



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 30, 2010

Melodie Mayberry-Stewart, Ph.D.
Chief Information Officer and Director
Office for Technology
State Capitol ESP
P.O. Box 2062
Albany, NY 12220

Re: 2009-0342

Dear Dr. Mayberry-Stewart:

Our Office examined payments the Office for Technology (OFT) made to Unisys Corporation (Unisys) from October 1, 2008 through March 31, 2009 for consulting services under contract C000190.¹ The objective of our examination was to determine whether OFT paid Unisys the correct hours and rates for qualified consultants.

A. Results of Examination

We found OFT managers did not ensure that consultants met the education and/or work experience qualifications specified in the contract. Managers instead placed unfounded reliance on written affirmations from Unisys that all consultants met or exceeded contract qualifications. However, we found Unisys did not validate the accuracy of any consultant's education and work experience before signing the affirmations. As a result, OFT paid Unisys \$471,845 for 6 consultants who did not meet the contract qualifications, \$1.7 million for 17 other consultants whose resumes did not have sufficient information to support Unisys' affirmation, and \$568,658 for 5 consultants whose names differed on documents (e.g., education documents, written affirmations, and/or invoices) Unisys provided.

We found the hours Unisys billed OFT were supported by time cards. In addition, the hourly rates Unisys charged OFT complied with the contract terms in all material respects for the titles billed, provided the consultants were qualified for those titles.

¹ We performed our examination in accordance with the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, as well as Article II, Section 8, and Article VII, Section 111 of the State Finance Law.

We provided a draft copy of this report to OFT for review and comment, considered its response in preparing this report, and have included it as Attachment A. In its response, OFT stated it (i) would require Unisys to provide documentation to support that all the consultants on the contract meet the minimum qualifications; (ii) has determined the amount and specific time period for which consultants were not qualified under the contract, and (iii) will recover an appropriate amount from Unisys for unqualified consultants.

B. Background and Methodology

OFT had a \$30.1 million contract with Unisys to provide consultants for technical support during the period June 27, 2007 through June 26, 2010. Under this contract, the consultants supported on-going projects, supplemented OFT staff and provided operational support. Unisys subcontracted with other vendors to provide all 43 consultants to OFT during our examination period.

To accomplish our objective, we reviewed the contract and supporting documentation for all \$4.1 million in charges OFT incurred under contract C000190 during our examination period. We also interviewed officials from OFT and Unisys and reviewed certain Unisys personnel records.

C. Details of Findings

Consultant Qualifications

Under the contract, consultants were required to meet specific minimum qualifications for education and/or work experience for the titles in which they were hired. Unisys provided OFT with a Candidate Profile (Profile) and supporting resume for each consultant prior to OFT's hiring the consultant to work under the contract. The Profile contained a chart listing the specific minimum education and/or work experience requirements for the job title along with the candidate's qualifications for each requirement. The Profile also included a signature from a Unisys official affirming that Unisys (i) carefully reviewed the minimum qualifications for the job title, (ii) verified the accuracy of the stated qualifications of the candidate, and (iii) determined that the candidate met or exceeded the minimum qualifications for the job title.

Although OFT managers interviewed the consultants to help determine their competence prior to hiring them, we found managers did not independently verify any consultant's education and work experience. Instead, OFT managers relied on Unisys' affirmation. As a result, OFT managers did not ensure the consultants supporting agency projects and providing operational support were qualified pursuant to the contract.

OFT managers had no basis for their reliance on Unisys' affirmations on the Profiles. We found that although a Unisys official signed each Profile affirming the consultant met the minimum

qualifications for the job title, a Unisys official told us that no one at Unisys verified the accuracy of the stated qualifications of the candidate. We found Unisys subcontracted with two other vendors to provide the 43 consultants it supplied under the contract during the examination period.

