



December 13, 2019

Inspector General Randall J. Meyer
Office of the Inspector General
30 East Broad Street, Suite 2940
Columbus, Ohio 43215

2019 DEC 16 AM 10:58
OFFICE OF
INSPECTOR GENERAL

Re: File ID No. 2017- CA00012
Response to Report of Investigation Issued 10/31/2019

Dear Inspector General Meyer:

The Ohio Bureau of Workers' Compensation (OBWC) 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 outlined in the report.

Finding 3 – Work Performed Prior to Required Approvals

Recommendation #1 – Consider developing and implementing a process to identify consultant contract extensions for the next fiscal year at the start of the fourth quarter of the fiscal year. Once identified, it is recommended the IT divisional and procurement staff work together to gather the required documentation to submit and obtain an approved R&P request in OAKS to issue a purchase order on or around July 1.

Response:

Beginning each February, OBWC IT managers start planning for the next fiscal year. They produce a list of the anticipated initiatives and projects and then identify the budget and resources that will be needed for each. This process helps them to determine which consultant contracts should be extended into the following fiscal year. New consultant needs are also identified at this time. Decisions are typically finalized in March to enable OBWC IT to meet the Fiscal and Planning Division's requested deadlines for budget updates.

OBWC Procurement staff will work closely with OBWC IT staff on the identified list of consultants needed and gather the required documentation. Procurement staff will submit a Release and Permit request prior to the end of May to ensure an approved R&P will be obtained, and a requisition / purchase order can be issued early in July.

Finding 5 – OBWC Request for Quote-Solicitation Phase

Recommendation #1 – Consider implementing policies and procedures for posting a Request for Quote and reissuing a Request for Quote to ensure the bidding process is completed in a fair and transparent manner.

Response:

OBWC Procurement follows the language in DAS PM-01 Purchasing Procedures policy. Agencies are first required to solicit through the applicable DAS mandatory state term contracts.

If the required service is not available through a mandatory state term contract, solicitations with an estimated total value of more than \$25,000 shall be posted on the State of Ohio procurement website.

Finding 6 – OBWC Request for Quote Process

Recommendation #1 – Consider implementing policies and procedures which describes what actions or conversations can occur during the solicitation, interviewing, and decision-making phases of the RFQ process.

Response:

OBWC Procurement currently has policies and procedures in place for the hiring of consultants along with the language provided in DAS-PM-01. Current procedures will be updated to include recommended actions and/or conversations during the solicitation process along with the interviewing of consultants and the decision-making phase. Training will also be provided during the month of January 2020 to OBWC Procurement and other identified staff involved in this process.

Finding 7 – IT Consulting Services OBWC

Recommendation #1 – Consider utilizing ODAS directive HR-D-13 to implement agency procedures prior to hiring an independent contractor for vacant positions to ensure the governmental body has evaluated whether the identified need could be filled by an existing state employee, a new hire, or should be filled with a consultant.

Response:

A document entitled “OBWC IT CONTRACTOR ACQUISITION AND ONBOARDING PROCESSES” was published in May 2019. It describes contractor acquisition steps that OBWC IT hiring managers and OBWC Procurement must follow. The OBWC IT hiring manager is asked to document (1) why a contractor is required, (2) what duties the contractor will perform, (3) why existing employees cannot perform this work, and (4) the expected contract duration.

OBWC IT managers were trained on these processes on May 16, 2019. To ensure consistency and compliance, follow-up training was presented at the IT Managers’ Meeting on December 4, 2019.

OBWC IT also publishes an annual IT Strategic Workforce Plan that delineates IT staffing priorities and decision processes in concordance with the cited DAS directive.

Recommendation #2 – Consider implementing procedures which identify the positions responsible for developing and approving justification statement to renew a consultant prior to the submission of a release and permit request.

Response:

The hiring manager is responsible for developing justifications for each of their contractors. Justifications are reviewed and approved at both the OBWC IT director and the OBWC CIO levels. Approved proposals are forwarded to OBWC Procurement staff who submit the release and permit requests.

OBWC Procurement will review documentation provided by OBWC IT to ensure proper approvals have been obtained.

Recommendation #3 – Consider incorporating guidance addressing the contractor’s use of the timekeeping system; flex time; and that supervisors should approve the consultant’s hours in the timekeeping system prior to a consultant’s timesheet being processed for approval for payment.

Response:

OBWC contractors have been entering their time in OBWC’s electronic timekeeping system since spring 2017. New contractors receive training on this timekeeping system from the OBWC supervisor as well as the IT Contracting Coordinator. OBWC supervisors approve contractor hours in the timekeeping system. Then, before approving payment, the OBWC IT Contracting Coordinator compares contractor hours with the corresponding vendor invoices. On November 22, 2019 an email was sent to all OBWC IT managers to reinforce these procedures and ensure compliance.

Recommendation #4 – Consider the benefits of cross-training multiple personnel on how to process consultant timesheets to assist the existing staff during busy times or if the assigned person is on leave or absent for an extended period.

Response:

Processing consultant timesheets is currently handled by the OBWC IT Contracting Coordinator in OBWC IT’s Service Management Office (SMO). The SMO manager serves as backup when the OBWC IT Contracting Coordinator is not available.

Finding 8 – Blanket IT Release & Permits

Recommendation #1- Consider clarifying existing guidance to identify in what instances a modification to an existing contract previously submitted in a R&P request requires ODAS OIT approval, and in what instances an agency blanket IT Release and Permit may be used to purchase goods or services.

