

OFFICE OF THE STATE INSPECTOR GENERAL
Report to Chief Information Officer
of the Commonwealth
Nelson Moe

*Performance Review
Virginia Information Technologies Agency*



Michael C. Westfall, CPA
Acting State Inspector General
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COMMONWEALTH OF VIRGINIA
Office of the State Inspector General

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December 20, 2017

Mr. Nelson Moe
Chief Information Officer of the Commonwealth
Virginia Information Technologies Agency
11751 Meadowville Lane
Chester, VA 23836

Dear Mr. Moe:

Under [§ 2.2-309](#) [A](10) of the *Code of Virginia (Code)*, the Office of the State Inspector General (OSIG) is empowered to conduct performance reviews of state agencies to ensure state funds are spent as intended and to evaluate the efficiency and effectiveness of programs in accomplishing their purposes. OSIG conducted, with the assistance of SC&H Group Inc., an outside professional services firm, a performance review of the Virginia Information Technologies Agency (VITA).

OSIG's review focused on activities performed by VITA related to:

- Customer Billing & Disputes;
- Statewide Contracts;
- Information Technology Project Management (ITPM); and
- General Support.

VITA was selected for review based on a 2013 statewide risk assessment completed by Deloitte LLP. The planning phase of the review consisted of conducting interviews with select members of executive and divisional management; administering an organizational-wide survey to agency heads at executive branch agencies; assessing the risks identified during those interviews and survey results; and creating a detailed review plan to accomplish the review objectives. The review plan was executed and the results were discussed with VITA management. Observations, recommendations, VITA's management responses and action plans are included in the attached report.

OSIG appreciates the assistance provided by VITA Finance & Administration, Supply Chain Management and ITPM staff during this review.

If you have any questions or require further information, please contact me at (804)-625-3255 or michael.westfall@osig.virginia.gov.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Westfall", with a long horizontal line extending to the right.

Michael C. Westfall, CPA
Acting State Inspector General

CC: Paul J. Reagan, Chief of Staff to Governor McAuliffe
Suzette P. Denslow, Deputy Chief of Staff to Governor McAuliffe
Karen Jackson, Secretary of Technology
The Honorable Frank M. Ruff, Jr., Chairman, General Laws and Technology Committee
The Honorable Richard L. Anderson, Chairman, Science and Technology Committee

TABLE OF CONTENTS

Executive Summary	1
Purpose and Scope of the Review.....	3
Background.....	5
Customer Billing & Disputes.....	5
Statewide Contracts	6
Information Technology Project Management	7
General Support	9
Review Methodology.....	11
Review Results.....	12
Review Area 1 - Customer Billing & Disputes	12
Observation No. 1 — Evaluate Opportunities to Automate and Integrate IT Asset Inventory.....	13
Observation No. 2 — Enhance Information Provided on VITA Invoices.....	14
Observation No. 3 — Improve the Dispute-Resolution Process Through Increased Automation and Transparency.....	18
Observation No. 4 — Consider Changing Timing Requirements in the Credit Policy.....	20
Observation No. 5 — Evaluate the IT Goods and Services Pricing Model to Ensure Best Value to the Commonwealth	21
Review Area 2 - Statewide Contracts	22
Observation No. 6 — Where Appropriate and Beneficial to the Commonwealth, Explore Opportunities for Contract Exceptions and Increased Supplier Options for Statewide Contracts	24
Observation No. 7 — Improve Tracking, Communication of Contract Expiration and Solicitation of Feedback from Agencies to Enhance Statewide Contracts.....	27
Review Area 3 – Information Technology Project Management (ITPM).....	28
Observation No. 8 —Improve ITPM Workflow Through an Improved Portfolio Management Tool, Enhanced Reporting and More Transparency	30
Observation No. 9 — Provide More User-Friendly Guidance to Agencies for ITPM-Related Policies and Procedures	33
Review Area 4 - General Support.....	34
Observation No. 10 — Dedicate Additional Resources to Improve Overall Customer Service.....	35
Observation No. 11 — Enhance Timeliness and Effectiveness of the Help Desk Ticket-Resolution Process	37

Executive Summary

The Office of the State Inspector General (OSIG), through work performed by SC&H Group, Inc. (SC&H), an outside professional services firm with offices in Virginia and Maryland, reviewed four review areas at the Virginia Information Technologies Agency (VITA), including:

- Customer Billing & Disputes;
- Statewide Contracts;
- Information Technology Project Management (ITPM); and
- General Support.

The review had the following objectives:

- Evaluate the accuracy, timeliness and clarity of Comprehensive IT Goods and Services invoices issued, and assess the effectiveness and efficiency of the dispute processes.
- Assess the adequacy of the current selection, pricing, communication and guidance provided to executive branch agencies for statewide contracts and the monitoring process, assuring agencies are using statewide contracts for IT procurement.
- Evaluate the adequacy of ITPM governance, oversight and support provided by VITA to executive branch agencies and the effectiveness and efficiency of ITPM processes.
- Evaluate other areas of support (i.e. communication, training and help desk) VITA provides to executive branch agencies for adequacy and completeness.

To accomplish this review, SC&H performed the following procedures:

- Interviewed the VITA executive management team and employees in select divisions to understand the processes, major risks and potential inefficiencies.
- Reviewed documentation received from VITA and policies, procedures, presentations, forms, spreadsheets, manuals, instructions and guidelines on the agency's website.
- Conducted and analyzed the results of an online survey of agency heads and relevant subordinates regarding their experiences with VITA for each review area.
- Selected six Virginia executive branch agencies to perform follow-up interviews to assess those agencies' individual experiences with VITA processes for each review area.

All of the review objectives were met. At the conclusion of the review, OSIG provided the following summarized recommendations for VITA:

REVIEW AREA	RECOMMENDATION
Customer Billing (Observation 1 & 3)	Evaluate opportunities to automate and integrate billing and dispute processes.
Customer Billing (Observation 2)	Improve clarity and consistency of information provided on VITA invoices.
Customer Billing (Observation 4 & 5)	Evaluate opportunities to improve VITA's credit policy and pricing model.
Statewide Contracts (Observation 6)	Where appropriate, explore opportunities for more flexible supplier and pricing options in statewide contracts.
Statewide Contracts (Observation 7)	Strengthen tracking and communication of contract expiration and solicitation of feedback from agencies to improve statewide contracts.
ITPM (Observation 8)	Evaluate opportunities to improve workflow through an improved Portfolio Management Tool.
ITPM (Observation 9)	Evaluate opportunities to provide more user-friendly guidance to agencies for ITPM-related policies and procedures.
General Support (Observation 10 & 11)	Dedicate additional resources to improve overall customer service.

Purpose and Scope of the Review

The Office of the State Inspector General (OSIG) conducted a performance review of the Virginia Information Technologies Agency (VITA) pursuant to *Code of Virginia (Code)* [§ 2.2-309](#), whereby the State Inspector General shall have power and duty to:

“Conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of programs and to ascertain, among other things, that sums appropriated have been or are being expended for the purposes for which the appropriation was made and prepare a report for each performance review detailing any findings or recommendations for improving the efficiency, effectiveness, or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to address such findings.”

This review was not designed to be a comprehensive review of VITA, but instead focused on certain risk areas identified through a statewide risk assessment of state agencies. The review to be performed was initially based on Deloitte LLP’s risk assessment concerning VITA risks in these areas:

- Customer Billing;
- Third Party Administrator/Contractor Management;
- Information Technology Project Management (ITPM); and
- Big Data.

The Commonwealth is currently under contract with Northrop Grumman (NG) to provide information technology (IT) infrastructure services through a 13-year, \$2.1 billion contract, which expires in 2019. Due to the upcoming expiration of this contract, NG services were considered not in scope for this review. Further, discussions held with VITA management determined there was no significant monitoring of “Third Party Administrators” or contractors performed by VITA, except for monitoring the NG contract, which is not in scope. Instead, VITA is responsible for the procurement of statewide contracts, which are utilized by executive branch agencies to procure technology needs through electronic Virginia (eVA), the Commonwealth’s e-procurement portal. Therefore, the review’s focus shifted to VITA’s selection and management of those contracts. Additionally, it was determined that “Big Data” was not within scope of VITA’s responsibilities and therefore not included in this review. Consequently, the revised review areas were determined to be:

- Customer Billing & Disputes;
- Statewide Contracts;
- Information Technology Project Management ITPM; and
- General Support.

The review was conducted by SC&H from January 2016 through November 2016; documents collected for the review spanned the period of April 1, 2015 through March 31, 2016. In addition to interviews conducted at VITA's headquarters and the analysis of key processes and supporting documentation, this review included an electronic survey distributed to each executive branch agency.

The delay between the end of fieldwork (November 2016) and this report date (December 2017) is due to an extended management response period. Management comments were provided to VITA management in November 2016 and responses were received back in December 2016. Due to the significant quantity of suggested edits, comments and areas of disagreement, SC&H reviewed documentation, performed additional research and conducted follow-up meetings with VITA process owners. Updated management comments were provided to VITA in April 2017 with final review comments received back from VITA in July 2017.

The review objectives were:

- Evaluate the accuracy, timeliness and clarity of Comprehensive IT Goods and Services invoices issued, and assess the effectiveness and efficiency of the dispute processes.
- Assess the adequacy of the current selection, pricing, communication and guidance provided to executive branch agencies for statewide contracts and the monitoring process, assuring agencies are using statewide contracts for IT procurement.
- Evaluate the adequacy of ITPM governance, oversight and support provided by VITA to executive branch agencies and the effectiveness and efficiency of ITPM processes.
- Evaluate other areas of support (i.e., communication, training and helpdesk) VITA provides to executive branch agencies for adequacy and completeness.

