

March 18, 2015

OFFICE OF
INSPECTOR GENERAL
2015 MAR 18 PM 4:22

Mr. Randall J. Meyer
Ohio Inspector General
Office of the Inspector General
James A. Rhodes State Office Tower
30 East Broad Street, Suite 2940
Columbus, OH 43215-3414

Dear Inspector General Meyer:

This letter is in response to the recommendations made by your office to the Ohio Department of Administrative Services (ODAS) in File ID Number: 2013-CA000479. ODAS strongly believes in the need to carry out its procurement mission with integrity and to ensure that taxpayer dollars are spent properly. The following action items detail how your office's recommendations are being implemented.

Recommendation #1:

Review the actions of STI to determine if sanctions are appropriate and pursue recovery of all overpayments.

Action:

Since the release of the report and recommendations, ODAS demanded the repayment of the amounts you identified. Additionally, ODAS implemented a review of all state spending related to this contract. This review is ongoing.

Concurrently with these actions, ODAS placed STI on probation until these issues are resolved and full payment is received. During the probation period, STI is ineligible to receive any new purchase orders against this contract or receive any new contract awards.

Finally, ODAS is assisting the Department of Public Safety in their further review of STI.

March 18, 2015

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Recommendation #2

In all State Term Schedule contracts under the Terms and Conditions section, include the term Time and Materials to clarify to all vendors that only labor hours actually worked may be billed.

Action:

As you noted, even before the release of the report and the recommendation ODAS modified the STI contract to include the term Time and Materials and clarified that only labor hours actually worked may be billed.

Additionally, ODAS is modifying existing State Term Schedule contracts to make your recommended changes.

We appreciate the opportunity to detail the actions that ODAS has undertaken in response to your recommendations. Should you have any questions regarding our response, or need any additional information, please don't hesitate to contact me.

Respectfully,



Robert Blair, Director



- Bureau of Motor Vehicles
- Emergency Management Agency
- Emergency Medical Services
- Office of Criminal Justice Services
- Ohio Homeland Security
- Ohio Investigative Unit
- Ohio State Highway Patrol

May 15, 2015

Randall J. Meyer
Ohio Inspector General
James A. Rhodes State Office Tower
30 East Broad Street – Suite 2940
Columbus, Ohio 43215-3414

OFFICE OF
INSPECTOR GENERAL
2015 MAY 18 PM 2:49

Re: Report of Investigation 2013-CA00047

Dear Inspector General,

The Ohio Department of Public Safety (ODPS) has completed its review of your office's recommendations contained in the above-referenced report. I respectfully submit this response to you regarding the recommendations for ODPS that are outlined in the report.

RECOMMENDATIONS

- 1. Require vendor invoices to comply with the terms and conditions of the contract and include all requirements listed in the contract.**

Since the issuance of the report, ODPS has had numerous discussions with Ohio Department of Administrative Services (DAS) personnel regarding the terms and conditions of the State Term Schedule contract between DAS and Safety Technologies Inc. (STI). As DAS is the entity authorized to enforce, direct and prepare contract language, we have talked with DAS about enforcing remedies under the contract due to STI's noncompliance with our requests for documentation. Additionally, we have discussed whether an amendment to some of the contract language may be necessary in the future.

In the short-term, DAS sent STI a letter in February 2015 detailing areas in which STI was non-compliant with the contract. DAS also modified the STI contract to include the term "Time and Materials" and clarified that only labor hours actually worked may be billed. More recently, DAS suspended the contract with STI in an effort to obtain the documentation requested by ODPS. This was successful, for the most part.

Long- term remedies will involve DAS and STI discussing the findings of our audit (detailed below) and a method by which STI can rectify its inaccurate charges.

Mission Statement

"to save lives, reduce injuries and economic loss, to administer Ohio's motor vehicle laws and to preserve the safety and well being of all citizens with the most cost-effective and service-oriented methods available."

An Equal Opportunity Employer

ODPS has begun using another vendor since December 2014. However, we still receive an occasional invoice for work that STI completed prior to this switch. ODPS has carefully reviewed these invoices for billing errors. If the contract suspension by DAS is ultimately lifted and ODPS begins using STI again, ODPS will reject any invoice that includes incorrect charges (e.g., travel time, parts not on the State Term Schedule, incorrect labor charges).

