



Rick Scott, Governor


**State of Florida
Agency for State Technology**

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MEMORANDUM

TO: Eric M. Larson, State Chief Information Officer/Executive Director
Eric Miller, Chief Inspector General, Executive Office of the Governor

FROM: Tabitha A. McNulty, Inspector General 

DATE: December 5, 2017

SUBJECT: Six-Month Follow-up Status to *Operational Audit of the Agency for State Technology, State Data Center Cost Allocation Process*, Auditor General Report Number 2017-208

Pursuant to section 20.055, Florida Statutes, attached is the six-month status of findings and recommendations included in the Auditor General Report Number 2017-208, *Operational Audit of the Agency for State Technology, State Data Center Cost Allocation Process*, published June 8, 2017.

The review found that sufficient corrective action has been undertaken to close two findings. The agency has made significant progress on the remaining open finding and should have the necessary corrective action completed by early 2018. The updates and status of the corrective actions are provided in the attached report under the sections Current Agency Status and Office of Inspector General (OIG) Assessment. The OIG will continue to follow-up on the open finding.

If further information is needed, please contact me at 850-412-6022.

TAM

Attachment

cc: Kathy DuBose, Coordinator
Joint Legislative Audit Committee (JLAC)
Sherrill F. Norman, CPA
State of Florida Auditor General
Jay Howard, AST Chief of Financial Operations
Robert Thompson, AST Chief Operations Officer
Curtis Unruh, AST Deputy Chief Operations Officer



Agency for State Technology Office of Inspector General

Eric M. Larson, State CIO/
Executive Director

Tabitha A. McNulty
Inspector General



Six-Month Follow-up Response to *Operational Audit of the Agency for State Technology, State Data Center Cost Allocation Process* Auditor General Report Number 2017-208 Internal Audit Project # A-1718-20

Overview

Section 20.055, Florida Statutes, requires the Inspector General to monitor and report to the Executive Director and the Chief Inspector General on the status of corrective action taken in response to reports issued by the Auditor General. In June 2017, the Auditor General published report number 2017-208, *Operational Audit of the Agency for State Technology, State Data Center Cost Allocation Process*. This audit focused on State Data Center cost allocation processes and selected administrative activities. The scope of the original audit was July 2014 through September 2016 with selected transactions through December 2016.

Status Report

Finding Number: 1 Allocation of Indirect Costs

The AST was unable to provide documentation to support the statistical utilization data used to allocate certain indirect costs to customer entities and the data used by the AST to allocate indirect costs did not always agree with AST records.

Recommendation: We recommend that AST management establish policies and procedures for verifying the accuracy, validity, and completeness of uploaded statistical service utilization data and ensure that the data used as the basis for customer entity service charges is supported by adequate documentation.

Original Report Response (June 2017): Based on recommendations from this finding, the AST has established policies and procedures for verifying the accuracy, validity, and completeness of uploaded statistical service utilization data to ensure the data used as the basis for customer entity service charges is supported by adequate documentation.

Current Agency Status:

AST has established policies and procedures for verifying the accuracy, validity, and completeness of uploaded statistical service utilization data to ensure the data used as the basis for customer entity service charges is supported by adequate documentation. The Cost Allocation Methodology Process (AST-FIN-P-0004) and the Billing and Invoicing Process (AST-FIN-P-0005) were both published to FASTdocs¹ in July 2017

Office of Inspector General Assessment:

The Office of Inspector General (OIG) reviewed FASTdocs and verified that the procedure for billing and invoicing was published. Additionally, to ensure that platform managers are keeping their service utilization data, the OIG requested screenshots showing the location of the historical data. The OIG did not verify the accuracy, validity, or completeness of the historical records.

The OIG agrees that the recommendation was implemented and determines that the finding:

- will remain open and the OIG will follow-up in six months.
- is partially complete and will remain open. The OIG will follow-up in six months.
- is complete and will be closed.
- is not complete, but recommends that management accept any residual risk.

Finding Number: 2 Projected State Data Center Service Costs

Contrary to State law, the AST did not provide each customer entity the projected costs of providing State Data Center services. Section 282.0051(11)(c)5, Florida Statutes, requires that, by September 1 of each year, the AST is to provide to each customer entity head the projected costs of providing data center services for the following fiscal year.

