# ARLINGTON COUNTY AUDITOR FOLLOW-UP REPORT DEPARTMENT OF TECHNOLOGY SERVICES – CONTRACT MANAGEMENT AUDIT (REPORT FY21-1)

## Background

The County Auditor conducts follow-ups for each audit recommendation in an effort to assess whether recommendations that the audited department agreed to make have been implemented. During follow-up reviews, the County Auditor works with department leadership to determine the implementation status. The County Auditor makes this determination based on initial information shared by the audited department, supporting documents and data provided by the department, and subsequent interviews and observations. The County Auditor cannot compel implementation of recommendations but can provide guidance regarding what constitutes implementation.

Government Auditing Standards do not cover follow-up reviews. However, the County Auditor endeavors to apply the principles of the Standards to follow-up activities. The County Auditor's follow-up work is informed especially by the principles articulated in the following key standards: evidence; documentation of auditor's work; communication with an audited entity; reporting of audit work to those charged with management and governance; and auditor professional judgment.

**Summary:** This report presents the results of the May 2022 County Auditor follow-up conducted on the Department of Technology Service – Contract Management audit (Report FY21-1) which was completed in May 2021. The following dashboard shows the current status of all nine recommendations.

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| Implemented | 2/9 | Recommendation 2.1 and 2.2 |
| Partially Implemented | 7/9 | |
| Not Implemented | 0/9 | |

Of the nine recommendations, the follow-up review found two (2.2, 2.3) to be fully implemented, and the other seven to be partially implemented. When the audit was issued DTS stated disagreement with Recommendations 1.2 and 1.3, but as shown below DTS has been working with the Purchasing Office to implement these two recommendations. For some recommendations, the County's Auditor discussion provides additional clarity regarding the documentation needed to demonstrate full implementation. As an example, for Recommendation 2.1, implementation will be completed when an updated Contract Administration guidelines document is issued containing changes as outlined by the Department of Management and Finance (DMF).

**Closing Note:** The County Auditor appreciates the assistance of DMF and DTS management during the follow-up review. This follow-up report is being provided to DTS and DMF management, the County Board, and the Audit Committee. The report will be issued publicly on the County Auditor's webpage on May 31, 2022.

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Arlington County Auditor

| RECOMMENDATION | INITIAL EXPECTED COMPLETION DATE | STATUS | MANAGEMENT DISCUSSION | COUNTY AUDITOR'S DISCUSSION |
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| 1.1. DTS should review the current contract management maturity model and identify areas of improvement in both the short and long term. These should be incorporated into the department's strategic objectives to strengthen and enhance procedures in order to continue meeting the needs of other County departments and the public. | December 2021 | Partially Implemented | DTS has reviewed the contract management maturity model and has implemented changes to improve processes.<br><br>DTS developed a requisition/PO request workflow in ServiceNow (implemented in August 2021) to centralize and standardize requisition requests. This automated workflow routes all requests for review and electronic approval by the DTS Procurement Officer and by the DTS Finance Manager.<br><br>The DTS Procurement Officer reviews the request to verify it is in compliance with policy and is in accordance with the contract. The DTS Finance Manager reviews the request to ensure compliance with policy, confirm proper documentation is provided, and verify appropriate funding. Additionally, the workflow maintains a history of the requisition process for documentation purposes.<br><br>A DTS internal Contract Management procedures document has been developed which provides rules | The County Auditor recognizes the work identified in the management response but did not complete the testing and documentation needed to confirm that this recommendation is fully implemented.<br><br>The County Auditor encourages DTS to proactively provide documentation demonstrating implementation of this recommendation to the new County Auditor once that documentation is finalized. |

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| | | | and guidelines for contract management and defines responsibilities of DTS staff. | |
| | | | The policy was developed in December 2021 and is currently undergoing review and revision. It is anticipated to be published department-wide in March 2022. | |
| | | | A centralized list is maintained and published on the DTS Contracts SharePoint site of employees compliant with Purchasing Office training requirements and who are authorized to perform Project Officer functions; electronic invoice review and approval workflows were implemented in PRISM. | |
| | | | All DTS contracts are maintained in a central location on SharePoint, with documentation of the contracts provided on each contract record and includes links to ACG Vendor Registry. | |
| | | | In July 2021 the DTS Procurement Officer and Finance Manager implemented a bi-weekly procurement meeting with contract managers to answer questions, discuss the status of contracts, discuss policy, and address outstanding issues. | |

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| 1.2. | DTS should develop a schedule for refresher trainings related to contract management skills and ethics to be regularly administered to all contract management staff. DTS should also consider working in conjunction with the Purchasing Office to determine if this training can be administered to all County staff. DTS should maintain evidence of employees' completion of the initial contract | TBD | Partially Implemented | During the 2021/2022 training sessions it was requested that Purchasing consider training by department. The training by department structure will allow the purchasing team and the department team to discuss contracts directly related to work performed by specific departments.<br><br>Purchasing is in the process of modifying some of its training efforts such that training will be department focused on the types of goods and services they solicit. The updated training will be released in August 2022, Purchasing is incorporating some technology specific discussions to be delivered by DTS staff as part of all required training throughout the County.<br><br>The sessions, to include DTS, will be Purchasing 101, Quick Quote, and Project Officer Training. Training attended is associated with each employee and maintained in HR in Taleo. There is no need to develop a separate log. And as a follow up to previous questions, Taleo can track training taken | |

