



FULTON COUNTY

FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
AUDIT OF COVENDIS TECHNOLOGIES CONTRACTS

November 7, 2018

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EXECUTIVE SUMMARY

The Office of the County Auditor performed an audit of the Covendis Technologies contracts at the request of Commissioner Hall.

The audit focused on the actual spending by Fulton County for temporary staffing services provided by Covendis Technologies. The main objective of our audit was to evaluate the adequacy and effectiveness of the internal controls and quality of performance in carrying out assigned responsibilities as it relates to contract administration, contract management and deliverables for the Covendis Technologies contract. The scope of the audit focused on payments made to Covendis Technologies during calendar years 2015 through 2018.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section appeared to be satisfactory.

- Four (4) invoices were paid twice resulting in an overpayment of \$33,560;
- Three (3) Project Director Positions were approved; however, four (4) Project Directors were identified and compensated. One (1) of the positions was performing the duties of a Business Analyst; resulting in an overpayment of \$9,660;
- Two (2) contractors weekly hours did not agree to the hours billed, resulting in an overpayment of \$30,875;
- Several contractors were compensated for excessive hours;
- Three (3) contractors were compensated for County holidays totaling \$25,720;
- Several contractors' actual hours worked were irreconcilable;
- Inability to align contractors to projects; and
- One (1) concern in reference to proper planning.

This report provides a comprehensive assessment of the Covendis Technologies contracts, as well as recommendations that may assist the Department of Information Technology to strengthen their internal control processes. We greatly appreciate the effort expended to support the audit.

INTRODUCTION

At the request of Commissioner Hall, the Office of the County Auditor performed an audit of the Temporary Staffing Services, Covendis Technologies contracts. The audit was requested due to concerns regarding the usage of the Covendis Technologies contract related to the Department of Information Technology and all other Fulton County departments.

BACKGROUND

Covendis Technologies was awarded the contract to provide Temporary Staffing Services for Fulton County's Department of Information Technology (DoIT), in January 2015, due to the Board of Commissioners' decision not to renew several DoIT professional contracts. As a result, DoIT lost seventeen (17) positions. Without the retention of these positions, DoIT believed that they would be unable to guarantee the stability of the County's critical databases and applications. Therefore, an emergency procurement was approved by the County Manager to provide for a small subset of resources to assist in assuring the County's systems remained stable and operational.

The Office of the County Manager also contracted with Covendis Technologies to provide temporary staffing services for the Strategy and Performance Management Office. Services were procured to perform program management support and performance management reporting for the Justice Reinvestment Initiative.

For approximately three (3) years, the DoIT has requested approval to continue professional services with Covendis Technologies to maintain minimum operation and support for the Criminal Justice Information Services (CJIS) community.

OBJECTIVE

The objectives of the audit were to evaluate the reliability of financial information, the adequacy and effectiveness of the internal controls, and compliance with established regulations and procedures as it relates to contract administration, contract management and deliverables for the Covendis Technology contract.

SCOPE

The scope of the audit focused on payments made to Covendis Technology during the calendar years 2015 through 2018.

METHODOLOGY

The primary focus of our audit was to address concerns as it relates to the Covendis Technologies contracts. To achieve our audit objectives, we performed the following audit procedures:

- Obtained copies of the Covendis Technologies contracts;
- Determined contract duration;
- Determined if the contracts were followed as the original intent to use;
- Verified total number of contract employees hired;
- Analyzed vendor invoices;
- Reviewed and confirmed payment processing;
- Verified proper authorization required to issue payments; and
- Reviewed the direct vendor system generated report.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Improper Payments

A thorough review of invoices should be conducted by an authorized person prior to payment to ensure adequacy of the services provided, and accuracy of the payment. Our review of the Covendis Technologies paid invoices revealed that four (4) invoices were paid twice resulting in an overpayment of \$33,560. This may have occurred as a result of insufficient monitoring and oversight in the payment process. Improper payments or disbursing payments for services not rendered disrupt the opportunity to demonstrate financial stewardship and accountability to enhance public trust.

Recommendation

The Office of the County Auditor recommends that the DoIT strengthens its internal monitoring and oversight review processes to ensure invoices are only paid for services rendered. In addition, we recommend that efforts be made to obtain a reimbursement of the overpayment of funds.

Finding 2 – Lack of Contract Management

According to best practices, sound contract management assists in managing obligations in an effective manner. The Fulton County statewide contract document for IT Temporary Staffing Services, Attachment A, Scope of Services identifies positions needed to administer projects.

Our review of the approved contracts, noted that in 2017, three (3) Project Director Positions were approved; however, four (4) Project Directors were identified and compensated. Upon review of the Project Director’s job descriptions, it appeared that one (1) of the positions was performing the duties of a Business Analyst; resulting in an overpayment of \$9,660. These actions give the appearance that the contract was not adequately managed. Failure to adequately manage contracts or perform the approved services can decrease control and effectiveness, and increase costs.

Recommendation

The Office of the County Auditor recommends that the department establishes policies and procedures that provide adequate contract management and oversight to ensure the contract is utilized effectively and as intended. The department should also identify and evaluate all approved contracts to ensure that services are being performed as agreed.

