

# Selected Contracts

Internal Audit Report  
August 30, 2019



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## EXECUTIVE SUMMARY

### Why We Did This Audit

Our objectives were to:

- determine whether the terms and conditions of selected contracts and related amendments are being followed by both parties;
- determine whether transactions related to those contracts are valid, properly authorized, and approved; and,
- evaluate the effectiveness of controls used to manage the contracts.

This audit was included in the 2018-2019 Annual Audit Plan.

- Actively reviewing and monitoring contract terms and conditions.
- Ensuring contracted services are delivered fully and in accordance with contract terms.
- Comparing invoices to contract pricing and other terms before authorizing payment.
- Holding vendors accountable for price adjustments, refunds or revisions to terms when contract terms are not met.
- Preparing and maintaining supporting evidence of services provided and independently verifying contract compliance.

### Observations and Conclusion

Audit Results at a Glance			
	Risk/ Impact Rating		
Results and Observations	Significant	Moderate	Minor
IA - Internal Audit or M - Management	IA - 2	IA - 2	IA - 5
D - Deficiency or O - Opportunity	D - 2	D - 2	D - 5

This report has been discussed with management and they have prepared their response which follows.

Among the 22 contracts we examined, 13 met terms and conditions and prices were in compliance with the approved and signed contracts, amendments, RFPs, bids, and quotes. However, our audit noted findings for contracts with Kudelski Security Inc., United Data Technologies (UDT), Health Providers and Associates (HPA), and Lincoln Life Insurance due to ineffective end-user monitoring of all aspects of the department's contracts, related activities, and invoices. We also noted minor findings with five of the contracts. (See Appendix A, Summary of Sampled Contracts.)

### Results and Recommendations

We made a number of recommendations for the Kudelski, UDT, HPA and Lincoln contracts. The specifics are provided in the body of our report, but in general they addressed the need for active management of contracts by:

**DEFINITIONS:**

**Risk / Impact Ratings**

Minor	Low risk with a financial impact of less than one percent and/or an isolated occurrence limited to local processes (low impact and low likelihood)
Moderate	Slight to moderate risk with a financial impact between one and five percent and/or a noticeable issue that may extend beyond local processes (low impact and high likelihood or high impact and low likelihood)
Significant	High risk with a financial impact greater than five percent and/or a significant issue that occurs in multiple processes (high impact and high likelihood)

**Observations Categories**

Deficiency	A shortcoming in controls or processes that reduces the likelihood of achieving goals related to operations, reporting and compliance
Opportunity	A process that falls short of best practices or does not result in optimal productivity or use of resources

**Criteria for Observations Sourced to Management**

- Internal audit was informed of the issue prior to starting detailed testing
- Management identified, evaluated, and communicated the issue to appropriate levels of the district
- Management has begun corrective action with clear, actionable plans and targeted completion dates

None of the observations resulting from this audit were sourced to management.

**BACKGROUND:**

This is an audit of selected contracts from various departments. The Procurement Department manages the non-construction contract process and documents RFPs, bids, quotes, approved contracts and amendments in support of district schools and departments. The Procurement staff periodically review contract terms and conditions to ensure contracts are renewed on time and communicate with end-users regarding their continued need for the service or commodity. Procurement staff communicates with the vendors and assists end-users in their vendor relationships to determine if they want to continue the contract. Management of individual contracts is the responsibility of end-user departments.

**OBJECTIVES, SCOPE AND METHODOLOGY:**

**Objectives**

The objectives of this audit were to determine whether the terms and conditions of selected contracts and related amendments are being followed by both parties and whether transactions related to those contracts are valid, properly authorized, and approved; and, to evaluate the effectiveness of controls used to manage the contracts.

**Scope**

The scope of the audit included selected contracts in place at any time during the period from July 1, 2016 to December 31, 2018. We selected 22 contracts from the following departments:

<b>Department</b>	<b>No. of Contracts</b>
Teaching and Learning	12
Facilities Services	4
Procurement Operations	1
Information Technology Services	1
Risk Management	1
Human Resources	1
Chief of High Schools	1
Public Relations	1

*The Procurement Department manages the process of putting contracts in place; end-user departments manage the individual contracts.*

*Were contracts managed effectively to ensure terms were met?*

*We sampled 22 contracts from various district departments.*

**Methodology**

Out audit methodology included:

- Reviewing requirements and documentation of Procurement policies and procedures, bids, RFPs, approved and signed contracts, amendments, quotes, annual disclosures, and Student Information Confidentiality and Non-Disclosures Agreements (NDA);
- Reviewing a sample of contract files and records of the selected contracts;
- Verifying the end-user departments' activities of documenting and monitoring approved and signed contracts and amendments, if any;
- Verifying Board approvals, terms and conditions of the contract, inclusion of breach of data and data security clauses in contracts, scopes of services, purchase orders (POs), invoices, and posting of payments in SAP;
- Verifying approved contract thresholds were not exceeded and,
- Verifying the actual services provided by the vendor.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to provide reasonable assurance regarding the audit objective. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. We also offer suggestions to improve controls or operational efficiency and effectiveness.

