

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORTS OF
INVESTIGATION



COMPLIANCE REVIEW

Logic Soft, Inc. Contracts

**ENTITIES:
OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES
LOGIC SOFT, INC., VENDOR**

**FILE ID NO.: 2018-CA00018
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The Office of the Ohio Inspector General ... The State Watchdog

“Safeguarding integrity in state government”

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OFFICE OF THE OHIO INSPECTOR GENERAL EXECUTIVE SUMMARY

SCOPE OF REVIEW

On March 8, 2018, the Office of the Ohio Inspector General initiated an investigation to examine the circumstances resulting in the hiring of and payments issued to Logic Soft, Inc. (Logic Soft) by the Ohio Department of Administrative Services (ODAS) to determine whether these activities were in accordance with agency and state procurement policies. Additionally, investigators determined whether these activities were in accordance with the state term schedule (STS) contract terms and conditions.

FINDINGS

The Office of the Ohio Inspector General examined ODAS' Requests for Quotes (RFQ) that were submitted to fill positions needed to complete tasks on the Ohio Benefits Project¹ and the Ohio Administrative Knowledge System.² Subsequently, Logic Soft was awarded the contract. The Office of the Ohio Inspector General determined ODAS failed to competitively bid the initial contract awarded to Logic Soft for IT consultant Kevin Armstrong's services; ODAS staff failed to comply with ODAS policies and procedures; and that ODAS issued payments contrary to state law and ODAS procurement policies.

RECOMMENDATIONS

The Office of the Ohio Inspector General made 12 recommendations to the director of the Ohio Department of Administrative Services to strengthen the agency's internal control systems and to clarify procurement guidance provided by ODAS to state agencies, boards, and commissions. Additionally, the Office of the Ohio Inspector General requests a response within 60 days with a plan detailing how these recommendations will be implemented.

¹ The Ohio Benefits project is a website used to manage or apply for healthcare, child care, food and cash benefits offered by state agencies including the Ohio Department of Job and Family Services and the Ohio Department of Medicaid.

² OAKS is the State of Ohio accounting system and contains requisitions, purchase orders, and invoices for payments issued.

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ENTITIES UNDER REVIEW

Ohio Department of Administrative Services

The Ohio Department of Administrative Services (ODAS) is responsible for providing state agencies with services pertaining to procurement of goods and services, personnel, equal opportunity, collective bargaining, and information technology. The primary divisions of ODAS are general services, human resources, equal opportunity, collective bargaining and information technology. The general services division provides procurement, real estate, printing, mail, fleet management, and records management services throughout state government. The human resources division handles matters related to personnel administration, including benefits and payroll, for state agencies. The equal opportunity division ensures that underrepresented populations are fairly considered in the economic and employment opportunities of the state. The collective bargaining provides for the central administration and negotiation of labor contracts for all state agencies, and the information technology division oversees the state's information technology infrastructure.³

ODAS Office of Information Technology

The Office of Information Technology (OIT), a division within ODAS, is responsible for establishing policies and procedures regarding the purchase, use, and security of computer hardware and software in use by state agencies. The office is overseen by a state chief information officer appointed by the director of the Ohio Department of Administrative Services. All state agencies, excluding the elected officials,⁴ are subject to the rules and standards issued by OIT.

The OIT Investment and Governance Division is “authorized to make contracts for, operate, and superintend telephone, telecommunications, computer services, and some professional services for state agencies.” The Enterprise IT Contracting (EITC) division within OIT is responsible for issuing contracts for computing and telecommunication products and services. In certain

³ Source is the biennial budget documents.

⁴ The elected officials include the Ohio Attorney General, Auditor of State, Secretary of State, and Treasurer of State.

instances, the circumstances may warrant an exception to the above ODAS authority and that agencies may apply for a waiver known as a Release and Permit.⁵

Ohio Administrative Knowledge System

The Ohio Administrative Knowledge System (OAKS) is the state's Enterprise Resource Planning system. OAKS provides central administrative business services such as financial and human capital management, content management, enterprise learning management, customer relationship management, new systems for procurement, and the Ohio Digital Experience, the State of Ohio's enterprise digital channel for identity and user experience solutions. OAKS is administered by the Ohio Department of Administrative Services.

