Prince William County, Virginia
Internal Audit Report – Department of Information Technology Contracts Assessment

February 19, 2020

RSM

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TRANSMITTAL LETTER

February 19, 2020

The Board Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the internal audit plan for calendar year ending ("CY") 2019 for Prince William County, Virginia ("County" / "PWC"), approved by the Board of County Supervisors ("BOCS"), we hereby present the information technology contracts assessment. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on July 21, 2020.

Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in this internal audit, as well as the respective risk ratings.
Background	This provides an overview of processes surrounding the acquisition of information technology products and services, as well as relevant background information.pro
Objectives and Approach	The objectives of this internal audit are expanded upon in this section, as well as the various phases of our approach.
Observations Matrix	This section gives a description of the observations noted during this internal audit and recommended actions, as well as Management's response including responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

Internal Auditors

Background

Prince William County Purchasing Regulation §500, derived from the Virginia Public Procurement Act, governs the processes surrounding the County's acquisition of goods and services. The procurement process is initiated by the individual department or agency that identifies the business need for the good or service.

Procurement Services, a division of the Finance Department, works directly with the departments/agencies in defining the scope and requirements associated with the acquisition request. Procurement Services continues to work with the vendors during contract negotiations, and once the contract is signed a designated Contract Administrator – generally from the user department/agency - takes primary responsibility for the on-going monitoring of vendor performance. For information technology ("IT") and IT security purchases, the Contract Administrator collaborates with the Department of IT ("DoIT") to the extent that the Contract Administrator deems necessary.

The IT Project Management Office ("PMO") was formed by DoIT in 2018 to support collaboration between DoIT and the County agencies when implementing IT solutions, and to provide guidance throughout the project lifecycle. Specifically, the Business Service Group ("BSG"), which resides within the PMO, was created to act as DoIT's liaison with the departments/agencies – providing training over project management concepts, budgeting techniques, IT spend monitoring, and assistance in managing third-party providers of IT products and services.

IT-related spend averaged ~12% ($50.5M) of the total expenditures across Prince William County from July 1, 2017 to June 30, 2019

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or 'brand' risk'.

Objective and Scope

The IT contract assessment examined the control environment as relevant to the governance and oversight of the IT acquisition process, including the vendor selection process, contract negotiation and acceptance, and on-going monitoring of vendor performance and the related contract spend. Procedures included:

- Obtained an understanding of the processes around the procurement of IT products and services, as well as the channels through which agencies can initiate technology-related purchases.
- Obtained an understanding of the vendor management process, including the controls that serve to govern and provide oversight of vendor contracts.
- Performed data analysis of IT-related spend to identify unusual trends or anomalies and investigate (as applicable).
- Benchmarked existing controls against best practices; identify control gaps and opportunities to enhance risk mitigation strategies.
- Assessed the appropriateness and usage of the service level agreements signed by each vendor.
- Assessed controls in place to enforce proper budgeting of IT spend.
- Performed detail sample testing, using a risk based approach, to substantiate the appropriateness of the vendor selection and monitoring processes.

RSM substantively reviewed eight (8) IT contracts to validate that: 1) appropriate County employees were involved in the process; 2) due diligence was performed during the vendor selection; 3) the appropriate parties own the contract and vendor relationship; 4) spend aligns to contracted pricing; 5) periodic/on-going monitoring of vendor performance was conducted; 6) remediation efforts for non-compliance was performed; and 7) adequate support for change orders was present.

The period in scope for IT spend evaluation was July 2017 through June 2019.

Fieldwork was performed in September 2019 through November 2019.

Summary of Observations Ratings *(See page 3 for risk rating definitions)*			
	High	**Moderate**	**Low**
IT Contracts Assessment	-	2	-

We would like to thank all County team members who assisted us throughout this assessment.

Observations Summary

The following is a summary of the observations noted in the areas reviewed. Each detailed observation is included in the observations matrix section of the report. Definitions of the rating scale are included below.

