



May 28th, 2021

Chris Horton, Ph.D., CIA, CGAP
County Auditor
2100 E Clarendon Blvd, Suite 300
Arlington VA, 22201

Dear Dr. Horton,

Thank you for the opportunity to have my staff work with your office on this audit of DTS Contract Management. Contract management is an important function, and we agree that there are some areas of improvement. I appreciate and agree with your assessment that financial violation of policies or improprieties were not found during your research.

DTS agrees with seven (7) recommendations and disagrees with two (2). Actions to address agreed recommendations have commenced, one is complete, and most of the remaining are expected to be completed this calendar year. For items where DTS disagrees, the disagreement is with the audit's assignment of ownership for the overall business process to DTS. For those recommendations where we disagree, DTS will work with the process owner (DMF) to implement the recommended improvements.

- For findings 1.2 and 1.3, DTS will work with DMF procurement to evaluate the need for additional technology focused County-wide training and assist in its development as appropriate.
- For findings 2.1 and 2.3, DMF will lead the implementation of recommendations to ensure they are applied County-wide. The recommended Contract Management tracking system will be added to the scope of our planned (currently paused) ERP cloud migration project.

I appreciate your review of our contract management function and the cooperative approach of each auditor. Your attention to our operations will certainly help us as we continue to improve our stewardship of County resources.

Jack B. Belcher
Chief Information Officer

Finding 1: DTS Is in the Development Stages of Contract Management Maturation and Additional Skills, Structure, and Guidance Are Needed

Recommendation 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion
Agree	DTS Budget Officer	DTS will review and identify areas for improvement by the end of calendar year 2021. Based on the complexity of improvements identified, a timeline will be determined for those areas identified for implementation.

Recommendation 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 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Disagree	DMF Purchasing Agent and HR Training Department	DTS will require appropriate DTS staff to attend refresher training on contract management offered by DMF Purchasing at appropriate intervals, e.g. annually. Per DMF, they lead numerous contract management courses. These sessions had been in person prior to the pandemic and are now being conducted via TEAMS and have been recorded for easy viewing going forward. HR currently tracks who attends the classes offered by DMF Purchasing so DTS tracking this as well would be duplicative. DTS can retrieve information about who has attended what class by requesting it of HR. DTS will work with DMF Purchasing to evaluate the need for additional technology specific contract management training and if determined as necessary will work with DMF to implement this training.

Recommendation 1.3: DTS should identify a supplementary contract 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Disagree	DMF Purchasing Agent and HR Training Department	DTS will fully participate in the design and delivery of technology-specific modules for contract administration training. Per DMF, all County training is currently and always will be in alignment with the VPPA along with the County Purchasing Resolution which is based on the VPPA. The Purchasing Agent will determine which other best practice organizations will be the basis for additional contract management guidelines as determined necessary after a joint evaluation of DMF and DTS. The development and implementation of contract management training is the responsibility of DMF Purchasing.

Recommendation 1.4: DTS management should review and disseminate the revised County Contract 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	Complete	This is complete. DTS management has already disseminated a copy of the County Contract Administration Policy to all contract managers within DTS.

Recommendation 1.5: DTS management should develop department-specific contract management procedures that align with the County’s Contract Administration Policy 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	DTS Budget Officer	DTS will develop department-specific procedures that align with the County’s Contract Administration policy. DTS management expects to complete these activities before the end of calendar year 2021.

Recommendation 1.6: DTS contract managers should review the County’s Contract Administration Policy and update all 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	DTS Budget Officer	DTS will review contract files to ensure compliance with the County’s Contract Administration policy. For all new contracts, DTS will ensure compliance with the policy immediately. For existing contracts, DTS management expects to implement this as a phased improvement and complete a review of 50% of the contract files by the end of calendar year 2021 and complete a review of the remaining contracts by the end of calendar year 2022. Much of the contract documentation for current contracts exists but has not been filed in a centralized location.

Finding 2: Improvements Are Needed in Contract Management Processes, and Prism-Related Upgrades Would Help

Recommendation 2.1: DTS should work in conjunction with the Purchasing Agent, and other departments that issue enterprise-wide contracts, to develop a risk-based set of standard procedures related to: interdepartmental 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	DTS Budget Officer and DMF Purchasing Agent	Per DMF, procedures related to interdepartmental communications is already contained in the contract management policy, albeit limited, and DMF is working to enhance existing language by October 2021. DMF also implemented an invoice policy in 2000 and has trained over 600 employees in all departments in 20 sessions over the past 9 months. Additional business processes may be added as part of our planned ERP upgrade by DMF.

Recommendation 2.2: DTS should work with the Department of Management and Finance to bring an automated invoice review and approval process into the PRISM system or an upgraded financial management system.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	Complete	This is complete. Invoice review and approval process was a planned aspect of the PRISM technical upgrade and was implemented on April 1. Invoices are now routed electronically for approval to at least two employees and the approval is captured electronically.

Recommendation 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.

Agree/Disagree	Responsible Individual	Action Plan and Expected Date of Completion (Month/Year)
Agree	DMF Purchasing Agent	DTS will work with Purchasing to update the list of active contracts that DTS maintains and maintain it going forward. The ability for departments to more easily track their own active contracts will be functionality that exists in our new upgraded ERP system in the future