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| management training, as well as any refresher trainings in training logs. These logs should detail the employees' names, the course completed, and the date completed. Other County functions, such as the Human Resources Department, may be able to assist in maintaining this training log information and making it available upon request to DTS. | | | by employees internally and externally.  It is currently available by request. | |
| 1.3. DTS should identify a supplementary contract | TBD | Partially Implemented | Purchasing forwards training opportunities as received from VAGP and NIGP. These training do not take the place of the mandatory trainings | The County Auditor recognizes the work identified in the management response but did |

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| management training that addresses skills and topics discussed in VPPA, as well as other best practice guidelines for contract management. Subsequently, DTS management should begin a process of systematically training all contract managers to ensure consistent practices are being performed across the department. | | | advertised in the County's Learning Management System.<br><br>As noted previously, Purchasing prefers to provide training on contract management to County staff to ensure that what is taught is consistent with our practices and our Purchasing Resolution.<br><br>As noted above, DTS is tracking the training requirements for all project officers. DTS maintains an updated list of staff members who have completed all required training. This list is maintained on the DTS contracts sharepoint site. Employees who have not completed the required training are not allowed to perform the duties of a Project Officer. | not complete the testing and documentation needed to confirm that this recommendation is fully implemented.<br><br>The County Auditor encourages DTS to proactively provide documentation demonstrating implementation of this recommendation to the new County Auditor once that documentation is finalized. |
| 1.4. DTS management should review and disseminate the revised County Contract | May 2021 | Partially Implemented | The County Contract Administration Policy was distributed to DTS contract managers on April 7, 2021, each contract manager also received the policy while attending the Purchasing Office training. In addition, an excerpt from the County | This recommendation may be implemented, but the County Auditor did not see sufficient documentation of the policy |

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| | Administration Policy to all contract managers to be utilized in the execution of contract administration procedures. County guidance should be adhered to by all contract managers and enforced by department management. | | | Contract Administration Policy regarding Project Officer Training was distributed to DTS Contract Managers on April 7, 2021, and October 12, 2021. | distribution to demonstrate full implementation. The County Auditor encourages DTS to proactively provide documentation demonstrating implementation of this recommendation to the new County Auditor once that documentation is finalized. |
| 1.5. | DTS management should develop department-specific contract management procedures that align with the County's Contract Administration Policy | December 2021 | Partially Implemented | DTS management developed department specific contract management procedures in collaboration with DMF and the Purchasing office. The draft was completed in December of 2021 and is currently under final review by DMF and DTS Finance. It is anticipated to be implemented in March of 2022. | |

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| and best practices pertaining to the administration of technology contracts. Procedures should adhere to the overarching County policy, with specific guidance related to the types of contracts managed by the department. Working with the Purchasing Office would help to implement this recommendation. | | | | |
| 1.6. DTS contract managers should review the County's Contract Administration Policy and update all | December 2022 | Partially Implemented | All DTS contract managers have attended Arlington County Purchasing training and have reviewed the County's contract management policy. All contract files are updated with the required contract files and all new contracts have been setup with contract files with the appropriate documentation. | |

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| contract records to align with the contract file requirements outlined. As new contracts are executed, contract files should be set up and maintained regularly by the assigned contract manager. | | | As of February 11, 2022, 70% of contract files have been reviewed and updated with appropriate documentation. The remaining 30% are expected to be reviewed and updated by June 30, 2022. | |
| 2.1. DTS should work in conjunction with the Purchasing Office, and other departments that issue enterprise-wide contracts, to develop a risk-based set of standard procedures related to interdepartmental | October 2021 | Partially Implemented | Update to the Contract Administration Policy is complete and posted to AC Commons. | The updated language in the Contract Administration Guidelines from February 2022 was not sufficient address the risk underlying the recommendation.<br><br>When presented this feedback, DMF developed new language for the Contract Administration guidelines that provide specific guidance for PjOs regarding when the inter-departmental |

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| communication pertaining to enterprise-wide contracts; the management of those contracts; and invoice processing requirements. Procedures should be included within the County Contract Administration Policy currently contained in the Purchasing Manual and disseminated to all departments for implementation. | | | | coordination is needed prior to purchase approval.<br><br>The County Auditor confirmed that this new language addresses the underlying risk and when the new Contract Administration guidelines are issued, all work needed to fully implement the recommendation will be complete. |
| 2.2. DTS should work with the Department of Management and Finance to bring an | April 2021 | Implemented | An automated approval process was implemented in PRISM in April of 2021. | County Auditor confirmed implementation through personal observation of PRISM automated |

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| | automated invoice review and approval process into the PRISM system or an upgraded financial management system. | | | | approval process. No additional follow-up is required. |
| 2.3. | DTS should work with the County Purchasing Office to establish a comprehensive listing of active department contracts to be included on the department SharePoint site. The listing should be updated on a regular basis to ensure all department contracts are included. | May 2021 | Implemented | Vendor Registry is the central repository of all contracts and is available. DTS maintains a list of DTS contracts on the department's sharepoint site. This list contains a link to ACG Vendor Registry contract files and also contains DTS specific records. | County Auditor confirmed implementation through testing of the DTS Contracts sharepoint site and Vendor Registry and correspondence with the County Purchasing Officer. No additional follow-up is required. |