2. Review additional job sites completed by STI for overbilling.

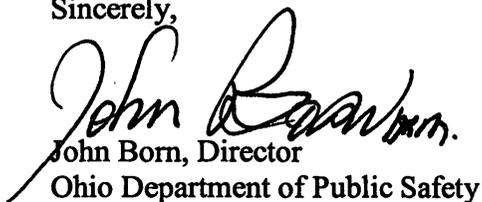
Since the issuance of the report, both ODPS and DAS have contacted the vendor on numerous occasions to request documentation regarding twenty-nine (29) previous job sites completed by STI. Due to a lack of response from STI, it was necessary for ODPS to request and obtain two extensions from your office in order to work towards gaining compliance from the vendor. On April 30, 2015, STI provided the majority of the invoices ODPS had been requesting.

On May 7, 2015, personnel from ODPS and DAS conducted an audit of the aforementioned twenty nine (29) invoices, between the dates of May 4, 2012, and November 14, 2014, pertaining to work performed by STI for ODPS. The attached table details the results of this audit. Of the twenty-nine (29) invoices, there was only enough documentation from STI to allow ODPS and DAS to audit eighteen (18) invoices. Of the eighteen (18) invoices audited, twelve (12) of those invoices included unallowable charges for travel totaling \$11,515.66. This charge contradicts the State Term Schedule contract which specifically excludes travel. Additionally, the audit revealed \$2,092.44 of incorrect labor charges, non-State Term Schedule parts, and charges for parts greater than the amounts allowed on the State Term Schedule contract. The total amount of incorrect charges thus far equals \$13,608.10.

Eleven (11) invoices were not able to be audited: eight (8) due to lack of documentation from STI and three (3) due to lack of clarification from STI. DAS personnel will continue to work with STI to obtain the documentation and information required to complete an audit of the remaining files. As ODPS obtains these details from DAS, we will inform your office of any further incorrect charges.

If you require further information, please do not hesitate to contact me at 614-466-3383.

Sincerely,


John Born, Director
Ohio Department of Public Safety

Enclosure

Cc: Robert Blair, Director, Ohio Department of Administrative Services

PO NUMBER	Quote?	STI Invoice/Quote number	Service Date	Location	PO Amount	Actual Programming Labor Hours	Actual Installation Labor Hours	Labor Amount Invoiced	Voucher Number	Comments
36722	Yes	44326	12/16/2012	Granville Post	\$ 3,880.40		\$ 821.88	\$ 821.88	554250	Hours not broke down on quote.
36762	No	44761	10/19/2012	Academy North Lot gate	\$ 9,131.67			\$ 2,437.53	574071	
37200	Yes	Contract No. PF12049 PF-12049	11/9/2012	OSHP Academy	\$ 95,803.05			\$ 20,327.19	529210 & 540822	Amount of hrs. listed on Quote and paid.
38331	No	PF-12049 PR#2 / PF-12049	5/15/2012	Academy Security upgrade - Change Order	\$ 15,988.39		?	\$ 13,655.33	540822 & 580334	No Labor Breakdown for programming/Installation Account code used indicates labor.
38426	Yes	44247	5/17/2012	ShipleY HR Entry Door	\$ 2,027.99			\$ 1,171.25	539460	No Labor Breakdown for programming/Installation
38717	Yes	44308	5/4/2012	Alum Creek - Metro P-25	\$ 8,680.33			\$ 2,108.75	548196	No Labor Breakdown for programming/Installation
38906	Partial	PF-12049	11/14/2012	Academy Security Upgrade	\$ 6,514.74	\$5,880.00		\$ 5,880.00	580334	Line #2 & #3 on the voucher use from po # 38906.
38950	Yes	44307	7/19/2012	BMV - Remittance Processing	\$ 4,333.34			\$ 2,592.50	554144	No Labor Breakdown for programming/Installation.
40738	No	44755	9/10/2012	Lancaster Post	\$ 1,237.24			\$ 625.00	571414	No amount of hrs. listed on invoice
40928	No	44432	8/16/2012	Metro P-25	\$ 850.00		4 hrs. @ \$62.50	\$ 250.00	559096	
41969	No	44495	10/1/2012	ShipleY-BMV-Remittance Processing	\$ 572.00	No Breakdown on Invoice	No Breakdown on Invoice	\$ 572.00	570639	No Breakdown on Invoice
42051	No	47124	8/29/2013	Marietta & Massillon Post	\$ 1,605.83		\$975.00 (Massillon)	\$ 975.00	676022	No Labor Breakdown on invoice for Marietta
42051	Yes	47328	10/8/2013	OSHP Academy Change Order	\$ 1,005.83			\$ 975.00	673045	No Labor Breakdown on invoice
44231	No	45339	1/14/2013	Bucyrus Post 17	\$ 505.50	6.5 hrs. @ 75.00	\$ -	\$ 487.50	611305	
44529	No	45621	3/20/2014	BrookPark	\$ 20,873.90			\$ 10,575.30	636291	No amount of hrs. listed on invoice

