



**Office of the Inspector General
Los Angeles Unified School District**

**Review of Information Technology Division's
Contract Professional Engagement and Invoice Approval**

CA 20-1265

January 21, 2021



**Los Angeles Unified School District
Office of the Inspector General**

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January 21, 2021

Mr. S Katal, Chief Information Officer
Information Technology Division
Los Angeles Unified School District
333 S. Beaudry Avenue, 10th Floor
Los Angeles, CA 90017

RE: Review of Information Technology Division's Contract Professional Engagement and Invoice Approval Processes

Dear Mr. Katal:

This is the report on our review of Information Technology Division's contract professional engagement and invoice approval processes. Please contact our office if you have any questions regarding this report.

Sincerely,

Austin E. Onwualu

Austin Onwualu, CPA, CGMA, CIG
Deputy Inspector General, Audits

William Stern

William Stern, MBA, CIG, CISM, CPP, CFE
Inspector General

Attachment

c: Daphne Congdon



Review of Information Technology Division's Contract Professional Engagement and Invoice Approval Processes

Introduction

The Los Angeles Unified School District (LAUSD)'s Information Technology Division (ITD) uses staff augmentation strategy to support the execution of some of its projects, thereby enhancing ITD's ability to quickly scale personnel up or down to respond to its objectives and to acquire needed expertise. The contract professionals are selected through an informal solicitation process conducted by IT Support Services, and work orders are executed to the ITD bench firms (firms that have Master Service Agreements with ITD) employing the selected candidates. When contract professionals depart before the work orders are terminated, they are replaced by other contract professional supplied by their firms. In 2018, ITD issued the Information Technology Support Services Handbook (ITSS Handbook) to formalize the policies and procedures related to the informal solicitation process. The ITSS Handbook also prescribes procedures for the review of invoices submitted by the bench firms for services provided by the contract professionals.

The ITSS Handbook requires the following documentation for each informal solicitation: statement of work, minimum qualifications, evaluation criteria, list of three source selection committee (SSC) members, and Contract Professional Review form. The requestor generates the statement of work and establishes the minimum qualifications and evaluation criteria, and the IT Contracts Team issues the solicitation to the ITD bench firms. The panel of SSC members reviews the resumes submitted by the bench firms, scores and interviews the candidates, and selects the suitable candidates for work order award. The ITSS Handbook also requires ITD to submit the Contract Professional Review forms to request Personnel Commission's approval before engaging contract professionals to fill the intended positions.

In November 2019, ITD had forty contract professionals from twelve firms engaged to work on a staff augmentation basis within ITD. Seventeen of those contract professionals were selected through ITD's informal solicitation process between 2013 and 2019. Twenty-three of the contract professions were not engaged from the informal solicitation process because they replaced contract professionals from their firms who had existing work orders.

The following table shows the positions of the contract professionals:

Positions	Number of Contract Professionals Engaged
ITD - Business Applications Supporting Edu (BASE)	
SAP ABAP Development	1
ITD - Enterprise Reporting and Integration	
BI Architect	3



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BI Data Analyst	4
BI Developer	6
Data Warehouse Architect	1
Developer	1
Oracle Application Programmer	2
Other BI Resource	2
ITD - Enterprise Applications	
Architect	1
Business Analyst	2
Developer (.Net Developer)	2
Project Manager	4
Quality Assuranc	1
ITD - Enterprise Planning Services	
Business Analyst	1
Developer (.Net Developer)	2
Project Manager	1
ITD - My Integ Student info Systems (MiSiS)	
Developer	2
Project Manager	1
ITD - Project Management Office	
Business Analyst	1
Developer	1
ITD - System Software & SEC Adm	
Database Specialist	1

Scope and Objectives

The objectives of our review are to determine if ITD staff were complying with ITD's policies and procedures related to the engagement of contract professionals and the review of their invoices.

This review was conducted in accordance with the American Institute of Certified Public Accountant's *Statement on Standards for Consulting Services*.



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Methodology

To accomplish our objectives, we performed the following:

- Reviewed documentation related to the informal solicitations conducted to engage the contract professionals
- Interviewed source selection committee members
- Interviewed ITD management and supervisors regarding the contract professionals' qualifications and performance
- Reviewed invoices submitted by the bench firms and ITD's invoice approval packages

Review Results

Objective 1 – Determine if ITD staff were complying with ITD's policies and procedures related to the engagement of contract professionals

1. Contract Professional Solicitation and Selection

Of the forty contract professionals that were on board ITD on a staff augmentation basis at the start of this review, seventeen contract professionals were engaged through the informal solicitation process. Seven of the seventeen contract professionals were hired before the effective date of the ITSS Handbook, and ten were hired after the effective date.

The following are the required documents/procedures for the informal solicitation and selection process according to the ITSS Handbook:

- Required documentation include the following: statement of work, minimum qualifications, evaluation criteria, and list of three source selection committee (SSC) members.
- IT Contracts Team generates the solicitation letter and issues the MSA solicitation at a pre-determined date. The Requester shall generate the required documents such as the statement of work, establish minimum qualifications and evaluation criteria drafts.
- The Requester provides a list of three Source Selection Committee members and IT Contracts Team works with the SSC members to evaluate the proposals and finalize the award recommendations.



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- The IT Contracts Team submits the Contract Professional Review Request Form to PC for review and approval if applicable.

We reviewed the documentation maintained for the seventeen contract professionals who were selected through the informal solicitation process. The results of our review are described below.

Solicitation Process and Documentation

Our review found that ITD selected the candidates through the informal solicitation process as described in the handbook and that the following required documentation was complete for all seventeen contract professionals.

