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Governor

DEPARTMENT OF MANAGEMENT
SERVICES

CRAIG J. NICHOLS
Agency Secretary

DEC 2 6 2012

MEMORANDUM

DATE: December 21, 2012

TO: Robert Poston, Interim Executive Director, Southwood Shared Resource Center

FROM: Walter Sachs, Inspector General

SUBJECT: **Six-Month Follow-up to Auditor General Report No. 2012-189 SSRC - Data Center Operations**

Pursuant to Section 20.055(5)(h), Florida Statutes, the following is our explanation of the six-month status of findings and recommendations included in the Auditor General's Report No. 2012-189, *Southwood Shared Resource Center – Data Center Operations.* Our response addresses the findings and recommendations in the same order as they appear in the report. A separate attachment is included for internal purposes with a status update to the confidential findings.

Six-Month Status Report

Finding No. 1 – SLA Service Levels and Performance Metrics

SSRC had not met some agreed-upon performance requirements or metrics within some of its service-level agreements (SLAs) and did not measure other performance metrics. A similar issue was noted in our report No. 2010-173.

Recommendation:

SSRC should improve its measurement and monitoring of the appropriateness of and compliance with SLA provisions. In part, SSRC should acquire the necessary tools to measure the agreed-upon performance metrics included in customer entity SLAs or modify the SLAs to provide for, where appropriate, other performance metrics that can be measured and monitored for compliance.

Original Response:

The SSRC concurs with the recommendations however funds are not available for the toolsets needed to accomplish the documented SLA measurement, monitoring and compliance provisions. It is estimated that such tools would cost several hundred thousand dollars to implement, per tool. The SSRC will continue to attempt to seek funding for operational tools through the LBR process.

The SSRC SLAs have been agency driven with many detailed special service objectives in their SLA amendment because the agencies desire assurance of service for specific tasks that are essential to their business. The SSRC needs to refine its current process and only allow amendment items that measurement can be obtained. The SSRC will develop a plan to implement such changes by end of fiscal year 2012-2013.

Current Status of Recommendation

The status of this recommendation is still in progress. The SSRC is still reviewing SLA performance metrics to determine those measures to remove for which we are unable to capture the required data. In addition, we are continuing to attempt to acquire tools that are needed to capture the data for certain performance measures. The SSRC is still planning to develop a plan to implement such changes by end of fiscal year 2012-2013.

Office of Inspector General Position:

The finding will remain open until the SSRC acquires the necessary tools to capture performance data. We will continue to monitor the progress of the implementation of this recommendation.

Finding No. 2 – Mainframe Performance Monitoring

SSRC had not established written procedures for mainframe performance monitoring.

Recommendation:

SSRC should establish written procedures for mainframe performance monitoring.

Original Response:

The SSRC concurs with the recommendation. The SSRC is in the process of defining and documenting procedures for the Omegamon products that are utilized for performance monitoring in our mainframe platform. The scheduled completion date is December 2012.

Current Status of Recommendation

As of December, the SSRC had developed procedures for the IBM Omegamon monitoring software products used to monitor the mainframe network, the mainframe z/OS operating system, the DB2 database system, and the CICS online transaction system. Which are used to monitor performance of the agency customer environments.

Office of Inspector General Position:

We agree with the actions taken by the SSRC and recommend this finding be closed.

Finding No. 3 – Mainframe Backup Process

SSRC procedures for the mainframe backup process were outdated. Additionally, as similarly noted in Auditor General report No. 2010-173, some backup tapes were not properly accounted for.

Recommendation:

SSRC should update its written procedures as appropriate to describe management's current expectations for the mainframe backup process and ensure the accuracy of its tape location records.

Original Response:

The SSRC concurs with the recommendation and will update the recommended procedures by the end of fiscal year 2012-2013. The SSRC has updated, documented and implemented back-up procedures for our mainframe platform as of May 2012.

Current Status of Recommendation

As of May 2012, the SSRC had updated, documented, and implemented backup procedures for the mainframe platform.

Office of Inspector General Position:

We agree with the actions taken by the SSRC and recommend this finding be closed.

Finding No. 4 – Business Continuity and Disaster Recovery Planning

The *SSRC Continuity of Operations Plan Operational Procedures* (COOP) and the *Recovery Plan* had not been recently updated and SSRC staff had not received periodic training on implementing the plans.

Recommendation:

SSRC should review and update its *COOP* and *Recovery Plan* to accurately describe the current SSRC environment. SSRC should also ensure that periodic business continuity and disaster recovery training is scheduled and completed.

Original Response:

The SSRC concurs with these recommendations and has completed reviewing and updating the COOP and Recovery Plan as of May 2012. In addition, the SSRC has scheduled and completed COOP and disaster recovery training and will continue to periodically schedule this training as of May 2012.

Current Status of Recommendation

The SSRC completed reviewing and updating the COOP and Disaster Recovery Plan and scheduled training in May 2012. Periodic training is scheduled for twice a year and the next training is for February 2013.

