



Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

DocuSigned by:

Kristofer B. Sullivan

66AAC6E338F64F4...

Audit Report No. 22P-004

January 18, 2021

Independent Verification and Validation Roles and Responsibilities in IT Contracts

What We Did

The Office of Inspector General conducted an audit of the Florida Department of Transportation's (Department) controls regarding Independent Verification and Validation (IV&V) services for Information Technology (IT) projects totaling \$10 million or more. The purpose of this engagement was to determine if the Department has controls in place to ensure that IT projects over \$10 million employ the services of an IV&V vendor and that the controls have been updated to include the requirements for an IV&V vendor as set forth in section 282.0051, Florida Statutes, (F.S.) (2021). We conducted the audit as part of the fiscal year 2021-22 work plan.

What We Found

We determined the Department does have controls in place to ensure that IT projects over \$10 million employ the services of an IV&V vendor, and that the controls have been updated to include the requirements for an IV&V vendor as set forth in section 282.0051, F.S.

What We Recommend

We do not have any recommendations at this time and want to recognize the Department's commitment in its continuous efforts to monitor and improve the IV&V process.

**Office of Inspector General
Florida Department of Transportation**

TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION	3
RESULTS OF REVIEW	4
Finding – Controls to Ensure Large IT Projects Employ Appropriate IV&V Services (Compliant)	4
APPENDIX A – Purpose, Scope, and Methodology	6
APPENDIX B – Management Response	7
DISTRIBUTION	8
PROJECT TEAM	9
STATEMENT OF ACCORDANCE	9

**Office of Inspector General
Florida Department of Transportation**

BACKGROUND AND INTRODUCTION

Section 282.0051, Florida Statutes (F.S.) (2014), granted oversight authority for State Agency Information Technology (IT) projects greater than \$10 million to the Department of Management Services (DMS) beginning January 01, 2015. DMS established Rule Chapter 60GG-1, DMS Project Management and Oversight, Florida Administrative Code (F.A.C.) effective August 01, 2016, requiring Independent Verification & Validation (IV&V) be employed for any project that meets the criteria for DMS oversight. Rule 60GG-1.001, Purpose, and Applicability; Definitions, F.A.C., defines IV&V as "a review of project plans and other project artifacts by an independent third party." Rule 60GG-1.001, F.A.C., also states "the primary objective of an IV&V is to provide an objective assessment of products and process throughout the projects management lifecycle. IV&V should facilitate early detection and correction of issues, enhance management insight into risks, and ensure compliance with project performance, schedule, and budget requirements." Rule 60GG-1.009, DMS Oversight, F.A.C., establishes that IV&V must be employed throughout the project lifecycle for any project that meets the criteria for DMS oversight. Section 282.0051, F.S., was revised effective July 1, 2021, to establish that "An entity providing independent verification and validation may not have technical, managerial, or financial interest in the project and may not have responsibility for, or participate in, any other aspect of the project."

This engagement focused on determining if the Department of Transportation (Department) has sufficient controls to ensure compliance with section 282.0051, F.S., and Rule 60GG-1, F.A.C. as they pertain to IV&V services.

**Office of Inspector General
Florida Department of Transportation**

RESULTS OF REVIEW

To determine what controls the Department currently has in place to ensure compliance with IV&V requirements, the Chief Information Officer and the Director of Toll Operations were contacted to determine key personnel to interview. It was determined that the most knowledgeable personnel were the Senior Tolls Project Manager, Strategic Development Financial & Administrative Services Team Contract and Procurement Manager, Process and Quality Improvement Supervisor, and the Department's Florida Digital Service Liaison.

Since the Department did not have any IT projects over \$10 million initiated after August 1, 2016, actual compliance with the Florida Statutes or FAC could not be tested during this engagement. The results of this engagement can be found in the following positive finding.

Finding – Controls to Ensure Large IT Projects Employ Appropriate IV&V Services (Compliant)

We determined the Department does have controls in place to ensure that IT projects over \$10 million employ the services of an IV&V vendor, and that the controls have been updated to include the requirements for an IV&V vendor as set forth in section 282.0051, F.S.

The following criteria were used to make the determination:

- Section 282.0051(1)(q)(1)(g), F.S. (2021), states "For an information technology project wherein project oversight is required pursuant to paragraph (d) or paragraph (n), a requirement that independent verification and validation be employed throughout the project life cycle with the primary objective of independent verification and validation being to provide an objective assessment of products and processes throughout the project life cycle. An entity providing independent verification and validation may not have technical, managerial, or financial interest in the project and may not have responsibility for, or participate in, any other aspect of the project."
- Rule Chapter 60GG-1.009, F.A.C., effective August 1, 2016, states "(8) Independent Verification and Validation (IV&V) must be employed throughout the project lifecycle for any project that meets the criteria for DMS oversight."

We conducted interviews with Department staff members of Florida's Turnpike Enterprise, Procurement, Transportation Technology, and the Department's Florida Digital Service Liaison. We also reviewed the following:

- documents related to the initiation of IT projects;
- Request for Quotes from prior and upcoming large IT projects;

**Office of Inspector General
Florida Department of Transportation**

- the Project Delivery Methodology Guide which states how IT projects are initiated and tracked; and
- the Transportation Technology Manual, Chapter 7, Acquiring Technology Resources, Topic No. 325-000-002 (2020), which documents how IT resources are acquired.

