
**Alan G. Hevesi
COMPTROLLER**



Audit Objective..... 2

Audit Results - Summary..... 2

Background..... 3

**Audit Findings and
Recommendations..... 3**

Contract Services..... 3

Contract Monitoring 4

Potential for Savings..... 5

Recommendation 5

Audit Scope and Methodology..... 5

Authority 6

Reporting Requirements..... 6

Contributors to the Report 6

Appendix A - Auditee Response 7

**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

DIVISION OF STATE SERVICES

OFFICE FOR TECHNOLOGY

**ADMINISTRATION OF
CONTRACT CM00664 UNISYS -
ENTERPRISE HELP DESK**

Report 2005-R-7

AUDIT OBJECTIVE

The objectives of our performance audit were to determine whether Unisys Corporation (Unisys) provided required contract services, contract payments were appropriate and adequately supported, and the New York State Office for Technology (OFT) and the participating agencies were actively monitoring contract operations and billings.

AUDIT RESULTS - SUMMARY

On January 16, 2002, OFT entered into a fee-for-service contract (CM00664) with Unisys to provide a service known as Enterprise Help Desk (Help Desk) for various New York State (State) agencies and their affiliates. The contract covered the five-year period ending January 15, 2007, and is renewable for two one-year periods. The five agencies signatory to the contract are: OFT, Office of Children and Family Services (OCFS), Office for Temporary Disability Assistance (OTDA), Department of Health (DOH), and Department of Labor (DOL).

Under the terms of the Help Desk contract, Unisys provides 24-hour support to the participating State agencies. The Help Desk serves as the coordination point for all inquires. The Help Desk agents must have the ability to resolve issues such as resetting passwords, downloading software, gaining remote control of the desktop, and referring more complex software and hardware issues to the correct State agency or vendor for resolution.

We found that Unisys generally met contract and performance requirements. We also found that OFT and participating agencies monitored contractor performance.

A survey of recent Help Desk users cited no major recurring problems; most users were generally satisfied with the services they received. [Page 3]

We tested the propriety of Unisys' billings and found that, in general, the bills were accurate and any deficiencies had been corrected before payments were made. [Page 4]

We also identified an opportunity for user agencies to save approximately \$500,000 annually, by using agency LAN administrators to perform password resets, rather than using the Help Desk to perform this relatively simple task. [Page 5]

OFT officials concurred with our recommendation to determine whether user agencies could handle password resets more efficiently.

This report dated December 14, 2006, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Services
State Audit Bureau
110 State Street, 11th floor
Albany, NY 12236

BACKGROUND

On January 16, 2002, OFT entered into a contract with Unisys to provide Help Desk service to various State agencies and their affiliates. This fee-for-service contract covers a five-year period through January 15, 2007, and is renewable for two one-year periods. The five agencies signatory to the contract are OFT, OCFS, OTDA, DOH, and DOL.

Under the terms of the Help Desk contract, Unisys provides 24-hour support to the participating State agencies. Unisys provides all of the manpower, certified expertise, and infrastructure required for a turn-key Help Desk operation, which handles both hardware and software issues.

The Help Desk classifies incidents into three levels. Level 1 involves situations that Help Desk agents can handle directly, such as password resets, Microsoft Office software help, placing hardware service calls or assisting with State applications such as CONNECTIONS. Level 2 situations involve legacy systems or networks and require referral to State agency information technology personnel. Level 3 situations require the assistance of hardware or software vendors to provide a solution.

Through December 2005, more than \$5.5 million had been paid on this contract. These expenditures included about \$4.6 million for handling incident calls to the Help Desk, and \$940,000 covering initial start-up costs, licenses, and other expenses. By the same date, the Help Desk had closed more than 250,000 incident tickets (reference files used each time a call is placed regarding a particular incident). The payments, allocated by agency, are as follows:

Agency	Payments
Office for Technology	\$ 893,119
Office for Children and Family Services	2,767,451
Office for Temporary Disability Assistance	1,399,983
Department of Health	64,265
Department of Labor	384,237
Total	\$5,509,055

AUDIT FINDINGS AND RECOMMENDATIONS

Contract Services

The Help Desk contract sets out several performance criteria for the services Unisys is to provide. For example, upon the first call, the Help Desk agent must resolve issues for resetting passwords, downloading software, and gaining remote control of the desktop. The Help Desk must own and account for trouble tickets until closure. The Help Desk must serve as the coordination point for all user inquires and must have proven, certified expertise in all facets of Help Desk operation and service. Finally, the contract specifies certain monthly service levels that are to be maintained.

We conducted a telephone survey to assess the users' satisfaction with the Help Desk. We were able to speak with 43 of the 83 users in our sample.