Summary of Observations	
Observations	**Rating**
1. Governance Processes and Oversight Mechanisms for IT Acquisitions	**Moderate**
2. Review of Contract Language During Contract Execution and Periodic Monitoring Processes	**Moderate**

Provided below is the observation risk rating definitions for the detailed observations.
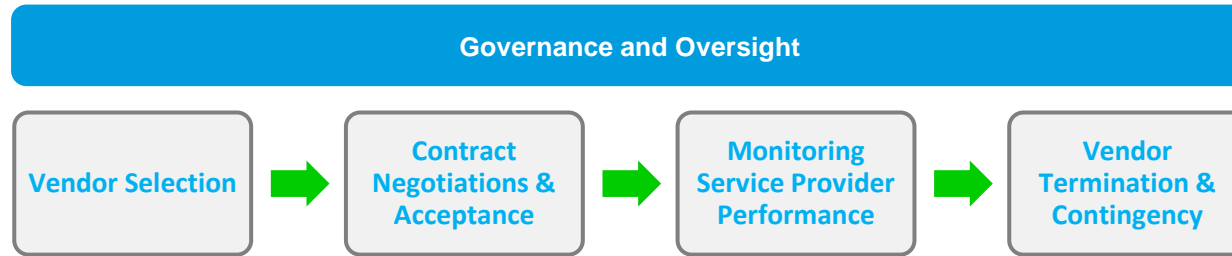
Observation Risk Rating Definitions	
Rating	**Explanation**
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

BACKGROUND

Overview

Prince William County Purchasing Regulation §500 governs the processes surrounding the County's acquisition of goods and services – there is currently no distinction in these processes as specific to information technology ("IT") or IT security related purchases. The requirements for contracting vary based on the dollar thresholds established per Regulation §500. For procurement below $30K, each department/agency is responsible for independently requesting quotes and negotiating with the vendors. A Procurement Services Procurement Officer will then review the contract with the vendor selected by the department/agency. For procurements between $30K to $100K, there is an informal solicitation process led by Procurement Services. In this process, the proposals from the vendors are received through email or fax and are evaluated by Procurement Services and the department/agency requestor. There is also no formal selection committee requirements in the informal solicitation. Procurements greater than $100K are required to complete a formal solicitation, formal vendor evaluation, and scoring as part of the competitive bidding process.

Governance and Oversight			
Vendor Selection	Contract Negotiations & Acceptance	Monitoring Service Provider Performance	Vendor Termination & Contingency

Governance and Oversight

Procurement Services works directly with the vendor during contract negotiations, but once the contract is signed, the Contract Administrator within the respective department/agency, is primarily responsible for governance including the on-going monitoring of vendor performance. For IT vendors, the Contract Administrator generally collaborates with DoIT in the monitoring process, to the extent that the Contract Administrator deems it necessary. DoIT formed the Project Management Office (PMO) in 2018 to support collaboration between DoIT and the County departments/agencies when implementing IT solutions, and to provide guidance throughout the project lifecycle. Specifically, the Business Service Group, which resides within the PMO, was created to act as DoIT's liaison with the departments/agencies – providing training over project management concepts, budgeting techniques, IT spend monitoring, and assistance in managing third-party providers of IT products and services. These services are available to the department/agency if requested by the department/agency or Procurement Services, but the documented policies do not require the inclusion of the PMO.

Vendor Selection

Procurement Services announces the public solicitation for products and services. Vendors, in turn, respond to Procurement Services to submit the proposal. A selection committee is chosen by the department/agency driving the initiative. Depending on the nature of the procurement, County Executive approval of the selection committee may be sought. For IT-related procurements, the selected committee members typically include two (2) representatives from DoIT. To ensure a fair and transparent process, Procurement Services distributes the vendor responses to the selection committee along with nondisclosure forms, and reviews the rules and regulations with the selection committee. Committee members then individually score the proposals on a technical basis, and the top two (2) to four (4) vendors are invited for on-site demonstrations and oral presentations. Each vendor presents their solution, outlines the value proposition and benefits to PWC, and answers committee member questions. After scoring the vendors' oral presentations, the selection committee receives the financial break down of the vendors' proposal to evaluate their proposed pricing.

Vendor Selection – continued

All scores are assessed and the offer is awarded to the vendor who scores the highest. If the scores are close, additional due diligence is performed to choose between the top scoring vendors. One approach is to review other counties where the system or product has been implemented to understand if the solution was successful. This is not required as part of the selection process, although it has proven beneficial in identifying the best vendor when the committee cannot reach consensus.