Logic Soft, Inc.

Logic Soft, Inc. is located in Dublin, Ohio, and is an IT consulting company offering a full range of IT services, including staff augmentation to public and private sector companies. Logic Soft is a State of Ohio-certified Minority Business Enterprise (MBE).⁶

⁵ Source: State of Ohio Procurement Handbook for Supplies and Services Section 3.4, revised in September 2014.

⁶ Source is <http://www.logicsoftusa.com/index.html>.

BACKGROUND

On February 23, 2017, the Office of the Ohio Inspector General received a referral from the Ohio Auditor of State with an attached anonymous complaint about the mismanagement of information technology projects by the Ohio Department of Administrative Services (ODAS). On March 30, 2017, the Office of the Ohio Inspector General opened a preliminary inquiry to review the complainant's allegations involving two vendors providing IT consulting services. Investigators determined ODAS had awarded state term schedule (STS) contracts to the two vendors identified by the complainant, Ardent Technologies (Ardent) and Logic Soft, Inc., (Logic Soft).

The Office of the Ohio Inspector General analyzed records supporting the hiring of the consultants and documentation supporting payments issued to the two vendors for purchases made from the STS contracts. Investigators found a lack of supervisory approvals on consultant timesheets and inconsistencies in documentation maintained to support payments issued. On April 17, 2017, the Office of the Ohio Inspector General initiated an investigation to examine the events resulting in the hiring of and payments issued to Ardent and Logic Soft for IT consulting services and to determine whether these activities were in accordance with agency and state procurement policies and in accordance with the STS terms and conditions.

On March 8, 2018, the Office of the Ohio Inspector General initiated a separate investigation to examine the hiring, selection, and awarding of contracts and payments to Logic Soft by ODAS. This examination also reviewed the complainant's allegation that Logic Soft consultant Kevin Armstrong was involved in the hiring of other consultants and that Armstrong could not "gauge competency of the candidates" when hiring them.

OBJECTIVE, SCOPE OF REVIEW & METHODOLOGY

The investigation's overall objective was to determine whether ODAS adhered to agency and state procurement policies and STS contract terms and conditions in selecting and hiring of Logic Soft to provide IT consulting services to ODAS for the period from July 1, 2015, through February 28, 2017.

The investigation's review included:

1. Determining whether ODAS complied with State of Ohio procurement and agency policies when soliciting, selecting, and awarding the contract to Logic Soft;
2. Determining whether the payments issued by ODAS totaling \$818,904.39 were supported by timesheets and invoices, and were for services actually provided by Logic Soft; and
3. Determining whether actions taken by Logic Soft to provide these services were in accordance with the STS contract's terms and conditions.

The Office of the Ohio Inspector General examined ODAS records and emails; and conducted numerous interviews to evaluate the procurement process used by ODAS.

On October 31, 2019, the Office of the Ohio Inspector General released Report of Investigation 2017-CA000012 which investigated comparable issues involving another vendor and ODAS and issued findings which were similar to the results of this investigation. Because of the similarity of these issues and recommendations, the Office of the Ohio Inspector General directed ODAS, when applicable, to review the recommendations in the Report of Investigation 2017-CA00012 in conjunction with the findings in this investigation to determine whether additional action is warranted.

FINDINGS

The Office of the Ohio Inspector General determined ODAS issued an RFQ in accordance with existing procurement processes to hire three Logic Soft IT consultants for the Ohio Benefits Project. However, investigators determined ODAS failed to issue an RFQ prior to awarding a contract to Logic Soft for Kevin Armstrong’s consulting services. Additionally, investigators determined ODAS failed to competitively bid the initial contract awarded to Logic Soft for IT consultant Kevin Armstrong’s services; ODAS staff failed to comply with ODAS policies and procedures; and OBWC and/or ODAS issued payments contrary to state law and ODAS procurement policies. The specifics of these findings are discussed in the following paragraphs.

