectives

Our scope included Contract purchase and task orders during Fiscal Year (FY) 2015-2016. Our objective was to determine the Contractor's compliance with Department Directives 390 and 422.

Methodology

This review was conducted under the authority of Section 20.055, Florida Statutes (F.S.). Our procedures included review of Directives 390 and 422, as well as IT procurement documentation related to Contract staff purchase orders, task orders, and Contract management for FY 2015-2016. We conducted interviews with Office of Technology and Information Services (OTIS) and Division of Administrative Services Bureau of Human Resource Management (HR) staff. We also obtained documentation from the Contractor.

Background

Department Directive 390, Section 2.1, sets forth the classification of all IT positions, including contracted IT staff, as positions of special trust requiring background checks and level 2 screenings prior to employment. As outlined in Section 435.04 F.S., level 2 screenings include *fingerprinting for statewide criminal history record checks through the Department of Law Enforcement, and national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement*

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agencies. Department Directive 422 Section 6.b.(1) indicates that HR is responsible for maintaining employee background checks. According to Section 6.b.(3), the Contractor is required to provide a copy of the background check to HR the first day the employee begins working on Department projects.

In accordance with Contract purchase orders, the Contractor is required to utilize the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the contract term. The Contractor is to require subcontractors performing work pursuant to the Contract also utilize the E-Verify system to verify employment eligibility of all new employees hired by the subcontractor during the contract term.

Results and Conclusions

We requested background and level 2 screening documentation from OTIS and HR. Based on discussions with staff, OTIS did not obtain these documents from the Contractor, and processes were not in place to notify HR when new Contract staff are hired.

We also requested the E-Verify, background and level 2 screening documentation for a listing of 40 current Contract staff from the Contractor. The documentation provided did not meet the requirement necessary to verify that the E-Verify, background and level 2 screening checks were conducted as required. Our finding and recommendation is included in the remainder of this report.

Finding and Recommendation

E-Verify Employment Eligibility Verification, Background Checks, and Level 2

Screening

According to Department Directive 390, Section 2.1, all IT positions, including contracted IT staff, are classified as positions of special trust requiring background checks and level 2 screenings prior to employment in accordance with Directive 422. Directive 422 Section 6.a.(4) states, *upon employment or award of a contract that involves positions of special trust, the supervisor or contract manager shall ensure that, within 30 working days, new employees or contractors, interns, volunteers, vendors, and providers or their key employees, are scheduled for an appointment to complete necessary forms to initiate the background investigation or fingerprinting process based upon the level of screening established for the position of trust.* Section 6.b.(3) states, *background investigations or fingerprinting of state employees, intern and volunteers shall be conducted at the expense of the Department. Contractor, vendors, and providers will be responsible for background investigations or fingerprinting of their employees.*

As outlined in Section 435.04 F.S., level 2 screenings include *fingerprinting for statewide criminal history record checks through the Department of Law Enforcement, and national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement agencies.* Department Directive 422 Section 6.b.(1) indicates that HR is responsible for maintaining employee background checks. Additionally, according to Section 6.b.(3), the Contractor is required to provide a copy of the background check to HR the first day the employee begins working on Department projects.

Pursuant to State of Florida Executive Order No. 11-116, the Contractor is required to use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the contract term. The Contractor is to require subcontractors performing work pursuant to the Contract also utilize the E-Verify system to verify employment eligibility of all new employees hired by the subcontractor during the contract term.

We requested E-Verify, background and level 2 screening check documentation from OTIS and from HR. Based on discussions with staff, OTIS did not obtain these documents from the Contractor, and processes were not in place to notify HR when new Contract staff are hired. As a result, the Department did not maintain verification that the required checks had been conducted by the Contractor at the time of employment.

We also requested the E-Verify, background and level 2 screening check documentation for a listing of 40 current Contract staff from the Contractor on June 16, 2016. Documentation regarding E-verify was received July 18, 2016 and documentation regarding background checks was received on July 25, 2016.

Documentation from the request related to E-Verify included the following.

- For 29 Contract staff, documentation consisted of an *employee information* reports indicating employment authorization and the date of the initial verification. However, these documents were not original E-Verify website generated search verifications documenting the search or search date.

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- Five Contract staff listed were subcontractors. Documents provided for these staff included E-Verify information on the subcontracting company; but did not include verification information of the specific employee and the related hire date.
- E-Verify Information was not provided for four Contract staff. The Contractor noted that these staff were hired prior to the Contractor's participation in the E-Verify program.
- E-Verify website generated search verifications dated July 2016 were provided for 2 Contract staff.

