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OFFICE OF INFORMATION TECHNOLOGY AND COMMUNICATIONS

SUMMARY OF PERFORMANCE AUDIT

JANUARY 2005

Areas Examined

- Contract year one activities relating to internal contract management and administrative structure.
- Management and documentation by OITC and contractors of Core Functional Area (CFA) related expenses, invoice procedures and tracking processes.
- Contract amendment compliance.
- Management and documentation of CFA related contract deliverables for contract year one and elements of contract year two related to contract compliance.
- Contract compliance relating to key personnel.

Summary of Findings

- Contracting Officers Authorized Representative not properly designated or officially assigned responsibilities.
- Payment schedule not agreed upon.
- Over expenditures in CFA 2 with no contract amendments and continued over expenditures.
- Invoice requirements not fulfilled as defined in the contract as a “Proper Invoice”.
- Lack of invoice tracking procedures.
- Succession plans not received for all three CFAs for contract year one.
- Monthly reporting requirements are not produced as required in the contract.
- Lack of completed Computer Systems Operations Plan and review.
- Service Level parameters for CFA 3 require modifications in the form of a contract amendment.
- Lack of official change control process and policy which requires contract amendment.
- Key personnel changes were not formally documented.
- Confidential and sensitive data not identified and no background checks performed for contract personnel.
- Lack of security procedures and documentation for terminations and resignations for County and contract personnel.

CHAPTER 1

CORE AREA CONTRACT COMPLIANCE

CONTRACT ADMINISTRATION/MANAGEMENT

INTRODUCTION AND SCOPE

The Office of Information Technology and Communications (OITC) had traditionally outsourced the County's local area network (LAN), mainframe computers system maintenance and operations; as well as, a significant portion of computer application maintenance and development efforts to one contractor under a single contract.

In 2002 OITC amended this process by issuing Request for Proposals No. S02-075 (RFP) that subdivided the planned outsourcing functions into three distinct contract areas. OITC received, evaluated, and awarded three major contracts that are referred to in the RFP as "Core Functional Areas (CFA)."

- CFA 1 addressing mainframe data center operations and systems support was awarded to Lockheed Martin Services, Inc. on September 18, 2002.
- CFA 2 addressing network management and technical support was awarded to ACS Enterprise Solutions, Inc. on September 3, 2002.
- CFA 3 addressing information system security services was awarded to Ingenium Corporation on September 24th 2002.

Under the provisions of the awarded contracts, each CFA contract has a potential lifespan of seven years. During their lifespan, the County's Contracting Officer has delegated management responsibilities for each of the CFA contracts to the OITC staff.

During the audit we evaluated the specific portions of the contracts year one activities relating to OITC's internal contract management and administrative structure, the management and the documentation by OITC and the contractors of CFA related expenses, invoice procedures and tracking processes; as well as, contract amendment compliance.

FINDINGS, COMMENTS, AND RECOMMENDATIONS

Contracting Officer's Authorized Representative

Article 7 of the contract states that the County shall appoint a Contracting Officer's Authorized Representative who shall have the responsibility to oversee the administration of the contract.

Article 2, section b of all three of the Core contracts designates the Contracting Officer's Authorized Representative (COAR) shall be the OITC Senior Contract Administrator. Our review of the Office of Human Resource Management files and internal OITC records failed to yield information indicating compliance with the cited contract provisions.

The OITC employee acting as the COAR, has an outdated position description indicating that the incumbent is a Contracts Administrator performing under the direction of the "OITC Contract Administrator". The position description, received from the Office of Human Resource Management and signed 1/30/04 by the employee, does not have the working title of Senior Contract Administrator in the Office of Human Resources and Management Position Description.

We therefore recommend:

- 1. The Director of the Office of Information Technology and Communications shall update the appropriate staff position description to reflect that the**

incumbent employee is assigned the duties and the responsibilities of Senior Contract Administrator.

- 2. The Director of the Office of Information Technology and Communications shall appoint, in writing, the OITC Senior Contract Administrator as the Contracting Officer's Authorized Representative, requiring the assignee to perform the functions defined in the Information Technology Management Contracts awarded in response to RFP NO S02-075.**

Invoice Submissions

During our fieldwork we evaluated the billing process and payment cycle for each of the three major core area fixed price contracts relating to the first year of the multi-year contracts. Using the guidelines of the contracts, each contract related invoice was reviewed for completeness of information, timeliness of submission, and subsequent internal payment processing.