FINDING 1 – ODAS IT Consultant Hiring Process – RFQs

The Office of the Ohio Inspector General reviewed documentation supporting the contracts awarded to Logic Soft and supporting ODAS payments totaling \$818,904.39, issued between July 1, 2015, and March 30, 2017, for services provided by the following consultants:

Consultant	Position	Fiscal Year⁷	Amount
Kevin Armstrong	Project Manager 2	2015	\$43,180.00
Kevin Armstrong	Project Manager 2	2016	\$100,171.25
Kevin Armstrong	Project Manager 2	2017	\$77,640.18
Total:			\$220,991.43
Girish Bhatia	Project Manager 2	2017	\$40,804.00
Total:			\$40,804.00
Srinivasa Bathula	Sr Business Intelligence Developer	2015	\$55,952.64
Srinivasa Bathula	Sr Business Intelligence Developer	2016	\$291,420.00
Srinivasa Bathula	Sr Business Intelligence Developer	2017	\$176,600.52
Total:			\$523,973.16
Michael Mascari	Project Manager 2	2015	\$8,938.96
Michael Mascari	Project Manager 2	2016	\$24,196.84
Total:			\$33,135.80
Grand Total:			\$818,904.39

⁷ A fiscal year runs from July 1 through June 30.

Ohio Benefits Project

The Office of the Ohio Inspector General determined ODAS followed the procurement process when soliciting, selecting, and awarding contracts to Logic Soft for the services provided by Girish Bhatia, Srinivasa Bathula, and Michael Mascari. These consultants were assigned to work on the Ohio Benefits project⁸ managed by ODAS.

Ohio Administrative Knowledge Systems Project

The Office of the Ohio Inspector General made a request to ODAS for the records supporting the RFQ issued for the contract awarded to Logic Soft for IT consulting services provided by Kevin Armstrong. On October 5, 2018, ODAS explained in an email that,

It appears Kevin Armstrong started as a separate resource in FY 09 with the vendor Expert Technical Consultants, Inc. From what we can discern from our research, no RFQ was ever done for Kevin. It is possible he worked for one of the vendors involved in the original creation of OAKS and stayed on to assist as OAKS started around that time.

While analyzing the records maintained in the ODAS Release and Permit (R&P) system and OAKS, investigators found that ODAS initially requested and obtained R&P approval to award a contract to Logic Soft for Armstrong's services for the myOhio.gov initiative⁹ in FY 2012. Investigators further noted the ODAS Request to Purchase form attached to the R&P request stated, "a new vendor is being used because ETCI, Kevin Armstrong's prior vendor, did not renew their STS [contract]." [\(Exhibit 1\)](#) Further records analysis found the subsequent contracts ODAS had awarded to Logic Soft for Armstrong's services were not competitively bid. Instead, the contracts were extended to the next fiscal year.

Similar to the instances reported in Report of Investigation 2017-CA00014B released on December 18, 2017, the Office of the Ohio Inspector General determined ODAS' decision to award a contract to Logic Soft for Kevin Armstrong's services solely because his former

⁸ The Ohio Benefits project is a website used to manage or apply for healthcare, child care, food and cash benefits offered by state agencies including the Ohio Department of Job and Family Services and the Ohio Department of Medicaid.

⁹ This was an OIT project which resulted in the creation of a web portal for State of Ohio employees to view their paychecks, work related news, and provides access to state computer applications.

employer chose to not renew their STS contract did not "... align with providing a fair and equitable opportunity for all qualified STS vendors."

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

ODAS AGENCY RESPONSE: ODAS Policy and Procedural Changes

Prior to the release of Report of Investigation 2017-CA00014B on December 18, 2017, the Ohio Department of Administrative Services issued state term schedule guidance memos in June 2017 providing information about "... the enhanced transparency measures and associated reporting requirements related to the agencies' use of state term schedule contracts." The guidance required agencies using STS contracts to receive at least three vendor quotes. Furthermore, the memorandums provided guidance on steps to take if fewer than three vendor quotes can be obtained and when a consultant should be extended. Additionally, ODAS issued Purchasing Procedures PM-1 on February 1, 2019, and a revised State of Ohio Procurement Manual in March 2019 which incorporated these requirements.

FINDING 1 RECOMMENDATION

1. Review the recommendations issued for similar issues identified in Report of Investigation 2017-CA00012 released on October 31, 2019, to determine whether any additional action is warranted.