*We read each contract and related documents to determine our test procedures.*

*We evaluated whether end-user departments were effectively managing the contracts.*

*We tested transactions for adherence to contract terms.*

*This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.*

**COMMENDATION:**

**More than half of the selected contracts in our sample had no exceptions during our verification of prices and scopes of services:**

- Teaching and Learning:
  - Carlton Palms Education Center
  - Beacon Educators
  - Shames Group LLC.
  - Valeria Maxwell
  - Learning Labs Inc. <\$50,000
  - Learning Labs Inc. >\$50,000 \*
  - Turnitin, Inc. \*
  - William H. Sadlier Inc.
- Chief of High Schools:
  - Aspire Health Partners
- Facilities Services:
  - Stanley Convergent Services
  - Around 2it Landscape
- Procurement Operations:
  - James Carrier Services Inc.
- Public Relations:
  - Reliance Communications Inc.

\* Even though we had no findings, we noted that the department is not maintaining contract documents and is not monitoring contract compliance.

**BEST PRACTICES – CONTRACT MONITORING:**

Once the initial process of executing contracts is completed by the Procurement Department, the end-user department's management becomes primarily responsible for ensuring that the vendor is meeting contract obligations.

Adequate contract monitoring is one of the core principles of good contract management. Contract monitoring is a process of ensuring that a vendor performs contracted services in accordance with contract terms. The following activities by end-users ensure the effectiveness of the monitoring process.

*More than half of contracts tested had no exceptions.*

*Active monitoring of contracts helps to ensure all terms and deliverables are met. Active monitoring consists of a number of procedures and starts with obtaining and reading the contract documents.*

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- Acknowledging approved and signed contracts from Procurement
- Maintaining approved and signed contracts, amendments, and/or renewals at department
- Providing easy access to contract and other related documents to staff who is receiving actual products and services
- Reviewing contracts/amendments periodically
- Creating awareness of contract and its activities among staff
- Ensuring actual services/products provided by the vendor
- Communicating with the vendor, if necessary
- Reviewing and confirming invoices prior to paying vendor
- Ensuring contract limits are not exceeded
- Requesting School Board approval for increased prices, changes in contract limits or other terms, and/or for renewals
- Following-up on inquiries made by staff related to the products or services with the vendor
- Maintaining feedback on vendor services regularly
- Participating in formal vendor performance evaluations

We noted that not all end-users are effectively monitoring their department's contracts and related invoices, and noted significant findings. For a summary table of all our results, please see Appendix A – Summary of Sampled Contracts.

### **RESULTS AND RECOMMENDATIONS:**

Among the 22 sampled contracts, 13 contracts met terms and conditions and prices were in compliance with the approved and signed contracts, amendments, RFPs, bids, and quotes. However, our audit noted findings for contracts with Health Providers and Associates (HPA), United Data Technologies (UDT), Kudelski Security Inc., and Lincoln Life Insurance due to ineffective end-user monitoring of all aspects of the department's contracts, related activities, and invoices. We also noted minor findings with five of the contracts. (See Appendix A, Summary of Sampled Contracts.)

*Contracts should be actively monitored to ensure all provisions are met.*

*We noted that not all end-users are effectively monitoring their department's contracts and related invoices.*

*Thirteen of 22 sampled contracts were in compliance.*



- Purchases in excess of approvals (Kudelski)
- Products purchased but not used (Kudelski)
- Prepayment of three years' fees (Kudelski)
- No evidence that certain services were provided (UDT)
- Contracted services not provided by the vendor (UDT, Lincoln)
- Inaccurate invoices (HPA)
- Inadequate billing information in invoices (HPA)

Details of these results are in the following section of this report.

### **A) Information Technology Services (ITS) - Kudelski Security, Inc.:**

**Audit Results: *Significant Risk***

During the audit period, OCPS had two contracts with Kudelski Security, Inc. - one for Staff and Faculty Device Encryption and the other for Data Loss Prevention. Kudelski Security, Inc. is a piggy back contract and uses price quotes from their agreement with the General Services Administration (GSA).

#### **1) Encryption Software**

The district purchased a three year license for Staff and Faculty Encryption Software for the period from August of 2017 through August of 2020 along with premium direct enterprise support for that term. The district paid \$356,063.22 for 25,000 licenses and support. At the time of our audit, ITS management was not able to determine whether or when this encryption software was installed.

#### **2) Data Loss Prevention Software**

Based on a quote from Kudelski dated March 10, 2017, the district purchased a data loss prevention software called Digital Guardian with annual maintenance and support for up to 25,000 end points. Through a series of additional quotes and purchases, the district paid almost \$4 million for up to 50,000 end points (double the amount authorized by the PO) with licenses out to September 20, 2021. The PO history and amounts are in the table below:

*The district has acquired software costing \$6,282,256 through Kudelski Security, Inc.*

*Encryption software costing \$356,063 was purchased in 2017, but ITS management is unsure whether it has yet been installed.*

*Data loss prevention software for 25,000 end points was approved in 2017, but thousands more were purchased.*

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Date	PO Number	PO Amount
6/12/17	4517040985	\$886,447.10
12/31/17	4518017737	361,581.84
5/1/18	4518034877	255,610.94
6/20/18	4518041798/9	1,179,000.00
10/4/18	4519011302	1,247,837.69
	<b>Total</b>	<b>\$3,930,477.57</b>

Because the district receives funding annually based on the Florida Legislature's appropriations process for K-12 education, district contracts are either one year in duration or contain funding clauses that permit the district to cancel if funding in future years is not sufficient to continue with the contract. For the same reason, even when multi-year pricing is agreed, the payments are made annually.

