

18-208 SunNet (CLI Contract)

We have completed our audit of SunNet (CLI Contract). This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

BACKGROUND

The Children's Learning Institute (CLI), housed under the McGovern Medical School, offers a comprehensive professional development and child progress monitoring platform (CLI Engage). CLI Engage houses professional development, child progress monitoring tools, and classroom observation tools originally developed for use with preschool teachers participating in the Texas School Ready Project (TSR).

Through a partnership between CLI and the Texas Education Agency, TSR online tools and resources are available for free to all pre-k teachers in Texas public schools and Head Start programs through CLI Engage. For the Texas Education Agency, CLI Engage provides assessment, professional development, activities, and collaborative tools to over 22,000 preschool teachers and over 200,000 students throughout Texas. For the Texas Workforce Commission, the Texas Rising Star application (as part of the CLI Engage platform) supports the evaluation of statewide pre-school centers.

In order to continue to provide critical resources to these agencies, CLI Engage requires annual enhancements to existing functionality as well as on-going maintenance. In FY17, CLI secured UT System Board of Regents' (Board) approval for multi-year contracts with SunNet to support CLI Engage.

OBJECTIVES

The objective of this audit was to determine whether controls around the SunNet (CLI Engage) contracts are adequate and functioning as intended.

SCOPE PERIOD

The scope period was from June 1, 2017 through June 30, 2018.

METHODOLOGY

The following procedures were performed:

- Reconciled CLI's tracking documentation to FMS records to confirm projects under the enhancement and maintenance contracts are appropriately recorded and tracked by CLI.
- Selected a sample of enhancement invoices and verified statement of work including project scope, timeline, resources, deliverables, and detailed cost by Work Breakout Structure (WBS) item were reviewed and approved by appropriate CLI Management.

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- Verified enhancement projects were submitted to the MSIT Purchasing Application, and MSIT management and CIO approvals were obtained prior to SunNet beginning work.
- Obtained evidence user acceptance testing was performed and user sign offs were retained.
- Verified invoices were reviewed, approved, and submitted to Accounts Payable in a timely manner.
- Obtained the maintenance invoice for FY18 and recalculated maintenance fees to confirm charges agree with contract terms.
- Selected a sample of required maintenance deliverables and confirmed they were provided at the frequency agreed to in the contract terms.

AUDIT RESULTS

A&AS identified the following areas of improvement:

- Maintenance reports required by the contract are not consistently delivered by SunNet.
- User acceptance sign-offs are not documented and retained.
- Required approvals for some CLI Engage enhancements were not obtained.
- The CLI Engage Governance Committee (Committee) reviews and approves enhancement projects for execution. A&AS suggested that approvals by the Committee be formally documented.

NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM

None

We would like to thank the staff and management within CLI who assisted us during our review.



Daniel G. Sherman, MBA, CPA, CIA
Assistant Vice President

MAPPING TO FY 2018 RISK ASSESSMENT

Risk (Rating)	Increased spending by CLI with SunNet (High)
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AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM

Assistant Vice President	Daniel G. Sherman, MBA, CPA, CIA
Audit Manager	Brook Syers, CPA, CIA, CFE, CISA
Auditor Assigned	Brittney Alexander, CISA
End of Fieldwork Date	August 28, 2018
Issue Date	October 5, 2018

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Copies to:

Audit Committee
Dr. Barbara Stoll
Dr. Susan Landry
Rick Miller
April Crawford
Brian Herod

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Issue #1	<p>As part of the agreed upon control process between CLI and the applicable IT departments, purchases under the enhancement contract must be submitted to the MSIT Purchasing application, and proposed projects costing \$50,000 or more must be approved by MSIT management and the Chief Information Officer (CIO) prior to SunNet beginning work.</p> <p>A&AS selected all five invoices exceeding \$50,000 or more during our scope period. We reviewed project documentation to verify MSIT and CIO approvals were obtained prior to SunNet beginning work. We noted the following issues:</p> <ul style="list-style-type: none"> • For 1 of 5 (20%) invoices (costing \$175,085), CIO approval was not obtained for the project; MSIT approval was obtained, but not before SunNet began work on the project. • For 1 of 5 (20%) invoices (costing \$59,755), neither MSIT or CIO approval was obtained prior to SunNet beginning work.
Recommendation #1	<p>We recommend CLI management develop and implement a process to ensure MSIT and CIO approvals are obtained prior to SunNet beginning work.</p>
Rating	<p>Medium</p>
Management Response	<p>The first finding was attributable to a bug in the MSIT application which did not properly route it to the CIO for approval. The bug was subsequently remediated.</p> <p>For the second finding, we will update the process documentation to include a review by the Finance Manager to verify both MSIT and CIO approvals before issuing the updated PO.</p>
Responsible Party	<p>April Crawford, Director, CLI Strategic Initiatives</p>
Implementation Date	<p>March 29, 2019</p>