The users indicated that they were generally satisfied with the services they received from the Unisys Help Desk. Many commented that the agents are always polite, professional, and knowledgeable. No major recurring problems were reported that would indicate the Help Desk was not providing the required services.

Contract Monitoring

Sound business practices require that the work of contractors be monitored on a regular basis to ensure that the contracted services are being performed and are being billed for appropriately. Such monitoring should include reviews of progress reports, periodic verification of data supporting the reports, and analysis of monthly bills to verify accuracy.

Monitoring of Help Desk contract activities takes place on two levels. First, OFT is responsible for monitoring the overall operations and effectiveness of Unisys' performance according to specified performance measures. For example, calls must be referred to a Help Desk agent within 30 seconds, and no more than 3 percent of user calls are to be dropped. Failure to meet these measures can result in the imposition of penalties. These performance outcomes are reflected in monthly reports submitted by Unisys to OFT. Overall, we found OFT adequately monitors this aspect of performance. OFT also monitors the overall activity on the contract to ensure that the appropriate rate is being used for billing purposes.

On the second level, officials at each of the participating agencies are responsible for monitoring the monthly invoices they receive from Unisys. They must verify that the incidents billed were initiated by users associated with their agency (employees, county agencies, or contracted not-for-profits), that related incidents were not billed individually, and that multiple tickets were not created for single incidents. In certain cases, such as instances where federal funding is involved, they must also ensure that the incidents are billed to the appropriate program.

An electronic ticketing system based on Peregrine's Service Center software, an industry standard, is used to track and record all Help Desk activity. Each ticket, or reference file, given to the user contains a complete history of activity related to the incident, which the caller may also access with a user id. Approximately 50,000 customers can access the Help Desk from 1,500 locations.

Unisys supplies OFT with various weekly operations reports and monthly management reports, covering Help Desk activity such as the number of incidents received and closed, the average amount of time it took to resolve the problems, and related billings.

Unisys generally bills for each incident ticket closed (when the agent notes that the incident has been resolved to the caller's satisfaction) during that month. Each agency is billed for tickets generated by calls from its own users or from authorized users in agencies associated with it, such as county agencies or not-for-profits. Agency personnel review the bills to verify that the charges were billed to the correct user and that no duplicate or multiple charges have been submitted for the same incidents.

We found that each of the three agencies we reviewed had established adequate systems for monitoring billings and ensuring that the bills were substantially accurate. We judgmentally selected a sample of seven invoices submitted during 2004 and 2005. Three of the invoices were for OTDA and two each were for OCFS and OFT. Each of the invoices we examined had previously been reviewed by agency personnel, who made corrections where necessary. Our review of the seven invoices, totaling \$301,081, found only minor discrepancies.

We also surveyed recent users and found that the services for which these users were billed had taken place and had been resolved, indicating that the bills for the incidents represented by our sample had been prepared correctly. We concluded that the review process in use does ensure the detection of any material inaccuracies and their correction before payments are made.

Potential for Savings

We noted that approximately 29 percent of the invoices we reviewed had been submitted for “password resets.” This represented 4,213 of the 14,503 tickets billed on the invoices we reviewed, or about \$87,504 of the total \$301,081 billed. The volume of these tickets varied substantially among the agencies, ranging from 15.2 percent for OCFS to 41.5 percent for OTDA and 68.2 percent for OFT. For the three agencies, and based on approximately 83,375 tickets closed during the fiscal year ending March 31, 2006, we estimate that about \$502,000 was expended on password resets. Password resets are simple procedures that can generally be handled by the network administrators, if the requests are not so frequent that they interfere with the normal work schedule. Accordingly, about \$500,000 could be saved annually by having users reset their passwords.

Recommendation

Determine whether agencies’ network administrators could handle password reset incidents more efficiently.

AUDIT SCOPE AND METHODOLOGY

We conducted our audit in accordance with generally accepted government auditing standards. We audited selected aspects of OFT’s administration of Contract CM00664

for the period of January 1, 2004, through December 31, 2005.

To perform our audit, we reviewed the contract and associated documents and examined selected records maintained by OFT, OCFS and OTDA. We also interviewed relevant officials and staff at each of these agencies.

To test the propriety of Unisys’ Help Desk services, we judgmentally selected three invoices submitted to OTDA during three months and reviewed them, as well as two submitted to OCFS during two months. We reviewed each of the bills to identify any inappropriate charges, such as multiple billings for a single incident. From two OFT invoices, we selected random samples, totaling 95 closed tickets from a population of 1,727 and reviewed the billing detail provided in each month’s submission to determine whether other claimed tickets that appeared to be related may have been included in the sampled items. These invoices were selected from 24 monthly bills covering each agency, and each month during the period January 1, 2004 through December 31, 2005. They were selected to provide a variety of monthly activities.