However, in the case of the data loss prevention software, the district paid in full for three years' of license fees and support. This consumed annual operating funds that could have been spent on other needs at that time and may cause budget challenges in the fourth year and beyond because these fees will not have been included in annual operating budgets in the second and third years.

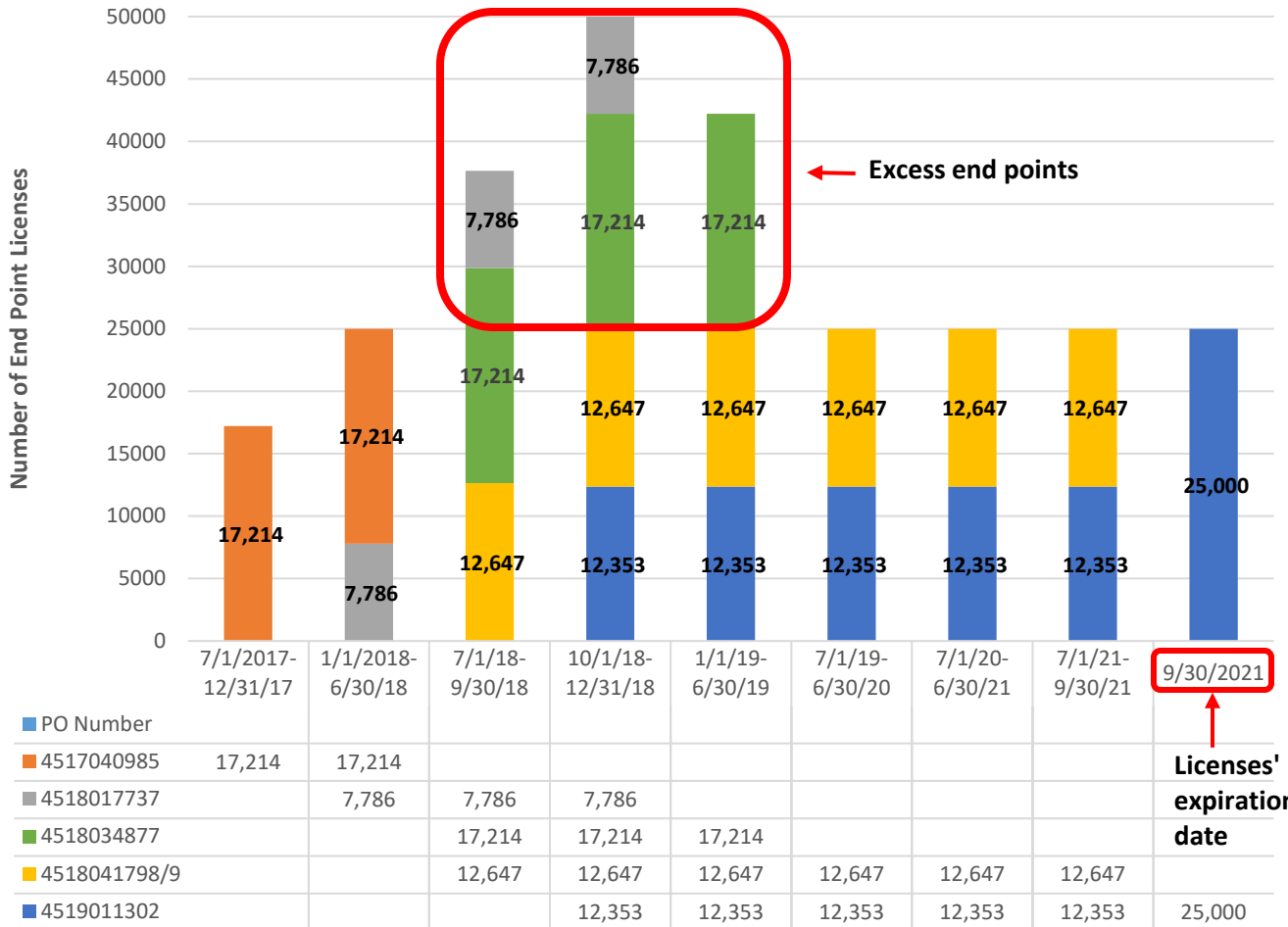
Additionally, as noted in the chart on the next page, during the period from July 1, 2018 through June 30, 2019, the district paid for thousands more licenses than it had approved or needed.

*The district has paid almost \$4 million for data loss prevention software.*

*Licenses were paid three years in advance with current expiration date of September 30, 2021.*

*The number of licenses purchased exceeded the number needed and approved by thousands during the period from July 1, 2018 to June 30, 2019.*

Digital Guardian End Point Licenses Purchased



PO History with Number of Licenses and License Periods

Subsequent to our audit period, the district also purchased a software called Application Manager for \$1,995,714.60. The license period for this software is from February 1, 2019 through January 31, 2020. However as of the date of our field work, the software has not been installed even though more than half of the license period has lapsed.

