

Briefing to Government Audit & Oversight Committee

Performance Audit of the Department of Technology


November 15, 2017

Budget & Legislative Analyst's Office



Audit Scope

1. Staffing
2. Information Security
3. Strategic Planning
4. Financial Management
5. Customer Service
6. Project Management



Information Security & Strategic Planning

- These areas have been historically underdeveloped in DT, however significant processes initiated and underway during audit → **No audit findings in either area.**

- Controller, DT, & COIT developing cybersecurity policies

- DT established a strategic plan in Aug 2016.



Staffing

- Although total FTEs increased by 8% since FY 14-15, DT's vacancy rate has decreased, from 17.3% in June 2015 to 14.1% in Dec. 2016.
- Vacancy rate is still higher than 12%, average IT vacancy observed in other counties, but trend is positive.
- CIO turnover is high relative to other cities and other SF department heads.



Staffing – Survey Results

- High scores (>70% agree) for personal motivation (ideas validated, participating in decisions, satisfied with responsibilities, sense of achievement).
- Low scores:
 - Internal promotions are fair (22% agree)
 - Confidence in leadership (45% agree)
 - Receiving regular performance evaluations (32% agree)



Financial Management: Service Rates

- “Baseline” service is not defined.
- DT charges for “baseline” services based on FTEs, not consumption of services → Large departments subsidize smaller ones.
- DT method of adjusting charges based on actuals is not transparent or consistent.

- Customers do not understand what they are paying for and want independence from DT.



Financial Management: Work Orders

- For department-specific projects that require additional funding beyond “baseline,” DT create interdepartmental work order to charge customers for cost of projects.
- No consistent criteria for what is included in “baseline” service costs.
- Approximately half of such work orders are not documented.
- To the extent documentation exists, it is missing critical information, including:
 - Budgets
 - Basis for costs
 - Scopes of work
 - Project timelines



Financial Management: Contracting

- At least \$280m in spending authority (perhaps as much as \$32m more).
- DT does not have a contract management system. Prior assessments going back to 2012 have noted the need for contract management system.
- Lack of monitoring has caused contracts to expire, exposing city to operational and financial risk. As of February 2017, 35 contracts valued at over \$21 million had expired but services that were still being performed.
- Contracts often lack controls such as:
 - Scopes of work
 - Schedules for deliverables
 - Not-to-exceed amounts
- Most contracts lack performance measures.



Customer Service

- DT's service level agreement with City departments is outdated
- DT's service level agreement does not align with categories in its new workload management system, ServiceNow.



Project Management Office (PMO)

- ❑ The PMO does not have a clearly defined role in DT.
- ❑ Some PMO work efforts are not projects.
- ❑ PMO does not have access to funding and expenditure information for projects.
- ❑ Project status reporting sometimes unreliable and incomplete.



Overall Conclusion

- ❑ DT should improve controls on its financial processes (contracting, charges for services/projects).
- ❑ DT needs to regularly obtain input from customers and provide clear descriptions of its services, charges, and support procedures.
- ❑ DT needs to better define the purpose and role of the PMO.
- ❑ Recommendations will improve the value of DT's services.