Issue #2	<p>Section R of the SunNet Maintenance Agreement requires 11 maintenance reports to be delivered to CLI at various frequencies, depending on the type of report.</p> <p>A&AS selected a sample of each maintenance report and confirmed delivery at the frequency outlined in the contract terms.</p> <p>For 3 of 11 (27%) samples, we noted SunNet did not deliver the report as outlined in the contract terms:</p> <table border="1" data-bbox="495 514 1421 1155"> <thead> <tr> <th data-bbox="495 514 763 588">Maintenance Area</th> <th data-bbox="763 514 1161 588">Report Description</th> <th data-bbox="1161 514 1421 588">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="495 588 763 766">Security Scan</td> <td data-bbox="763 588 1161 766">Report identifying threat levels of scan and identifying who would need to remediate threat (SunNet, other Vendors or DCOS)</td> <td data-bbox="1161 588 1421 766">Annual</td> </tr> <tr> <td data-bbox="495 766 763 1008">Manage Size of Data and Log Files</td> <td data-bbox="763 766 1161 1008">Report of procedures taken of the production servers to manage size of data and log files. Report to DCOS on items that can be cleaned from website and database.</td> <td data-bbox="1161 766 1421 1008">Annual</td> </tr> <tr> <td data-bbox="495 1008 763 1155">Maintain Database Data Integrity</td> <td data-bbox="763 1008 1161 1155">Report procedures taken to maintain database integrity and its results.</td> <td data-bbox="1161 1008 1421 1155">Annual</td> </tr> </tbody> </table>	Maintenance Area	Report Description	Frequency	Security Scan	Report identifying threat levels of scan and identifying who would need to remediate threat (SunNet, other Vendors or DCOS)	Annual	Manage Size of Data and Log Files	Report of procedures taken of the production servers to manage size of data and log files. Report to DCOS on items that can be cleaned from website and database.	Annual	Maintain Database Data Integrity	Report procedures taken to maintain database integrity and its results.	Annual
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Recommendation #2	We recommend CLI develop and implement a process to ensure SunNet provides all maintenance reports as outlined in the contract terms. Additionally, we recommend CLI review all maintenance reports on a timely basis and take appropriate steps to remediate any identified weaknesses.												
Rating	Medium												
Management Response	To ensure the reports are delivered in the future, we have added them for review to the SunNet annual performance appraisal as required by the Board of Regents contract. The FY 2018 reports are planned for delivery by October 19, 2018.												
Responsible Party	April Crawford, Director, CLI Strategic Initiatives												
Implementation Date	November 1, 2018												

Issue #3	<p>ITSOP-004 <i>Software Development Lifecycle Procedure</i> provides application developers with a repeatable process for establishing quality, continuity, and change control standards for software developed at the university. The procedures require the user to review functionality and provide a sign-off accepting the application.</p> <p>A&AS selected five enhancements and obtained evidence of User Acceptance Testing (UAT) and user sign-offs. For all five enhancements, we noted no user sign-offs were retained. The Manager of Education Outreach informed us the process for UAT testing (both pre and post deployment) is not formalized, and evidence of sign-offs are a combination of texting, email, and verbal communications.</p>
Recommendation #3	<p>We recommend CLI management develop and implement a process to formally document and retain the UAT testing results, including user sign-offs.</p>
Rating	<p>Medium</p>
Management Response	<p>We will develop and implement an update to the deployment process to require the documentation and retention of the review / approval of UAT findings via email.</p>
Responsible Party	<p>April Crawford, Director, CLI Strategic Initiatives</p>
Implementation Date	<p>March 29, 2019</p>