Recommendations:

ITS management should:

A-i) Determine whether the end point encryption software has been installed and if not, determine whether installation with only a year remaining on the three-year license term makes sense. Determine

*Almost \$2 million was paid for software that has not yet been installed and half the license period has lapsed.*

*Software that is not yet installed should be and management should seek to obtain revised license periods.*

whether any price adjustments or refunds can be obtained if the decision is made to not install it.

*A-ii)* Seek to obtain a refund of excess data loss prevention end point licenses fees from the vendor.

*A-iii)* Not prepay three year's license fees.

*A-iv)* Install the Application Manager software and seek to obtain from the vendor an adjustment of the license term to align with the installation date.

**B) Teaching and Learning – United Data Technologies, Inc. (UDT):**

Audit Results: *Significant Risk*

UDT provides technology devices, deployment management, warranty support, and professional development for the district's one to one digital curriculum initiative as well as technology purchases throughout the district. The contract period is from February 10, 2016 to February 9, 2019, with two additional one year renewal options and the NTE threshold is \$40,000,000. Staff members assigned oversight responsibility for this contract did not have a copy of it. We obtained our copy from Procurement Services. We noted the following exceptions to contract terms.

**1) UDT is not providing pre-delivery notification of IT hardware devices and detailed information to property accounting.**

According to the *Exhibit A - 1.8 Pre-Delivery of IT Hardware Devices*, if a product is greater than \$1,000, UDT will provide detail information such as PO number, location name/ work location number, model description, exact serial number of units/ detailed configuration, and unit price to the propertyaccounting@ocps.net email address. However, the Sr. Manager, Property Accounting informed us that UDT is not providing such information prior to or after delivery. Because of this, Property Management sends the property tag form to the work locations and work location staff is responsible for entering

*Refunds should be requested for excess licenses sales.*

*Not to Exceed (NTE) threshold for UDT is \$40,000,000.*

*UDT is not providing information to Property Accounting as required in the contract.*

the detail information into SAP within 10 days from the receipt of the tags.

**2) Teaching and Learning staff did not document services which provided by UDT.**

We requested evidence that the contract requirements contained in Exhibits A, B, and C were met. Except for a few documents, staff did not provide the requested documents to verify these requirements even after multiple requests over a number of weeks. After a meeting with the Chief Academic Officer, staff forwarded audit requests to UDT, and UDT provided most of the requested documents and data to support that services have been provided to OCPS in accordance with the contract. However, certain requirements were not addressed by the information provided and remain unaddressed as noted below.

- a) According to the *Exhibit A – 1.14.6*, UDT will provide technical staff professional development and face to face trainings and online courses. Per UDT, a UDT representative met with the Chief Information Officer in March 2016 to review the requirement for the professional development and training described above. UDT informed us that the meeting concluded that this service is not needed. However, neither they nor district staff provided any evidence of this decision (memo, meeting notes, follow-up email, etc.).
- b) According to the *Exhibit C – Value Added Service - 1.5% HP Issued Technology Refresh Credits*, UDT will use 1.5% technology refresh credits it receives from Hewlett-Packard (HP) towards the purchase of HP products on behalf of OCPS. From the contract start in 2016 to the time of this audit, the district has received and used \$327,517.95 of these credits. In response to staff inquiries due to this audit, UDT submitted documents that it represents as the rebates earned for the district's use. The total of these documents is \$358,221.88. We requested to see the supporting calculations for these HP credits, but they were not provided. As a result, we are not able to determine whether the amount of credits issued by UDT is correct.

*Staff is not verifying or documenting whether the vendor is performing all services as specified in the contract.*

*Evidence that contract terms were met had to be requested from the vendor because staff did not maintain those records.*

*The vendor asserted that a former CIO decided that certain professional development and training services need not be provided, but had no written evidence of this decision.*

*Neither the vendor nor district staff provided evidence that the amount of credits was accurate based on sales records.*

- c) According to *Exhibit C – Value Added Service - Technical Apprenticeship Program*, UDT will provide a seven-week paid internship opportunity at the Contractor Configuration Center for technology-skilled high school students in OCPs. Although this contract has been in place since 2016, internships been provided only in the past three months.

Recommendations:

Teaching and Learning management should:

*B-i)* Review and monitor the UDT contract to ensure all contract provisions are met.

*B-ii)* Maintain supporting documentation of services provided by the UDT to track the services.

*B-iii)* Confirm the correct amount of the 1.5% HP credit by obtaining and verifying UDT's sales of HP devices each quarter.

*B-iv)* Communicate with UDT regarding the services which have not been provided and either ask that those services be performed (if feasible at this point in time) or amend the contract, including pricing to reflect services that are being provided. Staff should also request refunds for any services which were included in pricing terms but not provided from the beginning of the contract period to the present.