To determine whether Unisys is providing the required contract services, we conducted a customer service survey to assess the users’ level of satisfaction with the Help Desk. We judgmentally selected three samples of employee names, representing a total of 83 closed tickets from a population of 6,212 from the detail reports accompanying recent invoices submitted to OFT, OTDA, and OCFS. Our sample of 25 OCFS users was selected from 4,262 closed tickets on the invoice for October 2005. For OTDA, we selected 25 employees (from 1,123 closed tickets) who called the Help Desk during the month of December 2005; and for OFT, we

selected the names of 33 users from 878 closed tickets on the November 2005 invoice. We chose callers from geographic locations across the State, as well as some from several satellite offices for which OCFS and OTDA are responsible. In selecting this sample, we sought a mix of different types of problem that had been reported to the Help Desk such as password resets, problems that were resolved on the first call to the Help Desk, situations that had to be referred up to Level 2 or 3 resolvers, and situations that had been open longer than a month.

We surveyed the users by telephone, determining whether they had been able to connect to the Help Desk in a timely manner, whether they thought the agents were knowledgeable about their problems, and whether their problem had been resolved.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed according to the State Comptroller's authority under Article V, Section 1, of the State Constitution; and Article II, Section 8, of the State Finance Law.

REPORTING REQUIREMENTS

A draft copy of this report was provided to Office of Technology officials for their review and comment. Their comments were considered in preparing this report, and are included as Appendix A. OFT officials concurred with our recommendation and indicated several steps they were taking to address it. Regarding the \$50,000 potential savings we cited, we clarified our report to indicate that the projection was for all three user agencies.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office for Technology shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising of the steps that were taken to implement the recommendation it contained, and/or the reasons the recommendation was not implemented.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include William Challice, Frank Patone, Brian Lotz, Peter Schmidt, Legendre Ambrose, Diane Gustard, Nicholas Angel, Aurora Caamano, and Marticia Madory.

APPENDIX A - AUDITEE RESPONSE



George E. Pataki
Governor

STATE OF NEW YORK
OFFICE FOR TECHNOLOGY
STATE CAPITOL, ESP
PO BOX 2062
ALBANY, NY 12220-0062

Michael R. Mittleman, Ph.D.
Chief Information Officer

Megan Levine
Director

November 15, 2006

Mr. William Challice
Audit Director
New York State Office of the Comptroller
110 State St.
Albany, NY 12236

Re. Administration of Contract CM00664: Unisys – Enterprise Help Desk, Report 2005-R-7

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law, the Office for Technology (OFT) is responding to the October 12, 2006, draft of the above referenced report. OFT generally agrees with the recommendation directed to OFT in this report and is pleased that the audit recognizes OFT's appropriate use and monitoring of the contract. Our specific comments with respect to the audit findings and recommendation are as follows:

Potential for Savings:

The audit finding extrapolated from its sample data that about \$500,000 could be saved annually by having users [network administrators] reset their passwords. However, based upon the actual number of OFT password resets for the fiscal year ending March 31, 2006, OFT only paid Unisys \$129,147 for 6218 password resets (66.28% of OFT's total help desk calls for that year). OFT does recognize that there is potential for cost savings if internal resources were available to handle the workload of resetting passwords 6218 times per year. OFT has implemented methodologies to reduce the number of password resets requested through the help desk, including a self help link so that users can reset passwords themselves if they set up shared secret information in their account. Additionally, delegated administrators at OFT (and other agencies) have the ability to reset passwords.

OFT is also in the process of evaluating several product offerings that would allow increased self-administration tasks to be performed by users. The option which offers the greatest opportunity for cost savings involves development of a user education program which would effectively train users to contact their delegated administrator to get their password reset, when self-help options cannot be used, instead of calling the Enterprise Help Desk (EHD). OFT is undertaking this effort and will also work with the other agencies that use this contract to assist

Web Site: www.oft.state.ny.us
E-Mail Address: nyoft@oft.state.ny.us

them in reducing their password reset costs.

Many of OFT's password reset calls to the help desk are from users from agencies other than OFT because OFT supports applications used by all agencies and part of OFT's application service includes help desk support. OFT will share the results of this audit with its customers to encourage them to reduce costs. In addition, OFT is making efforts to educate users and provide other options for password resets to reduce password reset calls to the help desk. From a customer service perspective, however, OFT does not plan to stop providing password reset services through the help desk if such calls are received.

OFT would like to thank the audit team for their consideration of OFT information and responses shown during this audit engagement.

Very truly yours,



Meg Levine