Background

VITA was created through [Code § 2.2-2005](#), which established it as the Commonwealth's consolidated information technology organization through the powers and duties assigned to the Chief Information Officer (CIO). VITA's responsibilities fall into four primary categories:

- Governance of the Commonwealth's information security programs in support of the responsibilities of the CIO of the Commonwealth;
- Operation of the IT infrastructure, including all related personnel for executive branch agencies declared by the legislature to be "in scope" to VITA;
- Governance of IT investments in support of the duties and responsibilities of the Information Technology Advisory Council and the CIO of the Commonwealth; and
- Procurement of technology for VITA and on behalf of other state agencies and institutions of higher education.¹

VITA's mission is to support the Commonwealth by providing cybersecurity, IT infrastructure services and IT governance.² VITA's vision to be the Commonwealth's preferred IT partner encompasses the following core goals:

- Create value; provide enterprise IT services supporting the business of state government at the best return on investment for customers, stakeholders and Virginia's taxpayers.
- Improve the commonwealth's competitive position in the national and world marketplace; harness opportunities to utilize technology to improve the availability, quality and responsiveness of state services—seamless, friendly, anywhere, anytime; for citizens and customers.
- Create accountability for how public funds are spent on technology for VITA as well as for the entire executive branch.
- Grow VITA employees; embed opportunities for professional growth and development into the agency's organization and operations. Recognize and reward accomplishments.
- Serve as the model for transforming state government; pursue streamlined business processes and innovative partnerships that revolutionize service delivery at significantly lower costs.³

Customer Billing & Disputes

VITA, as established by [Code § 2.2-2013](#), is responsible for establishing and collecting fees from users in an amount that is sufficient to allow it to finance its operations and staff, as well as develop information, billing and collection methods that will assist agencies in analyzing and effectively managing their use of VITA's services. VITA contracted with NG to provide IT goods and services to the Commonwealth's agencies. NG purchases IT assets (e.g., laptops, desktops, printers, etc.)

¹ "About VITA - Tagline." VITA, <https://www.vita.virginia.gov/default.aspx?id=61>, (Accessed August 19, 2016)

² "About VITA - Mission." VITA, <https://www.vita.virginia.gov/default.aspx?id=61>, (Accessed August 19, 2016)

³ "About VITA - Tagline." VITA, <https://www.vita.virginia.gov/default.aspx?id=61>, (Accessed August 19, 2016)

and issues these assets to agencies. All assets are recorded by NG in its asset inventory system. The customers are charged a recurring monthly fee for hardware, support, help desk and the Local Area Network (LAN) port (i.e., network access). VITA Billing receives a feed on the first of every month from NG's asset inventory system and manually adds the VITA markup to create the monthly Comprehensive IT Goods and Services bill. This bill and supporting reports are made available online to each agency in the VITA Comprehensive IT Goods and Services billing application. It is each agency's responsibility to review the bill for accuracy and identify and report any discrepancies or errors. VITA has provided agencies with tools (i.e., a user guide)⁴ for the billing access application and for reconciling the bill.

VITA Billing also acts as the liaison between the agencies and NG for dispute resolution. Agencies are directed to fill out and submit the Comprehensive Services Credit/Change Request form online. This creates an email the agency must reply to by attaching supporting documentation, noting what assets or charges are being disputed and providing an explanation for the dispute. VITA reviews the form to determine it is properly and completely filled out and logs the dispute into the myRequests IT Corrections (ITC) tool with supporting documentation. NG accesses disputes through the ITC tool and must complete the investigation within 20 business days. Once completed, an automatic email is generated to VITA, which is responsible for alerting the agency of the results of NG's investigation for its review and approval. If the agency disagrees with the resolution, it has the option to further escalate the dispute through VITA.

Statewide Contracts

Per [Code §2.2-2012](#), VITA is given authority to “develop policies, standards, and guidelines for the procurement of information technology of every description. Information technology shall be procured by (i) VITA for its own benefit or on behalf of other executive branch agencies or (ii) such other agencies to the extent authorized by VITA. Such procurements shall be made in accordance with the Virginia Public Procurement Act ([Code § 2.2-4300](#)), regulations that implement the electronic and information technology accessibility standards of the Rehabilitation Act of 1973 (29 U.S.C. § 794d), as amended, and any regulations, policies, procedures, standards and guidelines of VITA.” This regulation also allows VITA to delegate procurement authority to “any executive branch agency that establishes, to the satisfaction of the Chief Information Officer (CIO), (i) its ability and willingness to administer efficiently and effectively the procurement of information technology or (ii) that it has been subjected to another review process coordinated through or approved by the CIO.”

VITA's Supply Chain Management Division (SCM) is responsible for developing and implementing the Commonwealth's technology procurement policies, standards and guidelines

⁴ “Comprehensive IT Goods and Services – Online Bill Access User Guide,” dated December 2010, VITA, <http://www.vita2.virginia.gov/services/busServe/onlineBillingUserGuide.pdf> (Earlier version accessed July 21, 2016)

and is the central purchasing office for all IT goods and services for the Commonwealth. SCM provides users of IT contracts with an IT Procurement Manual entitled “BUY IT,”⁵ which defines SCM’s authority, organization, purpose and responsibilities along with detailed procurement policies and procedures. SCM’s procurement responsibilities range from simple IT procurements (i.e., printer paper or ink), to access to quality IT labor resources (through the IT contingent labor program), to the management and facilitation of major IT procurements.

SCM seeks bids, proposals or price quotes and evaluates bids or proposals to determine overall economy of the IT solution, while complying with the Virginia Public Procurement Act and Small, Women and Minority Businesses (SWaM) set-aside guidelines. Further, SCM is responsible for developing the contract to protect the Commonwealth, its assets and data. A notice of award is posted on eVA to alert suppliers and users of the contract. Once a contract is awarded, the contract is set up in eVA for provisioning and use and communicated to Commonwealth buyers through VITA’s Network News. Users can access the Commonwealth’s current database of contracts by clicking “Browse VITA contracts” on eVA’s homepage⁶ and contracts can be searched by various attributes or keywords. By selecting a specific contract, the user can view the supplier information, VITA’s sourcing specialist and contact information, contract end-date and renewal information, as well as the actual solicitation, contract, award and pricing documentation.

SCM has a process to monitor whether state agencies are using statewide contracts for IT needs. On a monthly basis, an eVA report is obtained for all relevant National Institute of Governmental Purchasing (NIGP) Commodity/Services Code⁷ to determine if any IT purchases were made that did not utilize a statewide contract. If such evidence exists, SCM will contact the agency to investigate its explanation and could potentially penalize the agency for not complying with the regulation.

In 2015, VITA’s policies, programs and practices related to the procurement of IT goods and services was ranked first in the nation in the Governing Institute’s inaugural Procurement Survey of the States. The rankings recognize states for technological innovation, transparency and strategic methods in providing public bodies with goods, services and information technology.

Information Technology Project Management

The Division of Information Technology Project Management (ITPM) was established through [Code § 2.2-2016](#), granting the CIO with the specific authority to:

⁵ “IT Procurement Manual: BUY IT,” VITA, <https://www.vita.virginia.gov/supply-chain/scm-policies-forms/it-procurement-manual/>, (Earlier version accessed July 27, 2016)

⁶ Contracts can also be searched by clicking on “Statewide Contracts” on eVA’s homepage eVA – Virginia’s Procurement Portal - Homepage, <https://eva.virginia.gov/>, (Accessed September 21, 2016).

⁷ The NIGP Code is a coding taxonomy used primarily to classify products and services procured by state and local governments in North America. SCM obtains a report that contains only NIGP codes related to IT purchases.

- Develop policies, standards and guidelines that require ITPM to review and recommend to the CIO Commonwealth IT projects proposed by executive branch agencies.
- Develop a Commonwealth performance management system (CPMS) for IT projects by executive branch agencies that establishes a methodology for the initiation, planning, execution and closeout of information technology projects and related procurements. Such methodology shall include the establishment of appropriate oversight for information technology projects. The basis for the governance and oversight of information technology projects shall include, but not be limited to, an assessment of the project's risk and complexity.
- Establish minimum qualifications and training standards for project managers.
- Review and approve or disapprove the selection or termination of any Commonwealth IT project.
- Disapprove any Commonwealth IT project that does not conform to the Commonwealth strategic plan for IT developed and approved or to the strategic plan of executive branch agencies developed and approved.
- Direct the modification, termination or suspension of any Commonwealth IT project that has not met the performance measures agreed to by the CIO and sponsoring executive branch agency.

Through this authority, VITA oversees the preselection, selection, control and evaluation of strategic and designated IT projects and procurements to support agency business objectives while ensuring alignment with the Commonwealth strategic plan initiatives. To accomplish this, VITA developed three main policy, standard and guideline documents for IT projects, as follows:

1. Commonwealth Project Management Guideline,⁸ which defines the methodology for the management of projects by agencies in the Commonwealth;
2. Project Management Standard,⁹ which establishes the required processes and documentation for all IT projects in the Commonwealth; and
3. Project Manager Selection and Training Standard, which describes the required skills, training and experience Commonwealth project and program managers need to be considered qualified to manage Commonwealth IT projects; provides a methodology for identifying project managers qualified to manage Commonwealth IT projects/programs; and identifies the steps a project sponsor must take in selecting a qualified project manager to manage a Commonwealth IT project.

For purposes of governance and oversight, projects that have an estimated cost in excess of \$250,000 are considered Commonwealth-level projects and are categorized into one of four

⁸ "IT Project Management Guideline," ITRM, VITA, <https://www.vita.virginia.gov/media/vitavirginiagov/it-governance/pdf/COVProjectMgmtGuideCPM11004.pdf>, (Version 3 accessed September 6, 2016)

⁹ "IT Project Management Standard," ITRM – VITA, https://www.vita.virginia.gov/media/vitavirginiagov/it-governance/psgs/pdf/Project_Management_Standard_11203.pdf (Earlier version accessed September 6, 2016)

categories based on the Commonwealth Project Governance Assessment (CPGA) of risk and complexity. The CPGA evaluates the risk and complexity as follows:

1. Category One Projects: High Risk/High Complexity;
2. Category Two Projects: High Risk/Medium Complexity, High Risk/Low Complexity or Medium Risk/High Complexity;
3. Category Three Projects: Medium Risk/Medium Complexity, Medium Risk/Low Complexity or Low Risk/High Complexity; and
4. Category Four Projects: Low Risk and either Medium or Low Complexity.