Response:

OBWC Procurement staff follow DAS-PM-01 requirements for agencies to request an individual IT Release and Permit to purchase deliverable-based IT Services (DBITS) projects and IT staff augmentation services. OBWC Procurement staff also follow the requirements in DAS-PM-01 for Blanket Release and Permits. OBWC’s procurement procedures will be updated accordingly and additional training will be provided to procurement staff on Release and Permit requirements prior to the end of calendar year 2019.

Finding 9 – Payment of Services After Fiscal Year End

Recommendation #1 – Consider developing and implementing a process that several months before year end, IT division personnel and procurement should review purchase order activity and determine the anticipated hours needed for the remainder of the fiscal year. Once it is determined

additional hours are needed, OBWC procurement should begin the process to amend the purchase order for additional hours.

Response:

IT Managers review consultant activity in February to identify consultants who will require the allocation of additional hours during the remainder of the fiscal year. They assess the status of current projects and anticipated activities. IT managers then meet with OBWC Procurement to review the projected hours and prepare requests to amend purchase orders as appropriate prior to the end of the fiscal year.

Other General Comments

Additional Recommendation #1 – Review the conduct of employees identified in this report to determine if administrative action is warranted.

Response:

The conduct of the employees identified in the report were reviewed. After discussions with OBWC Fiscal Operations' management, it was determined the processes and policies should be updated regarding issuance of RFQs and awarding contracts. OBWC Management determined all OBWC Procurement staff would be trained once the changes have been made prior to the end of calendar year 2019. In addition, procedures will be put in place to ensure management is appropriately reviewing requisitions, purchase orders, and the awarding of contracts, as well as approving payment to vendors.

Additional Recommendation #2 – Consider the benefits of cross-training multiple personnel on processing IT Consultant R&P requests and purchase orders to assist the existing staff during busy times or if the assigned person is off on leave or is absent for an extended period.

Response:

While some cross-training occurred at the end of fiscal year 2019, additional cross-training related to IT Consultant R&P requests and requisition/purchase order processing will be conducted during the remainder of fiscal year 2020.

Sincerely,



Stephanie B. McCloud
OBWC Administrator/CEO



Department of
Administrative Services

Mike DeWine, Governor
Jon Husted, Lt. Governor

Matt Damschroder, Director

December 30, 2019

Mr. Randall J. Meyer
Ohio Inspector General
30 East Broad Street, Suite 2940
Columbus, OH 43215-3414

OFFICE OF
INSPECTOR GENERAL
2019 DEC 30 PM 5:01

Dear Inspector General Meyer:

This letter is in response to the recommendations made by your office to the Ohio Department of Administrative Services (DAS) in File ID Number: 2017-CA00012. ODAS appreciates the input received from the Ohio Inspector General's Office in this and past reports.

Understanding the need for continuous improvement, we are also taking the following actions in response to your recommendations:

Finding 1 Recommendations:

1. Consider implementing procedures to monitor vendor compliance with the STS contract terms and conditions including, but not limited to, the notification of the use of subcontractors. In addition, ODAS should consider conducting random audits to determine whether the STS vendor is compliant with STS contract terms and conditions.

Response:

We will develop a certification process where STS vendors annually identify any subcontractors and confirm their compliance with contract terms and conditions. This certification will be included in each new solicitation. The certification will also be incorporated into Ohio|Buys, the new e-procurement program.

2. Consider developing and implementing a process to assess penalties to STS contract vendors who are found to not be compliant with the STS contract terms and conditions.

Response:

We will consider amending our STS contracts to implement penalties to STS contract vendors who are found to not be compliant with the STS contract terms and conditions.

3. Consider requiring STS vendors to annually certify their compliance with terms of the STS contract including, but not limited to: the disclosure of and principle location of the subcontractors; certification that the subcontractors have agreed to be bound by the STS contract terms and conditions; and to complete an acknowledgement that ODAS has the right to impose penalties for those determined to not be in compliance with these terms and conditions.

Response:

We will develop a certification process where STS vendors annually identify any subcontractors and confirm their compliance with contract terms and conditions. This certification will be included in each new solicitation. We will make the certification applicable to subcontractors. The certification will also be incorporated into the new Ohio|Buys e-procurement program.

4. Consider the benefits of developing and implementing a training program for STS contract vendors to explain the STS contract terms and conditions and what is expected of the STS contract vendors.

Response:

We will consider developing and implementing a training program for STS contract vendors through in-person or web-based STS training options.

Finding 3 Recommendations:

1. Consider developing written policies or procedures and a frequently asked questions tool to be used by the computer acquisition analysts when reviewing agency R&P requests to ensure the R&P request was in accordance with state procurement policies and ODAS directives.

Response:

We will work to further educate agencies on proper R&P submissions.

2. Consider amending the R&P request “approval email” to include not only the end date of the approval, but also the start date of the approval for the hours requested.

Response:

We will explore options available to use for further documenting services provided and consider requiring additional documentation. Further, we will explore the potential use of services procurement components in Ohio|Buys. For legal reasons, consultants cannot be treated the same as employees. Therefore, systems utilized for tracking employees may not be the most appropriate for tracking the services provided by consultants.

8. Consider implementing procedures which identify the positions responsible for developing and approving the justification statement to renew a consultant.

Response:

We will consider updating our directives to provide clearer guidance on the hiring of independent contractors.

DAS appreciates the importance of overseeing the state's procurement program in compliance with Ohio laws, rules, policies and procedures. We continue to strive to preserve the efficiency and integrity of the program for State agencies.

We appreciate this opportunity to share our responses. Should you have any questions regarding our response, or need any additional information, please do not hesitate to contact me.

Respectfully,



Matthew M. Damschroder
Director