

**City of Minneapolis
Audit Committee**



Unisys Contract Review

Report # 2012 – 04

**Internal Audit Department
June 27, 2012**

Background



- The Unisys Corporation provides outsourced information technology services throughout the City to ensure the business needs of the City are met.
- The current outsourcing contract began on December 31, 2007 and originally ended on December 31, 2012; on September 10, 2010 the contract was extended through December 31, 2015.
- The contract is currently valued at \$86,363,655.
- The outsourced services include data center and network management, disaster recovery of critical business applications, security services, e-mail services, a service desk, and desk side support. In 2013, will include the City's 911 computer aided dispatch environment.

Scope and Objective



Objectives

To ensure that:

- IT's governance operating model is effective to monitor the outsourcing relationship with Unisys;
- The City pays the appropriate prices only for Unisys services received, per contract terms;
- Change orders are properly reviewed, approved and monitored;
- The performance of services provided by Unisys to the City is in accordance to the contract; and
- The City performs quality reviews to ensure Unisys maintains adequate internal controls over processes related to the services provided to the City.

Scope

To gain an understanding of:

- Contract governance processes;
- Contract management;
- Invoice payments;
- Change Orders;
- Quality of services; and
- Compliance with contract terms and conditions.

Recommendations



- 1. Review of Payments**
- 2. Contract Monitoring**
- 3. Review of SSAE 16 reports of Unisys**

Recommendations



1. Review of Payments

- a) Evidence of Invoice review
- b) Unisys to provide detail in supporting documents to invoices
- c) More detailed procedures for invoice review process
- d) Review of change order solution document: project #, costs & totals

Recommendations



2. Contract Monitoring

- a) Unisys to provide summaries of audit activity performed (Request last 3 years of summaries)
- b) Most Favored Equipment (Request last 3 years for potential cost savings)
- c) Disputed Invoices in writing
- d) 3rd party cost benchmarks (Clearly define cost benchmark in next contract)

Recommendations



3. Review of SSAE 16 reports of Unisys

- a) No written procedures

Conclusion



Based on the review, IA believes there are opportunities for improvements that address risk areas identified in this report. IT management worked collaboratively with IA to develop action plans. However, this report contains disagreements between IA and IT management as some actions were not taken to address certain risk exposures to the City and specific estimated completion dates were not provided.

IA would like to extend our appreciation to IT personnel who assisted and cooperated with us during the review.