Based on interviews and documents reviewed, we found the following:

- The Department utilizes State Term Contracts which are let and approved by DMS as required by section 287.056, F.S. (2021), to procure IV&V services. The Department also includes language consistent with section 282.0051, F.S., within the Request for Quote and Scope of Services used to procure IV&V vendors.
- Large IT projects created by and for the Department are overseen by Florida Digital Service. The Department is required to submit regular documentation to and attend regular meetings with Florida Digital Service regarding these large IT projects.
- The Department uses the Technology Proposal Process (TPP) and Technology Proposal Tracker (TPT) to submit and track IT projects. The TPP and TPT ensure projects are reviewed by various levels of management before the projects can proceed.

The Department uses the TPP and TPT to submit and track IT projects. Projects are reviewed by the Transportation Technology Sherpa¹ to determine the requirements of the project. Large IT projects over \$10 million must have a business case submitted and approved by the Information Technology/Operational Technology (IT/OT) Task Team before proceeding. After approval by the IT/OT Task Team, the project is then sent to executive leadership for approval. The Transportation Technology Manual, Chapter 7, Acquiring Technology Resources, Topic No. 325-000-002 (2020) states that the Chief Information Officer must approve the Information Resource Requests greater than \$50,000. After approval is received, project funding may be requested. Funding requests are reviewed by the Work Program Administrator, and IT projects over \$10 million must have an accompanying funding request for an IV&V submitted with the IT project funding request. The Project Manager works with the Florida Digital Service Liaison to ensure the IT project complies with applicable F.A.C. and F.S. Request for Quotes drafted to procure IV&V services contain language forbidding the IV&V vendor from providing service for any other part of the project outside of IV&V services. The Department is required to use State Term Contracts, which are let by DMS, the oversight agency of all IT projects over \$10 million, to procure IV&V services.

¹ The Transportation Technology Sherpa is a staff member that assists the project manager in navigating the project approval process.

**Office of Inspector General
Florida Department of Transportation**

APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if the Department has controls in place to ensure that IT projects over \$10 million employ the services of an IV&V vendor and that the controls have been updated to include the requirements for an IV&V vendor as set forth in section 282.0051, F.S.

The **scope** of this audit consisted of all policies and procedures related to the procurement of IV&V services for IT projects over \$10 million in cost and IT projects over \$10 million that had been initiated after August 1, 2016.

The **methodology** included:

- reviewing Department policies, procedures and documents related to IV&V procurement;
- researching applicable criteria regarding IT projects over \$10 million; and
- interviewing Department staff.

**Office of Inspector General
Florida Department of Transportation**

APPENDIX B – Management Response

On January 5, 2022, Greg Smiley, Chief Information Officer, responded by email that he appreciates the time and effort on the report and does not have any comments.

On January 7, 2022, Juan Ignacio Gomez Lobo, Director of Toll Operations, responded by email that he does not have any comments at this time.

**Office of Inspector General
Florida Department of Transportation**

DISTRIBUTION

Responsible Manager:

Greg Smiley, Chief Information Officer, Office of Information Technology
Juan Ignacio Gomez Lobo, Director of Toll Operations, Florida's Turnpike Enterprise

Internal Distribution:

Kevin J. Thibault, P.E., Secretary, Department of Transportation
Kenyatta Lee, Interim Chief of Staff
Courtney Drummond, P.E., Assistant Secretary for Engineering and Operations
Lisa Saliba, Assistant Secretary for Finance and Administration
Brad Thoburn, Assistant Secretary for Strategic Development
Lorie Matthews, Acting Chief Technology Officer, Transportation Technology Office
L.K. Nandam, P.E., District One Secretary
Greg Evans, P.E., District Two Secretary
Phillip Gainer, P.E., District Three Secretary
Gerry O'Reilly, P.E., District Four Secretary
Jared Perdue, P.E., District Five Secretary
Stacy Miller, P.E., District Six Secretary
David Gwynn, P.E., District Seven Secretary
Nicola Liquori, CPA, Executive Director, Turnpike Enterprise

External Distribution:

Melinda Miguel, Chief Inspector General, Executive Office of the Governor
Sherrill Norman, Auditor General, State of Florida
Jamie Christian, Florida Division Administrator, Federal Highway Administration
Ralph Yoder, Executive Director, Florida Transportation Commission

**Office of Inspector General
Florida Department of Transportation**

PROJECT TEAM

Engagement was conducted by:
Brian Hamilton, Senior IT Auditor

Under the supervision of:
Jeremy Savage, IT Audit Supervisor
Amy Furney, Deputy Audit Director for Performance and Information Technology
Joseph W. Gilboy, Director of Audit

Approved by:
Kristofer B. Sullivan, Inspector General

STATEMENT OF ACCORDANCE

The Department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

This work product was prepared pursuant to section 20.055, Florida Statutes (2021), in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 410-5800.