The goal of the CPGA is to “right-size” the amount of oversight and governance applied to each project. The category determines the extensiveness of detailed planning, documentation requirements, approval levels, independent verification and validation (IV&V) requirements, status-reporting requirements, and oversight committee requirements. There are four CPGA assessments conducted throughout the project life cycle: preselection; initiation; detailed planning phases; and an optional, event-triggered assessment.

Throughout the project’s life cycle, forms, documentation, approvals and project reporting are processed in the Commonwealth Technology Portfolio (CTP) application. The CTP is a repository for agency IT investments in the Commonwealth. Agencies will use this portfolio to support technology investment decisions including major technology procurements and projects. The life cycle of the IT Investment Management (ITIM) process relies on the analysis of the agency portfolio.

General Support

As VITA strives to be the go-to government IT partner, its communication, support, guidance and expertise provided to agencies is important to its success. VITA’s website is the main portal for information gathering; therefore, ease of use and navigation is critical to customer agency satisfaction. VITA provides both extensive policy and procedure documentation related to standards and guidelines, as well as less formal tools (i.e., PowerPoint presentations or summary documentation) to assist agencies in understanding both VITA’s and the agency’s roles, responsibilities and procedures. Further, VITA provides agencies with periodic training opportunities.

The VITA Customer Care Center (VCCC) provides 24 hours a day, seven days a week support for all help desk-related issues by offering multiple ways to contact the help desk, such as by phone, email, through the IT Service Management system or VMware Service Manager (VSM), which is used for recording service requests, incidents and problem/known error records. The VCCC service desk is operated by NG and responsible for end-to-end ownership (e.g., logging, tracking, resolution and reporting) of records related to service and support. Incidents and service requests are either resolved directly by help-desk staff or escalated to specialized entities for resolution (i.e.,

On-Site Support or Technical Support Services).¹⁰ VCCC is responsible for taking ownership of customers' problems until resolved and has specific service level agreements that are tracked and reported.

¹⁰ “VMware Service Manager,” VITA, <https://www.vita.virginia.gov/support/support-documents/> (Earlier version accessed September 21, 2016)

Review Methodology

OSIG, through the SC&H review team, conducted this review by:

- Examining the detailed results of Deloitte LLP’s statewide risk assessment;
- Evaluating relevant documentation found on VITA’s website;¹¹
- Administering a survey, which was distributed to all executive branch agency heads to assess VITA’s customer service, communication, support and guidance in the identified review areas;
- Analyzing results of the survey;
- Conducting subsequent interviews with the Auditor of Public Accounts (APA), employees of certain agencies surveyed and the following management and staff to gain insight into risks, concerns and challenges associated with VITA’s key processes:
 - Executive management team
 - Key divisions’ personnel;
- Conducting observations/walk-throughs and examining policies and procedures to gain an understanding of review-area processes, and assessing them for efficiency and effectiveness to determine whether they were implemented in the most economic method;
- Collecting and analyzing relevant data; and
- Benchmarking business processes, activities and performance metrics to other states’ IT agencies and best practices.

During the review, OSIG made observations regarding effectiveness and efficiency of various processes within each review area, identified the specific risk within each observation, and made recommendations to address each observation/risk (see [Review Results](#)). For the intent of this performance review, risk has been defined as the possibility that an event could occur that could impact VITA’s ability to efficiently and effectively conduct its operations and achieve its objectives. VITA management was provided an opportunity to respond.

¹¹ Home, VITA, <https://www.vita.virginia.gov/>, (Accessed August 4, 2016)

Review Results

OSIG, through the SC&H review team, found opportunities to improve VITA's efficiency and effectiveness. Specific steps performed are reported by review area below. For each observation, the following was documented:

- Conditions observed;
- Risks associated with the observation;
- Recommendation to address the observation and mitigate the risk; and
- Management's response.

Review Area 1 - Customer Billing & Disputes

Customer billing represents VITA's role in invoicing agencies for fees related to the Commonwealth's agreement with NG to provide infrastructure services. It also encompasses its role as a liaison between NG and agencies during the dispute-resolution process.

Review Objectives and Steps

The review objectives included:

- Evaluate whether the Comprehensive IT Goods and Services invoice ("Inventory Billing") and supporting details were accurate, clear, consistent and easy to use and understand;
 - Note: Specific attention was spent on the Inventory Billing and Work Request invoices, as significant feedback was received from agencies regarding difficulty in reconciling and understanding these invoices.
- Determine whether bill rates were appropriately communicated and charged on the invoices;
- Analyze the timeliness of services completed versus services billed or removed from invoices; and
- Assess the dispute-resolution process.

SC&H obtained a listing of customer invoices sent from April 1, 2015 through March 31, 2016, and selected a sample to test. For invoices selected, supporting detail and bill rates were obtained to test for accuracy, format and clarity. A listing of disputes submitted during the same period was also obtained to assess the efficiency and effectiveness of the process and to analyze communication, automation and transparency. Policies and procedures for both billing and dispute resolution were considered in this assessment.

Feedback received from survey respondents was analyzed for trends to pursue and/or substantiate during SC&H's testing. Additionally, six executive branch agencies were contacted and interviews were conducted with appropriate management to obtain feedback related to the customer billing and dispute-resolution processes.

SC&H noted five observations and recommendations related to VITA's customer billing and dispute processes. Further details related to steps performed and review results are documented within each observation.

Observation No. 1 – Evaluate Opportunities to Automate and Integrate IT Asset Inventory

The root cause of the majority of challenges faced by agencies related to the VITA Comprehensive IT Goods and Services invoice process is the customer agency's lack of real-time access to, and visibility of, IT asset data residing within NG's systems. NG provides VITA with a data dump of all managed IT assets. It is VITA's responsibility to sort and prepare that data and apply the VITA markup to create the monthly bill, which is made available online to each agency in the VITA Comprehensive IT Goods and Services online billing application. Although NG is responsible for recording managed IT assets, the customer agency is responsible for ensuring the IT asset inventory listing is accurate and complete. However, the only access to the data is through the Excel reporting provided by NG through VITA Billing.

When an asset or service is added or removed from an agency, it is NG's responsibility to update the asset data in the asset management system. Feedback received from several agency interviews and surveys indicated assets are promptly added to invoices but the removal of IT assets frequently takes several billing cycles. This is made more difficult during PC refresh or server upgrades as these projects result in an increased number of additions and removal of IT assets. If the assets are not promptly removed from the invoice, the agency's invoice could be significantly more expensive until NG's asset management system is accurately and completely updated for the change. Since the installations, moves, adds or changes (IMACs) forms, NG's asset management system, VITA's invoicing system and the ITC tool are not integrated, VITA could not provide a report that effectively assessed the timeliness of assets being added or removed from billing. Further, there are multiple manual processes performed by VITA staff for various invoice types that could lead to errors and inconsistencies in billing.

Another common issue identified by customer agencies relates to the amount of supporting documentation provided with a VITA Comprehensive IT Goods and Services invoice that must be reviewed and reconciled. Agencies sometimes have to create additional processes and systems or databases (i.e., depending on agency size and number of assets) to reconcile their IT assets, resulting in inefficiencies.

There is currently no cyclical or periodic IT asset physical inventory count conducted by NG or VITA. Further, there is no consistent or formal IT asset physical inventory required to be performed by agencies as NG currently ensures inventory accuracy by relying on each agency's performance of the monthly invoice reconciliation and dispute process. NG also relies on the

Partnership Asset Reporting System (PARS), which is a real-time, auto-discovery tool that identifies asset-specific information, such as who the asset is assigned to, what type of asset is reporting and date/time of last usage. However, some agencies surveyed and interviewed stated they are not able to perform detailed reconciliations of invoices because 1) they do not have dedicated resources or the time to do so and/or 2) there is a perception that the overall cost and effort is not worth the potential savings.

Risks: Lack of automation and integration could result in inefficient processes that may be burdensome for Commonwealth agencies. Additionally, inaccurate inventory records could result in inaccurate billings.

Observation No. 1 – Recommendation

VITA should investigate opportunities to improve a customer agency's real-time access to data associated with its assigned assets. Further, VITA should identify solutions to automate billing processes, including the integration of systems for asset management, customer billing and dispute resolution.

Effective asset management practices involve a periodic or cyclical physical inventory and an auto-discovery tool (such as PARS) used in conjunction with one another. One limitation of PARS is that it is not an effective tool for locating all IT assets managed by NG or assets not connected to the network. VITA should establish a process to ensure a periodic IT asset inventory is performed with each agency's assistance or assistance of contractors, which can be utilized in conjunction with the auto-discovery tool to help with more accurate IT asset reporting.

Management Response

VITA management agrees with OSIG's observation and recommendation. This type of feature is being built into the contracts which guide supplier services after disentanglement from Northrop Grumman.