**C) Teaching and Learning - Healthcare Providers and Associates (HPA):**

Audit Results: *Moderate Risk*

HPA provides counseling services by licensed or license-eligible mental health professionals for up to ten participating schools. HPA professionals conduct classroom, faculty/parent presentations and group/family counselling services to those in need throughout the school year on critical issues such as bullying, self-esteem, etc. The contract period was from July 1, 2016 through June 30, 2017 with two (2) one year renewal options. The contract Not to Exceed (NTE) thresholds are \$460,000 for 1<sup>st</sup> year, \$480,000 for 2<sup>nd</sup> year, and \$500,000 for 3<sup>rd</sup> year.

*Internships have not been provided throughout the contract term until this summer.*

*The amount of credits should be verified against purchase records.*

*The vendor should be asked to fulfill all contract provisions or adjust pricing and/or refund payments as appropriate.*

*This contract's value was \$1,440,000 over three years.*

According to the approved and signed 2016 to 2019 contract *Exhibit B-Fees For Services*, counselors will be paid an hourly rate based on their license and experience status. The hourly rates changed each year. The contract also included a maximum annual fee for the academic year. The contract stated “*Itemized invoices indicating licensed or unlicensed pay rate per counselor with the number of hours worked by each counselor shall be submitted by Contractor monthly.*” We noted the following exceptions which are not in compliance with the contract.

**1) Invoices were charged by the number of days worked instead of the number of hours worked resulting in incorrect bills.**

Five HPA payments were selected from the year 2016 to 2019 for our audit. Four of them reflected charges calculated on the number of days worked instead the number of hours worked. As a result, the amounts billed were not correct.

Three invoices in our sample reflected slight overcharges and one had an undercharge. The net overcharge amount on these invoices is \$296.12. It is reasonable to believe that other invoices, not included in our sample, also contained similar errors, however, total payments made did not exceed the contract total annual amount or the NTE amount.

**2) There was no detailed information of counselors’ experience and/or license status on invoices.**

Every selected invoice reflected rates for fully licensed counselors with the most years of experience at the maximum contractual rate without any support for those rates. Because rates are supposed to be based on the licensure status and years of experience of the counselor, and that information was not provided, we were unable to determine whether additional billing errors occurred.

*The contract provides payment for counselors’ services based on their licensure status and years of experience.*

*Invoices were not charged per contract which resulted in overcharges and undercharges.*

*No detailed information was provided about counselor licensure status or years of experience to support amounts billed.*



Recommendations:

Teaching and Learning management should:

**C-i)** Read and monitor the HPA contract, and review invoices prior to paying the vendor to ensure activities are in accordance with the approved and signed contract.

**C-ii)** Obtain documentation of the licensure status and years of experience for counselor time billed in the prior year and request refunds of any identified overcharges, and request future invoices contain complete detail information.

**D) Risk Management – Lincoln Group Term Life and Accidental Death and Dismemberment (AD&D)**

**Insurance:**

Audit Result: *Moderate Risk*

Lincoln Insurance provides group term life, AD&D, group disability, and group universal life insurance products and services for district employees. The contract period was from October 1, 2015 through September 30, 2018 with two (2) additional one year renewals. The contract NTE thresholds are \$2,200,000 for Group Disability Insurance, \$675,000 for Group Term Life and AD&D Insurance, and \$522,000 for Group Universal Life Insurance.

The contract (*Exhibit C – Performance Guarantees*) contains five performance guarantees that carry a financial penalty if not met by Lincoln. We noted that Lincoln has not been reporting its actual performance as compared to the requirements of the contract and Risk Management staff have not been monitoring compliance with these provisions. We were unable to determine whether any performance penalties were due to the district at the time of our audit procedures.

Recommendations:

Risk Management should:

**D-i)** Review and monitor the Lincoln Insurance contract to ensure that all contract provisions are met.

*Monitoring should be improved and refunds should be requested.*

*Lincoln Insurance has not been reporting its actual performance.*



*D-ii)* Communicate with the vendor regarding the contract terms which were not provided and attempt to calculate compliance with the performance guarantees and request any refunds or premiums adjustments that may be due.

### **E) Other Observations**

We noted minor audit results in five of the sampled contracts, and contacted appropriate staff to address those results. Such results and the contracts are as follows:

- Invoices did not indicate service dates.
  - *Teaching and Learning - Targeted Leadership Consulting*
- Attendance summary letter does not have an email address and web link address for frequently asked questions for parents as per agreed contract.
  - *Teaching and Learning - In Class Today*
- Invoices did not indicate the number of service hours.
  - *Facilities Services – In and Out Inc.*
- Unit of measurement is incorrect on invoices.
  - *Facilities Services – Home Paramount Pest Control*
- Invoices billed for training on holiday dates.
  - *Human Resources – Fred Pryor Training*

We wish to thank the staffs of Procurement, Teaching and Learning, Facilities Services, Operations, Risk Management, Public Relations, Information Technology Services, Chief of High Schools, and Human Resources for their cooperation and assistance with this audit.