Contract Negotiations & Acceptance

The Assistant Director of Finance for Procurement Services is the lead negotiator for all IT contracts. A Procurement Services Procurement Officer drafts the contract using information from the RFP (Request for Proposal), which is subsequently approved by the designated Contract Administrator from the user department/agency. When there is a technical component of the contract, Procurement Services will bring in a subject matter expert (SME) to opine on the topic. For example, when the contract is IT-related, an IT expert will be asked to review the contract. This is best practice; however, there is no formal requirement to have SME input on contract negotiations. Depending on the nature of the contract, the County Attorney reviews and approves as to form the contract initially, then the vendor executes the contract by signature, then the agency Contract Administrator signs the contract, and finally the contract is attested to by Procurement Services.

Monitoring Service Provider Performance

The Contract Administrator is responsible for monitoring service provider performance. There is no formal process to select the Contract Administrator. Typically, the Contract Administrator is a manager or a subject matter expert (SME) from the requesting department/agency who served on the selection committee and was one of the leaders in the RFP process. The Contract Administrator is expected to monitor vendor performance and deliverables against service level agreements ("SLA"), however there is no standard procedure or general guidance within the policy regarding the role and responsibilities of an assigned Contract Administrator.

Procedurally, the Contract Administrator has access to the system or product they support. Some systems or products have one (1) or two (2) DoIT employees assigned to provide support for minor issues and maintenance. The vendor supports all major issues. Most IT-related contracts include maintenance and support services as part of the agreed-upon contract price. Additional reporting could be developed in order to quantify the number of maintenance issues, the root cause of maintenance request, resolution response times and the categorical themes of each request. This information can be utilized to negotiate favorable terms and pricing for hardware, software and maintenance costs.

Vendor Termination & Contingency

The typical duration for IT-related contracts is one year, with the option for five (5) one-year renewals. The Assistant Director of Finance for Procurement Services notifies the Contract Administrator when a contract will soon be expiring. The Contract Administrator will notify Procurement Services whether or not to renew a contract for the next renewal period via submission of a Procurement Services prescribed form. There are clauses in each contract that allow the County to terminate the vendor contract for convenience of the County, default, or non-appropriation of funds. However, some vendors hold a major market share, resulting in difficulties in identifying suitable alternative solutions, should such a clause need to be invoked.
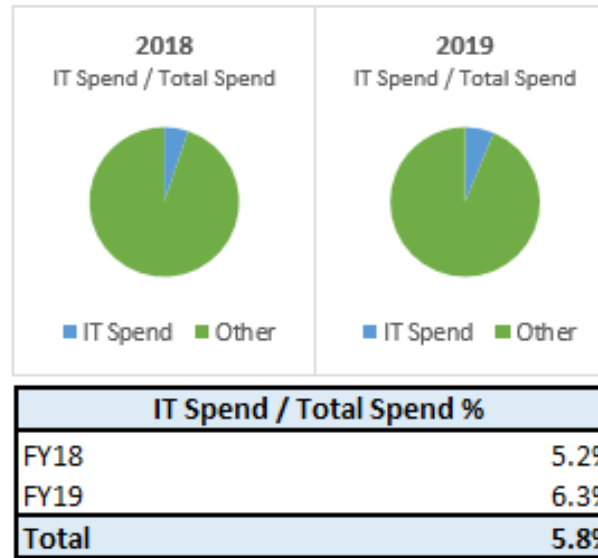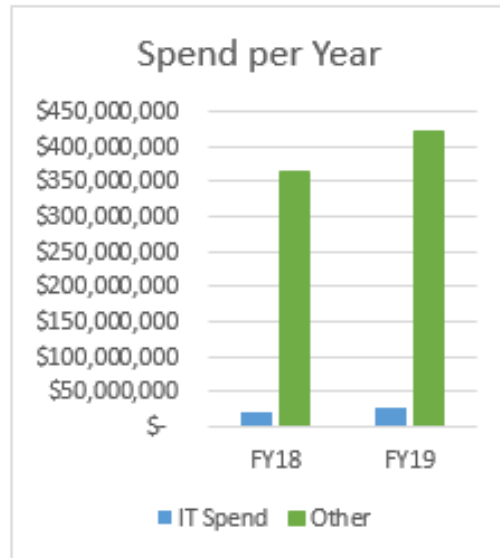
Financial Analysis

IT Spend per Year

Historical disbursements data exported from the County's integrated financial management system ("Ascend") was used to gain an understanding of the County's IT spend trends. The data obtained from Ascend captures disbursements for IT-related products and services requested by the County departments/agencies through Procurement Service's purchase order channel. RSM notes there is a significant investment in IT spending that averages 5.8% of the total expenditures across Prince William County from July 2017 through June 2019 as represented in the following charts.