Observation No. 2 – Enhance Information Provided on VITA Invoices

Invoices received from VITA are classified as one of two types: 1) VITA IT Goods and Services, or 2) Miscellaneous Charges. Feedback received from customer agency surveys and subsequent interviews conducted with six executive branch agencies noted that details provided within invoices were inconsistent and inadequate to determine accuracy of charges. More specifically, agencies identified difficulty in determining if the labor rates charged were accurate for the labor category/employee being charged. Further, agencies noted that policies, procedures and training related to the reconciliation of Miscellaneous Charges invoice types were inadequate. SC&H tested this by reviewing a sample of various invoice types for clarity, consistency and accuracy. A total of 27 invoices, three invoices for each invoice type and category, were evaluated:

Invoice Types/ Categories

1. VITA Comprehensive IT Goods and Services Invoice (i.e., Server and End User Recurring Charges)
2. Miscellaneous Charges
 - a. VITA Security Charges
 - b. Enterprise Application Division (EAD) Service Charge
 - c. Time & Materials Charge
 - d. Procure to Pay (P2P) Pass-Through Charge (pass-through charges for NG- or VITA-supplied goods or services)
 - e. Virginia Base Mapping Program (VBMP) Mapping Charge
 - f. Medicaid IT Architecture (MITA) Service Charge
 - g. Request for Services (RFS) Pass-Through Charge (also known as work request invoices)
 - h. Miscellaneous Charges (i.e., any charge that does not fall into the other eight subcategories)

SC&H found that VITA Comprehensive IT Goods and Services (invoice type 1) was clear and consistent and the rates were easy to trace to the rate schedule available on VITA's website. However, SC&H found that Miscellaneous Charges (invoice type 2) and those invoices' categories lacked clarity or consistency in the following areas tested:

- Rate Schedule: Noted examples of inaccurate rates and/or an inability to trace rates from invoices to the rate schedules for FY2015 or FY2016 Combined Summary Mapping of Salary, Hourly, or Contractor Ranges to Billable Hourly Rates (Labor Rate Schedule).
- Policy and Procedure Documentation: The Guide to Validating the VITA Comprehensive IT Goods and Services bill gives detailed instructions on how to reconcile the Server and End User Recurring Charges invoices, but does not provide details for the Miscellaneous Charges invoices, such as EAD, VBMP and MITA invoices.
- Website: The VITA service rates and labor rates are easily identifiable on VITA's website for the current and previous fiscal year. However, there are other places on VITA's website and through VITA's search engines that provide misleading pricing information.¹²

In general, feedback received from agencies regarding the work-request invoicing process centered on the amount of time it takes to complete a work request, inability to identify the work-request process, status of the work request and the inability to understand and therefore validate what is being billed on the work-request invoices. During test procedures, challenges were noted in determining the timely completion of work requests due to varying turnaround and implementation times for standard and custom requests. Further, due to the number of different categories of dates

¹² For example, if you search for labor category of System Admin, the top search result brings you to an IT Service Catalog page that states the System Admin rate is \$124/hour, which is inaccurate as the FY2016 rate is \$143/hour. By searching "NG Labor Rates," one of the top search results provided a document titled "FA Pricing NG Labor Rates," which was last updated in February 2012. Further, the document does not have an effective date or an expiration date, which could also be misleading if searching for specific labor category rates.

tracked in the work-request system and provided on work-request invoices and other documentation, it was challenging to determine what dates should be used for analysis. Additionally, SC&H noted specific challenges within work-request invoices, as follows:

- **Changes in Rate Schedules:**¹³ When SC&H tested work-request invoices, the billable rate to the agency was found to be calculated based on rates in the billing system as of invoice date, rather than the date when the work was actually performed. Therefore, if NG delayed billing VITA, the agency could be charged at a higher rate even if the work was performed prior to rate increase.
- **Invoice Dates:** The “Labor Period End Date” and/or “Charge Incurred Date” provided on certain invoices did not provide valuable or consistent information regarding when work was performed. In the detail testing of invoices, SC&H noted the following inconsistencies, discrepancies or delays with dates:

Charge Incurred Date	Bill Period	Comment:
10/30/2015	Jan 2016	Charge incurred before 12/1 COLA rate increase resulting in agency being charged the increased rate.
6/23/2015	Dec 2015	Charge incurred before 7/1 VITA rate increase and 12/1 COLA rate increase resulting in agency being charged the increased rate.
Charge Incurred Date	Bill Period	Comment:
42187, 42227, 42263	Nov 2015	Charge Incurred Date is not an actual date and does not provide valuable information.
Labor Period End Date	Hours Billed	Comment:
1/8/2016	143.50 161.00	Represents hours billed by two employees, signifying multiple weeks of work; however, only one date is provided on the invoice for those hours worked. Therefore, dates provided do not add value and could potentially cause confusion for agencies.
12/4/2016	124.50 146.50	
Bill Period	Hours Billed	Comment:
2/1/2016	160.00	There is no Labor Period End Date or Charge Incurred Date on the invoice. Therefore, it is difficult to determine when work was performed.

¹³ VITA bill rates change on July 1 of every fiscal year. Additionally, NG rates billed to VITA increase on December 1 of every fiscal year.

- Transparency: Agencies must proactively reach out to their contacts at VITA to determine the status of their work request after the Notice to Proceed has been provided to NG, as agencies cannot identify their status in the queue or progress that has been made.
- Tracking: Agencies must create an internal mechanism to track labor and material costs to ensure the entire project does not exceed the not-to-exceed amounts, as this is not provided by VITA or NG. For example, one work-request invoice could charge for multiple open work requests. While the work-request invoice will state the work request number for each project, the agency will have to track the projects separately to ensure it is properly billed.
- Timeliness: VITA can only bill agencies for work performed after it receives time and material charges from NG. However, these timing delays can be difficult for agencies because the more time between work performed and work billed, the more difficult it is for an agency to validate the charges. Additionally, this can impact accounting decisions at period end, quarter end and year end when trying to utilize budgeted funds.

Risks: Agencies could be inaccurately billed for IT goods and services. Vendor could be overpaid for its services resulting in the Commonwealth not receiving best value.

Observation No. 2 – Recommendation

Since multiple divisions are responsible for inputting data that flows through to customer invoices, VITA should establish consistent documentation requirements and clearly identify dates of work performed. Labor Period End Date and Charge Incurred Date should consistently represent a date when the work was performed (i.e., hours worked for the week ending) or the actual date goods were provided to the agency to aid in the agency's reconciliation. VITA should ensure all documentation on its website is clear, effective and has expiration dates. VITA should ensure outdated documentation related to billing rates is purged or archived and provide a warning that documentation is not current and/or link back to the current rate schedule. VITA should expand and enhance its documentation and training related to the reconciliation of all invoices classified as miscellaneous charges.

Also, VITA should explore opportunities to enhance its work-order request billing process, including:

- Improving automation and workflow to eliminate errors, such as utilization of more drop-down options to improve consistency and reduce manual errors;
- Establishing guidelines to improve the clarity and consistency of information provided on the face of the invoice (e.g., date work performed, descriptions of specific actions, work request completion dates, etc.);
- Establishing a methodology and reporting process to track timeliness of work-request completion, including an analysis of charges incurred vs. billing date, and whether standard and custom work-request timelines are consistently met;

- Requiring that each work request's status is provided on the face of the invoice (i.e., in process, completed, awaiting customer acceptance); and
- Improving tools for agencies to monitor work-request invoices, such as providing more transparency into their status in the work-request queue and the ability to create queries from billing data instead of creating duplicative processes to track each work request separately.

Management Response

VITA management agrees with OSIG's observation, but not the recommendation as the current billing system utilized is dependent on the information stored and maintained by NG. Therefore, until the Commonwealth engages new multi-service vendors during the transition away from NG, there is not an effective option for reconfiguring the current billing system for these service types. VITA has updated the system where feasible. As work requests are maintained within an NG system as well, changes cannot be added to the billing system without significant development and cost.

In response to these observations, VITA has added effective dates to the rates on the website. Also, VITA has updated billing procedures for all IT billing. VITA has also improved automation of work-request billing to reduce the amount of editing needed on the data prior to import into the billing system.

OSIG's Response to Management

OSIG agrees that making large system updates to the current system is not prudent given the imminent vendor/systems change. However, VITA should continue to focus on identifying where data can be manually entered in the system and eliminating areas of inconsistency. Further, VITA should ensure the new vendor's system considers shortfalls of the current system and improves automation of both invoicing and dispute-resolution processes.

Observation No. 3 – Improve the Dispute-Resolution Process Through Increased Automation and Transparency

The following challenges and inefficiencies were noted in the dispute-resolution process:

- Automation and Workflow: Although there are steps in the dispute-resolution process that are automated, the process still requires manual steps to be performed by VITA Billing, such as:
 - After submitting the online form, the agency must then forward the email and attach supporting documentation to the VITA Billing email address.
 - VITA Billing must manually input the dispute information from the email into the IT Corrections (ITC) tool, then save and upload supporting documentation into the ITC tool.

- VITA Billing also inputs the dispute information into an internal status report spreadsheet and IT listing current spreadsheet for tracking purposes.
- Transparency: Agencies were aware that expected turnaround times existed for dispute investigations; however, they would like more information regarding their status in the queue (i.e., to anticipate the wait time to be investigated) and an estimated time when to expect the results of NG's investigation. This was confirmed by VITA Billing, as they must manually research and provide agencies with status updates when requested.
- Formal Documentation: VITA Billing utilizes an internal policy, "VITA Comp Services Credit/Change Request Dispute Process," which gives NG 20 business days to complete its investigation and 30-90 days to apply a credit to an invoice. However, this information is not available to agencies and is not posted on VITA's website. Further, the reevaluation and escalation procedures and timelines are not posted on VITA's website.
- Timeliness of Investigation: Agencies stated that from submission until the results of NG's investigation, the overall dispute process is not timely. SC&H attempted to review the timeliness of disputes from date submitted to date closed and obtained a listing of 124 disputes that were closed between April 1, 2015 and March 31, 2016. Those disputes took between five and 220 business days, with an average of 53 business days (excluding government holidays) to close a dispute. However, the report received for this evaluation provided only the dispute's status as of March 31, 2016. Therefore, if a dispute was re-investigated or escalated and resolved in the review period, it would only be reported as "Closed." Further, VITA Billing does not differentiate on reporting whether a dispute is on its first investigation by NG or the reevaluation due to agency disagreement. Therefore, SC&H was not able to separately assess the timeliness of re-evaluated or escalated disputes.
- Disagreement with Resolution: There are no formal procedures for the escalation process, no documented or communicated period for NG to complete its reevaluation, and no documented period for the executive management team to take action on an escalated dispute.