While the basic contract documents are moot as to a specific payment schedule for reducing the fixed price obligation, Article 5 of the contracts establishes the requirement that contractors submit invoices for payment not more often than every four weeks. Discussions with the staff of the Office of Information Technology and Communications revealed that all parties informally accepted the general business practice of dividing the total fixed contract price into twelve equal payments. Under this agreement, invoices equal to one twelfth of the total contract price would be submitted to the County for payment.

Our analysis of the year one invoices for the three core areas revealed that only the CFA 1 contractor followed this agreement.

CFA 3 billings consisted of 11 Invoices for FY03 (CE303127) and 3 invoices from FY04 (CE402851). Of the 14 total payments, 12 were invoiced and paid in equal amounts of \$218,206.47. The two other payments were in the amount of \$113,000.00 and \$22,000.00 as delayed payments for the subcontractor, BearingPoint. Both invoices were paid on 10/20/2003 after an agenda item from a meeting July 29,2003 referenced that OITC agreed the charges may be processed for contract year 1. The delay in payment was not explained by OITC. Monthly payments should have been \$229,516.98 per month. The contract total was not exceeded, but was not paid according to the requirements of Article 5 nor of the informal firm fixed price agreement.

CFA 2 submitted a total of 27 invoices for contract year one. Specific information for CFA 2 is presented in the following section of this report.

We therefore recommend:

3. **The Contracting Officer and the contractors execute an agreement defining the payment schedule to satisfy the total negotiated contract amounts for the remaining years of the contracts.**

Contract Over Expenditures

Invoices for contract year 1 for CFA 2 consisted of 20 invoices for FY03 (CE303062) and 7 invoices from FY04 (CE402853). Invoices for CFA 2 were inconsistent with the fixed price billing explanation cited in the previous section of the report. In order to be consistent with the generally accepted business practice agreed upon by the contractor and the County, twelve invoices each in the amount of \$260,413.08 should have been submitted by the contractor. None of the 27 invoices matched the amount.

Through our audit field work we determined that payments were charged against the year one contract encumbrance that were either not included in the awarded CFA 2 Contract or the payments exceeded the amount included in the CFA 2 Contract. The identified expenditures are:

- One Time Transition Costs: Over expended by \$112,714.25.

The awarded contract amount was \$70,000. Two invoices totaling \$182,714.25 were submitted by the contractor and approved for payment by the OITC. \$112,714.25 of un-programmed charges were levied against the first year of the CFA 2 contract encumbrance.

- Computer Repair Parts: Non-contract charges of \$58,743.16.

During contract year one, OITC charged \$58,743.16 against the contract encumbrance for parts and overhead charges on those parts used by the CFA 2 contractor to repair County computers. Under the awarded contract, the County is responsible for maintaining the repair parts inventory and related costs; however, such cost projections were not included in the awarded contract. Should OITC continue this practice throughout the life of the awarded contract the practice will result in a significant shortfall of funding under the existing CFA 2 contract encumbrance.

- Pass Through Charges: Non-contracted equipment costs in the amount of \$10,124.91.

Existing Compaq server maintenance totaling \$6,479.91 annually was omitted from the CFA 2 contract. OITC approved payment under the contract encumbrance for year one.

Cisco equipment costs of \$3,645.00 proposed during the Due Diligence phase of the CFA 2 contract were approved by OITC for payment under an encumbrance to the first year of the CFA 2 contract.

The audit indicates that approximately \$181,582.32 in unplanned charges have already been approved by OITC and charged against the first year of the CFA 2 contract encumbrance. Should the recurring charges continue to be paid in this manner, without remedial action by OITC, it is projected that by the end of contract year three the contract encumbrance will be deficient by approximately \$316,862.08.

We therefore recommend:

4. **The Director of Office of Information Technology and Communications and the Office of Information Technology and Communications Contracting Officer’s Authorized Representative identify remediation for the projected over expenditures for CFA 2, Contract Year one resulting from computer parts, Cisco Equipment, Compaq Server maintenance and additional start-up costs.**

Contract Amendments

Article 27 of the awarded contracts, states that “No amendments of any kind shall be made to this Agreement, or to any of the Attachments hereto, unless made in writing and signed by each of the authorized representatives of the County and the Contractor. No amendment shall be effective for any purpose without the prior written approval of the County Executive, Chief Administrative Officer (CAO) or Deputy Chief Administrative Officer (DCAO).”