FINDING 2 – ODAS IT Consultant Hiring Process – Consultant Involvement

ODAS Policy PUR-001 Ethics stated that the ODAS director has delegated authority to the Office of Procurement Services (OPS) to make purchases on behalf of the state agencies.

Section IV(B) Supplier Responsibilities provides in part:

Any supplier that attempts to include the evaluation and/or award of a contract either directly or through an outside agent or representative may be disqualified and if disqualified, will not be able to participate in the procurement activity ...

The complainant alleged Armstrong was involved in the hiring of two consultants to work on the OAKS project. For these two positions, investigators determined OAKS staff submitted a posting to Knowledge Services¹⁰ who solicited responses from vendors, screened the responses, and provided a potential list of candidates for management's consideration. The Office of the Ohio Inspector General analyzed ODAS records and confirmed Armstrong, another consultant, and one or more state employees were invited to participate in the interview of the two candidates. Investigators determined from further records analysis that Armstrong accepted the meeting invite for an interview with a candidate who was also employed by his (Armstrong's) employer, Logic Soft.

Similarly, the Office of the Ohio Inspector General analyzed ODAS records for three Logic Soft consultants hired to work on the Ohio Benefits project and determined ODAS staff issued and received the responses to the RFQ from STS vendors. Investigators were unable to determine from the records provided who decided which candidates were to be interviewed and who participated in the interview of the candidates.

The Office of the Ohio Inspector General interviewed then-ODAS Deputy Director Deven Mehta¹¹ and OAKS Chief Data and Analytics Officer Derek Bridges who acknowledged:

- A consultant participated in an interview of another consultant after being requested by the hiring manager to serve as a subject matter expert.
- The consultant was responsible for advising the state employee and providing feedback about the candidate being interviewed.
- The state employee decided which candidate was hired for the vacant position.

Lastly, Mehta and Bridges both believed their staff had ensured that the consultant did not have a conflict of interest with the candidates being interviewed. However, ODAS and OAKS did not have formal procedures requiring the staff to document a confirmation that such a conflict did not exist.

¹⁰ Per the ODAS website, the State of Ohio IT Staff Augmentation Services contract is used by the state as the preferred method for procuring hourly time and material resources. The initial contract was awarded to Computer Aid, Inc. The current contract is managed by Knowledge Services.

¹¹ Mehta resigned his position as ODAS deputy director effective June 4, 2019.

The Office of the Ohio Inspector General determined Armstrong's acceptance to participate in an interview of a candidate represented by his employer, Logic Soft, is contrary to the provisions of ODAS Policy PUR-001 Ethics and gives the appearance that ODAS OIT was unable to ensure, "Fair and equal treatment of all suppliers who are interested in participating in the procurement" of information technology services.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that an appearance of impropriety occurred in this instance.

FINDING 2 RECOMMENDATIONS

1. Consider incorporating guidance for agencies defining what activities are prohibited for both state employees and existing consultants participating in the solicitation and hiring processes for new consultants.
2. Should a consultant be permitted to participate in an interview as a subject matter expert, consider developing a formalized process to document whether or not a conflict of interest exists between the subject matter expert and the prospective candidate and the prospective candidate's employer.

FINDING 3 – ODAS Use of Long-Term Consultants

On September 1, 2009, ODAS issued Directive HR-D-13 Independent Contractor Guidelines ([Exhibit 2](#)) which states, in part:

... careful consideration should be taken to determine whether the respective job responsibilities are that of a state civil service employee as defined in Revised Code section 124.01, or that of an independent contractor. This careful examination of the job responsibilities is necessary in order to prevent potential conflict with current state employees as well as subsequent determinations that the independent contractor is acting as an employee.

Black's Law dictionary defines an independent contractor as, "One who is hired to undertake a specific project but who is left free to do the assigned work and to choose the method for accomplishing it ...

Personnel of the appointing authority usually do not control or supervise the manner of an independent contractor's work ...

The work to be performed by an independent contractor is seen as temporary as opposed to permanent ...