Risks: Disputes may not be resolved timely or properly resulting in agency dissatisfaction. Inefficiencies in the current dispute-resolution process could deter agencies from alerting VITA of billing errors. Agencies could be overbilled for IT goods and services.

Observation No. 3 – Recommendation

VITA should look to enhance documentation related to its disputes process to provide added clarity, instruction and expectations surrounding timelines, reevaluation and escalation of disputes. VITA should seek opportunities to further improve the automation of the disputes process to allow for enhanced tracking and transparency by agencies. With additional tracking, VITA should be able to analyze issues and continually improve its practices, evaluate its responsiveness and provide strengthened communication to agencies regarding its performance.

Management Response

VITA management agrees with OSIG’s observation and recommendation, as much of the disputes process is currently manual. VITA is currently mapping the process to standardize for all services. Gaps are being identified and VITA Accounting and customer account managers are collaborating to improve responsiveness to customers.

Observation No. 4 – Consider Changing Timing Requirements in the Credit Policy

Six agencies interviewed and multiple agencies surveyed were dissatisfied with the Customer Credit/Adjustment Requests for the VITA services policy, which states, “Credits and adjustments granted will be limited to 120 days prior to the credit/adjustment request.” Once the dispute is logged with VITA, the agency is eligible for all subsequent credits, but VITA will only credit the agency for 120 days prior to VITA’s receipt of the credit request, regardless of how long the billing error has occurred. However, in the normal course of business, agencies sometimes find a previously undiscovered error that may impact several past invoices.¹⁴ Restricting the period allowed for credits can alleviate some of the administrative burden on VITA due to less credit-request processing. However, this policy may result in agencies being unable to claim valid credit opportunities.

Per VITA Billing, the 120-day credit limit was established by NG’s contract.

Risks: Agency overpays for IT goods and services due to a vendor error. An agency is aware of a billing error that could impact other agencies but does not notify VITA due to timing limitation of the credit policy.

Observation No. 4 – Recommendation

Agencies should only be charged for what they actually utilize regardless of when the error was identified, and NG should be held accountable for its errors. Therefore, VITA should consider changing the 120-day credit limit for disputes to be more flexible to the resources and time restraints facing agencies and to ensure the Commonwealth’s funds are appropriately expended. Further, this should be addressed during the establishment of new vendor contracts to ensure vendors can be held responsible for errors.

¹⁴ SC&H did not note this in any of the samples tested; however, one agency interviewed noted it had hired a consultant to review its IT invoices and discovered a \$300,000 billing error for which it was only able to receive \$160,000 of credit due to the credit policy. Further, other agencies stated circumstances could push certain disputes past the 120-day credit limit, thereby impacting the refund amount they were eligible to receive for contested assets or services.

Management Response

VITA management disagrees with this observation as customer agencies are required by the Commonwealth Accounting Policies and Procedures (CAPP) manual to validate charges before an invoice is paid. By allowing up to 120 days of credit, agencies are given a reasonable amount of time to identify inaccurate charges. If a time limit is not placed on the requirement, agencies are not incentivized to review their bill in a timely manner and the administrative burden to both the customer agency and VITA to reconcile services/charges beyond the 120 days would be far more time consuming and costly to the Commonwealth.

OSIG's Response to Management

Due to feedback received from agencies requesting more flexibility concerning the 120-day policy, OSIG recommends VITA reconsider the period for credit. While OSIG agrees 120 days represents a preferable practice as it is more flexible than the 30-day prompt payment requirements by CAPP, Commonwealth agencies should not be held financially responsible for errors created by NG and/or VITA. VITA should consider items such as materiality and request that evidence be provided by the agency that shows the billing error was not identified sooner due to an acceptable reason (i.e., lack of training, a change in staff responsible for reviewing invoices, or misunderstanding of invoice terms and conditions). Paying any vendor for goods or services that were not received is not a cost-effective practice for the Commonwealth.

Observation No. 5 – Evaluate the IT Goods and Services Pricing Model to Ensure Best Value to the Commonwealth

SC&H received substantial feedback from agencies regarding pricing of goods and services. An area frequently mentioned was storage. One agency mentioned it reorganized and was able to reduce data storage, and in turn reduced the VITA Comprehensive IT Goods and Services invoice amount significantly. However, during the next year, VITA increased its storage rate to offset the amount of storage the agency was able to reduce. Altering rates to keep the overall agency storage cost the same or higher would not incentivize agencies to be more economical or cost-effective.

For many agencies, another common area of concern is that VITA charges a markup for its services as a liaison between NG and the agencies.¹⁵ However, further automation and integration of systems could potentially reduce costs and errors while improving efficiency and agency satisfaction. For example, if systems and/or interfaces were able to perform the manual processes that VITA Billing currently performs and agencies were able to automatically receive or retrieve their invoices, VITA Billing could focus more time on other services to help improve the agencies' experience.

¹⁵ Per a recommendation from JLARC, VITA is required to charge for its services to cover all of its administrative and overhead costs.

Risks: The Commonwealth may not be receiving the best value from its vendor. Agencies could be overbilled for IT goods and services.

Observation No. 5 – Recommendation

In establishing the next set of contracts for infrastructure services, VITA should ensure the pricing structure incentivizes agencies to be more economical and cost-effective in their use of IT goods and services. Also, the next set of contracts should consider requirements that will improve automation of billing processes and allow greater availability of necessary data to the agencies.

Management Response

VITA management agrees with this observation and recommendation, with the following additional comments:

- The contract with NG has a substantial fixed component, and as such at times can unintentionally mute the agency-level economic incentives to reduce consumption of certain IT services.
- VITA agrees that from time to time concern is raised over the Department of Planning and Budget/State budget-approved VITA overhead percentage.
- VITA agrees that from time to time concern is raised over NG-provided asset quality. However, hardware quality is rarely raised as a concern.

However, VITA management also acknowledges that while automation and process improvement are always possible, not enough progress exists in the current environment to reduce VITA overhead costs substantially.

Review Area 2 - Statewide Contracts

VITA is responsible for the procurement of all IT goods and services. To accomplish this objective, VITA Supply Chain Management (SCM) works with agencies to determine technology solutions that can address business needs efficiently, effectively and economically while complying with federal and state procurement regulations and internal VITA guidelines. Final approved and accepted contracts, terms and conditions and pricing information are posted on eVA for all state agencies to use for their IT needs. The use of VITA's statewide contracts is mandatory for the acquisition of all IT goods and services for most executive branch agencies.

Review Objectives and Steps

The review objectives included:

- Evaluate whether the statewide contracts on eVA are current, complete and accurate;

- Assess the processes used by SCM to ensure statewide contracts are available to meet the agency's needs, including the processes surrounding contract expiration;
- Evaluate the processes, documentation and guidance provided to agencies regarding the IT Contingent Labor contract;
- Analyze pricing available for a sample of statewide contracts for reasonableness; and
- Assess the post-purchase NIGP Commodity/Services Code monitoring process performed by SCM.

SC&H reviewed the BUY IT manual to gain an understanding of the roles, responsibilities, policies and processes of SCM. A sample of contracts and supporting documentation was also analyzed to determine whether they were accurate, complete and current. SC&H also obtained a sample of post-purchase monitoring performed by SCM to evaluate the efficiency and effectiveness of the process.

It was noted the Joint Legislative Audit & Review Commission (JLARC) was conducting a review on state contracting during the review period. The final JLARC report on state contracting¹⁶ was reviewed upon completion. Since its review focused on areas such as contract administration, monitoring of contract performance and assistance with planning and execution of IT contracts, SC&H removed these areas from the scope of the review to eliminate redundancies. One identified area of overlap was agencies recognized a need for more assistance from VITA in conducting agency IT procurements (outside of the currently available statewide contracts). The JLARC report recommended that VITA “identify the number of additional staff needed by ... [SCM] to effectively assist agencies with the planning and execution of procurements for IT contracts,” to which VITA replied it would seek budget funds for an outside consultant to assist in identifying the required resources. Therefore, as this observation was brought to VITA's attention and replied to, it was omitted from this report.

Other areas of feedback received from survey respondents were analyzed for trends to pursue and/or substantiate during testing. Additionally, six executive branch agencies were interviewed with appropriate management to obtain feedback related to their use of, and experience with, statewide contracts. SC&H also sought feedback regarding the level of communication and partnership an agency experienced when working with VITA SCM.

SC&H found that SCM policies, procedures and other tools available on VITA's website were easy to locate, comprehensive and useful. The majority of feedback received noted statewide contracts were beneficial and easy to use. SC&H further evaluated the most common areas of survey feedback and developed review procedures to determine their accuracy and overall impact.

¹⁶ “Development and Management of State Contracts in Virginia,” JLARC, dated June 2016, <http://jlarc.virginia.gov/pdfs/reports/Rpt482.pdf>, (Accessed October 24, 2016)

The following areas were evaluated and SC&H determined VITA was sufficiently performing its duties to assist agencies in achieving their IT procurement goals.

- Some feedback received from agencies noted the IT Contingent Labor contract was inadequate and quality IT staff was difficult to obtain. SC&H reviewed the resources available to agencies regarding use of the IT Contingent Labor contract and determined that processes were well documented and procedures were clear. Further, it can be expected that during the normal course of business, sometimes the staff provided might not fit an agency's culture or business needs. However, the processes in place allow the agency to request other staff and provide clear guidelines on how to do so. SC&H determined the IT Contingent Labor contract was sufficiently documented, effectively communicated and beneficial to agencies.
- Multiple respondents noted terms and conditions and/or pricing was not clear, accurate or available for statewide IT contracts. However, based on the review of a sample of statewide contracts, SC&H concluded that contract terms and conditions posted on VITA's website were up to date and clearly defined as the entire contract (and modifications) are available for agencies to reference. SC&H also determined the pricing for selected contracts tested was easily accessible and accurate.

SC&H determined two areas below (as identified in Observations 6 and 7) could be improved to enhance the Commonwealth's IT procurement activities.