IT Spend per Year			
	FY18	FY19	Total
IT Spend	$ 19,777,739	$ 28,218,677	$ 47,996,416
Other	$ 362,973,057	$ 420,039,758	$ 783,012,815
Total	$ 382,750,796	$ 448,258,435	$ 831,009,231

Spend per Year

$450,000,000		
$400,000,000		
$350,000,000		
$300,000,000		
$250,000,000		
$200,000,000		
$150,000,000		
$100,000,000		
$50,000,000		
$-	FY18	FY19

■ IT Spend ■ Other

2018
IT Spend / Total Spend

2019
IT Spend / Total Spend

■ IT Spend ■ Other   ■ IT Spend ■ Other

IT Spend / Total Spend %	
FY18	5.2%
FY19	6.3%
Total	5.8%

Note: The Board approved IT Modernization project is significantly contributing to the year-over-year increase in IT spend.

BACKGROUND – CONTINUED

Financial Analysis – continued

IT Spend by Segment
The top 15 segments represent 98% of the annual IT-related expenditures, as depicted in the chart below.

Segment	Segment Spend by Year			Percentage (%) IT Spend by Year		
	FY18	FY19	Total	FY18	FY19	Total
Seat Services*	$ 4,084,637	$ 5,076,738	$ 9,161,375	20.7%	18.0%	19.1%
IT Dept Spend (Dept 28) Not Categorized by Segment**	$ 1,634,894	$ 5,516,162	$ 7,151,056	8.3%	19.5%	14.9%
Public Safety Applications Support	$ 2,744,587	$ 2,770,249	$ 5,514,836	13.9%	9.8%	11.5%
Hardware Replacement	$ 2,747,362	$ 2,227,475	$ 4,974,836	13.9%	7.9%	10.4%
Network Communications Data	$ 1,538,088	$ 2,209,584	$ 3,747,672	7.8%	7.8%	7.8%
General Government Applications Support	$ 1,616,691	$ 1,924,970	$ 3,541,661	8.2%	6.8%	7.4%
Cyber Security & IT Policy Group	$ 906,885	$ 2,415,011	$ 3,321,896	4.6%	8.6%	6.9%
Network Communications Voice	$ 1,260,745	$ 1,270,891	$ 2,531,635	6.4%	4.5%	5.3%
Technology Hosting Centers	$ 566,453	$ 1,174,446	$ 1,740,898	2.9%	4.2%	3.6%
Community Development Applications Supp	$ 681,178	$ 885,710	$ 1,566,887	3.4%	3.1%	3.3%
Radio Communications	$ 565,051	$ 466,138	$ 1,031,188	2.9%	1.7%	2.1%
Executive Management - DoIT	$ 375,839	$ 412,990	$ 788,829	1.9%	1.5%	1.6%
Web Solutions & Services	$ 209,812	$ 559,580	$ 769,392	1.1%	2.0%	1.6%
GIS-Upgrade	$ 123,502	$ 468,867	$ 592,370	0.6%	1.7%	1.2%
Human Services Applications Support	$ 234,257	$ 354,638	$ 588,895	1.2%	1.3%	1.2%
Total:	$ 19,289,981	$ 27,733,448	$ 47,023,429	97.5%	98.3%	98.0%

*Note 1: Seat Services provide IT support through the installation and maintenance of IT hardware and software as related to the needs of each department/agency and is tracked by "Seats" (i.e., laptops) assigned to individual employees within a department/agency.

**Note 2: The segment classification is not a required field in the Ascend system, the segment classification for these records was blank. However, this spend was identified by RSM as the Ascend data indicated Department 28 (DoIT).