> ## Office of Inspector General Position:
>
> *We agree with the actions taken by the SSRC and recommend this finding be closed.*

Finding No. 5 – Change Control

SSRC did not have a complete, system-generated record of all systems software changes, and SSRC staff were unable to provide documentation of testing for some software changes. In addition, as similarly noted in our report No. 2010-173, SSRC change control procedures for testing changes to certain types of systems software were not comprehensive.

Recommendation:

SSRC should implement system-generated logs to record, track, and report all system software changes that are made to a platform. Additionally, SSRC should ensure that, when applicable, all changes are tested and documentation of the test results is retained to demonstrate that testing occurred as intended by management. SSRC should also update its change control procedures to document management's expectations for systems software testing.

Original Response:

The SSRC concurs with part one of the recommendation; however funds are not available for a system-generated toolset. It is estimated that such a toolset would cost several hundred thousand dollars to implement. The SSRC will continue to attempt to seek funding for operational tools through the LBR process.

With regard to the second part of the recommendation, the SSRC does not control the testing of many of the changes due to the fact that the SSRC does not control the applications. That testing responsibility belongs to the customer agencies. In many cases, it is not technically possible for the SSRC to test the changes. The SSRC will modify our SLAs to clearly identify that it is the customer's responsibility to test after an SSRC change. The SSRC works within the established customer environments tests all changes, when applicable, and concurs with the need for documentation of all applicable test results.

The SSRC concurs with the third part of the recommendation. The SSRC will update its testing procedures to clarify that all applicable changes are tested, that the expectations of customer testing is clear, and that documentation will be kept for the results of all changes that have been tested by the data center. This procedural update will be completed by the end of fiscal year 2012/2013.

Current Status of Recommendation

A Request for Proposal (RFP) is in progress to purchase a toolset to assist in implementing a system-generated logs to record, track, and report all software changes that are made to a platform. The anticipated completion date is end of fiscal year 2012-2013.

The change control procedures were updated to document management's expectations for systems software testing. These procedures were also updated to clarify its testing procedures that all applicable changes are tested, that the expectations of customer testing is clear, and that documentation will be kept for the results of all changes that have been tested by the data center. These draft procedures will be finalized by July 1, 2013.

Office of Inspector General Position:

We agree with the actions taken by the SSRC, however until the procedures have been finalized and implemented the finding will remain open. We will continue to monitor the progress of the implementation of this recommendation.

Finding No. 6 – Access Privileges

SSRC had not conducted periodic reviews of the appropriateness of access privileges and, as previously noted in Auditor General report No. 2010-173, did not have written procedures requiring such reviews for some platforms or comprehensive procedures for granting, modifying, or deactivating access privileges. Additionally, our audit disclosed some inappropriate access privileges at SSRC. A similar finding was noted in Auditor General report No. 2010-173.

Recommendation:

SSRC should establish and follow written procedures for conducting comprehensive periodic reviews of access privileges for all platforms at SSRC. SSRC should also establish written procedures for granting, modifying, and deactivating access privileges for systems under its management. Additionally, SSRC should ensure that access privileges do not exceed what is necessary for system IDs as well as assigned job duties and enforce an appropriate separation of incompatible duties. Furthermore, SSRC should assign the PROTECTED attribute to system IDs where appropriate and assign individual user IDs to all employees. SSRC should also ensure that the access privileges of former employees are deactivated in a timely manner.

Original Response:

The SSRC concurs with the first and second part of the recommendation. Prior to the audit, the SSRC had begun the process of establishing written procedures for conducting comprehensive periodic reviews of access privileges for all platforms at the SSRC as well as the granting, modifying, and deactivating access privileges. It is anticipated that this process will be fully implemented by the end of fiscal year 2012-2013.

The SSRC concurs with the third and fourth part of the recommendation regarding system IDs as specifically referenced in the mainframe environment. As a result of this audit, the PROTECTED

attribute has been verified as assigned to all applicable system IDs. In addition, all employees have individual user IDs.

The SSRC agrees in principle with respect to the fifth part of the recommendation. The SSRC ensures that access privileges of former SSRC employees are deactivated in a timely manner. As a result of data center consolidations, there may be instances where the consolidating agency's prior employee IDs have not been revoked and are not known to the SSRC. The SSRC works with the consolidating agencies as part of administrative credential remediation to identify these situations and resolve accordingly. This particular finding was specific to IDs that were left over from the Department of Management Services (DMS) prior to the SSRC being statutorily created. Upon discovery of the IDs in question, they were immediately removed. The IDs in question could not have been utilized because the system automatically places the IDs in a revoked status after a preconfigured number of days not in use, so there was no risk associated with this finding.

Current Status of Recommendation

The SSRC has begun the process of establishing written procedures for conducting comprehensive periodic reviews of access privileges for all platforms at the SSRC as well as the granting, modifying, and deactivating access privileges. It is anticipated that this process will be fully implemented by the end of fiscal year 2012-2013.

