



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#130425

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DATE: 06/18/2019

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW OF ATOS INVOICES FOR THE DISASTER MANAGEMENT BUSINESS CONTINUITY PROJECT**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of Atos Invoices for the Disaster Management Business Continuity Project.

BACKGROUND:

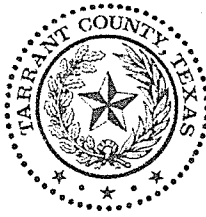
As authorized by Local Government Code, the Auditor's Office reviewed recent invoices remitted for payment by Atos IT Solutions and Services related to the Disaster Management Business Continuity project.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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May 16, 2019

Mr. Christopher Nchopa-Ayafor, Chief Information Officer
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Atos Invoices, Disaster Management Business Continuity Project

The Auditor's Office reviewed recent invoices remitted for payment from Atos IT Solutions and Services (Atos) related to the Disaster Management Business Continuity (DMBC) project. ITD staff approved invoices that would have resulted in overpayments to Atos totaling approximately \$37,000 for travel expenses that did not comply with the terms of the contract and recurring monthly fees that were eliminated by a change order. The appropriate staff approved the invoices for payment. However, we continue to be concerned whether procedures are adequate to ensure ITD invoices are accurate and comply with the terms of the contract. This issue was previously reported in the *Auditor's Report – Review of ITD Financial Controls* presented to Commissioners Court on December 12, 2017.

Specifically, we observed the following:

1. ITD approved an Atos invoice in the amount of \$90,392.91 for travel expenses that did not comply with the terms of the contract.

The Auditor's Office received an invoice from Atos totaling \$104,736.45 dated June 12, 2018 for travel expenses related to the DMBC project. The Auditor's Office routed the invoice to ITD via ReadSoft for the appropriate approvals. ITD rejected the invoice multiple times during the period of June through November since Atos did not provide any supporting documentation for travel expenses.

According to ITD staff, Atos provided receipts for travel expenses to the ITD Business Office in October 2018. ITD Business Office staff performed a reconciliation of the invoice and receipts and concluded that the receipts provided by Atos substantiated an invoice totaling \$90,392.91. ITD staff provided Atos with their calculation. Atos credited the original invoice amount and re-submitted an invoice in the amount of \$90,392.91 dated December 13, 2018 to the Auditor's Office. The Auditor's Office forwarded the invoice to ITD via ReadSoft, and ITD approved the invoice for payment.

Accounts Payable provided the invoice to Internal Audit for detailed review. We found that the travel expenses billed by Atos did not comply with Section 18.3. EXPENSES of the contract approved by the Commissioners Court on March 22, 2016. The contract specifically states that travel must comply with County policy, payment will be based on actual expenses, and shall not exceed the current United States General Services Administration (GSA) per diem rate. The auditors adjusted the invoice amount based on per diem meal rates as defined in the County's Travel and Meeting Policy and per diem hotel rates as defined by the GSA. As a result, we found that supporting documentation and expenses allowed by contract totaled \$74,601.08, or \$15,791.82 less than the invoice approved by ITD and re-submitted by Atos.

We provided our recalculation of the Atos invoice to ITD on January 30, 2019. The Auditor's Office will not remit payment to Atos until a new invoice, with the appropriate ITD approvals, is received. ITD provided our calculation to Atos.

Atos later provided additional documentation supporting travel expenditures for hotel and parking totaling \$1,752.52. Therefore, the revised amount owed to Atos is \$76,353.60. Again, ITD provided our calculation to Atos and they agreed with the revised amount. Atos provided a credit memo in the amount of \$90,392.91 for the invoice dated December 13, 2018 and a revised invoice in the amount of \$76,353.60 dated May 28, 2019. The Auditor's Office paid the invoice on June 11, 2019.

We also observed instances where multiple consultants came to Fort Worth at the same time, and each consultant rented a vehicle. The County's policy addresses rental vehicles and even defines the size of the vehicle to be rented based on the number of persons traveling together. Although the rental of vehicles did not comply with policy, we did not exclude these amounts in the recalculated invoice amount. We recognize that the consultants required transportation into downtown, but we cannot determine the cost of alternate transportation such as a taxi or ride share. Based on the information shown on the rental car receipts, the vehicles were primarily driven between Dallas-Fort Worth Airport and downtown with minimal additional miles. Not only were additional costs incurred to the County for the rental vehicles, but also for hotel parking fees which were up to \$28 plus tax, per day, for each vehicle.