The existence of a continuing relationship between the worker and the employer may indicate an employer-employee relationship. A continuing relationship may exist when work is frequently performed, or when the contract is long term or regularly renewed ... If the employer directs how the work must be performed (e.g., the sequence of tasks, regular reports, the manner in which something is to be accomplished), the worker is likely an employee beyond the guidelines or request for deliverables set forth in the personal services contract ...

The Office of the Ohio Inspector General analyzed records maintained in the R&P system and determined ODAS annually extended the contract with Logic Soft for the following services provided by Armstrong:

PO Number	Projects per the Statement of Work	Hours	Time Period
11034	Oaks Director Services and Portal Project Management and other duties	520	7/1/11 – 6/30/12
11600	Enterprise Decision Support program	620	7/1/11 – 6/30/12
12492	OAKS HCM_EPM Upgrade Project	1,000	7/1/12 – 6/30/13
13714	IE and HHS-BI Program	900	1/1/13 – 6/30/13
14351	IE and HHS-BI Program	1,700	7/1/13 – 6/30/14
17122	ID management, Ohio Business Gateway, Ohio Benefits, etc. ...	1,500	9/24/14 – 6/30/15
18626	OAKS initiatives, ID management, Ohio Business Gateway, My Ohio, Ohio Benefits, etc. ...	1,500	7/1/15 – 6/30/16
20955	OAKS initiatives, ID management, Ohio Business Gateway, My Ohio, Ohio Benefits, etc. ...	600	7/1/16 – 9/30/16
EDC-000183 ¹²	Ohio Business Gateway Upgrade – Project #5	1050	10/1/16 – 6/30/17

As reported earlier, ODAS representatives informed investigators that Armstrong had started as a separate resource with the vendor Expert Technical Consultants, Inc., in fiscal year 2009, prior to becoming an employee of Logic Soft in fiscal year 2011. Furthermore, investigators found through an analysis of ODAS records for fiscal year 2018, ODAS posted the project management position with Knowledge Services, examined 12 resumes, conducted three interviews, and hired Kevin Armstrong from 3AM Solutions, Inc. Investigators further noted ODAS extended this contract with 3AM Solutions Inc. through fiscal year 2019.

ODAS Chief Data and Analytics Officer Derek Bridges explained to investigators there are several factors considered when deciding whether a vacant position should be filled by a consultant or whether it is a critical position which should be filled by an employee. Bridges explained that if the staff has determined the position is long term and involves a skill set the agency feels can be found in a prospective employee, the agency works to fill the position with a state employee. However, Bridges commented that the hiring of state employees is not a quick process. In some instances, Bridges explained a consultant was hired to fill the vacant position until the position could be transferred to a state employee. This position transfer from a

¹² This is a manual purchase order number issued for services provided by Armstrong. The associated expenses are paid using funds obtained through the issuance of Certificates of Participation.

consultant to state employee was dependent upon available funds within the budget; availability of positions; and the length of time it takes to write a position description, identify the employee classification, and complete the hiring process.

Similar to the findings in Report of Investigation 2017-CA00012, investigators discovered ODAS had continued extending the Logic Soft consultants working on the Ohio Benefits or Business Intelligence projects for consecutive years without evaluating the duration or ascertaining the completion of the projects in either the RFQ or the justification statements submitted to ODAS OIT to support the reason for the contract extension request. In fact, ODAS Ohio Benefits project management staff used the same justification statement to support the extension of two Logic Soft consultants in fiscal years 2016 and 2017.

FINDING 3 RECOMMENDATIONS

1. Consider the benefits of including, in the posting submitted to Knowledge Services or the Request for Quote, the anticipated timeframe it is expected the consultant's services will be needed.
2. Review the recommendations issued for similar issues identified in Report of Investigation 2017-CA00012 released on October 31, 2019, to determine whether any additional action is warranted.