Observation No. 6 – Where Appropriate and Beneficial to the Commonwealth, Explore Opportunities for Contract Exceptions and Increased Supplier Options for Statewide Contracts

A common element of feedback received from survey respondents and agencies interviewed related to pricing and supplier options available in statewide contracts. Multiple survey respondents and agencies interviewed stated they were often able to find better prices on the open market than the prices offered through VITA contracts. It was suggested that if agencies had multiple options for each category of goods or services offered, they would be able to negotiate better prices and in some cases, higher quality from suppliers by encouraging competition. However, there are factors that need to be considered. For instance:

1. State and federal public procurement requirements mandate a competitive bidding process for certain goods or services.
2. Contract terms and conditions established by VITA processes serve to protect Commonwealth agencies.
3. SCM vets goods and services offered by suppliers to ensure they are of adequate quality, compatible with other state IT goods and services and meet security requirements.
4. Only, or mainly, looking at market prices may not take into account the cost of work performed by VITA SCM to create and advertise solicitations, evaluate proposals, select

suppliers, create and administer the contracts, and provide ongoing maintenance and support.

SC&H's review of the current statewide contract listing noted approximately 90 percent of the more than 170 statewide contracts had more than one supplier. VITA SCM noted there could be legitimate reasons why a contract only has one supplier option, such as business requirements, inherent risks to the Commonwealth, limited response to solicitations, supplier characteristics, etc. Therefore, SC&H determined VITA's efforts were adequate to ensure agencies are provided with sufficient supplier options. Regardless, it is possible that certain goods and services could be available at a lower price in the open market or directly through suppliers with special discounts. Further, agencies provided examples of finding significantly lower prices directly through other suppliers not contracted with the Commonwealth that could improve their ability to fund a project. While these examples were rare, the exceptions process required a significant effort, escalating to senior management on both sides (i.e., VITA and the agency), increasing the project's length and impairing the achievement of project goals.

Risks: Agencies may not be procuring the most cost-effective IT goods and services. Agencies could be prohibited from making a necessary and beneficial purchase due to costs associated with the currently available statewide contracts.

Observation No. 6 – Recommendation

Maintaining compliance with applicable federal and state procurement regulations is critical to both VITA's and each customer agency's success. As risks may exist for procuring goods or services outside of the standard procurement process, VITA should continue with these responsible practices.

However, there may be opportunities for VITA SCM to establish, communicate and document a more streamlined approach to approving contract exceptions, thus potentially allowing an agency to utilize an alternate supplier if the agency is able to provide evidence of a significant cost savings with minimal risks. While recognizing VITA's achievement of providing a high percentage of multi-supplier contracts, SCM can improve transparency by communicating (i.e., documenting on the website) which contracts are contractually obligated to be sole source or singularly awarded.

Management Response

VITA management does not agree with this observation due to disagreement with some of the conditions observed, as follows:

- **Contract Exceptions Process:** VITA receives only a few requests annually for true exception and believes, considering most contracts offer multi-supplier options, that exception requests should be rare, adequately supported and require the awareness and

approval of agency senior management. However, VITA believes that the contract exception process could be enhanced through additional transparency to the process itself.

- **Supplier Options:** VITA agrees that multiple sourcing encourages competitive pricing, and when possible, awards accordingly. (This is evident in the high percentage -- 90 percent -- of current contracts that include multiple supplier awards.) VITA does not believe the remaining 10 percent to be indicative of reportable negative performance. Not all suppliers choose to participate in contract solicitations, and in some cases, the nature of the contract precludes that it be singularly awarded.
- Well before the concept of a VITA Multisource Service Integrator (MSI) was fully developed, VITA worked proactively with the Department of Medical Assistance Services (DMAS) to use multiple, simultaneous cloud services contracts in support of the DMAS Medicaid Enterprise System (MES) Program. VITA innovatively helped DMAS save money, move faster, meet agency needs and insulate the agency from the turmoil of the NG disentanglement by developing new contracts for cloud-based services.

VITA does not agree with all aspects of the above recommendation. VITA plans to continue to pursue multi-supplier options whenever possible and justified. RFPs and resulting awards are already transparent as they are posted to eVA and the VITA website and include information as to whether the RFP/award has multiple or sole award options. VITA's procurement process includes in-depth analysis of multiple factors, defined by technical and functional requirements and Commonwealth of Virginia (COV) security standards, that are assessed by a team of subject-matter experts. In the end, a VITA COV contract (that protects the interests of IT buyers) is awarded to one or more suppliers that meet that vetting process. Because the exemption process cannot provide the same level of supplier assessment as an RFP, VITA believes that the process needs to continue to address the special exemption and therefore it should include the current approvals required and not be easy or streamlined. Cost is not the key factor in determining an exception to using an existing state contract. However, VITA does believe that enhancements in process are always desirable and will assure that the steps to request an exception are outlined in the Authority and Delegation policy, which requires the use of a statewide contract, and assure transparency in its posting to the website.

OSIG's Response to Management

OSIG understands and recognizes that VITA SCM has done well providing more than one supplier for most statewide contracts; however, there is value in continuing to seek more suppliers when appropriate and allowed, establishing formal contract exceptions processes, and providing more documentation. Improving transparency concerning what contracts must be singularly awarded vs. contracts that could be enhanced through more supplier participation would be beneficial to the Commonwealth.

Part of management’s disagreement above is because “VITA receives only a few requests annually for true exception.” In the observation, OSIG notes that “these examples were rare.”

Observation No. 7 – Improve Tracking, Communication of Contract Expiration and Solicitation of Feedback from Agencies to Enhance Statewide Contracts

VITA SCM monitors existing contracts for renewal/expiration by updating a spreadsheet, sorted by expiration date, with comments regarding decisions to renew or allow to expire. However, SC&H noted there is no formal policy documenting how to perform the monitoring process. Further, the manual and informal nature of the monitoring process could lead to errors. As this spreadsheet is continuously rolled forward, SC&H could not determine the timeliness or frequency of the review. Further, SC&H found policies and procedures do not require communication to agencies when a contract expires, is replaced or renewed.

There is no established policy requiring VITA SCM to proactively seek feedback from agencies or provide a period to obtain agency feedback before moving forward with a procurement. Survey respondents and agencies interviewed stated VITA did not proactively request input from agencies during its procurement processes regarding the creation of solicitations, selection of new suppliers or renewal of existing suppliers. VITA SCM indicated that due to current workload and limited staffing resources, it is not always able to proactively seek agency feedback on current and future statewide contracts. However, agencies are able to provide SCM with feedback in multiple places on the VITA website and can provide feedback through their frequent interaction with customer account managers and project management division representatives. SCM does seek agency representation for RFP evaluation teams. Therefore, SC&H determined agencies have an adequate opportunity to provide feedback to SCM. Agencies also requested more proactive communication when contracts are expiring¹⁷ to ensure they have taken the appropriate steps to end relationships with contractors that will not be renewed.

Risks: An in-use contract could expire before an agency is alerted. The agency may not have the ability to end its relationship, transition to a new vendor, and/or find a suitable and timely replacement for the goods or services offered through the expired contract.

Observation No. 7 – Recommendation

VITA SCM should improve and formalize its contract expiration monitoring process to consistently capture the same data and decisions, and to document timeliness and completion of the review. Part of this review process should be to communicate all decisions – renew, replace,

¹⁷ The contract expiration date is posted for each contract on VITA Statewide Contract tool at: <https://vita.cobblestonesystems.com/public/>

let expire or undecided – to agencies at the six-month and 60-day increment to allow agencies time to evaluate their options and plan for required changes (i.e., ending their relationship with the supplier and migrating to a new supplier).

While acknowledging that VITA SCM does provide agencies with multiple avenues to provide feedback, VITA SCM should consider providing agencies with an electronic option to participate in collecting agencies’ supplier experiences throughout the contract period. Agencies utilizing contracts or searching contracts could receive push notifications to provide feedback. Also, a central repository for data would allow agencies to search for existing feedback on suppliers prior to making decisions.

Management Response

VITA management agrees enhancements to SCM’s contract expiration monitoring and customer notification processes would be beneficial. To enhance the contract expiration monitoring process, VITA will automate internal contract expiration reports and have assigned staff define and document the process of reviewing these reports, the decision-making and decision-capturing of contract renewal/expiration, and cycle of review. To enhance customer notification of pending contract renewals/expiration, VITA will alert customers through VITA’s “Network News” e-newsletter six to nine months before contract renewal/expiration date and request input regarding those contracts through included links to the “Customer Feedback Form” or the “SCM Info” email address.

Further, VITA management stated that given the current avenues provided to agencies to provide feedback, VITA SCM receives very little input from agencies.

Review Area 3 - Information Technology Project Management (ITPM)

VITA is responsible for ensuring designated IT projects and procurements are aligned with the Commonwealth’s strategic plan initiatives. To accomplish this objective, VITA oversees the agency’s preselection, selection, control and evaluation of designated IT projects and procurements. Designated IT projects and procurements that receive VITA’s oversight have an estimated total cost in excess of \$250,000. These projects and procurements are known as Commonwealth-level projects. The documentation of these projects is made using the Commonwealth Technology Portfolio (CTP) application. The VITA Project Management Division (PMD) provides agencies with a dedicated professional for assistance in executing ITPM processes.

Review Objectives and Steps

The review objectives included:

- Obtain an understanding of VITA’s oversight and governance program offered to executive branch agencies;
- Evaluate the adequacy of the risk and complexity levels defined in the Project Management Standard, determining whether projects are appropriately categorized and providing an adequate level of support based on the category level;
- Assess VITA’s roles, responsibilities, mission and goals as they relate to ITPM oversight for adequacy and transparency;
- Evaluate VITA’s calculation and monitoring of on-time and on-budget performance measures for adequacy;
- Assess the CTP tool and related processes for effectiveness and efficiency;
- Evaluate the current ITPM workflow for effectiveness and efficiency; and
- Determine whether policy and procedure documentation provides adequate guidance to VITA and the agencies to perform ITPM activities.