Contract amendments did not occur to address the unexpected over expenditures that were incurred in CFA 2. The excess expenditures were paid against the contract encumbrance even though they were not authorized in the original contract or in any type of official contractual adjustments. Our audit process determined that OITC amended the contract and authorized payment by memorandum or verbal approval, which is in conflict with the requirements of Article 27.

We therefore recommend:

5. **The Director of Office of Information Technology and Communications and the Office of Information Technology and Communications Contracting Officer’s Authorized Representative must identify and address over expenditures of the CFA 2 contract encumbrance with contract amendments that are in compliance with ARTICLE 27 of the contract.**

Proper Invoice Content

OITC did not require the contractors to comply with contract requirements in the following areas:

Article 5.1 of the contract requires that “a proper invoice” be submitted for payment by the County. A proper invoice, described in the contract “will be signed by an authorized representative of the company certifying that the invoice constitutes a true and proper invoice”. Also, a proper invoice shall include the following:

- Contract number
- Invoice number and date created
- Contractor name and address
- Remittance address
- Contractor point-of-contact for inquiries regarding the invoice
- Task Area number
- Delivery Order number, if applicable
- Period of performance
- Name and labor category of each employee providing support to the County
- Hours charged and hourly wage by each employee

The contract requires that proper invoices have an authorized representative of the company (from each Core Area) sign invoices for payment. There is no list on file to verify signatures, and the invoices are not being denied if they are not signed.

All three Core Areas failed to follow the contract requirements in the following area:

- The signatures on the invoices do not qualify as being an authorized representative of the company because OITC has no list of authorized signatures or signature samples from the vendors on file.

- A lack of signature indicates non-compliance with the contract and reflects a lack of accountability by the vendor for the invoices received by the County.

We therefore recommend:

6. **Office of Information Technology and Communications Contracting Officer’s Authorized Representative must request a list of authorized representatives with their signature samples from the vendors.**
7. **Office of Information Technology and Communications Contracting Officer’s Authorized Representative will use this list to compare with the signatures on the invoices to assure that the requirements for Proper Invoices are complied with.**
8. **Office of Information Technology and Communications Contracting Officer’s Authorized Representative will ensure that all invoices are signed by one of those representatives before being submitted for payment.**

All core areas had some instances of non-compliance with the “Proper Invoice” requirements.

After reviewing contract year one invoices, the following problems were found in specific areas:

- CFA 1 is missing hourly wage by each employee, and a signature of an authorized representative of the company.
- CFA 2 is missing a signature of an authorized representative of the company. Direct costs and materials invoices were missing listings of handling costs and fees. On the billing of parts, the 17% overhead is supposed to be broken out on the invoices according to the contract, but is not. Verbal approval was given by OITC personnel, not written approvals as required by the contract, for authorization to incur costs prior to actual acquisition of costs by contractor.
- CFA 3 is missing category of employee, billing rate of employee, and a signature of an authorized representative of the company.

We therefore recommend:

9. **Office of Information Technology and Communications Director must develop an internal procedure that will be followed to review invoices and assure that they are complying with all the requirements of “Proper Invoices” in the contract.**

Invoice Tracking

Article 5 of the contract requires that “Payment to the Contractor of valid and approved costs will be made within thirty (30) days following receipt by the COAR of a proper invoice.” Invoices lacked dates received by the OITC COAR, so there is no way to tell if OITC is conforming to contract requirements. With no dating or logging process in place, it is not possible to track the time frame for processing. The only date that could be tracked from OITC is the date that the OITC Director signed the copy of the contract encumbrance authorizing payment by the Office of Finance. The Office of Finance dates invoices when they are received and when they are paid.

OITC has no logging and dating processes in place to assure compliance with the 30-day payment requirement in contracts. The end result of this lack of procedures is potential non-compliance with the contract. The County cannot validate that it is paying invoices within the 30-day requirement or defend itself in the case of a challenge to compliance.

We therefore recommend:

- 10. Office of Information Technology and Communications Director must develop an internal procedure that will be followed to track invoices during all processing phases and ensure that they are being paid within 30 days as specified in the contract.**

CHAPTER 2
CORE AREA CONTRACT COMPLIANCE
CONTRACT DELIVERABLES

INTRODUCTION AND SCOPE

Since July 1, 2001 the Office of Information Technology and Communications (OITC) has had the organizational and managerial responsibility for the County's data processing operations. As mentioned in Chapter 1, in 2002, OITC amended the previous outsourcing process by issuing Request for Proposals No. S02-075 (RFP) that subdivided the planned outsourcing functions into three distinct contract areas. OITC responded to proposals received under this RFP by evaluating the proposals and subsequently awarding three major contracts that are referred to in the RFP and hereafter in this report as "Core Functional Areas (CFA)".

