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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

September 18, 2003

Mr. John A. Johnson  
Commissioner  
NYS Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, NY 12144

Re: Administration of CONNECTIONS  
Contract C007546 with Accenture LLP  
Report 2001-R-8

Dear Mr. Johnson:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article II, Section 8 of the Finance Law, we have audited the Office of Children and Family Services' (OCFS) administration of Amendment 5 to Contract C007546 awarded to Accenture LLP for the period December 3, 2000 through June 3, 2002.

**A. Background**

OCFS administers New York State's child welfare programs, which exist to protect children against abuse and neglect and provide temporary and permanent homes for children in the State's custody. In 1986, a Federal law required states to coordinate the management of child welfare programs by creating single statewide systems that met certain requirements; in 1993, the Federal government promised to provide states with significant funding for such systems. Thus, in 1995, the Department of Social Services (OCFS' predecessor agency) began developing CONNECTIONS to build an automated statewide system, intended to track the tens of thousands of children receiving child welfare services throughout the State. CONNECTIONS should connect OCFS with all 58 local social service districts and the many non-profit agencies under contract to provide child welfare services. Once fully implemented, the system will automate child welfare record keeping, providing case management information, decision-making tools and appropriate access to client information statewide.

In May 1996, Andersen Consulting (now called Accenture LLP) was awarded Contract C007546 to design, develop, install and maintain the various software programs needed to operate CONNECTIONS statewide. This contract, valued at \$37.5 million, provided for developing the components of CONNECTIONS software in five releases, which would be rolled out sequentially.

Development and implementation of Release 5 was to be the responsibility of the Department of Social Services, and subsequently OCFS. The first three releases enable users to do a variety of administrative functions, such as communicate by e-mail, establish staff and unit directories, review policies and procedures on-line, create and maintain contract information and access service providers. The following key child protective functions were incorporated in these three releases:

- Intake – the ability to record allegations of child abuse, establish a case history and assign to the proper jurisdiction/worker for investigation;
- Investigation – the ability to record safety assessments, substantiate/un-substantiate the allegations of abuse/neglect, record the conclusions associated with the investigation and obtain supervisor approval;
- Clearance – the ability to check prospective foster parents, adoptive parents and others against the database of individuals with a history of abuse/neglect; and,
- Foster/Adoptive Home Development – the ability to establish and certify foster/adoptive homes to provide services.

Releases 4 and 5 provide for the majority of the system's case management and reporting features, including assessments, authorizations, plans and placements, financial management and eligibility determinations.

When OCFS assumed responsibility for child welfare programs in January 1998, it also inherited CONNECTIONS. At that time, CONNECTIONS was already behind its scheduled completion of September 1997. Since 1998, OCFS has encountered numerous problems, additional delays and much higher costs in its effort to implement CONNECTIONS. Releases 4 and 5, two essential case management parts of the system, have not yet been implemented; Release 1 worked properly, but Releases 2 and 3 needed significant corrections and modifications. In fact, Contract C007546 has been amended five times to provide the time extensions and significant additional funds needed to make these corrections and modifications. Including Amendment 5, the cost of developing, implementing and maintaining CONNECTIONS Releases 1, 2 and 3 (and not including the cost of integrator services provided by another consultant) has risen to \$97 million. It is estimated that Releases 4 and 5 will be available in September 2005 at a cost of \$53.7 million. If the system is completed on this schedule, CONNECTIONS software will have cost a minimum of \$150.7 million - about 300 percent more than the original contract cost - and will have taken almost seven years longer than expected.