To perform the objectives, SC&H reviewed the survey responses for trends to inform the review’s focus. From agency feedback, SC&H selected a sample of projects to analyze. SC&H reviewed VITA’s mission, vision, tagline and the strategic plan to gain an understanding of VITA’s responsibilities and goals. Additionally, SC&H reviewed policies, procedures, standards, guidelines and templates that applied to ITPM activities. Following review of this information, SC&H interviewed several agencies from selected projects to assess whether VITA’s oversight was adequate, valuable and in line with regulations, policies and procedures.

SC&H reviewed the CTP tool’s functionality for efficiency and effectiveness by performing a system walk-through and reviewing feedback received from agencies regarding their user experience. This review also included examining dashboards utilized by VITA to communicate progress, status, initiatives and performance. SC&H also reviewed the Commonwealth Project Governance Assessment (CPGA) documentation, including a review of the risk and complexity level categorization, to gain an understanding of the process and calculations utilized for evaluation.

The following areas were evaluated, and SC&H determined VITA was sufficiently performing its duties to assist agencies in achieving their ITPM goals:

- Feedback received acknowledged the ITPM process is beneficial as it sets a standard process to complete technology projects and is an improvement over the prior oversight provided. Further, a centralized technology agency accumulating data and assessing projects for commonality and efficiencies is beneficial to the Commonwealth.
- The risk and complexity category classification is automatically calculated through the CTP tool based on data input into the tool. PMD can review the score and manually adjust the risk and complexity level if PMD is aware of other circumstances that should be considered. Additionally, if an agency disagrees with the rating assigned, management has

the opportunity to discuss with PMD. Since the process allows for the inclusion of subjective factors, the score can be adjusted if PMD agrees with the agency's concern. SC&H concluded that this process was effective and the resulting classifications were accurate and appropriate based on risk factors.

- On-time and on-budget performance calculations were performed for each sampled project. Through inquiry with sampled agencies, it was determined that issues with on-time or on-budget calculations were often due to vendor issues or unforeseen project changes. Further, since the project management is essentially delegated to the agency in every material aspect, SC&H determined VITA's oversight would not have a significant impact on a project's on-time or on-budget performance.
- Policy and procedures documentation is plentiful and easy to locate on the website under the "Technology Oversight" tab. SC&H found that ITPM policies, procedures and other tools available on VITA's website were comprehensive and beneficial to understanding ITPM processes.

SC&H determined two areas below (as identified in Observations 8 and 9) that could be improved to enhance the Commonwealth's ITPM activities.

Observation No. 8 – Improve ITPM Workflow Through an Improved Portfolio Management Tool, Enhanced Reporting and More Transparency

Governance and oversight provided by VITA is both required and necessary, as it provides valuable insight to the Commonwealth's investment in IT programs, projects and procurements. PMD enables VITA to fulfill its statutory requirements of establishing and conducting governance and oversight of all executive branch agencies.

Another prevalent theme throughout agency survey responses and interviews was dissatisfaction with the CTP tool. The following areas represent challenges faced by agencies using CTP that can negatively impact an agency's ability to efficiently comply with VITA requirements:

- Labor Intensive: There are up to 38 different forms,¹⁸ most with multiple pages to complete, which span the entire IT Investment Management (ITIM) life cycle from strategic planning to post-implementation review.

¹⁸ This is the maximum number of forms for a Category One Project (i.e., High Risk – High Complexity). More specifically, the project management component of the ITIM life cycle for a Category One Project from project initiation to closeout involves a maximum of 28 CTP forms to complete. Documentation requirements for Category Three, Two or One Projects without procurements or change control requests can be significantly fewer.

- Poor functionality: Agencies noted the system often creates the appearance that approvals have disappeared,¹⁹ does not update fields in a timely manner after saving and functions slowly.
- No interface: Spreadsheets or project management tools, such as Microsoft Project or Word/Excel, are used to manage IT projects. There is no interface or upload into CTP, which results in redundant entering of data, as CTP is only used for VITA requirements.
- Lack of workflow updates: There are no systematic notifications that approvals occur, documentation is missing or incomplete or that action is required by the agency to move forward. Agencies have to frequently check and contact the PMD consultant to ensure projects are progressing through VITA's processes.
- Not intuitive: The tool was difficult to use even after taking the six-hour training course, and agencies still frequently have to reach out to the PMD consultant to navigate the tool.

During the evaluation of VITA's guidance and oversight, SC&H noted that VITA provides various reporting through the "Project, Portfolio and RTIP Reports"²⁰ page on VITA's website, as well as the Integrated Services Program (ISP) dashboard for Existing ISP Projects, which both display useful information in a concise manner. However, agencies referenced the amount of documentation required by VITA through its oversight and governance practices and how the volume of documentation can impede their timelines. Agencies appeared to be unaware of how VITA utilizes the data they submit to VITA through the CTP tool. As a result, there appears to be a disconnect with the need and benefit of providing the information. Throughout interviews conducted with agencies, SC&H noted several agencies challenged VITA's use of all the data and documentation they are required to submit and stated VITA does not adequately share the data they collect and report.

Risk: Process inefficiencies and lack of workflow could impede agencies ability to complete IT projects timely and efficiently.

Observation No. 8 – Recommendation

VITA should consider performing an in-depth, cost-benefit analysis of implementing an enhanced Portfolio Management Tool that collects relevant data in a streamlined methodology and is beneficial for both VITA and agencies. The project management workflow should be automated and include notifications and reminders to alert stakeholders of actions required (i.e., awaiting approval or missing required data). Agencies would like the ability to either interface with VITA's Portfolio Management Tool or the ability to use the tool to manage projects on their end, including

¹⁹ The CTP re-uses approval fields due to a technology limitation, which often results in difficulties determining if an approval has already taken place. Technically, the approval action still exists, but it requires a change in system settings for the user to select a historical date in the system to see if the approval existed at that prior date.

²⁰ "Project, Portfolio and RTIP Reports," VITA, Library Resources, <https://www.vita.virginia.gov/it-governance/it-investment-management/project-portfolio--rtip-reports/>, (Earlier version accessed 11/1/2016)

providing relevant status, timing and budget information that could flow directly to VITA for reporting requirements.

VITA should thoroughly evaluate its documentation requirements to identify opportunities to reduce the number of forms or required documentation. Further, each required input should be mapped to determine where in the process the eventual data is used for decision making or reporting. Any non-essential elements should be eliminated or marked as optional.

Additionally, prior to each software development/acquisition, VITA should perform an in-depth training as soon as reasonably possible, specific to the agency and project to be implemented based on VITA's experience in providing oversight on similar projects. The training should cover specifics applicable to the situation to help reduce confusion on which documents apply to the agency, and could point out red flags or things to watch for (e.g., best practices, new forms requirements or additional requirements for hosting, if applicable). During the training development, VITA should evaluate its documentation and map how the data drives decision making or reporting so agencies can understand how to fill out forms accurately and completely to meet VITA's needs. Furthermore, VITA should identify what information would be beneficial for agencies and citizens of the Commonwealth to see and create relevant and useful dashboards to document VITA's performance, such as those displayed at www.itdashboard.gov or www.eva.virginia.gov. This will help improve transparency and alleviate confusion and misunderstanding.

Management Response

It is VITA's view that CTP captures only the bare minimum to adequately conduct governance and oversight from the Commonwealth CIO perspective. In the typical case where multiple millions of taxpayer dollars are being invested in a project, VITA PMD does not understand the agencies' resistance to sufficiently document the project, even if in the most complex and risky projects it requires only 38 documents, of which most are prepopulated to a large extent. IT projects are deceptively complex; what from a distance may seem like a simple project can pose high risk to the Commonwealth and collapse in a short period of time. VITA has conducted an in-depth, cost-benefit analysis and developed a budget request to replace the COTS software tool used for the CTP on multiple occasions in the past six years. None has been successfully justified as the current system supports the Commonwealth CIO's code-mandated approval duties adequately. Clearly, agencies perceive the tool as being intended for more than just a governance tool.

Currently, VITA is engaged in a multi-sourcing contract effort that will include a Service Integrator that may bring tools that can be leveraged. The CTP system has undergone two significant upgrades since the time of the OSIG interviews, one related to the application and another to the infrastructure supporting the system. The upgrades significantly improved performance. New upgrades came out in summer 2017 and another major application upgrade is

on the horizon (17.1). Each upgrade has brought significant improvements. VITA's governance team is regularly reviewing ways to streamline processes and eliminate duplicative processes and share data. This effort will continue in the upcoming year. Due to the IT Infrastructure Services Program (ITISP) efforts and budget constraints, it is not an effective use of manpower to pursue a replacement strategy for CTP in the next two years.

Observation No. 9 – Provide More User-Friendly Guidance to Agencies for ITPM-Related Policies and Procedures

Based on a review of documented policies and procedures, adequate coverage is documented by VITA and the agencies to perform ITPM activities. During meetings between SC&H and sampled agencies, it was noted that the agencies were overwhelmed by the amount of policies, guidelines and standards (PSGs) and determining what was applicable to them and their current project. Due to the volume of information provided, agencies often sought the assistance of their PMD consultant to find the relevant or applicable information, which resulted in the agency incurring a charge for such services.

When interviewing agencies on challenges associated with VITA's ITPM processes, they stated VITA was inconsistent in its approvals and decision making, resulting in agencies' experiences differing from project to project. Agencies stated that the rules often change without being able to point to a specific policy to back up the change, sometimes identifying an existing policy that had been interpreted by VITA in a different way. However, this appears to be a misconception between what VITA ITPM is responsible for and what other VITA divisions -- such as Security and Enterprise Architecture, also required to review and approve components of each IT project -- are responsible for. SC&H noted that VITA's COV ITRM Project Management Guideline has remained stable since its inception in 2004, with only one major revision in 2011. However, VITA ITPM is required to enforce policy and procedure changes when other divisions in the review process reject documentation or seek additional information. Further, with areas such as security and enterprise architecture rapidly changing and revealing new concerns that must be analyzed frequently, PMD is often responsible to hold agencies accountable and enforce these policy and procedure changes, even if they relate to security or enterprise architecture. Another concern from agencies is that policy changes sometimes occur while a project is already moving through the ITPM processes,²¹ resulting in agencies not having sufficient time to plan for and respond to these changes. The change in policies, procedures and standards usually delays the approvals as the agencies are required to provide additional information for the project to move forward without prior knowledge.