Financial Analysis – continued

IT Spend by Vendor

Approximately 75.1% of the total IT-related costs are related to good and services rendered from the top 15 IT vendors as shown below:

Vendor	Vendor Spend by Year			Percentage (%) IT Spend by Year		
	FY18	FY19	Total	FY18	FY19	Total
DIGICON CORPORATION	$ 3,804,047	$ 5,070,947	$ 8,874,994	19.2%	18.0%	18.5%
MOTOROLA SOLUTIONS INC	$ 3,356,902	$ 2,499,596	$ 5,856,498	17.0%	8.9%	12.2%
SOFTWARE HOUSE INTERNATIONAL INC	$ 2,014,319	$ 2,376,862	$ 4,391,181	10.2%	8.4%	9.1%
PRESIDIO CORPORATION	$ 325,410	$ 2,820,733	$ 3,146,144	1.6%	10.0%	6.6%
CAS SEVERN INC	$ 783,375	$ 1,780,631	$ 2,564,006	4.0%	6.3%	5.3%
APPLICATIONS SOFTWARE TECHNOLOGY CORP	$ 1,208,389	$ 1,197,084	$ 2,405,473	6.1%	4.2%	5.0%
PCMG INC	$ 645,197	$ 1,257,651	$ 1,902,847	3.3%	4.5%	4.0%
SHARP COMMUNICATION SERVICES INC	$ 717,022	$ 726,295	$ 1,443,316	3.6%	2.6%	3.0%
INSIGHT PUBLIC SECTOR INC	$ 1,091,050	$ 25,096	$ 1,116,146	5.5%	0.1%	2.3%
CYBERMEDIA TECHNOLOGIES INC	$ 205,135	$ 765,707	$ 970,842	1.0%	2.7%	2.0%
NETWORKING FOR FUTURE INC		$ 881,565	$ 881,565	0.0%	3.1%	1.8%
VERIZON INC	$ 379,220	$ 291,566	$ 670,786	1.9%	1.0%	1.4%
ARC ACQUISITION US INC	$ 224,114	$ 390,839	$ 614,953	1.1%	1.4%	1.3%
GARTNER GROUP INC.	$ 314,658	$ 287,063	$ 601,721	1.6%	1.0%	1.3%
IRON MOUNTAIN INC.		$ 599,388	$ 599,388	0.0%	2.1%	1.2%
Total:	$ 15,068,837	$ 20,971,022	$ 36,039,859	76.2%	74.3%	75.1%

BACKGROUND – CONTINUED

Vendors Selected for Detailed Testing

RSM judgmentally selected seven (7) contracts, for which payments had been disbursed during the twelve (12) months preceding the date of our assessment, for detail testing. Additionally, judgmentally selected one (1) contract as related to the HFM system implementation, which remains in the final contracting phase. The IT vendor contracts selected for substantive testing represent approximately 36.3% of total IT spend during the period of July 2017 through June 2019.

Contract	Spend from IT Contracts Assessed			Percentage (%) of Audit Coverage		
	FY18	FY19	Total	FY18	FY19	Total
DIGICON CORPORATION	$3,804,047.08	$5,070,946.79	$8,874,993.87	19.2%	18.0%	18.5%
MOTOROLA SOLUTIONS INC	$3,356,902.44	$2,499,595.69	$5,856,498.13	17.0%	8.9%	12.2%
SHARP COMMUNICATION SERVICES INC	$717,021.69	$726,294.54	$1,443,316.23	3.6%	2.6%	3.0%
AVENITY INC	$194,430.00	$172,560.00	$366,990.00	1.0%	0.6%	0.8%
CREDIBLE WIRELESS INC.	$194,898.40	$207,294.90	$402,193.30	1.0%	0.7%	0.8%
CAROUSEL INDUSTRIES	$189,980.22	$98,454.32	$288,434.54	1.0%	0.3%	0.6%
STARGARDEN CORPORATION	$60,112.50	$124,787.50	$184,900.00	0.3%	0.4%	0.4%
Total:	$ 8,517,392	$ 8,899,934	$ 17,417,326	43.1%	31.5%	36.3%

OBJECTIVES AND APPROACH

Objectives
The primary objective of this internal audit was to examine the control environment as relevant to the governance and oversight of the IT acquisition process, including the vendor selection process, contract negotiation and acceptance, and on-going monitoring of vendor performance and the related contract spend. The scope for IT spend evaluation was July 2017 through June 2019.