*We noted minor audit results in five of the examined contracts.*

**Appendix A - Summary of Sampled Contracts**

✓ - Noted during audit

#	Department	Contract	Maintaining contract / quote?	Monitoring contract / quote / invoices?	No Findings	Minor Findings	Major Findings
1	Teaching and Learning	In Class Today, Inc.	Yes	No		✓	
2		Targeted Leadership Consulting	Yes	No		✓	
3		Learning Labs, Inc. <\$50,000	Yes	Yes	✓		
4		Learning Labs, Inc. >\$50,000	No	No	✓		
5		Turnitin, LLC.	No	No	✓		
6		Carlton Palms Educational Center, Inc.	Yes	Yes	✓		
7		Bay County School Board	Yes	Yes	✓		
8		United Data Technologies	No	No			✓
9		William H. Sadlier, Inc.	Yes	Yes	✓		
10		Shames group, LLC.	Yes	Yes	✓		
11		Valeria Maxwell	Yes	Yes	✓		
12		Healthcare Providers and Associates	No	No			✓
13	Facilities Services	In & Out Projects Corporation	Yes	No		✓	
14		Home Paramount Pest Control Company	Yes	No		✓	
15		Around 2it Landscape Services, Inc.	Yes	Yes	✓		

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#	Department	Contract	Maintaining contract / quote?	Monitoring contract / quote / invoices?	No Findings	Minor Findings	Major Findings
16		Stanley Convergent Sec Solution	Yes	Yes	✓		
17	Operations-Procurement	James Carrier Services, Inc.	Yes	Yes	✓		
18	Public Relations	Reliance Communications, Inc.	Yes	Yes	✓		
19	Risk Management	Lincoln National Life Insurance Co.	Yes	No			✓
20	Information Technology Services	Kudelski Security Inc.	No	No			✓
21	Human Resources	Park University Enterprises	Yes	No		✓	
22	Chief of High School	Aspire Health Partners	Yes	Yes	✓		
	<b>Number of Contracts - Percent of Sample</b>		<b>5 - 23% were not being maintained</b>	<b>11 - 50% were not being monitored</b>	<b>13 - 59%</b>	<b>5 - 23%</b>	<b>4 - 18%</b>

Prepared by IA

Source: Audit work papers



<b>Department / School Name</b>	<b>ITS</b>
<b>Administrator / Department Head</b>	<b>Russell Holmes</b>
<b>Cabinet Official / Area Superintendent</b>	<b>Robert Curran</b>

<b>Audit Result / Recommendation</b>	<b>Management Response Acknowledgement of Condition/ Concurrence</b>	<b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b>	<b>Management's Action Plan</b>
<i>A-i)</i> Determine whether the end point encryption software has been installed and if not, determine whether installation with only a year remaining on the three-year license term makes sense. Determine whether any price adjustments or refunds can be obtained if the decision is made to not install it.	Current ITS Leadership was not in place at time of purchase, but through our research agree that proper planning and project management was not in place to successfully launch the software. The Chief Information Officer and Senior Director of Information Security are working diligently to research the current status of each project that was entered into with Kudelksi.	Russell Holmes – Sr. Director of Information Security (06/2020)	These products were purchased prior to the ITS Senior Management being in place. ITS Senior Management has met with Kudelski Security and follow up meetings will be scheduled.



<b>A-ii)</b> Seek to obtain a refund of excess data loss prevention end point licenses fees from the vendor.	ITS Leadership will be discussing this finding with the vendor at the follow-up meeting scheduled.	Russell Holmes – Sr. Director of Information Security (01/2020)	ITS Senior Management has setup a follow-up meeting to discuss the discrepancy in the licensing fees.
<b>A-iii)</b> Not prepay three year's license fees.	ITS Leadership agrees that 3 year contracts should not be entered into unless there is significant benefit to the District.	Russell Holmes – Sr. Director of Information Security (09/2019)	ITS Senior Management agrees that multi-year contracts should be avoided unless there is a clear benefit for OCPS.
<b>A-iv)</b> Install the Application Manager software and seek to obtain from the vendor an adjustment of the license term to align with the installation date.	The Sr. Director agrees that a plan needs to be put into place to install the Application Manager Software. Russell is working diligently to fill open positions in the InfoSec group to help deploy this product and manage projects.	Russell Holmes – Sr. Director of Information Security (06/2020)	Two vacant InfoSec positions will be filled in the next week. This will allow for project planning and execution of projects.



<b>Department / School Name</b>	<b>Curriculum and Digital Learning/Information Technology Services</b>
<b>Administrator / Department Head</b>	<b>Maurice Draggon, Senior Director/ Justin Tomko, Asst. Director</b>
<b>Cabinet Official / Area Superintendent</b>	<b>Robert Bixler, Associate Supt./Robert Curran, CIO</b>

<b>Audit Result / Recommendation</b>	<b>Management Response Acknowledgement of Condition/ Concurrence</b>	<b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b>	<b>Management's Action Plan</b>
<p>UDT is not providing pre-delivery notification of IT hardware devices and detailed information to property accounting.</p> <p>According to the Exhibit A - 1.8 Pre-Delivery of IT Hardware Devices, if a product is greater than \$1,000, UDT will provide detail information such as PO number, location name/ work location number, model description, exact serial number of units/ detailed configuration, and unit price to the propertyaccounting@ocps.net email address. However, the Sr. Manager, Property Accounting informed us that UDT is not providing such information prior to or after delivery. Because of this, Property Management sends the property tag form to the work locations and work location staff is responsible for entering the detail information into</p>	<p>Management agrees with this finding.</p>	<p>Justin Tomko, Assistant Director</p> <p>11/01/2019</p>	<p>UDT currently sends an email to the TSR of a school to schedule delivery of product. The email will be examined to verify if it has the correct information. We will work with property accounting to verify that the email has the information needed to satisfy the requirement. If it does not, UDT will create a new email to satisfy the requirement.</p> <p><i>*Also noted, moving forward this contract will be managed by ITS, with members of other departments supporting the contract review process as needed.</i></p>