- Requisition (RX)
- Work Order Submission Checklist approved by Project Sponsor and IT Support Service
- Schedule D (Form of Work Order)
- Education Code Section 45103.1 (SB1419) Compliance Checklist
- Bench Service proposal Summary Report
- Score sheet
- Resume
- Project Expenditure Control Sheet

Qualifications of the Contract Professionals

We reviewed the resumes of all seventeen contract professionals and determined that they met the qualification requirements for their positions. Fifteen of the contract professionals were the highest-scoring candidate, and although the other two did not have the highest scores, they were engaged because the 1st and 2nd highest-scoring candidates were either no longer available, their rates were too high, and/or they were determined not to be suitable after the interviews. We interviewed six ITD managers who supervised ten of the seventeen contract professionals and found that the ITD managers were satisfied with the performance of the contract professionals.

Size of Source Selection Committee

A minimal of three members was required in the source selection committee for the informal solicitations according to the ITSS Handbook. Ten of the seventeen contract professionals were hired after the effective date of the handbook, and ITD provided documentation to show that nine out of the ten contract professionals were selected by a panel of at least three SSC members as required by the handbook. For the engagement of the remaining contract professional, we



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determined that three SSC members participated in the informal solicitation process based on our inquiries with the three SSC members.

Personnel Commission Review

The ITSS Handbook required staff to obtain Personnel Commission's approval to fill ITD positions with contract professionals by submitting the Contract Professional Review Request Form. Ten contract professionals were hired after the effective date of handbook, and ITD only submitted the request form and obtained Personnel Commission's approval for four of the contract professionals. The following are the positions filled by the six contract professionals without Personnel Commission's review and approval.

Work Order Execution Month	Position	No. of Contract Professionals Engaged
October 2018	Developer	4400004343.8
March 2019	Project Manager	4400004349.9
June 2018	Business Analyst	4400004363.3
May 2019	SAP ABAP Development	4400006948.1
July 2019	Project Manager	4400007044.1
June 2019	Enterprise Architect	4400007052.1

ITD indicated that Personnel Commission reviews were requested only during the period from March 2016 to March 2018 and the practice was not required after March 2018. The Chief Information Officer stated he was not aware of any District policies that require the practice, and Personnel Commission also indicated that this practice was not a Personnel Commission requirement and could not locate any District policies and procedures related to this practice. ITD revised its ITSS Handbook to remove the requirement and provided us a copy of the revised handbook to resolve the issue.

2. Replacement of Contract Professionals

Twenty-three out of forty contract professionals did not go through a formal solicitation process because they replaced contract professionals from their firms who had existing work orders. When contract professionals leave their appointed positions before the expiration date of their work orders, the firms are required by their contracts to "replace the relevant Contractor Personnel with Contractor Personnel of equal ability and qualifications as expeditiously as possible". The firms submit resumes of candidates to the user departments, and the candidates are interviewed. When a candidate is approved, a change order is processed to replace the outgoing contract professional with the newly selected one.



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Documentation of Change Order Package

The following required documentation was complete for all twenty-three contract professionals:

- Requisition
- Work Order Submission Checklist approved by Project Sponsor and IT Support Service
- Change Order Summary
- Resume
- Project Expenditure Control Sheet

Qualifications of the Contract Professionals

Our review of the resumes of the twenty-three contract professionals determined that the contract professionals have the qualifications required for the positions. We also interviewed four ITD managers who supervised six of the contract professionals and found that the contract professionals have the expertise to perform their duties and that the supervisors were satisfied with their work. Therefore, we concluded that the contract professionals who were hired through this process have the required qualifications and expertise.

Objective 2 – Determine whether ITD's policies and procedures related to the review and approval of contract professionals' invoices are being complied with

A total of 118 invoices were submitted by the ITD bench firms for services provided by the forty contract professionals from July 2019 to September 2019. The ITSS Handbook's requirements for ITD invoice review are listed below:

- The invoices should be submitted with supporting documents such as timesheets and deliverable signoffs.
- Invoices and supporting documents should be reviewed and approved by the project sponsor or project manager.
- The invoices should be reviewed by an ITD staff and specified invoice review procedures should be performed. Those procedures include:
 - Date-stamp the invoice upon receipt.
 - Verify the adequacy of funds to pay the invoice.



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- Verify the hourly rate billed on the invoice matches the hourly rate on the contract.
 - Verify that the dates worked are within the dates covered by the contract.
 - Verify the mathematical calculations are correct on the invoice.
 - Verify that the names and job titles match those on the work order.
 - Verify that the same services have not been billed previously.
 - Verify that signed timesheets have been attached and review the timesheets for accuracy.
 - Verify that the number of hours worked does not exceed the amounts in the contract.
 - Verify that the duties are within the scope of the contract.
 - Verify that receipts are attached for any reimbursable expenses billed.
 - Obtain the project sponsor/project manager's approval and signature on the invoice.
- An Invoice Checklist should be completed and signed by the reviewer.

We reviewed all 118 invoices and determined that ITD staff reviewed and approved the invoices according to the ITSS Handbook requirements.

Audit Team

This review was performed by the following auditors:

Stella Lai, Audit Manager
Rachel Chow, Senior Auditor

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Whistleblower Protection

The Board approved the Whistleblower Protection Policy on February 12, 2002. This policy protects LAUSD employees who make allegations of improper governmental activity from retaliation or reprisal. To assure the reporting of any activity that threatens the efficient administration of the LAUSD, reports that disclose improper governmental activities shall be kept confidential.

General Contact Information

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