



Internal Audit Report for August 2017

Summary

Two reports were issued during the month:

- 1. IT Business System Data Backup and Recovery Follow-up Review**
- 2. Consulting Contracts Less Than \$250,000**

Discussion Section

This report highlights the significant activities of the Internal Audit Department during August 2017. In addition to presenting background information and the opinion expressed in the audit report, a discussion of findings noted during the examination is also provided.

IT Business System Data Backup and Recovery Follow-up Review

Background

We have completed a follow-up review of the Business System Backup and Recovery audit report that was dated October 21, 2015. This review is required by departmental policies and procedures which prescribe a follow-up review on audits that receive a less than satisfactory audit opinion.

Accordingly, we reviewed management's action-plan implementation to ascertain whether actions taken adequately address the control weaknesses noted in the report. Our testing revealed that management has taken the necessary steps to address the issues. Specifically, we noted:

- Business Continuity Program (BCP) and Information Technology (IT) Disaster Recovery met and developed 73 Mission Essential Applications (MEAs).
- Business Continuity Program and IT Disaster Recovery had standardized the Recovery Time Objectives (RTO) for 72 of 73 MEAs. It should be noted that the RTO parameters for the Enterprise GIS systems had not been installed and tested in the DRF due to server storage issues.
- The BCP was in process of meeting with business users to complete the Recovery Point Objectives for the 73 MEAs. The target date is 12/31/2017.
- IT completed disaster recovery testing for the six Outlook interfaced applications in the DRF.
- WSO performed two disaster recovery exercises for the SCADA system in May 2015 and September 2016. WSO also documented backup procedures and started to send the SCADA backup tapes offsite.
- BCP worked with business functions to update the manual work-around procedures for Mission Critical Functions in the disaster recovery software Fusion. BCP also documented the business continuity alternate sites for workspace recovery.

Date of Report: August 31, 2017

- IT updated the Server Bare Metal Restore Procedures.
- IT needs to update contact information in the Business Critical Application List for seven MEA owners that retired last year.

Consulting Contracts Less Than \$250,000

Background

The Water Resource Management Group (WRM) is responsible for planning, securing, and managing high-quality water resources. These duties include managing imported water supplies and quality, advancing water-use efficiency and local resource development, and providing supply and demand forecasts for resource and facility planning. In addition, WRM assists member agencies in optimizing local resources to benefit the entire Metropolitan service area and ensures that the District receives a fair return on contractual investments in local and imported resources.

These efforts often require the use of independent consultants who are identified through the Requests for Proposal process. Professional service contracts are then awarded to qualified entities as authorized by Administrative Code Section 8121(c). This section grants authority to the General Manager to execute contracts for professional and technical services without prior Board approval if the amount payable during any one year does not exceed \$250,000. As of March 31, 2017, Metropolitan had 319 active professional agreements under \$250,000 with a maximum payable of \$44.2 million; WRM had 19 open agreements with a maximum payable of \$2.9 million. Our audit consisted of a review of four such contracts as described in the following paragraphs.

First, in December 2015, Metropolitan issued a Request for Proposal (RFP) #1109 to implement training and outreach activities for California's Friendly Landscape Training Program. The focus of the program is to educate residential customers on water efficient practices in landscape design and construction, irrigation design, site plans, plant selection, runoff minimization, and irrigation control. Accordingly, Metropolitan entered into an agreement with Waterwise to provide classroom instruction on California Friendly Landscapes and to coordinate training with member and retail agencies. The agreement term extends from February 1, 2016 to January 31, 2019 for an amount not to exceed \$235,000. As of March 2017, payments to Waterwise totaled \$136,483.

Secondly, in June 2015, Metropolitan entered into an agreement to provide \$130,000 in funding to AWE for water efficiency studies and program materials on a cost-share basis with other project partners. Specifically, AWE was engaged to complete a drought management study, deliver a planning and zoning ordinance template for water neutral development, prepare a commercial kitchen efficiency guide, and conduct research on the impact of drought restrictions. The agreement term extends from June 1, 2015 to August 31, 2019. As of March 2017, payments to AWE totaled \$130,000.

Third, in October 2015, Metropolitan issued a Request for Qualifications (RFQ) #1122 to develop a list of pre-qualified respondents to provide expertise in resource planning, economics,

cost evaluation, statistics, modeling, and analyses pertaining to water resources management. Subsequently, Metropolitan entered into an agreement with DCSE to perform resource modeling and water quality analysis; software installation and technical support; and to set up a cloud-based infrastructure for data storage and system interfaces. The agreement term extends from April 20, 2016 to December 28, 2017 for an amount not to exceed \$200,000. As of March 2017, payments to DCSE totaled \$177,710.

Finally, Metropolitan entered into an agreement with A&N to evaluate the District's water resource planning and modeling. The agreement term extends from August 1, 2016 to July 31, 2019 for an amount not to exceed \$240,000. As of March 2017, payments to A&N totaled \$135,669.

Opinion

In our opinion, the policies and procedures over Consulting Contracts Less Than \$250,000 include those practices usually necessary to provide for a satisfactory internal control structure. The degree of compliance with such policies and procedures provided effective control for the period of January 2015 through March 2017.

Comments and Recommendations

None.