FINDING 4 – STS Contract Management

The Office of the Ohio Inspector General reviewed ODAS STS contract electronic files and found a February 22, 2010, letter from OAKS expressing interest in purchasing services from Logic Soft. In March 2010, ODAS awarded an STS contract expiring on October 14, 2014, to Logic Soft. While reviewing additional records provided by ODAS, investigators found the following October 16, 2014, email sent by ODAS OIT employee Curtis Brooks:

The Logic Soft Inc. STS has expired. DAS has a need for this contract to procure consulting services. This contract is extendable based on the information in OAKS. Can you please confirm that it is extendable and, if so, take steps necessary to resurrect the contract.[sic] Matt Crider stopped by this morning from the OIT Business Office. He

has an active RTP to use the Logic Soft STS contract. Please keep Matt updated on your actions. We need to get this resolved as quickly as possible.

Investigators found during further analysis of ODAS records that:

- The Request to Purchase (RTP) referenced in the above email was a September 29, 2014, Request to Purchase submitted by then-OIT Deputy Director Spencer Wood¹³ to award a contract with Logic Soft for Kevin Armstrong's services for the period September 24, 2014, through June 30, 2015.
- On October 16, 2014, ODAS OIT approved R&P Request #25898 for the purchase of services from Logic Soft, two days after the STS contract had expired.
- On October 17, 2014, ODAS sent a letter to Logic Soft acknowledging that the STS contract expired on October 14, 2014, but the letter stated ODAS had extended the contract to June 30, 2015, "to allow additional time for you to submit your new offer."
- On November 10, 2014, a purchase order was generated for the purchase of Armstrong's services.

Investigators discovered through interviews and an analysis of documentation that ODAS OIT assigned the monitoring of STS contracts to a limited number of staff. When awarding, renewing, or extending STS contracts, ODAS staff used a checklist to ensure the vendor had met certain criteria, including but not limited to: whether the vendor's GSA contract was active; whether the vendor was current on their revenue share requirements; and whether the vendor had any outstanding findings for recovery or had been debarred. Investigators learned through interviews that the debarment list was reviewed daily. However, the other requirements were only checked during the extension or renewal of the STS contract or upon the filing of a "complaint to vendor" with ODAS that involved finances or the revenue share owed by the vendor to the state of Ohio.

¹³ Wood resigned his position with ODAS in January 2019.

The Office of the Ohio Inspector General determined the ODAS OIT staff approved a R&P request submitted by ODAS to contract with Logic Soft at a time when the contract had expired. This approval occurred one day before ODAS OIT sent a letter to Logic Soft stating the STS contract was being extended.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 4 RECOMMENDATIONS

1. Consider implementing a process to monitor upcoming STS contract expiration dates to ensure the contract is renewed or extended prior to the contract expiration date.
2. Consider implementing a process to confirm periodically throughout the life of the STS contract that the vendor is current on their revenue share, does not have any outstanding findings for recovery, and to confirm the steps that are to be taken to resolve these issues or to cancel the STS contract.

FINDING 5 – Consultant Oversight

The Office of the Ohio Inspector General reviewed the STS contract terms and conditions, the Request for Quotes reporting requirements, and conducted interviews to obtain an understanding of how ODAS managed the consultants working on the OAKS and Ohio Benefits projects.

Consultant Assigned to OAKS

Investigators discovered the Logic Soft quote submitted for Armstrong’s services stated the work performed would include working on OIT initiatives as requested by the ODAS OIT chief information officer (CIO), the chief operating officer, or a CIO direct report, as well as acting as the project manager for various IT initiatives. OAKS Chief Data and Analytics Officer Derek Bridges told investigators he relied upon discussions in meetings and consultant interactions to determine whether Armstrong was performing the required tasks. However, Bridges was unable to speak to what the CIO or chief operating officer did to document the work to be performed by Armstrong and how the progress on those tasks was monitored.

Consultants Assigned to Ohio Benefits

The Office of the Ohio Inspector General learned through interviews and found through an analysis of documents that ODAS required the three Logic Soft consultants assigned to the Ohio Benefits Project to submit a weekly timesheet, a weekly status report summarizing the work performed, and to attend regular status meetings. In addition to these meetings and reports, ODAS obtained stakeholder feedback on the project and monitored the project's progress towards identified "milestones" to determine whether the consultants were completing the required tasks.