<p>SAP within 10 days from the receipt of the tags.</p>			
<p>Teaching and Learning staff did not document services which provided by UDT.</p> <p>We requested evidence that the contract requirements contained in Exhibits A, B, and C were met. Except for a few documents, staff did not provide the requested documents to verify these requirements even after multiple requests over a number of weeks. After a meeting with the Chief Academic Officer, staff forwarded audit requests to UDT, and UDT provided many of the requested documents to support that services have been provided to OCPS per contract. However, certain requirements were not addressed by the information provided and remain unaddressed as noted below.</p>	<p>Management acknowledges the findings.</p> <p>It is understood that it appears to the auditing team that responses were not submitted in a timely fashion. That was not the intent of the team who were also involved in the preparation for the new SIS go-live. Since no timeline was provided, moving forward this valuable process would benefit from written documentation provided by the audit team, in advance, to assist on timelines, due dates, etc. This would ensure all parties are aware of expectations.</p>	<p>Maurice Draggon, Sr. Director, Justin Tomko Assistant Director</p> <p>12/01/19</p>	<p>Management will monitor based on action plan responses located in this document.</p>



<p>According to the Exhibit A – 1.14.6, UDT will provide technical staff professional development and face to face trainings and online courses. Per UDT, a UDT representative met with the Chief Information Officer in March 2016 to review the requirement for the professional development and training described above. UDT informed us that the meeting concluded that this service is not needed. However, neither they nor district staff provided any evidence of this decision (memo, meeting notes, follow-up email, etc.).</p>	<p>Management agrees with this finding.</p>	<p>Robert Curran, CIO  11/01/2019</p>	<p>UDT will setup a meeting with the CIO to examine OCPS needs for technical staff professional development and face to face trainings, and online courses.</p> <p><i>Also noted that management will be adding existing documentation provided by UDT allowing for professional development funds to be used for personnel costs. These funds are being used, in lieu of general funds, to pay for positions within the CDL Department.</i></p>
<p>According to the Exhibit C – Value Added Service - 1.5% HP Issued Technology Refresh Credits, UDT will use 1.5% technology refresh credits it receives from Hewlett-Packard (HP) towards the purchase of HP products on behalf of OCPS. From the contract start in 2016 to the time of this audit, the district has received and used \$327,517.95 of these credits. In response to staff inquiries due to this audit, UDT submitted documents that it represents as the rebates earned for the district’s use. The total of these documents is \$358,221.88. We requested to see the supporting calculations for these HP credits, but</p>	<p>Management agrees with this finding.</p>	<p>Maurice Draggon, Sr. Director, Justin Tomko Assistant Director  11/01/2019</p>	<p>UDT will provide revised report showing the purchase price and quantity during selected time frame. OCPS staff will work with procurement to determine if current system can provide reporting for confirmation of purchase.</p> <p>*Addressed in recommendation B3 below also.</p>





<p>they were not provided. As a result, we were not able to determine whether the amount of credits issued by UDT were correct.</p>			
<p>According to Exhibit C – Value Added Service - Technical Apprentice Program, UDT will provide a seven-week paid internship opportunity at the Contractor Configuration Center for technology-skilled high school students in OCPS. Although this contract has been in place since 2016, internships been provided only in the past three months.</p>	<p>Management agrees with this finding.</p> <p>As part of the UDT contract, it should be noted that items associated with this recommendation are considered a Value Add Service. These are described in Exhibit C as services UDT offered as part of its proposal beyond the scope of the RFP and the department determined we wanted them to appear in the final version of the contract. Use of these services are at the discretion of the district.</p>	<p>Maurice Draggon, Sr. Director, Justin Tomko, Assistant Director</p> <p>Currently in process.</p>	<p>The internship program started the summer of 2019 with the new CIO and will continue through the remainder of the contract.</p>
<p>Recommendation B-1 - Review and Monitor the UDT contract to ensure all contract provisions are met</p>	<p>Management acknowledges this recommendation.</p> <p>It should be noted that members from CAO, ITS, and Procurement hold</p>	<p>Maurice Draggon, Sr. Director, Justin Tomko, Assistant Director</p> <p>11/01/2019</p>	<p>Management will schedule a meeting with UDT, for UDT to build a reporting mechanism on a scheduled basis (Quarterly vs annual) on services vs contractual obligation. QBR for data review to be scheduled for January 2020.</p>