The SSRC has completed parts three and four of the recommendation regarding system IDs as specifically referenced in the mainframe environment. As a result of this audit, the PROTECTED attribute has been verified as assigned to all applicable system IDs. In addition, all employees have individual user IDs. The recommendation was completed in August 2012.

Part five of the recommendation was specific to IDs that were left over from the Department of Management Services (DMS) prior to the SSRC being statutorily created. Upon discovery of the IDs in question, they were immediately removed. The recommendation was completed in August 2012.

Office of Inspector General Position:

We agree with the actions taken by the SSRC, however until the procedures have been fully implemented the finding will remain open. We will continue to monitor the progress of the implementation of this recommendation.

Finding No. 7 – Other Security Controls

Certain SSRC security controls related to user authentication, security event logging, and data transmission needed improvement. Some of these issues were also noted in Auditor General report No. 2010-173.

Recommendation:

SSRC should improve security controls related to user authentication, security event logging, and data transmission to ensure the continued confidentiality, integrity, and availability of customer entity data and IT resources.

Original Response:

The SSRC concurs with the recommendation. Previously the SSRC sought funding for the toolset needed to resolve this issue. Funding has been approved for fiscal year 2012-2013. The SSRC is currently in the RFQ process for this toolset and it is expected that the tool will be purchased and implemented by the end of fiscal year 2012-2013.

Current Status of Recommendation

The RFP process is ongoing for this toolset and it is expected that the tool will be purchased and implemented by the end of fiscal year 2012-2013.

Office of Inspector General Position:

We agree with the actions taken by the SSRC; however the finding will remain open until the SSRC acquires necessary monitoring tools. We will continue to monitor the progress of the implementation of this recommendation.

Finding No. 8 – Allocation of Personnel Costs

Certain SSRC personnel costs were not allocated or documented in accordance with Federal requirements.

Recommendation:

To comply with Federal requirements and demonstrate the appropriateness and equitability of SSRC costs of services, SSRC should allocate unused leave payments as a general administrative expense to all activities. Additionally, SSRC should utilize personnel activity reports or equivalent documentation to support future cost allocations of salaries and wages.

Original Response:

The SSRC concurs and will implement allocation of unused leave payments as a general administrative expense to all activities. Further, the SSRC will work to develop some form of personnel activity reports to support cost allocations of personnel costs by the end of fiscal year 2012-2013.

Current Status of Recommendation

The SSRC will implement the allocation of unused leave payments as general administrative expense to all activities in the Fiscal Year 2012-13 true-up process.

The SSRC will continue to evaluate software packages which provide personnel activity reports for cost allocation of personnel costs. However, depending on the cost associated with a chosen software package, this expenditure may require a budget cycle (LBR) to procure.

Office of Inspector General Position:

We agree with the actions taken by the SSRC; however the finding will remain open until the SSRC acquires necessary monitoring tools or funding is not approved. We will continue to monitor the progress of the implementation of this recommendation.

Finding No. 9 – Cost of Services Documentation

Contrary to State law and Federal requirements, SSRC staff were unable to provide supporting documentation of the methodology used in the process that formed the basis of the billing rates actually charged to customer entities.

Recommendation:

To demonstrate compliance with State law and Federal requirements and the appropriateness and equitability of SSRC billings, SSRC should maintain supporting documentation of the methodology used to determine the estimated utilization of services that is used, along with estimated cost, to establish billing rates actually charged to customer entities.

Original Response:

The SSRC concurs with the recommendation and in October 2011 implemented a process in which all documentation for each forecast cycle is maintained. It is important to note that the SSRC has always maintained all supporting documentation for actual utilization and expenditures which supports our agency true-up process each year.

Current Status of Recommendation

As of October 2011, the SSRC is now collecting documentation for each forecast cycle.

Office of Inspector General Position:

We agree with the actions taken by the SSRC and recommend this finding be closed.

Finding No. 10 – Policies and Procedures

Contrary to State law, SSRC lacked written policies and procedures for billing customers, managing receivables from customers, and establishing cost-recovery methodologies to be followed.

Recommendation:

SSRC should establish written policies and procedures that document management's expectations for billing customers, managing receivables from customers, and establishing cost-recovery methodologies.

Original Response:

The SSRC concurs with the recommendation and on April 19, 2012 implemented an Accounts Receivable Collocations Write-Off and Cash Receipts Directives which addresses this recommendation.

Current Status of Recommendation

The SSRC on April 19, 2012 implemented an Accounts Receivable Collocations Write-Off and Cash Receipts Directives which addresses this recommendation. The DMS Office of Inspector General is currently conducting an audit of the billing and collections process of the SSRC. It is anticipated this audit will be completed in February 2013.

Office of Inspector General Position:

We agree with the actions taken by the SSRC and recommend this finding be closed.

WS/gz

cc: Kathy Dubose, Staff Director
      Joint Legislative Auditing Committee

      David W. Martin, Auditor General