Logic Soft Consultant Weekly Timesheets

Investigators found through records analysis that each of the four Logic Soft consultants completed timesheets for each week which were submitted to and approved by ODAS management. These timesheets supported the total hours invoiced by Logic Soft on its monthly invoices. Further review and analysis of these records found:

- For both projects, the consultants were not required to document their arrival time, time left for and returned from lunch or their departure time on the weekly timesheet. As such, there were no records available to verify the accuracy of the total hours worked each day recorded on the weekly timesheet.
- Armstrong's timesheets for weekly hours worked were submitted up to 107 days after the week ended in 34 instances. For example, Armstrong submitted timesheets for the weeks ending September 12, 2016, through September 30, 2016, on January 3, 2017.
- Armstrong submitted his timesheets for the weeks ending April 19, 2015, through June 28, 2015, on July 6, 2015, after the fiscal year had ended, thereby preventing ODAS from verifying there were enough hours remaining on the purchase order prior to year-end to pay for those services.
- Timesheets submitted by the three Logic Soft consultants assigned to the Ohio Benefits project did not reflect the date the timesheet was signed in 23 instances. Additionally, 14

of the weekly timesheets reviewed were approved more than a week after the timesheet was submitted.

Invoices

Section 2.4 of the STS terms and conditions provided,

... payments would be due on the 30th day after the later [sic] of:

- (a) The date the State actually receives a proper invoice at the office designated in the applicable purchase order to receive it; or
- (b) The date the State accepts the Deliverable.

Section 2.5 of the STS terms and conditions required Logic Soft to submit an original invoice in accordance with the purchase order and required specific information to be included on the invoice.

Ohio Benefits Project

Investigators discovered the Ohio Benefit Project RFQ required Logic Soft to submit a monthly invoice and supporting timesheets for payment. Investigators analyzed the Logic Soft invoices in conjunction with the quote, the weekly timesheets, and STS terms and conditions and found Logic Soft submitted the invoices for the three consultants assigned to the Ohio Benefits project in accordance with the RFQ requirements.

OAKS Project

Investigators determined Logic Soft did remit a proper invoice for payment for the services provided by Armstrong. However, investigators found the invoices for Kevin Armstrong's services were submitted up to 97 days after the month the services were provided. For example, an invoice for services provided during the period of September 1, 2016, through September 30, 2016, was submitted to ODAS for payment on January 5, 2017.

Invoice Rates

Lastly, investigators found the quote submitted by Logic Soft for Armstrong's services for the period of September 24, 2014, through June 30, 2015, reflected a quoted hourly rate of \$157 per hour. However, the monthly invoices submitted by Logic Soft for services provided in April 2015, May 2015, and June 2015 reflected an hourly rate of \$127 per hour. Investigators further noted the hourly rate quoted by Logic Soft and submitted for FY 2014 was \$115 per hour and the quoted hourly rate submitted for FY 2016 was \$127 per hour. However, the documentation provided by ODAS did not explain why there was a difference between the rate quoted by Logic Soft of \$157 for FY 2015 and the invoiced rate of \$127.

FINDING 5 RECOMMENDATIONS

1. Consider implementing a process for OIT initiatives that identifies the purpose of the initiative, the steps to be taken to achieve the goal of the initiative, the expected deliverables, and a timeframe of when the initiative is expected to be completed.
2. Consider amending the STS terms and conditions or the Request for Quotes to include a provision for the frequency the vendor is to submit consultant timesheets and invoices to ensure ODAS has the ability to verify funds are available to pay for costs incurred prior to fiscal year-end.
3. Review the recommendations issued for similar issues identified in Report of Investigation 2017-CA00012 released on October 31, 2019, to determine whether any additional action is warranted.

FINDING 6 – Work Performed Prior to Required Approvals

The Office of the Ohio Inspector General determined ODAS payments issued to Logic Soft were charged against ODAS Account Codes 510055 and 510056. Both of these account codes required an approved ODAS R&P to create the purchase order. Investigators reviewed procurement guidance provided in the State of Ohio Procurement Manual, Section 8.6 *Release and Permit* ([Exhibit 3](#)) which requires agencies to obtain an approved R&P prior to making a purchase, and Section 2.8 of the STS Terms and Conditions, which states:

... any orders under this Contract are void until the Director of OBM certifies that there is a balance in the appropriation available to pay for the order.