The CONNECTIONS project has been audited by the State Comptroller, examined by the Governor and the State Legislature and studied by technology consultants. In their reports, these entities found that inadequate planning, ineffective design and poor communication with users had produced a high-cost, incomplete system that did not meet the needs of the OCFS users who coordinate the State's child welfare services. For example, in 1998, our prior audit (Report 97-S-68, issued November 17, 1998) stated that OCFS needed to correct weaknesses in the procedures it used to plan, design, develop and implement the system, if the system was to function properly. In March 2001, the New York State Assembly's Committee on Oversight, Analysis and Investigation reported

that, more than five years into the project, CONNECTIONS was still not fully operational or reliable, and recommended that OCFS improve its management of this massive project. In 1999, a panel established by the Governor recommended hiring another technology consultant to reassess CONNECTIONS, and to serve as a project “integrator” to make the system work. On November 1, 1999, MAXIMUS, a consultant with significant experience in automated child welfare systems, was authorized to spend \$10.7 million to perform these services. In March 2001, MAXIMUS completed an assessment that concluded that CONNECTIONS did not effectively support the needs of users.

Our current contract audit focuses primarily on work done under Amendment 5, which was approved on December 3, 2000. This amendment was intended to resolve outstanding disputes, with Accenture agreeing to donate 6,917 days of modifications to Releases 2 and 3 and to complete any new work required to bring the system up to a “steady state” condition. OCFS defines “steady state” as a condition in which Releases 1, 2 and 3 can function effectively without Releases 4 and 5. Amendment 5 extended the contract (already extended by the first four amendments) another 18 months to June 4, 2002, and added \$27.5 million to the contract’s cost. Of this amount, \$14 million was for disputed work previously completed and the remaining \$13.5 million was for new work.

MAXIMUS acted as the project integrator for CONNECTIONS during much of the period covered by Amendment 5. The duties of the project integrator included: providing quality assurance services for the \$13.5 million in new Accenture work; supporting OCFS’ project manager in day-to-day activities; supervising and evaluating both Accenture and OCFS staff work results; and recommending acceptance, modification or rejection of Accenture’s work products.

## **B. Audit Scope, Objectives and Methodology**

We audited OCFS’ administration of Amendment 5 to Contract C007546 awarded to Accenture LLP for the period December 3, 2000 through June 3, 2002. The objectives of this financial-related contract audit were to determine whether OCFS provided adequate oversight of contractor operation; whether Accenture provided the deliverables required by contract to arrive at a “steady state” condition; and whether contractor billings were supported and appropriate. To accomplish these objectives, we reviewed the original contract and all the contract amendments. To verify billing accuracy, we also selected a judgmental sample of 60 Accenture employees’ contract hours billed from 15 paid Accenture vouchers covering a three-year period and compared this information to supporting time records. In selecting this sample, we included Accenture staff with high billable hours as well as a number of staff with low billable hours within the period. We also interviewed OCFS, Accenture and MAXIMUS officials.

We conducted our audit in accordance with government auditing standards generally accepted in the United States of America. Such standards require that we plan and perform our audit to adequately assess those operations of Accenture and OCFS that are included in our audit scope. Further, these standards require that we understand the internal control structure, and compliance with those laws, rules and regulations, that are relevant to those operations. An audit includes examining, on a test basis, evidence-supporting transactions recorded in the accounting and operating records, and applying such other auditing procedures, as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by

management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

### **C. Internal Control and Compliance Summary**

Our consideration of OCFS' internal control structure identified opportunities for improving OCFS controls related to overseeing contractor operations and to verifying the accuracy of contractor billings. Although we were able to reach certain conclusions regarding OCFS' oversight of contract operations and Accenture deliverables, we were unable to attest to the accuracy of contractor billings for this period. These matters are discussed in detail in the appropriate sections of this report.

### **D. Results of Audit**

OCFS should have controls in place to make sure contractor billings are accurate and appropriately documented, as required by the terms of New York State contracts. However, we found that OCFS had not established effective means of verifying the accuracy of Accenture billings for work done in Amendment 5. Instead, OCFS relied primarily on Accenture management's representations that consultants worked the hours billed. As a result, OCFS could have paid for work that was not performed on CONNECTIONS. We also found that OCFS provided a comprehensive process for monitoring, managing and controlling the direction of Amendment 5's work through its contract with MAXIMUS. This process included weekly progress evaluations and regular consultations with users. Since OCFS users are still adapting to the changes brought about through Amendment 5 work, we were not able to determine whether OCFS achieved the "steady state" it sought through Amendment 5. We recommend that such comprehensive project control be provided for the implementation of Releases 4 and 5 to ensure the success of this troubled system's development effort.