	<p>weekly meetings with the UDT to discuss the contract. These discussions include, but are not limited to; delivery schedules, end of life products, installation, warranty and repair updates, etc.</p> <p>Additionally the CIO meets twice weekly with UDT representatives to address any issues/concerns and action item updates.</p>		
<p>Recommendation B2 - Maintain Supporting documentation of services by the UDT to track the services</p>	<p>Management acknowledges this recommendation.</p>	<p>Maurice Draggon, Sr. Director, Justin Tomko, Assistant Director</p> <p>11/01/19</p>	<p>See response Recommendation B1.</p>
<p>Recommendation B3 - Confirm 1.5% HP credit by obtaining and verifying UDT's sales and HP devices per quarter</p>	<p>Management agrees with this finding.</p> <p>Addressed above in Exhibit C.</p>	<p>Maurice Draggon Sr. Director, Justin Tomko, Assistant Director</p> <p>11/01/19</p>	<p>UDT will provide revised report showing the purchase price and quantity during selected time frame. OCPS staff will work with procurement to determine if current system can provide reporting for confirmation of purchase.</p> <p>*Addressed above in Exhibit C.</p>



<p>Recommendation B4 - Communicate with UDT regarding the services which have not been provided and either ask services be performed or contract amended with prices. Staff should also request refunds for services which were not included in pricing terms but not provided.</p>	<p>Management acknowledges the finding.</p> <p>It should be noted, as part of the UDT contract, items associated with this recommendation are considered a Value Add Service. These are described in Exhibit C as services UDT offered as part of its proposal <u>beyond the scope of the RFP</u> and the department determined we wanted them to appear in the final version of the contract. Use of these services are at the discretion of the district.</p>	<p>Maurice Draggon Sr. Director Justin Tomko, Assistant Director</p> <p>11/01/19</p>	<p>Management will schedule a meeting with procurement to determine actions of contract amendment.</p>
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<b>Department / School Name</b>	<b>Student Services</b>
<b>Administrator / Department Head</b>	<b>Mary Bridges, Executive Director</b>
<b>Cabinet Official / Area Superintendent</b>	<b>Kathy Shuler, Chief Academic Officer</b>

<b>Audit Result / Recommendation</b>	<b>Management Response Acknowledgement of Condition/ Concurrence</b>	<b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b>	<b>Management's Action Plan</b>
<p><b>Invoices were charged by the number of days worked instead of the number of hours worked resulting in incorrect bills.</b></p> <p>Five HPA payments were selected from the year 2016 to 2019 for our audit. Four of them reflected charges calculated on the number of days worked instead the number of hours worked. As a result, the amounts billed were not correct.</p> <p><u>Recommendation:</u> Teaching and Learning management should: Read and monitor the HPA contract, and review invoices prior to paying the vendor to ensure activities are in accordance with the approved and signed contract.</p>	<p>Invoices were sent directly to school administration who handled payment through their school accounts. Student services was not provided copies of the invoices.</p>	<p>Mary Bridges 09/20/2019</p>	<p>The new one year contract was completed on 09/20/2019 and does not have any component where Health Care Providers will invoice OCPS for any services.</p>



<p><b>There was no detailed information of counselors' experience and/or license status on invoices.</b></p> <p>Every selected invoice reflected rates for fully licensed counselors with the most years of experience at the maximum contractual rate without any support for those rates. Because rates are supposed to be based on the licensure status and years of experience of the counselor, and that information was not provided, we were unable to determine whether additional billing errors occurred.</p> <p><u>Recommendation:</u> Obtain documentation of the licensure status and years of experience for counselor time billed in the prior year and request refunds of any identified overcharges, and request future invoices contain complete detail information.</p>	<p>Invoices were sent directly to school administration who handled payment through their school accounts. Student services was not provided copies of the invoices.</p>	<p>Mary Bridges 09/20/2019</p>	<p>The new one year contract was completed on 09/20/2019 and does not have any component where Health Care Providers will invoice OCPS for any services.</p>
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<b>Department / School Name</b>	<b>Risk Management</b>
<b>Administrator / Department Head</b>	<b>Beth Curran</b>
<b>Cabinet Official / Area Superintendent</b>	<b>Dale Kelly</b>

<b>Audit Result / Recommendation</b>	<b>Management Response Acknowledgement of Condition/ Concurrence</b>	<b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b>	<b>Management's Action Plan</b>
Risk Management should review and monitor the Lincoln Insurance contract to ensure that all contract provisions are met.	The Risk Management has reviewed the Lincoln contract and will monitor the contract annually to ensure that contract provisions are met.	Beth A Curran Sr. Director, Risk Management	The Risk Management Department has reviewed the contract to ensure that provisions are met. The Risk Management meets with the carrier in the first quarter of the calendar year (January, February or March) to review claim data from the previous plan year (October – September). At this meeting, Lincoln will also present the items in the performance guarantees.
Risk Management should communicate with the vendor regarding the contract terms which were not provided and attempt to calculate compliance with the performance guarantees and request any refunds or premiums adjustments that may be due.	Lincoln Financial Group has provided the results of the performance guarantees for 2015, 2016, 2017 and 2018. The data for 2019 will be presented to OCPS at the meeting in the first quarter of 2020.	Beth A Curran Sr. Director, Risk Management	Attached are the results for the items measured for the Lincoln Performance Guarantees. In all cases, Lincoln exceeded the performance guarantee.