Approach
Our audit approach was consistent with our internal audit methodology, which consisted of the following phases:

Understanding and Documentation of the Process
During this phase of this audit, we conducted interviews with the appropriate representatives from the County's DoIT, Procurement Services, and the departments/agencies which utilize the IT products/services selected for detail assessment. We obtained and reviewed 1) historical spend data out of the Ascend system; 2) applicable Code of Virginia and County policies; 3) executed contracts for IT products and services; and 4) other documents deemed necessary to this assessment.

We performed walkthroughs of the process(es) and key controls around:

- Procurement of IT products and services to gain an understanding of the channels through which departments/agencies can initiate technology-related purchases; and
- Vendor management process, including the controls that serve to govern and provide oversight of vendor contracts.

Assessment of the Process Design and Effectiveness of Key Controls
Our testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives outlined above. Procedures included the following:

- Performed data analysis of IT-related spend to identify unusual trends or anomalies and investigate, as applicable.
- Benchmarked existing controls against best practices; identify control gaps and opportunities to enhance risk mitigation strategies.
- Assessed the appropriateness and usage of the service level agreements signed by each vendor.
- Assessed controls in place to enforce proper budgeting of IT spend.
- Performed detail sample testing, using a risk based approach, to substantiate the appropriateness of the vendor selection and monitoring processes.

RSM substantively reviewed eight (8) IT contracts to validate that:

- Appropriate county employees were involved in the process;
- Due diligence was performed during the vendor selection;
- The appropriate parties "own" the contract and vendor relationship;
- Spend aligns to contracted pricing;
- Periodic/on-going monitoring of vendor performance was conducted,
- Remediation efforts for non-compliance was performed; and
- Adequate support for change orders was present.

Reporting
At the conclusion of this audit, we summarized our findings into this report. We conducted an exit meeting with the appropriate Management personnel, and have incorporated Management's response into this report.

OBSERVATIONS MATRIX

Observation	1. Governance Processes and Oversight Mechanisms for IT Acquisitions
Moderate	IT procurement processes, and the related policy documentation, could be strengthened through the addition of the following attributes. - Although it is an option made available to the agencies, DoIT's Business Services Group (BSG) is not engaged in all IT acquisitions. The County's procurement policy could be strengthened to address the appropriate inclusion of the BSG and use of DoIT's project management methodology. Use of IT resources (i.e., DoIT's BSG) and tools (i.e., DoIT's PMO methodology, and subscription to the Gartner online database which provides IT leadership with spend and operational metrics for organizations of similar industry and size) supports that pricing is favorable, terms are outlined, service level agreements are clearly and completely documented, and that the vendor's service delivery model and capabilities align to PWC's future state information technology infrastructure. - There is opportunity to better define roles and responsibilities throughout the lifecycle of a contract. The role of the assigned Contract Administrator and representation/input from Procurement Services, the County Attorney's Office, and DoIT during each phase of the supplier relationship should be described in policies and procedures. - Documentation around how the vendor evaluation/selection committee is assigned should support the perception of objectivity and call for appropriate inclusion of all key stakeholders (such as DoIT). - Procedures around vendor performance monitoring should be standardized through control processes (i.e. periodically performed at a defined frequency, to include evidence of adherence to service level agreements (SLAs), and evidence of management review of third-party vendor System and Organizational Controls ("SOC") reports). - The County is challenged to perform accurate on-going monitoring and analysis of IT spend. The volume of commodity codes used to categorize department/agency spend is overly complex (thousands), ambiguity in the code descriptions fosters inconsistent application. Procedures could be enhanced to limit the available commodity code selections and provide guidance/examples to aid the department/agency in proper commodity classification. The implementation of robust, clearly documented, and communicated processes/policies reduces the likelihood that intended procedures will be circumvented. Strong governance and oversight of IT acquisitions facilitate an appropriate allocation of County resources and protects against inefficient use of time, unnecessary spending, and disruptions of service.