In March 2004, all involved parties, including Prince George's County, approved the novation of the CFA 1 contract from LMIT to ACS. Specifically noting this transfer is relevant because this audit considers ACS to be responsible for all provisions of both the CFA 1 and CFA 2 contracts between ACS and Prince George's County Government.

Under the documented provisions of the awarded contracts, each CFA contract has a potential lifespan of seven years. During their lifespan, the County's Contracting Officer has delegated management responsibilities for each of the CFA contracts to two specific components of the OITC staff. The first component is the Chief Technology Officer who will serve as the *Project Coordinator*. The Project Coordinator is delegated responsibility for managing the technical aspects of the CFA contracts. The second

component is the *Contracting Officer's Authorized Representative* (COAR) who is delegated responsibility for overall management and administration of the CFA contracts.

During the audit, we focused on specific areas of contract year one for all three CFA's and items specifically identified and required by the contracts. However, because of the transfer of contract responsibilities for CFA 1 and other information developed during the audit fieldwork, the scope of the audit was expanded to evaluate contractual elements relating to contract year two as well. The audit addresses OITC's performance relating to internal contract management and administrative structure, the management and the documentation by OITC and the contractors of CFA related contract deliverables; selected processes and procedures; as well as, contract amendment compliance.

FINDINGS, COMMENTS, AND RECOMMENDATIONS

Succession Planning

Generally accepted practices associated with information technology operations consider succession planning to be an essential element of human resource management. Succession planning is generally viewed as an orderly management directed process that is intended to ensure the continued effective performance of an organization. This process is accomplished by identifying key technology positions and the associated human resources that must be merged and adequately maintained in order to effectively support the strategic long-range technology goals of the enterprise. The importance of a sound succession plan becomes apparent at the time of transition from one contractor to a successor.

Article 24 of all three CFA contracts places the responsibility for originating the CFA Succession Plans clearly upon the contractor of record by stating that "The

Succession Plan shall be developed by the Contractor and submitted for County approval ninety days (90) days before the end of contract year 1”. Additionally, Article 24 requires the County to review and approve the submitted Succession Plans.

Our review of the three awarded contracts indicated that the effective dates of the three contracts differed, therefore the latest due dates for the three Succession Plans differed resulting in the following latest required submission dates:

- The latest due date for submitting a Succession Plan for CFA 1 was 06/19/2003. LMIT was the contractor of record at the time the Succession Plan was to have been presented to OITC for review and approval.
- The latest due date for submitting a Succession Plan for CFA 2 was 06/4/2003. ACS was the contractor of record at the time the Succession Plan was to have been presented to OITC for review and approval.
- The latest due date for submitting the Succession Plan for CFA 3 was 06/25/2003. Ingenium Corporation was the contractor of record at the time the Succession Plan was to have been presented to OITC for review and approval.

Although the emphasis of our audit is upon actions required during the first contract year of each CFA, it is again important to note that subsequent to year one, after failing to comply with Article 24, LMIT, sold its government data center operations to ACS, who is also the CFA 2 contractor. Our fieldwork determined that ACS, as the current contractor of record for both CFA 1 and CFA 2, has also failed to submit a Succession Plans to the County for either CFA 1 or CFA 2.

Additional audit fieldwork determined that the contractor for CFA 3 has not provided a Succession Plan after being advised verbally, by the County’s CFA 3 manager, that the Succession Plan was not a priority item.

We therefore recommend:

1. **The Office of Information Technology and Communications Contracting Officer's Authorized Representative must request a completed version of the Succession Plan for all three of the CFA contracts as required by the provisions of Article 24.**
2. **Upon receipt of the Succession Plans, the Director of the Office of Information Technology and Communications must insure that the plans are reviewed for approval as required by Article 24.**

Contract Management & Cost Containment - Monthly Reports

In reviewing Attachment A, Scope of Work, Section I - Contract Management/Cost Containment, which is identical in all three CFA contracts, it is apparent that the intent of the monthly reporting requirement, of this section of the contracts, is to create a proactive support environment rather than a reactive environment. It is also our opinion that the reporting requirement is intended to task the contractors to capture critical system data which when jointly analyzed with the technical staff of OITC will point to the strengths and weaknesses of the County's data processing systems. The outcome of such an ongoing review process should support planning and procedures to strengthen the effectiveness, efficiency, and reliability of the County's data processing systems.