2. ITD approved and requested payment to Atos totaling \$21,600 for services that were removed from the original contract per a change order approved by the Commissioners Court on January 31, 2017.

ITD staff approved 12 Atos invoices, each dated December 19, 2018, that totaled \$21,600 for monthly "metered power." ITD coded and approved the invoices to the purchase order line item called "Cross Connect Fiber." At the time, only \$3,600 was allocated on the purchase order line item. According to an email from an ITD Business Office staff person, management requested that one of the invoices be charged to the purchase order line item called "Managed Services." The accounts payable supervisor stated that the invoice could not be posted to the Managed Services line item since the services described on the invoice did not match.


A couple of weeks later, the accounts payable supervisor received an email stating that all 12 invoices should not be paid and that Atos would issue a credit memo. The Auditor's Office received a credit memo in the amount of \$21,600 dated January 18, 2019.

We met with ITD executive management and staff several times to discuss our concerns and the specific issues described above. Management agrees that there is no formal process to match invoices to the appropriate contract and that there are gaps in their documented standard operating procedures (SOPs). Management agreed to address these issues by revising their SOPs and provide training for ITD staff. The Auditor's Office also explained that goods and services invoiced by a vendor must match the description of the respective purchase order line item.

ITD executive management invited the Auditor's Office to attend the all managers meeting on February 27, 2019 to discuss the approval and payment of vendor invoices. During the meeting, we explained the Auditor's statutory responsibilities and an overview of the accounts payable process, including ITD's role to ensure the accuracy of the invoices. We also emphasized again that goods and services invoiced by a vendor must match the description of the purchase order line items.

As ITD management revises the SOPs, we will continue to work collaboratively to ensure that these procedures are adequate to ensure that invoices are paid accurately. Please call me if you have any specific questions regarding the contents of this report.

Sincerely,

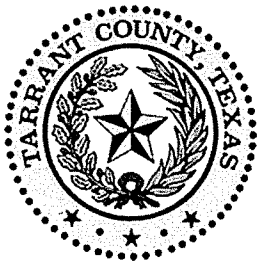


S. René Tidwell, CPA
County Auditor

Attachment: Management Response

Disbursement: G.K. Maenius, County Administrator
Russell Scott, Deputy, Chief Information Officer
Anthony Jackson, Director of Network & Data Center Infrastructure
Avdesh Gupta, Business Services Manager

Audit Team: Kim Trussell, Audit Manager
Brandy Greene, Senior Internal Auditor



Information Technology
*Business First,
Technology Second*

**Chief Information
Officer**
Chris Nchopa-Ayafor

**Executive Assistant
to CIO**
Kimberly Knott

Deputy CIO
Russell Scott

**Project Portfolio
Management Office
Director**
Jorge Calzada

**Network & Data
Center Infrastructure
Director**
Anthony Jackson

**Business Application
Development & Support
Director**
Michael Webb

**Customer Resource Center
Director**
Keith Hughes

**Information Security
Officer**
Darren May

*Our vision is to be the best IT
organization in state and
local government within the
United States.*

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DATE: June 10, 2019
TO: Renee Tidwell
FROM: Chris Nchopa-Ayafor
SUBJECT: Auditor's Report – Review of Atos Invoices, Disaster Management Business Continuity Project

Regarding observation 1, ITD worked with the Auditor's office extensively between June 12, 2018 and December 13, 2018 to resolve agreed deficiencies with travel reimbursements requested by Atos. ITD was not comfortable with the accuracy of the invoice and continued working with Accounts Payable and Atos to correct these discrepancies. After a review of an updated invoice and receipts, ITD contacted Accounts Payable requesting further direction. ITD was requested to submit the updated invoice so the Auditor's office could review progress to date and provide additional guidance. ITD was not aware this was considered an audit. The ITD Business Services team have been provided additional training regarding interpretation of the County Travel Policy and GSA travel rates.

Regarding observation 2, the ITD Business Services team have been instructed regarding this error and changes in procedure have been implemented to avoid this in the future.

We agree with the Auditor regarding the need for updated Standard Operating Procedures. These are currently under review.