PO NUMBER	Quote?	STI Invoice/Quote number	Service Date	Location	PO Amount	Actual Programming Labor Hours	Actual Installation Labor Hours	Labor Amount Invoiced	Voucher Number	Comments
44934	No	45661	3/29/2014	BrookPark	\$ 13,366.93			\$ 5,843.75	636293	No amount of hrs. listed on invoice
46326	No	46629	6/25/2013	Marietta Post	\$ 7,904.17	No Breakdown on Invoice	No Breakdown on Invoice		668963	No amount of hrs. listed on invoice
46326	No	46629	6/5/2013	OSHP Blanket PO	\$ 7,904.17	No Labor Breakdown on Invoice	No Labor Breakdown on Invoice		668963	No amount of hrs. listed on invoice
46658	Yes	47123	8/29/2013	Marietta Post	\$ 7,638.46	No Labor Breakdown on Invoice	No Labor Breakdown on Invoice		668845	
48358	Yes	47722 & 46805	10/31/2013	Mt. Gilead Post	\$ 2,605.00	N/A	14.75 hrs. @ \$62.50	\$ 922.50	707116 & 669966	Two invoices for labor \$172.00 & \$750.00
48971	Yes	48149	12/27/2013	Cambridge DHQ	\$ 7,635.62	7 hrs. @ \$75.00	27 hrs. @ \$62.50	\$ 2,212.50	695581	
49206	Yes	47781	11/14/2014	Bucyrus Post	\$ 2,514.00	8 hrs. @ 75.00	5 hrs. @ \$62.50	\$ 912.50	707864	
50025	Yes	48156	12/27/2013	Van Wert Post	\$ 2,484.80	N/A	14.4 hrs. @ \$62.50	\$ 900.00	697411	
52412	Yes	49548	4/24/2014	Gallipolis Post	\$ 10,613.30	9 hrs. @ \$62.50	75 hrs. @ \$62.50	\$ 5,362.50	730719	
52515	Yes	49845	5/12/2014	Canfield Post	\$ 8,185.12	6 hrs. @ \$75.00	20 hrs. @ \$62.50	\$ 2,825.00	730685	
PAYCARD	No	70694	9/30/2014	Fairgrounds	\$ 1,917.10	20 hrs. @ \$75		\$ 1,500.00	772579	Programming and installation hrs. NOT separated
PAYCARD	No	49842	5/12/2014	Ravenna Post	\$ 775.00			\$ 775.00	738245	Programming and installation hrs. NOT separated
PAYCARD	No	49765	5/7/2014	Sandusky Post	\$ 1,151.00			\$ 1,151.00	736390	Programming and installation hrs. NOT separated
PAYCARD	No	70675	9/30/2014	Van Wert Post	\$ 1,297.76			\$ 600.00	770168	
PAYCARD	No	70676	9/30/2014	Van Wert Post	\$ 1,297.76		\$ 600.00	\$ 600.00	770160	Programming and installation hrs. NOT separated

