



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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17-04 City of Colorado Springs Information Technology Contractor Holiday Payments

February 2017

Purpose

The purpose of this audit was to evaluate contracts and payments for holiday pay made to contractors working for the City's Department of Information Technology (DoIT).

Highlights

We concluded that Staffing Firm Contracts were properly approved and executed through Procurement. DoIT temporary staffing policies and procedures were not documented. Changes in processes by DoIT management were not well communicated. These factors resulted in rate sheets and time sheets with improper authorization, payments that were inconsistent with management decisions, and holiday payments not supported by required written authorization. A periodic review of payments by DoIT management was not being performed.

DoIT utilized temporary staff through contracts negotiated by Procurement with various staffing firms. Specific staff contracting needs were evidenced by task orders approved by DoIT management. Temporary staff was hired through these staffing firms and contracted with specific duties, requirements, and rates as evidenced by executed Rate Sheets. Contractor Rate Sheets varied by specific contractor even under the same staffing firm contract due to staffing requirements. Because of the necessity for 24 hour 7 day coverage, contractor payments reflected management decisions to compensate unique schedules and expertise.

Please see page two of this report for details. We would like to thank the City's Department of Information Technology personnel who assisted us with this audit.

Recommendations

1. We recommend that policies and procedures be documented and updated when decisions are made by DoIT management. Such decisions should be communicated to DoIT operational management.
2. We recommend that the temporary labor contract process be periodically monitored by DoIT management or its delegated staff to ensure contractors are managed in accordance with policies and contracts.

Management Response

Management was in agreement with our recommendations.

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17-04 CITY OF COLORADO SPRINGS INFORMATION TECHNOLOGY CONTRACTOR HOLIDAY PAYMENTS

Observation 1

We observed the following:

- Policies and procedures dealing with temporary labor processes were not documented and updated when decisions were made by DoIT management.
 - * DoIT management indicated that an agreement was made between the Chief Information Officer and the DoIT Service Manager that 24/7 contractors were granted a standing authorization to work overtime and/or holidays. This agreement was not documented and did not appear to be communicated to DoIT operation management.
- One rate sheet for the seventeen contractors could not be found. Three rate sheets were not signed by City staff.
- One timesheet for a non-24/7 contractor had been signed by another non-24/7 contractor. Both contractors were from the same staffing firm.
- Of the twenty-four payments made for 24/7 contractors,
 - * ten of these payments were paid for work on holidays inconsistent with a previous decision by DoIT management; the ten payments were paid at the non-holiday/standard pay rate.
 - * no written permission or written documentation of standing authorization existed for fourteen payments paid at the holiday pay rate; the fourteen payments were paid time-and-a-half as decided by DoIT management.
- Of the forty payments tested, no evidence of written permission for holiday work existed for sixteen payments made for non-24/7 contractors; the sixteen payments were paid at the non-holiday/standard pay rate.

Recommendation

We recommend that policies and procedures be documented and updated when decisions are made by DoIT management. Such decisions should be communicated to IT operational management.

Management Response

IT Management agrees with the recommendation. The following actions will be taken by March 31, 2017 to implement appropriate remediation: Human Resources will be taking responsibility for ensuring consistent agreements are made with all of the contracting firms and the appropriate rate sheets are provided. This will be part of the new contractor firm management process that HR is already working on.

IT management will write up a policy on contractor overtime pay that includes holidays. That policy will differentiate between 24/7 contractors and 8 to 5 contractors, under what circumstances time-and-a-half will be paid, and what approvals are required before overtime will be paid. This policy will be communicated consistent with how all other departmental policies are communicated.

Observation 2

We observed that a periodic review of temporary contract labor by DoIT management was not performed. This review should ensure accurate and consistent application of the temporary labor contract processes used to authorize, monitor, and pay holiday pay.

Recommendation

We recommend that the temporary contract labor process be periodically monitored by DoIT management or its delegated staff to ensure contractors are managed in accordance with policies and contracts.

Management Response

IT Management agrees with the recommendation. The following action will be taken by March 31, 2017 to implement appropriate remediation: The departmental contractor time approval process will be adapted to include a verification of holiday and time-and-a-half overtime payments to ensure the policy is being complied with as consistently as possible.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.