Our review of the Profiles and supporting resumes for 43 consultants in our examination period found OFT paid Unisys for:

- 6 consultants (\$471,845) whose Profiles and resumes showed they did not meet the minimum contract requirement for the job title. OFT managers confirmed five of these consultants were not qualified according to the contract. We are continuing to evaluate the evidence provided for the sixth consultant.
- 17 consultants (\$1.7 million) whose Profiles showed they met the minimum qualifications, but whose resumes did not have sufficient information to support that the consultants met the minimum qualifications.
- 5 consultants (\$568,658) whose names differed on the documents Unisys provided (i.e., education documents, written affirmations and/or invoices). (One of these consultants also meets the condition in the bullet above.)
- 15 consultants (\$1.4 million) who appear to have met the minimum contract requirement for their job titles.

Appropriate Rates and Hours Charged

According to the contract, OFT reimbursed Unisys for the consulting services based on fixed hourly rates for the actual hours worked by the consultants. We found time cards supported the total hours listed on Unisys invoices and that the hourly rates Unisys charged complied with the contract rates for the titles billed in all material respects. However, to the extent the consultants were not qualified for the title Unisys billed, the hourly rates were not accurate.

Recommendations

- 1) *Ensure that all consultants that work on the contract meet the minimum qualifications as stated in the contract terms and conditions.*
- 2) *Determine the amount paid over the life of the contract for consultants who do not meet the minimum contract qualifications.*

- 3) *Recover from Unisys an amount that will offset the difference between the insufficient qualifications of the consultants provided and the contract qualifications. Report this amount to the Office of the State Comptroller.*

We would appreciate your response to this report by July 30, 2010, indicating the degree to which all consultants on the contract meet the minimum qualifications and the amount OFT will recover from Unisys for unqualified consultants. We thank the management and staff of the OFT for the courtesies and cooperation extended to our auditors.

Sincerely,

Bernard J. McHugh
Director of State Expenditures

cc: Bruce Rollins

enc. Attachment A



DAVID A. PATERSON
GOVERNOR

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MELODIE MAYBERRY-STEWART, Ph.D.
CHIEF INFORMATION OFFICER
DIRECTOR OF OFFICE FOR TECHNOLOGY

June 21, 2010

Mr. Bernard J. McHugh
Director of State Expenditures
Office of the State Comptroller
110 State Street
Albany, NY 12236

Re. Contract C000190 Between OFT and Unisys Corporation Report 2009-0342

Dear Mr. McHugh:

The Chief Information Officer/Office for Technology (CIO/OFT) is responding to the May 11, 2010 audit results in regard to the above referenced report. Since the audit concluded, CIO/OFT has addressed or plans to address all of the recommendations as follows:

Recommendation 1: Nearly 90% of the consultants currently working under contract C000190 previously worked for approximately two years under contract C000105 at OFT. Therefore, OFT managers had first-hand knowledge of each consultant's skills and past job performance. In addition, prior to starting work under C000190, OFT managers interviewed each consultant to confirm our knowledge of those skills. Going forward, to ensure all consultants on the contract meet the minimum qualifications, OFT will require Unisys to provide documentation, i.e., copy of degrees, reference check results, to support their attestation.

Recommendation 2: During the examination, we learned there was a small number of consultants whose level of education, while extraordinarily close, did not meet the minimum contract qualifications. Though the payments to this group are less than 2% of the contract's \$30.1 million dollar value, CIO/OFT will seek a credit for the period this group was not qualified. For satisfactory performing consultants, as permitted by the contract, CIO/OFT may exercise its right to change the title assigned to a title the consultants' qualifications do meet. If the new title is not associated with a lower rate, no credit will be sought.

Recommendation 3: CIO/OFT will recover, as appropriate, through offsets to future billing differences that result from adjusting a consultant to a qualified title.

I want to thank the audit team for their consideration of CIO/OFT's responses shown during this audit engagement.

Sincerely,

Melodie Mayberry-Stewart, Ph.D.
Chief Information Officer and
Director of New York State Office for Technology

cc Rico Singleton
Cathy Durand