Observation	1. Governance Processes and Oversight Mechanisms for IT Acquisitions – continued
Recommendation	Policies and procedures should be enhanced organizationally to provide detailed guidance over the contract lifecycle processes - including initiation, evaluation/selection committee requirements, vendor selection, contract negotiation, execution, SLA/performance monitoring, contract tracking and expiration/renewal. The on-going roles and responsibilities of the assigned Contract Administrator, and representation from Procurement Services, the County Attorney's Office, and DoIT should be described within the policy. As a later priority, the County should consider implementation of a digitalized and automated workflow to facilitate the evaluation process and to serve as a centralized repository for all documentation of the contract's lifecycle. Organizational policies should call for an appropriate level of involvement of DoIT's BSG throughout the contract lifecycle – as is particularly important during the vendor vetting and selection process. Standardized training, available through the BSG or through online County resources, should be required of all Contract Administrators assigned to a significant IT supplier relationship. Upfront engagement of the BSG will enable the use of existing resources which the County has already subscribed to (such as Gartner) in the evaluation of each vendor's value proposition and historical performance. Such insights may be useful in creating the initial RFP as well as in evaluating the responses. Engagement of the BSG is further advised to ensure adequate consideration of compatibility with the County's future state infrastructure and the other hardware and software technologies with which the new service will need to integrate. Finally, DoIT and Procurement Services should collaborate to determine a limited number of commodity codes (~15) qualified to drive IT acquisition of hardware, software, and services (i.e. approved to expend against the IT budget). Assignment of any one such code should be routed to the BSG for approval prior to the incurrence of spend. On a quarterly basis, each department/agency representative should be required to meet with the assigned PMO liaison to capture IT spend intent and manage the associated budget.

Observation	1. Governance Processes and Oversight Mechanisms for IT Acquisitions – continued
Management's Action Plan	**Response:** Management agrees with the recommendations. DoIT is in the process of updating its IT Acquisition Policy which Procurement Services will utilize for IT-related procurements. In coordination, Procurement Services will recommend changes to the Prince William County Procurement Regulations to specifically reference this policy. DoIT's PMO and Procurement Services will jointly develop a Contract Administration program as a prerequisite for any IT projects/acquisitions. Once the program is fully developed, the program will be rolled out to the rest of the organization as a best practice.
	Enhanced policies and processes will require the engagement of DoIT BSG at the beginning of the procurement process for all IT-related acquisitions. DoIT BSG will make the determination when to use Gartner or similar resources based on project factors. Procurement Services and DoIT BSG will jointly create a decision-making matrix to evaluate project factors.
	In addition, Procurement Services is already identifying potential automated software solutions to aid in the vendor evaluation/selection process. However, to implement such a solution will require new funding.
	DoIT and Procurement Services will also collaborate to determine the appropriate number of commodity codes that should be used for IT acquisitions, governed by executive reporting requirements. Changes will be implemented during the Ascend upgrade scheduled for 2021-22.
	Additional resources for DoIT/BSG and Procurement Services will be critical to successfully implementing these recommendations.
	Responsible Party: DoIT PMO and Procurement Services
	Estimated Completion Date: June 30th, 2022

Observation	**2. Review of Contract Language During Contract Execution and Periodic Monitoring Processes**
Moderate	Controls over final contract agreements, and the related periodic monitoring over such contracts, did not detect opportunities to more precisely define agreed upon expectations.
	• For five (5) out of the seven (7) executed contracts selected for testing, or 71%, there was opportunity to better define the service level agreements (SLAs) or key performance metrics which the vendor agreed to uphold throughout the scope and length of the contact term. • For four (4) out of the seven (7) executed contracts selected for testing, or 57%, there was opportunity to better define pricing inputs and what may cause agreed upon deviations from the standard rate structure.
	Misalignment of agreed upon expectations creates potential for disputes requiring additional negotiation, damage to relationships with suppliers, and disbursement of funds for services which do not meet the needs of the department/agency and County. Ambiguity or loosely defined expectations further inhibit adequate monitoring of vendor performance and the related spend.
Recommendation	Contract negotiations and drafting should involve people with the appropriate knowledge and experience - including the Contract Administrator, subject matter experts (SMEs), and representation/input from Procurement Services, the County Attorney's Office, and DoIT - to facilitate pricing, service level agreements (SLAs), and other product/service specific terms are clearly defined and in alignment with the intent of the County. At an appropriate level of involvement, DoIT's BSG should be engaged throughout the entirety of the contract and project lifecycle.
Management's Action Plan	**Response:** Management agrees with the recommendations. Action plans presented in Observation #1 will resolve Observation #2 as it is symptomatic of the first observation. Additional resources for DoIT/BSG and Procurement Services will be critical to successfully implementing these recommendations. **Responsible Party:** DoIT PMO and Procurement Services **Estimated Completion Date:** June 30th, 2022

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