The fieldwork conducted concerning the contractual reporting requirements determined that, with the exception of recently initiated reporting for CFA 2, the monthly reports were not and, as of this audit, were still not being provided to the County.

It was found that during the initial year of the CFA 1 contract that the CFA 1 contractor could not generate reports because the County had failed to provide the necessary mainframe reporting software. The software has since been provided but useful reports are still not being generated as required by the contract.

We therefore recommend:

3. **The Director of the Office of Information Technology and Communications and the Office of Information Technology and Communications Contracting Officer's Authorized Representative shall require that the contractor adhere to the reporting requirements as stated in the contract, Attachment A Section I, Contract Management/Cost Containment.**
4. **The Director of the Office of Information Technology and Communications shall insure that an internal process and associated procedures are developed defining the internal managerial review of the monthly reports.**
5. **The Director of the Office of Information Technology and Communications shall establish an internal procedure that documents historical compliance by the CFA contractors with the monthly reporting requirements of their respective contracts.**

Computer Systems Operations Plan

Attachments A, Section III of the Scope of Work of the contract requires the CFA 1 contractor to develop and maintain a Computer Systems Operation Plan. The contract further states that the plan shall be delivered to the COAR and Project Coordinator 60 days after the effective date of the contract and the County is required to provide comments on the plan 30 days after receiving the operations plan. Based on the 09/18/2002 effective date of the contact, the latest due date for submitting the plan was 11/17/2002. The audit fieldwork determined that the required operations plan was not submitted for County review as required by the terms of the contract.

During the field inquiry, the audit staff was provided two different documents which were identified as the required operations plan; however, the two documents were significantly different as to content. Additionally, nothing provided to the audit staff indicated that either plan had received an internal County review or reflected any review comments as would be expected and as is required by the contract. The disparity of the two documents and the lack of information indicating an internal review by the County cast a shadow of doubt as to the validity of either plan.

We therefore recommend:

6. **The Office of Information Technology and Communications Contracting Officer's Authorized Representative shall request a completed Computer Systems Operations Plan from the contractor as required by the contract dated 9/18/2002.**
7. **The Project Coordinator shall then require a complete review of the submitted Computer Systems Operations Plan and comment upon the Plan as required by Attachment A, Section III of the contract.**

Service Level Agreements (SLA)

The contract with Ingenium Corporation for CFA 3 services contains a reporting requirement in Attachment A, Section V addressing compliance with Service Level Agreements (SLA) as identified in the Appendix C-3 of Prince George's County Request for Proposals No. S02-075 (RFP S02-075). Under the provisions of the contract, Ingenium Corporation was required to submit SLA reports on January 1, 2003. Analysis of reports based on referenced service level parameters could then be used to determine whether the CFA 3 contractor was meeting the support and maintenance requirements of the contract.

Audit fieldwork determined that:

- SLA reporting did not begin on January 1, 2003 as required by the contract. The County's CFA 3 manager has used an informal monitoring process in place of the contractual parameters to monitor SLA compliance.
- The informal monitoring process does not exhibit indications of formal forward reporting capabilities nor of maintaining historical data supporting SLA compliance levels by the CFA 3 contractor.
- The parameters as defined in the cited RFP are vague and do not contain defined metrics that may be used to reliably measure CFA 3 SLA achievements.

We therefore recommend:

8. **The Director of Office of Information Technology and Communications clarify the Service Level Parameters for CFA 3 in the form of a contract amendment between the County and the contractor and insure that a process to adequately monitor contract compliance by the CFA 3 contractor is in place.**

Software Upgrade Management

Change management should ensure the integrity and stability of the application during the process of software changes. This process should be in writing and should address a small change or a large-scale change.

The CFA 3 contractor supplied a change control process as part of their response to the RFP. The County's Change Control process is still evolving and the document that the CFA 3 contractor supplied does not agree with the informal process that the County is using.

In the contract, Scope of Work in Section IV, B. Upgrades, the County, through the change management process, will initiate all changes to software installed in the County environment. The contract also states the CFA 3 contractor's standard change management process will be modified to conform to Prince George's County Government requirements and implemented during the initial transition phase. The transition phase was defined as the first 30 days of the contract.