#### **1. Contractor Billings**

Amendment 5 requires that Accenture employees and partners maintain daily records of their activities to support the accuracy and appropriateness of hourly charges on billings to OCFS. However, we reviewed a judgmental sample of monthly charges and found inconsistencies between hours worked on CONNECTIONS, as recorded on Accenture time records, and vouchers paid by the State. OCFS was not aware of these inconsistencies because it had not assigned OCFS staff familiar with CONNECTIONS work to independently verify the accuracy of Accenture's billed hours. OCFS relied instead on Accenture managers to review and confirm the accuracy of billed hours. As a result, OCFS had inadequate assurance that it paid Accenture only for time its consultants actually worked on CONNECTIONS.

Both OCFS and Accenture employees often worked on the same activities, with an OCFS staff assigned oversight responsibility for the work. Accenture staff frequently worked on multiple activities (sometimes on other contracts) within a single billing period. Accenture staff recorded their work hours per activity on an Accenture automated time and attendance system, and Accenture managers reviewed these records before submitting monthly bills to the State. When we compared the hours consultants recorded as worked in Accenture's system, to the hours listed on vouchers paid

by the State for a judgmental sample of monthly bills, we found minor differences between these two records. However, OCFS had no way of independently determining whether Accenture's billings were accurate.

We found that OCFS relied on Accenture managers to monitor whether billed time was accurate. OCFS officials did not verify the accuracy of contractor billings by requiring OCFS staff responsible for overseeing consultants' work to track the time consultants spent on specific jobs or to review the accuracy of billings for work performed in their areas. OCFS limited its review of Accenture's billings to checks of the mathematical accuracy of the calculations summarized on monthly bills. Thus, we have no assurance that Amendment 5 payments were accurate. Unless OCFS establishes controls to effectively verify the accuracy of contractors' bills, the State will be at risk of making overpayments on contracts with future CONNECTIONS consultants.

## 2. Contract Monitoring

In our prior audit, we found that significant weaknesses in the procedures OCFS used to plan, design, develop and implement CONNECTIONS had resulted in poor coordination of the project, costly change orders and delays, and user dissatisfaction with the system. We recommended that OCFS exert control over CONNECTIONS' design and development to build a system that users could rely on to effectively administer child welfare programs throughout the State. As a result of our review of Amendment 5 implementation, we concluded that OCFS used a comprehensive process to help ensure Amendment 5 met its objectives. MAXIMUS was instrumental in helping OCFS use this process — and correct earlier control weaknesses — because it set project direction and established organizational procedures for both Accenture and OCFS to follow. Since work on Amendment 5 was completed a little less than a year ago, it is too early to evaluate whether this amendment achieved the “steady state” goal sought by OCFS.

One process component promoted by MAXIMUS was the use of committee workgroups to identify user requirements, design steps to meet the requirements and test program fixes to make sure they work properly. Committee workgroups were developed to represent various functions covered by Release 2 and Release 3 (e.g., Intake, Investigation, Person Search, and Data Reporting). The workgroups comprised OCFS Program and Policy staff, Accenture staff and local users. To develop a needed fix for a system problem, the workgroups first identified local user requirements. The workgroups then described these requirements in a logical design document, which was later rewritten as a technical design document in order to program the corrective action.

Weekly “build” and “project-wide status” meetings also contributed to a sound process for Amendment 5. At these meetings, attended by the build manager, Accenture staff, OCFS staff and MAXIMUS staff participants discussed progress on each project. During another essential part of the process, OCFS asked users from various social service districts to test the programming changes to determine if they were working as intended. Prior to the release of the finished product, the staff of a local district used real casework to conduct a “preview environment” or a live test to verify that the system fix worked properly.

