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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 2, 2005

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

Re: Report 2004-F-46

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 State Finance Law, we have followed up on the actions taken by officials of the Office of Children and Family Services (OCFS) to implement the recommendations contained in our audit report, *Administration of CONNECTIONS Contract C007546 with Accenture LLP* (Report 2001-R-8).

Background, Scope and Objective

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 1995 in accordance with Federal requirements, the Department of Social Services (OCFS' predecessor agency) began development of a system known as CONNECTIONS to automate statewide child welfare record keeping, case management information and to provide appropriate access to client information by all 58 local social service districts and the many non-profit agencies under contract to provide child welfare services. Contract C007546 with Accenture LLP was awarded in 1996 to design, develop, install, and maintain the various software needed to operate CONNECTIONS. Contract C007546 has since been amended five times to provide the time extensions and additional funds necessary to make CONNECTIONS (with the exception of case management and reporting functions) operational. Work under Contract C007546 ended on June 3, 2002. As of September 18, 2003, OCFS estimated that both the case management and reporting functions for CONNECTIONS would be operational by September 2005 with a cumulative total cost of about \$217 million.

Our initial audit report, which was issued on September 18, 2003, examined OCFS' oversight of the CONNECTIONS Contract C007546, the deliverables provided by Accenture LLP, and the appropriateness and support for contract billings. Our report identified a need for OCFS to

improve those controls used to make sure contractor billings are accurate and appropriately documented. We concluded that, OCFS could have paid for work that was not performed. Our report 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, a consultant with significant experience in automated child welfare systems. However, we were not able to determine whether OCFS achieved a successful result because OCFS users were still adapting to the changes brought about through Amendment 5. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation as of January 21, 2005 of the two recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that OCFS officials have implemented the two recommendations contained in our prior audit report.

Follow-up Observations

Recommendation 1

Assign OCFS staff familiar with contractor staff work activities the responsibility for monitoring the hours consultants work and bill to the State.

Status - Implemented

Agency Action - We found that OCFS has created a centralized administrative unit to streamline all CONNECTIONS related contractor timesheets and status reports. We also found that OCFS' Information Technology employees are teamed with contractor employees, and have been assigned responsibility for reviewing status reports and verifying the weekly time sheets of the contractor employees. We judgmentally selected three contractor employees from the October 2004 billing and verified that OCFS employees had properly approved the three contractor employees' time sheets.

Recommendation 2

Develop time and cost budgets for the implementation of Releases 4 and 5, and monitor compliance with these budgets.

Status - Implemented

Agency Action - Through our examination of documentation, we found that OCFS submits Annual Advanced Document Updates on CONNECTIONS to the Federal Department of Health and Human Services (DHHS). These documents update the CONNECTIONS implementation plan and provide quarterly cost estimates for all development activities. As required by law, OCFS also monitors actual progress against these projections and advises DHHS of deviations.

Major contributors to this report were Rick Sturm, Brian Lotz, and John Lang.

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

Very truly yours,

William P. Challice
Audit Director

cc: Robert Barnes, Division of the Budget
Lynn Dobriko, Audit Liaison