STI Invoice/Quote number	Service Date	Location	Amount	Comments	Follow-Up Questions/Concerns	Identified Monies
44308	5/4/2012	Alum Creek - Metro P-25	\$ 8,680.33	SOW-\$8677.24-PO-\$8680.33-Invoice-\$8677.24-PO (-\$3.09) non STS on PO	Door Strike Services and Wire Bundled PVC not on STS. Total \$743.67. TBJD includes 5 hours travel. \$312.50	\$ 312.50
44432	8/16/2012	Metro P-25	\$850.00	SOW \$ 850-PO \$850.00-Invoice \$850.00 (Darrin has PO)		
PF12049	11/9/2012	OSHP Academy	\$ 95,803.05	SOW \$95833.05-PO \$95893.05-Invoice \$53,723.63; paperwork for project of \$7111.99 which does not tie into anything.	Need invoice for full amount. Most items on invoice are correct. Bond and Misc. Items do not tie back to contract-\$3909.66-also 7939 Surface Contact and 958 Door Contact \$105.12 not items on contract. Travel included-113.75 hours	\$7,109.38
	11/14/2012	Academy Security Upgrade	\$ 16,988.39	SOW \$15988.39-No invoice or PO	need documentation	
	11/14/2012	Academy Security Upgrade	\$ 6,514.74	need documentation	need documentation	
44247	5/17/2012	Shipley HR Entry Door	\$ 2,027.99	need documentation	need documentation	
44307	7/19/2012	BMV - Remittance Processing	\$ 4,333.42	SOW \$4333.42-PO \$4333.42-Invoice \$4333.42	Includes travel-Wire 18/2P and 22/4P and 7939-2WH not on contract \$143.84 invoice says non-sts items. What is Remittance processing for 25.72? Travel 4.5 hrs	\$ 306.97
44755	9/10/2012	Lancaster Post	\$ 1,237.24	SOW, PO and Invoice all for \$1237.24	Misc. Parts 9.04?	\$ 9.04
44495	10/1/2012	Shipley-BMV-Remittance Processing	\$ 572.00	need documentation-Invoice \$572.00	need documentation	
44761	10/19/2012	Academy North Lot gate	\$ 9,131.67	need documentation	need documentation	
44326	12/16/2012	Granville Post	\$ 3,880.40	SOW \$4641.07-Change Order \$-3075.06, PO \$3800.40-Invoice \$1566.01	S-4 scoped at 18.71, price list is \$21.60; PW5K1ENC3 scoped at 357.50 but list is 203.20-removed from change order; misc parts \$95.49	\$ 95.49
45339	1/14/2013	Bucyrus Post 17	\$ 505.50	Service Call for 505.50. 6.5 hrs plus 18.00 in parts	Service Call-Misc. Parts 18.00	\$ 18.00
47781	11/14/2014	Bucyrus Post	\$ 2,514.00	Darrin has these copies. OK		
46629	6/5/2013	OSHP Blanket PO	\$ 7,904.17	SOW-\$8510.00, PO and Invoice all for \$7904.17		
47124	8/29/2013	Marietta & Massillon Post	\$ 1,605.83	need documentation	605.83 was not paid due to surplus paid to STI-noted in file. Travel included 9.5 hours	\$ 593.75
47123	8/29/2013	Marietta Post	\$ 7,638.46	SOW, PO and Invoice-\$7638.46		
47328	10/8/2013	OSHP Academy Change Order	\$ 1,005.83	Invoice \$1182.06-no folder	S&H 39.30; Wire 35.00; labor not broken out	
47722 & 46805	10/31/2013	Mt. Gilead Post	\$ 2,605.05	2-SOW for \$2605.05 total; PO for \$2605.05 and 2 invoices for \$2605.05	Misc. Shop cost 11.65; labor \$47.50? Travel 4hrs	\$ 250.00
48149	12/27/2013	Cambridge DHQ	\$ 7,645.62	SOW and Invoice for \$7645.62, PO for 8145.62	SOW 7645.42-PO 8145.62-Invoice 7645.62; 8.75 hrs travel	\$ 546.87
48156	12/27/2013	Van Wert Post	\$ 2,484.80	need clarification from STI	need clarification from STI; 6 hrs travel	\$ 375.00
70675	9/30/2014	Van Wert Post	\$ 1,297.76	need clarification from STI	need clarification from STI	
70676	9/30/2014	Van Wert Post	\$ 1,297.76	need clarification from STI	need clarification from STI	
45621	3/20/2014	BrookPark	\$ 20,873.90	SOW, PO and Invoice all for \$20,873.90	PW6KROP304DSW should be \$3756.00 not \$4272.00; labor multiplies out to \$10,350 not \$10575.30; 4.5 hrs travel	\$ 1,022.55
45681	3/29/2014	BrookPark	\$ 13,366.93	need documentation	need documentation	
49548	4/24/2014	Gallipolis Post	\$ 10,613.30	SOW, PO and Invoice all for \$10613.30; concern about estimated hours of 51 hours but only 13.25 used. Estimator way off.	most items incorrectly priced for overpayment of\$ 669.69 plus misc parts of \$283.25; 7.5 hrs travel	\$ 1,421.69
49765	5/7/2014	Sandusky Post	\$ 1,151.00	Service Call from Subcontractor-Invoice only-\$1151.00	need more detail	
49845	5/12/2014	Canfield Post	\$ 8,185.12	SOW, PO and Invoice all for \$8185.12	6.25 hrs travel included in labor	\$ 390.62
49842	5/12/2014	Ravenna Post	\$ 775.00	SOW, PO and Invoice all for \$775.00	non-STs items on invoice; 3.25 hrs travel	\$ 203.12
70694	9/30/2014	Fairgrounds	\$ 1,917.10	T&M-Charged 20 hours Programming rate/should be general labor. \$250.00 overpaid	Invoice 1917.10; Billed at Program Labor not Installation \$250.00 difference; 11.25 hrs travel	\$ 953.12

Notes: Travel included in most labor breakdown; invoicing for STS and non-STs items on same invoice. Only one invoice was drastically incorrect. Travel calculated at lower labor rate of 62.50