OCFS is entering the final phase of this lengthy systems development project: the completion of Releases 4 and 5. OCFS will seek new CONNECTIONS contracts to help implement Releases 4

and 5. In February 2001, MAXIMUS estimated that implementation of CONNECTIONS would be completed in June 2004 at a cost of \$53.7 million. However, OCFS has entered into a new three-year CONNECTIONS development contract with MAXIMUS ending on December 31, 2005, with options for two one-year renewals. Thus, CONNECTIONS will not be completed in June 2004.

At the audit exit conference, OCFS officials advised us that they need to enhance the CONNECTIONS design and application procedures in order to incorporate changes resulting from the Federal Child and Family Services Review. (The Federal government has supported some of CONNECTIONS' cost.) OCFS officials explained that, in consultation with their stakeholders, they reevaluated the implementation schedule to allow the user community to derive the most benefit from these complex changes in policy and practice. Recommendations advanced by OCFS management and by Steering Committee members representing the local district and agency stakeholders, as well as OCFS' Quality Assurance contractor, led to the decision to change the implementation strategy detailed in the State's Federally approved plan. The new strategy calls for a phased implementation approach and an increase in the level of on-site training and implementation support. According to OCFS officials, this strategy will provide users with the skills necessary to effectively utilize the application and support positive outcomes in the child welfare arena. As a result, OCFS estimates that application development will require four additional months, and should be completed in October 2004. Implementation of the case- management and financial-management capabilities will commence in April 2004 and should be completed by September 2005.

OCFS achieved success with Amendment 5 by using a project integrator that set project direction, focused on user needs and imposed a comprehensive process to meet project goals. Working with MAXIMUS, OCFS also completed Amendment 5 within the time frame and the budget stated in the contract. To establish control over the duration and cost of CONNECTIONS' final phase, it is also essential that OCFS set reasonable time and cost budgets for this work, and make a disciplined effort to comply with them. Unless OCFS takes these steps, the implementation of a fully functioning CONNECTIONS system will almost certainly consume more than the estimated \$150.7 million.

### **Recommendations**

1. *Assign OCFS staff familiar with contractor staff work activities the responsibility for monitoring the hours consultants work and bill to the State.*
2. *Develop time and cost budgets for the implementation of Releases 4 and 5, and monitor compliance with these budgets.*

We provided a draft copy of this report to OCFS and Accenture officials for their review and comment. Their comments were considered in preparing this report, and are included as Appendix A. OCFS officials agreed with our recommendations.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Children and Family Services shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps

were taken to implement the recommendations contained herein, and where recommendations were not implemented the reasons therefor.

Major contributors to this report were Frank Patone, Brian Lotz, John Lang, Jeremy Mack, Jeffrey Dormond and Nancy Varley.

We wish to thank the management and staff of Accenture and OCFS for the courtesies and cooperation extended to our auditors.

Very truly yours,

William P. Challice  
Audit Director



New York State  
Office of  
Children & Family Services  
June 2, 2003

George E. Pataki  
*Governor*

John A. Johnson  
*Commissioner*

Mr. William P. Challice  
Audit Director  
NYS Office of the State Comptroller  
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State Audit Bureau  
123 William Street, 21<sup>st</sup> Floor  
New York, New York 10038

Subject: Draft Audit 2001-R-8

**Capital View Office Park**

52 Washington Street  
Rensselaer, NY 12144-2796

Dear Mr. Challice:

The Office of Children and Family Services has reviewed the Draft Audit of the Administration of Amendment 5 to Contract C007546 awarded to Accenture Consulting for the period January 1, 1999 through June 4, 2002, issued May 22, 2003. Based on our review and the additional information presented to us by your auditors, we are in general agreement with the recommendations.

Thank you for the opportunity to provide comments throughout this process.

Sincerely,

Susan A. Costello  
Acting Deputy Commissioner  
for Administration



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