Based on this information, we were unable to verify that the E-Verification checks were conducted by the Contractor at the time of employment.

For the request related to background and level 2 screening check documentation, we received Contract staff background documentation obtained from an automated background check provider, but no documentation regarding fingerprinting results as required under level 2 screening standards. According to correspondence received, the Contractor indicated they did not recall receiving Directives 390 and 422 from the Department and was unable to locate Directive 390 from the Department website. Until very recently, they did not recall background check requirements from the Department.

Contract purchase and task orders dated July 2015 included language specifically stating the Contractor's E-Verify requirements, as well as Directive 390 requirements for the Contractor to provide proof of a level 2 background check and fingerprinting at the Contractor's expense.

According to Department Directive 390, Section 2.1.3, upon employment, employees and contracted staff shall acknowledge having read and understood their responsibilities as provided under this directive by signing a statement of understanding (SOU) electronically or on paper.

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The Bureau of Human Resources [Management] will maintain the SOU until the individual agency employee terminates employment. The division obtaining the contracted services will keep the SOU with the work contract, and maintain a record of these documents. Per our request, the OTIS Contract manager provided signed SOU Acknowledgement of Receipt forms of the DEP Employee Handbook and Key Directives for Contract staff. Directive 390 was included in these Acknowledgement of Receipt forms.

Recommendation

We recommend OTIS, in coordination with HR, develop processes to ensure E-Verify checks, background checks, and level 2 screening documents are obtained, reviewed, and maintained for all Contract staff associated with Contract IT purchase orders as required under Department Directives 390 and 422. These checks should be conducted at the expense of the Contractor.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review was conducted under the authority of Section 20.055, F.S. The review was conducted by Valerie Peacock with assistance from Gabriel Earnest.

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 <http://www.dep.state.fl.us/ig/reports.htm>. 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,
Director of Auditing*

*Candie M. Fuller,
Inspector General*



Office of Technology & Information Services
Response to Office of Inspector General
Internal Audit Findings
November 22, 2016

AUDIT SUBJECT:

Review of Information Technology Services Contractor Kyra Solutions, Inc. Compliance with Department Directives 390 and 422. Report: A-1516DEP-038.

FINDING SUMMARY:

BACKGROUND CHECKS & LEVEL 2 SCREENING. According to Department of Environmental Protection (herein referred to as "DEP" or "Department") Directive 390, Section 2.1, all IT positions, including contracted IT staff, are classified as positions of special trust requiring background checks and level 2 screenings prior to employment in accordance with Directive 422. Directive 422 Section 6.a.(4) states, "Upon employment or award of a contract that involves positions of special trust, the supervisor or contract manager shall ensure that, within 30 working days, new employees or contractors, interns, volunteers, vendors, and providers or their key employees, are scheduled for an appointment to complete necessary forms to initiate the background investigation or fingerprinting process based upon the level of screening established for the position of trust.

Department Directive 422 Section 6.b.(1) indicates that HR is responsible for maintaining employee background checks. Additionally, according to Section 6.b.(3), the Contractor is required to provide a copy of the background check to HR the first day the employee begins working on Department projects.

E-VERIFY. Pursuant to State of Florida Executive Order No. 11-116, the Contractor is required to use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the contract term. The Contractor is to require subcontractors performing work pursuant to the Contract also utilize the E-Verify system to verify employment eligibility of all new employees hired by the subcontractor during the contract term.

The Office of Technology & Information Services (OTIS) is responsible for verifying that information technology (IT) consultants (contracted staff) have complied with the aforementioned level 2 background screening and e-verification requirements. OTIS is also responsible for notifying HR when new contracted staff are hired.

The DEP Inspector General's (IG) Office determined that OTIS did not ensure compliance of the level 2 background screening and e-verification requirements. OTIS is also responsible for notifying HR when new contracted staff are hired.

RECOMMENDATION:

Recommendation is for OTIS, in coordination with HR, to develop processes to ensure E-Verify checks, background checks, and level 2 screening documents are obtained, reviewed, and maintained for all Contract staff associated with Contract IT purchase orders as required under Department Directives 390 and 422. These checks should be conducted at the expense of the Contractor.

RESPONSE (CORRECTIVE ACTION):

OTIS concurs with the audit findings and will work with DEP Human Resources Services to establish processes to obtain, review and maintain E-Verify check and level 2 background screening documents for all OTIS managed Contract staff.