The County has no written formal standards for the change control process. In their informal process the users and the developers agree on changes. The procedure template that is used for the informal procedure is at an application level. The change to the policy should be a formal policy and procedure issued by the County, and a contract amendment between the County and the contractor.

We therefore recommend:

9. **The Director of Office of Information Technology and Communications and the Office of Information Technology and Communications Contracting Officer's Authorized Representative shall agree on the change control process and issue an official change management process policy statement and associated detailed instructions. The change management process should also be formalized with the contractor in the form of a contract amendment between the County and the contractor to comply with Section IV, B in the Scope of Work section of the contract.**

CHAPTER 3

CORE AREA CONTRACT COMPLIANCE

PERSONNEL ADMINISTRATION REQUIREMENTS

INTRODUCTION AND SCOPE

During the audit we evaluated the specific portions of the contract's year one activities relating to Office of Information Technology and Communication's (OITC) internal contract management and administrative structure, the management and the documentation by Office of Information Technology and Communications and the contractors of Core Functional Areas (CFA) related contract deliverables. Selected processes and procedures as well as contract amendment compliance relating to key personnel tenure and contract requirements were reviewed. The importance of these key positions to the County in all three of the CFA's is reflected in the fact that the Article 10 of the contract specifically outlines requirements for keeping these positions filled and the requirements for the replacement of the personnel in these positions.

FINDINGS, COMMENTS, AND RECOMMENDATIONS

Key Personnel

As noted in Article 2 of the contract for all CFA's, the Contracting Officer's Authorized Representative (COAR) is responsible for management and administration of the contracts, which includes monitoring contract expectations and deliverables.

Key personnel are defined in ARTICLE 10, PERSONNEL section of the contract for all three CFAs. The number of key personnel and the titles differ for each CFA. The contract states that key personnel shall be committed to this contract in writing for a

period of one year from the date of award. It also states that the contractor shall furnish notice in writing to the County of their intent to replace any key person at least 30 days prior to the intended date of replacement, and that the contractor shall designate an experienced suitable individual from corporate to fill-in on a temporary basis until the position is filled permanently. Article 10 of the contract places responsibility upon the contractor to replace any employee that the County finds unacceptable within fifteen days of notification by the County or within a mutually agreeable schedule.

Our fieldwork indicated that the contractor in CFA 3 did not replace the Lead DBA/Client Server position (terminated 10/8/03), within fifteen days of notification by the County of the unacceptability of the employee. The County formally notified the contractor about their dissatisfaction with the length of time it was taking to identify replacement staff in a memo dated November 4, 2003. The COAR cited in the memo that the vendor was in violation of Article 10 of the contract. After this notification, the contractor filled the position on 11/17/03. This key position was filled later than 15 days, but within a reasonable time frame due to the prompt action of the COAR. The Office of Information Technology and Communications COAR followed up appropriately on this issue and reduced the time that this important key position would have remained vacant.

The County COAR did not provide the required documentation according to contract in the case of the Team Leader/Program Manager for CFA 3. The County COAR did not provide a written request to replace the key position of Team Leader/Program Manager, however they did notify the contractor verbally in a conference call of the incident leading to the request that she be removed from her role. A verbal conference call does not satisfy the contract requirements of ARTICLE 10.2, Section B.

According to the OITC COAR, the contractor did not replace the former employee within fifteen days of notification that she be removed from her role on the contract. This information could not be verified because there is no documentation regarding the request by the County to remove this key employee. In the interim, the CFA 3 contractor provided corporate resources to provide general oversight of the CFA 3 contract. Another contract employee unofficially filled the Team Leader/Program Manager role until being permanently assigned to the position on October 1, 2003. The previous employee was readily available to provide transition of her duties.

We therefore recommend:

- 1. The County Office of Information Technology and Communications Contracting Officer's Authorized Representative shall request all key personnel changes in writing to assure that contract compliance can be verified regarding the requests by the County to remove key personnel or any other contract employee.**

Required Background Checks

Personnel

Article 10 of the contract allows the County to require background checks for personnel, who may, in the County's judgment, deal with sensitive data as determined solely by the County. In all three Core Areas, our fieldwork revealed that the County designated none of the contractor positions as dealing with sensitive data. Access to and security of information maintained within any organization's database files requires a significant level of attention and resource commitment, which cannot be over emphasized. Database files frequently contain sensitive information that must be protected either from tampering and unauthorized disclosure or information critical to the mission or functions of the organization that has created database files.