The Office of the Ohio Inspector General determined ODAS issued payments to Logic Soft for hours worked by the consultant prior to obtaining an approved R&P request and a purchase order being issued. The following table identifies the costs associated with the hours worked by the consultants' contrary to ODAS procurement guidance and Section 2.8 of the STS contract terms and conditions:

Period Worked	R&P No.	R&P Approval Date	PO No.	PO Date	Hours Worked	Hourly Rate	Total Amount Paid
7/1/15 – 7/8/15	18327	7/7/15	18327	7/9/15	40	\$145.71	\$5,828.40
7/1/15 – 7/26/15	18626	7/23/15	18626	7/27/15	74	\$127.00	\$9,398.00
7/1/16 – 7/21/16	20955	7/21/16	20955	7/22/16	109	\$127.00	\$13,843.00
Grand Total:							\$29,069.40

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 6 RECOMMENDATION

1. Review the recommendations issued for similar issues identified in Report of Investigation 2017-CA00012 released on October 31, 2019, to determine whether any additional action is warranted.

FINDING 7 – Payment of Services After Fiscal Year End

Ohio Revised Code §131.33 (A) provides that,

... Except as provided in this section, appropriations made to a specific fiscal year shall be expended only to pay liabilities incurred within that fiscal year.

Investigators discovered ODAS received a June 30, 2015, invoice from Logic Soft totaling \$21,565.08, for services rendered in accordance with purchase order #15976. At the time of receipt, purchase order #15976 only had remaining appropriations of \$7,850.86 to pay for these

services. Investigators found ODAS paid this invoice using purchase order number #18327 issued on July 9, 2015, using fiscal year 2016¹⁴ funds. Contrary to Ohio Revised Code §131.33 (A), the Office of the Ohio Inspector General determined that fiscal year 2016 funds were used to pay for services totaling \$21,565.08 provided by Logic Soft in June 2015.

Email correspondence attached to the voucher in OAKS reflected ODAS initially charged an invoice totaling \$21,565.08 to PO#15976. However, OAKS notified ODAS staff that there was a “budget error.” As a result, ODAS reallocated the invoice to charge \$7,576.92 of the \$21,565.08 invoice against PO#15976, and the remaining \$13,988.16 against PO#17121.¹⁵ However, OAKS continued to generate a “budget error” message for this payment.

Subsequent email correspondence sent in August 2015 between the ODAS OIT Business Office and the Ohio Office of Budget and Management (OBM) State Accounting staff discussed, in addition to a lack of available funds on PO#15976, there was an incorrect account coding error on the second purchase order. Because OAKS would not allow for the correction of the account coding, OBM State Accounting staff directed the ODAS OIT Business Office to pay the expense using FY 2016 funds. The Office of the Ohio Inspector General determined that OBM staff provided ODAS with guidance contrary to Ohio Revised Code §131.33 (A).

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 7 RECOMMENDATION

1. Consider developing and implementing a process that several months before year-end, ODAS program area and business office staff review purchase order activity and determine the anticipated hours needed for the remainder of the year. Once it is determined additional hours are needed, the ODAS business office or program area staff should begin the process to amend the purchase order for additional hours.

¹⁴ Fiscal year 2016 was from July 1, 2015 through June 30, 2016.

¹⁵ At the time of this revision, investigators noted that PO#17121 had \$87,426 of funds available for expenses incurred.

OTHER GENERAL COMMENTS

In addition to the findings and recommendations previously discussed in this report, the Office of the Ohio Inspector General identified the following additional recommendations for consideration by the agency:

1. Consider clarifying existing written policies or procedures for the R&P system to clearly explain what documents are to be attached to an agency's R&P request; the information each type of document is required to contain; and whether a document can be used to meet multiple documentation requirements.

REFERRALS

This report of investigation will be provided to the Ohio Auditor of State's Office for consideration during a review of each agency's internal control system in subsequent audits.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

**NAME OF REPORT: Ohio Department of Administrative Services
Logic Soft, Inc.**

FILE ID #: 2018-CA00018

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

**Jill Jones
KEEPER OF RECORDS**

**CERTIFIED
November 26, 2019**

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