Recommendation: To better allow customer entities to plan and budget for future State Data Center service costs, we recommend that AST management work with the Legislature to ensure that reliable projected State Data Center service cost information is timely provided to customer entities.

Original Report Response (June 2017): In order to provide meaningful and accurate projections, the AST has delayed providing this information until the data was available.

The AST will continue to work with stakeholders in the Legislature related to this requirement. In the upcoming legislative session, the AST will recommend an amendment to section 282.0051(11)(c)5, Florida Statutes, to ensure the statutory language relating to informing agencies the costs of data center services is current and achievable.

To remediate this finding, AST will provide draft projections by the statutorily required date.

¹ FASTdocs is the agency's enterprise authoritative document repository.

Current Agency Status:

The Chief of Financial Operations sent the required cost projections to the customers. AST will continue to provide the cost projections as currently required by law. Additionally, AST will continue to work with customers to ensure they are provided with meaningful and useful cost projection information during the year.

Office of Inspector General Assessment:

The OIG verified that the Chief of Financial Operations sent the required cost projections to customer entities pursuant to section 282.0051(11)(c)5, Florida Statutes, by September 1.

The OIG agrees that recommendation was implemented and determines that the finding:

- will remain open and the OIG will follow-up in six months.
- is partially complete and will remain open. The OIG will follow-up in six months.
- is complete and will be closed.
- is not complete, but recommends that management accept any residual risk.

Finding Number: 3 Security Controls – Appropriateness of Access Privileges, Monitoring of Security Events, and User Authentication

Certain M-PWR application security controls related to the appropriateness of access privileges, monitoring of security events, and user authentication needed improvement to ensure the confidentiality, integrity, and availability of AST data and the M-PWR application.

Recommendation: We recommend that AST management enhance certain M-PWR application security controls related to the appropriateness of access privileges, monitoring of security events, and user authentication to ensure the confidentiality, integrity, and availability of AST data and the M-PWR application.

Original Report Response (June 2017): Based on recommendations from this finding, the AST has enhanced certain M-PWR application security controls related to the appropriateness of access privileges, monitoring of security events, and user authentication for the M-PWR application. The final enhancements are scheduled to be completed June 30, 2017.

Current Agency Status:

The agency completed the upgrade to the M-PWR application. The upgrade provided necessary enhancements to correct the access and authentication issues noted in the finding. Additionally, AST reviewed and documented authorization for users with elevated privileges and continues to modify access commensurate with associated job responsibilities. Lastly, AST is working to implement security alerts and corresponding procedures to ensure associated security events are appropriately monitored and action is taken, when appropriate.

Office of Inspector General Assessment:

The OIG agrees with the current status of the implementation of the recommendations and determines that the finding:

- will remain open and the OIG will follow-up in six months.
- is partially complete and will remain open. The OIG will follow-up in six months.
- is complete and the OIG will no longer follow-up on this.
- is not complete, but recommends that management accept any residual risk.

Objective, Scope, and Methodology

The objective of this follow-up report was to determine the status of action taken by agency management in response to the findings and recommendations made in the Auditor General report number 2017-208. The review focused on corrective actions taken since the report's publication on June 8, 2017.

The follow-up report included the following activities:

- Reviewed policies and procedures uploaded to FASTdocs,
- Reviewed documents and tickets concerning the upgrade and enhancements to the M-PWR application,
- Ensured that historical billing documents are being saved by platform managers,
- Interviewed employees involved in the remediation of audit issues, and
- Reviewed other security control issues as noted in Finding Number 3.

The OIG did not review the historical billing documents to ensure the accuracy, validity, or completeness of the records uploaded to the M-PWR billing application.

This work product was prepared pursuant to section 20.055, Florida Statutes, and is consistent with the applicable standards as defined in the *Principles and Standards for Offices of Inspectors General*, as published by the Association of Inspectors General, and *International Standards for the Professional Practice of Internal Auditing*, as published by The Institute of Internal Auditors, Inc.

To promote accountability, integrity, and efficiency in government, the Office of Inspector General conducts audits and reviews of Agency for State Technology's programs, activities, and functions.

Other reports prepared by the Office of Inspector General of the Agency for State Technology may be obtained by telephone (850-412-6022), mail (2585 Shumard Oak Blvd, Tallahassee, FL 32399), or by emailing Tabitha.McNulty@AST.MyFlorida.com