Our fieldwork indicates that there are currently no formal designations of confidential or sensitive data by the County. The County is at risk of violation of Federal, State, and County guidelines that designate protection of confidential and sensitive data. There is no existing policy in OITC to designate any personnel that should submit to background checks. There can be no policy until the data is categorized.

The County Personnel database is an example of overlapping security requirements. County laws protect personnel files, such as Council Bill 83-1996, that concerns confidentiality of certain personal information and personal records in accordance with State law and discusses confidentiality of public files. Section 16-215, of the Prince George's County Code states, "Pursuant to the provisions of Section 203 of the County Charter, and Title 10, Subtitle 6, State Government Article, Annotated Code of Maryland, all personnel and leave records and documents contained in each employee's personnel file shall be regarded as confidential information and shall not be made available to any person except those persons described in Section 16-216 (d) and except under circumstances otherwise authorized by applicable State or Federal statute and regulations authorized pursuant thereto". This particular section ties together the requirements of the County, State, and Federal regulations as they relate to personnel data and designates the data as confidential information.

There is no way to determine which personnel should submit to background checks until the data is catalogued for risk and sensitivity as designated by Federal, State, and County laws.

We therefore recommend:

- 2. The Director of the Office of Information Technology and Communications shall assure that the County's confidential and sensitive data is protected by**

identifying the level of protection required for all County data by ranking and categorizing County data.

- 3. The Director of the Office of Information Technology and Communications shall ensure that all employees with access to confidential and sensitive data shall be identified, the level of access identified, and background checks performed for employees accessing confidential and sensitive data as determined in the ranking and categorizing of data.**

Security Related Procedures for Resigning/Terminating Employees

In the current environment of heightened security, particular attention is expected for all procedures and policies related to security as it affects the County.

Article 15, Section D, of the contract directs the contractor provide written policy that documents security procedures and measures that are executed when an employee resigns or is terminated. There is an expectation that the County ensures the contractor procedures are followed. It is also expected that the County have security procedures to address both County and contract personnel.

The County received no security related procedures for terminations and resignations as required in the contract from CFA 1 in contract year one. These procedures were not requested by the Office of Information Technology and Communications COAR to adhere to Article 15, Section D, of the contract.

The current contractor's practices for retrieving equipment, canceling access, changing locks and retrieving Ids is not verified by the County Office of Information Technology and Communications office or by the County CFA managers. Also, the COAR has not initiated the validation of the procedures.

Our fieldwork indicated that the security procedures for CFA 2 did not cover sub-contractors, therefore were inadequate. The three employees that we reviewed for contract compliance were terminated or resigned in contract year one and they were sub-

contractors. The contractor for CFA 2 currently covers both CFA 1 and CFA 2, therefore the current procedures for both areas are inadequate. CFA 3 procedures were forwarded from the contractor, undated and not validated by the County.

In the process of reviewing security procedures, our fieldwork revealed there are no formal OITC procedures to assure that security requirements are addressed for terminated or resigned OITC personnel and contract personnel. These procedures should specifically address retrieving County equipment, canceling access to all computer systems, changing locks, and retrieving County Ids. The County relies on the contractor to perform these duties without verification that the processes have been followed through and without formal procedures as a guideline.

Our fieldwork in CFA 2 indicated the need for a procedure and process to issue and retrieve County Ids for all contract employees and apply to contract and sub-contract employees equally. Currently some contract employees have county issued Ids and some do not. Many contract employees frequent county campus buildings on a daily basis. In the case of the technicians, their equipment is subject to damage through the x-ray process and valuable time is lost verifying their identities. County employees and security personnel can enjoy a greater sense of comfort being able to identify that the County is endorsing these personnel for entry and as repair personnel and trusted employees into our buildings.

We therefore recommend:

- 4. The Office of Information Technology and Communications Director and Contracting Officer's Authorized Representative shall request and review all security related procedures for Terminations and Resignations from all three CFAs as required in the contract, Article 15, Section D.**

- 5 . The Office of Information Technology and Communications Director shall issue a written procedure/policy that applies to all County employees, contract employees, and sub-contract employees that addresses the termination process; specifically equipment issued and retrieved, all automation access termination, the changing of locks, and documentation that ensures the processes have been followed.

NOTE: The Office of Information Technology and Communication's written response to the above audit is available in hard copy only.