²¹ For example, three agencies interviewed noted that during various VITA reviews (e.g., Security), they would receive notice that an additional form or information was required that they had not been required to provide during previous projects. Specific examples provided included issues with utilizing hosting and cloud computing in projects. However, the specific location of the policy change or new policy was not provided and agencies were not given training on these policy changes.

Risks: Agencies may not be able to independently navigate VITA's ITPM policies and procedures, which could lead to process inefficiencies, errors and dissatisfaction.

Observation No. 9 – Recommendation

VITA should evaluate innovative ways to assist customer agencies in navigating VITA's processes independently, such as screen shots, captures, videos, webinars and infographics that simplify and streamline processes. VITA should seek feedback from agencies regarding troublesome and challenging processes and ensure these processes are effectively documented. Streamlining the PSGs to create a more user-friendly understanding of the processes and reducing and/or seeking opportunities to aggregate templates will help increase efficiency and may reduce errors in submissions.

VITA should be able to point to a direct policy, including an effective date if the policy is new or changed, when requesting new, different or increased information from agencies. If a policy did not change but VITA recognizes a new risk that could impact agencies, it should also be communicated in a timely manner to improve transparency and reduce confusion. Further, VITA should proactively identify all projects currently in the approval pipeline that could be impacted by the change to ensure agencies are aware of the potential effect the policy change could have on their projects, timing and approvals.

All impactful changes in PSGs should be clearly and consistently communicated to all agencies in a timely manner. Per PSG-R-05, "Agency Information Technology Resource (AITR) notification" on the "Policy, Standard and Guideline Formulation Standard (03/22/2016)," communication should be made throughout the development, updating, change and publishing of the PSGs. This communication should include projected effective dates to give agencies adequate warning of new and/or updates to requirements to reduce potential delays. Additionally, once PSGs are published, training should be made available to each agency to ensure appropriate understanding of how new and/or updates to existing requirements could potentially affect past, concurrent and future projects.

Management Response

VITA management agrees with this observation and recommendation.

Review Area 4 - General Support

VITA's mission is to support the Commonwealth by providing cybersecurity, IT infrastructure services and IT governance. Therefore, general support represents VITA's role in providing this support and guidance to state agencies through its website, documentation, communication and training opportunities.

Review Objectives and Steps

The review objectives included:

- Assess VITA’s website for accurate, easy-to-locate and up-to-date information;
- Evaluate the current training opportunities available to agencies for accuracy and completeness;
- Evaluate VITA’s help-desk support for adequacy and timeliness of closing tickets and resolving issues; and
- Identify opportunities to improve support and guidance offered to agencies.

SC&H sought feedback from agencies regarding their overall experience with VITA’s website, communication, training opportunities and other areas of support received, as well as inquired about ways agencies thought VITA could improve. SC&H analyzed and categorized feedback into themes that were deemed relevant or potentially impactful. Additionally, six executive branch agencies were contacted and interviews were conducted with appropriate management to validate survey feedback. VITA’s website, documentation and communication were also assessed to validate agency concerns for areas of support.

Most agencies recognized improvements in VITA’s website and communication over recent years. However, agencies also provided areas of concern and recommendations that would improve the agencies’ experiences in the following areas:

- Website;
- Customer Service;
- Training; and
- Help Desk.

Although scope and time did not allow for each area of feedback received above to be substantively tested, risks and improvements were identified that could help to strengthen VITA’s reputation and partnership with the agencies it serves.

Observation No. 10 – Dedicate Additional Resources to Improve Overall Customer Service

The following challenges in general support areas were identified through the survey administered to executive branch agencies, interviews conducted with six of those agencies, and observation of availability of support documentation on VITA’s website:

1. Customer Service: Six agencies interviewed and multiple agencies surveyed stated it would be beneficial if VITA had additional resources available that were more knowledgeable

about each agency, the agency's industry-specific IT needs and how VITA's processes could impact their ability to do business and service the citizens of the Commonwealth. Throughout interviews conducted, agencies stated VITA strictly follows and cites VITA policies and VITA precedents, and is less likely to consider and promote an agency-specific solution. However, VITA's own core goals state it wants to, "harness opportunities to utilize technology to improve the availability, quality, and responsiveness of state services - seamless, friendly, anywhere, anytime; for citizens and customers," and "pursue streamlined business processes and innovative partnerships that revolutionize service delivery."²²

2. **Website:** SC&H utilized VITA's website throughout this review to access background information, pricing, forms, manuals and other policy and procedure documentation. SC&H frequently used the search function when attempting to locate documentation or validate agency feedback. SC&H determined that VITA adequately provides substantial documentation to agencies by way of manuals, standards, policies and procedures, etc. However, due to the volume of documentation available, it was challenging to navigate VITA's website and find the necessary, most appropriate and/or current documentation or policy specific to the need.
3. **Training:** In general, agencies stated that the training offered was beneficial and assisted them in navigating VITA's processes. However, agencies suggested that VITA:
 - Provide more options to attend trainings, including webinars or other virtual training to reduce travel costs and time spent out of the office.
 - Create a one-stop location on VITA's website for all things related to training, including a catalog of classes offered, method (i.e., webinar or in-person), cost, instructor and date/time information. Available training that can be viewed at any time could also be placed in a central location to aid agencies in navigating VITA's processes and requirements.

Risks: Agencies may not be able to efficiently and effectively utilize VITA's support to achieve their goals and objectives.

Observation No. 10 – Recommendation

SC&H identified the following recommendations to improve support provided to agencies:

1. **Customer Service:** In order for VITA to substantially improve its customer service and processes in addition to performing its everyday duties, additional resources may need to be allocated. VITA should identify opportunities to promote more relevant and consistent information sharing to enhance agency relationships.

²² VITA, "About VITA; VITA Tagline," (accessed October 21, 2016), <http://www.vita.virginia.gov/default.aspx?id=61>

2. Website: VITA should enhance its website’s search engine and search capabilities within key documents to allow for quick and easy navigation to the desired information. Also, VITA should evaluate its website for documentation that can be purged. Documentation should include effective dates and expiration dates when possible to ensure agencies are not using outdated materials.
3. Training: VITA should establish a central location for all training-related items, including currently available training or informational documentation and upcoming live or virtual training. By posting a calendar of courses, agencies will be able to effectively plan to ensure necessary staff can obtain training.

Management Response

VITA management agrees with this observation and recommendation and notes the following information:

- Customer Service: VITA has focused extensively on enhancing agency partnerships to promote more relevant and consistent information sharing in recent years. This work extends across VITA directorates. Discussion regarding this topic will be scheduled for an executive team meeting during the third quarter of the calendar year.
- Website: Since this review began, VITA has performed two content audits to remove outdated material. The number of “pages” on the website has been reduced from 5,000+ to under 2,000. The VITA website is currently being transferred to a new content management system. After that work is completed, VITA staff will determine how to include effective dates when possible.
- Training: The VITA website currently is being transferred to a new content management system. There is a moratorium through Aug. 28 on website updates, except for emergencies or legal requirements. While the moratorium is in place, VITA communications staff will begin gathering course offerings to post training in a central location on the website. By the end of the calendar year, a central site will be established. The site will be continually updated as training becomes available.

Observation No. 11 – Enhance Timeliness and Effectiveness of the Help Desk Ticket-Resolution Process

In response to survey questions related to general support and assistance provided by VITA, a common area of concern was the premature closing of help-desk tickets. Upon further examination, it was determined that while NG may have to work with various divisions within VITA to resolve tickets, NG is solely responsible for closing tickets. SC&H attempted to validate the agencies’ concerns regarding tickets being closed prematurely without adequate resolution. However, when a ticket is closed and a new ticket must be opened, these activities are not consistently linked in a way that can be tracked. Therefore, SC&H was unable to assess this

effectively when testing a population of tickets. However, several agencies provided different examples of tickets that were closed or proposed to be closed without proper resolution, such as:

- NG called the person who opened the ticket, left one voicemail and closed the ticket stating “Customer not reachable;”
- Tickets were closed while a solution was researched and investigated, and a new ticket was opened when the problem was resolved;
- Tickets were closed and the user was often unclear why it was closed; and
- Tickets were closed without confirming with the user that the problem was resolved.

Multiple survey respondents noted the perception was that NG closed tickets to meet Service Level Agreements (SLAs), thereby jeopardizing service quality and responsiveness. Since this activity is a function of NG and VITA’s contract management of NG, both were considered out of scope for this review, and SC&H did not pursue further. However, this should be analyzed further to determine whether NG is effectively collecting and reporting data accurately as it pertains to its SLA calculations.

Risks: Agencies may not receive adequate support to ensure IT goods and services are utilized effectively and efficiently to achieve agency objectives. Vendor could be reporting its achievement of SLA’s inaccurately. Vendor performance may not be accurately monitored and compensated.

Observation No. 11 – Recommendation

VITA should seek specific examples from a sample of agencies and thoroughly investigate why tickets are closed prematurely and then reopened. The root cause(s) of this activity should be identified so VITA can hold NG accountable for any recurring miscalculations. VITA should analyze reports from NG to ensure data is accurate, complete, utilized properly and any potential workarounds have been considered to ensure required SLA calculations are reflective of contract terms. This analysis should be considered during the development of future procurements to ensure SLA’s are properly structured, calculated and reported.

Management Response:

VITA management agrees with this observation and recommendation.