Finding 3 – Lack of Adequate Verification of Time and Attendance Records

The Fulton County statewide contract for IT Temporary Staffing Services, Scope of Service, Section E, Automated Time and Attendance System, states “the contractor must utilize an automated time and attendance system in order to document employees’ time and attendance.” Although, based on the department’s remediation plan that was submitted in response to a previous audit, dated December 12, 2014, the department indicated that contractors would utilize the Kronos time keeping system and/or a quarterly report of contractor hours would be submitted to the County Manager. However, we were informed that management relied on the Covendis time management system.

The Office of the County Auditor obtained and reviewed the Covendis Technologies invoices, supporting documentation, and the County’s time and attendance records (Kronos) submitted during the 2015-2018 calendar years to determine if hours billed were reasonable, reconciled and approved. During our review of the invoices and supporting documentation, we noted that the invoices were signed and dated as evidence of approval to pay. We also reviewed the time verification process of the Covendis time management system and revealed that management’s review process did not include verification of the time and attendance records to the actual hours billed. Our review of the contractors’ time and attendance records and the total weekly hours billed revealed that several invoices did not accurately reflect the hours worked. For example:

- During calendar year 2018, two (2) contractors' weekly hours did not agree to the hours billed, resulting in an overpayment of \$30,875;
- Several contractors' were compensated for excessive weekly hours (e.g., 90 hours/week); and
- Three (3) contractors were compensated, without written approval, for County holidays totaling \$25,720.

Furthermore, several contractors' actual hours worked were irreconcilable as some contractors did not always utilize the Kronos time management system. Consequently, the total amount of paid, unsubstantiated time and attendance expenses for calendar years 2017 and 2018 totaled \$610,148. Management could not provide evidence that adequate reviews were performed to ensure the invoices were reconcilable to the time and attendance records. Insufficient reviews of invoices and time and attendance records decreases accuracy, results in overpayments, and increases the risk of fraudulent activities.

Recommendation

The Office of the County Auditor recommends that the DoIT strengthens its review process to ensure the accuracy of invoices and to ensure the validity of the contractors' time and attendance before submission for payment. Adequate reviews of these records will allow any discrepancies to be readily identified and corrected. In addition, we recommend that the department adheres to the time and attendance clause reflected in the contract.

Finding 4 – Inability to Align Contractors to Projects

Fulton County entered into a statewide contract with Covendis Technologies, to provide temporary Project Management and Business Analyst assistance, to allow critical projects to stay on track. More specifically, the critical projects noted on the Board of Commissioners Agenda Item Summary included the following:

- CGI-AMS ERP upgrade,
- Permits Plus planning upgrade,
- Kronos upgrade,
- Wide Area Network (WAN) upgrade,
- Facilities upgrade plan for county buildings and
- E-rate category II library network and telecom upgrades.

We requested a summary of deliverables and/or status of the above mentioned projects. It appears that projects are being implemented; however, we were unable to correlate the Covendis Technologies' contractors to the respective projects. Management informed us that the

contractors were hired as staff augmentation and therefore, did not document the contractors' daily tasks. Failure to document the status of projects may lead to mismanagement and improper usage of the contract.

Recommendation

The Office of the County Auditor recommends that the DoIT effectively manages all projects to ensure a project's progress is tracked and reported properly and timely. Additionally, we recommend that all contracts are utilized for their intended purpose.

Concern – Improper Planning for Contractual Needs

Management should properly plan for the contractual positions needed within their department and present those positions to the Board of Commissioners to allow for complete transparency. Fulton County procured the services of Covendis Technologies to provide the technical skill sets that were not available with in-house resources during calendar years 2015 through 2018. During our review, we identified several positions that were not included on the Board of the Commissioners Agenda Items Summary or the contract. We also noted that the department did not update the needed positions during contract renewal.

In addition, we noted that:

- In 2017, two (2) contractors were compensated for the same service, performed during the same time period, for a position that was approved for one (1) staff person; and
- In 2018, we noted at the directive of the former Chief Information Officer (CIO), one (1) position was compensated from January 2018 through April 2018, but was not approved to perform services until April 18, 2018.

These actions give the appearance that management can procure the services for any positions that are not specifically reflected in the contract. Failure to adequately plan, or perform the approved services can decrease control and effectiveness, and increase costs.

Recommendation

We recommend the DoIT properly plan for the needs of the department. We also encourage the department to establish policies and procedures that provide adequate contract management and oversight to ensure the contract is utilized effectively and intentionally. Lastly, the department should identify and evaluate the approved contracts to ensure that services are being performed as agreed.

CONCLUSION

Our audit of the Covendis Technologies contracts identified several weaknesses that have resulted in the following findings:

- Improper Payments;
- Lack of Contract Management;
- Lack of Adequate Verification of Time and Attendance Records; and
- Inability to Align Contractors to Projects

We also had one concern in reference to the planning associated with the needs of the department.

We would like to thank management and staff for their cooperation and assistance as we worked to complete this audit.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Robbie Bishop-Monroe in the Office of the County Auditor at Robbie.Bishop-Monroe@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.