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October 28, 1999

Mr. John A. Johnson
Commissioner
Office of Children and Family Services
Capital View Office Park
52 Washington Street
Rensselaer, New York 12144-2735

Re: Report 99-F-44

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 reviewed the actions taken by officials of the Office of Children and Family Services as of September 15, 1999, to implement the recommendations contained in our audit report, *Development of the CONNECTIONS System Supporting Child Welfare Services* (Report 97-S-68). Our report, which was issued on November 17, 1998, examined the procedures used in planning, designing, developing and implementing the CONNECTIONS system.

Background

In 1995, the Department of Social Services began designing a statewide automated child welfare information system initiative called CONNECTIONS. The Office of Children and Family Services (OCFS) is continuing the design of CONNECTIONS, which includes efforts to re-engineer and automate child welfare services. The CONNECTIONS system is intended to give child welfare workers state of the art computer equipment and software to support and improve their efforts on behalf of children and families. It is expected to be a single, integrated system for the recording and collection of child protective, preventive, foster care, and adoption service information statewide. CONNECTIONS should provide information that is critical to efforts to protect vulnerable children; preserve, stabilize and support families; and provide efficient, economic and effective monitoring and oversight of all child welfare programs. The system will connect all 58 local social service districts, as well as local not-for-profit service providers, to OCFS.

Subsequent to our audit, the State established a Review and Oversight Panel (Panel), consisting of State officials and a retired County Social Service Commissioner, to review the CONNECTIONS project and make recommendations for improvements. The system has been reviewed by the Panel and OCFS. However, few changes have been made to the actual system.

Currently, no additional systems development work is being done pending resolution of outstanding issues. According to documents provided to the Federal government, final implementation of the comprehensive system will not be completed until early 2003.

OCFS is currently in the process of hiring a Project Integrator, recommended by the Panel, who will be responsible for the day-to-day implementation of CONNECTIONS. The Integrator will supervise and evaluate the work of the consultants, OCFS and Human Services Application Support Center staff, task out assignments to them, and recommend acceptance, modification or rejection of their work products.

At the time of our prior audit, CONNECTIONS' contract costs were \$177 million. It was expected that \$120 million of the \$177 million in contract costs would be covered by Federal funding. Total gross expenses claimed as of March 1999 are \$202.3 million, with another \$30.5 million incurred but not yet claimed as of June 1999. Thus far, OCFS has received \$83 million in Federal funding for the CONNECTIONS project.

Recent audits and reviews completed by the Office of the State Comptroller have identified continuing problems with the CONNECTIONS system. For example, we found that CONNECTIONS' problems inhibit districts' use of the system. Consequently, many district personnel believe the system is a cumbersome and sometimes unreliable tool, particularly, the Person Search function. Caseworkers also maintain duplicate hard copy records because they lack faith in the reliability of CONNECTIONS' data (Child Protective Services Program, Report 98-S-36 issued September 30, 1999). We also found CONNECTIONS does not provide management reports needed to track the status of children who are freed for adoption (child's natural parental rights are terminated) or the reports needed to monitor districts' compliance with program requirements that ensure children who are freed for adoption are registered with OCFS within 10 days of being freed for adoption (Follow-up - Adoption Subsidies Program, Report 98-F-27 issued June 30, 1999).

Summary Conclusions

In our prior audit, we identified a number of weaknesses in the procedures used to plan, design, develop and implement the CONNECTIONS system. We also found weaknesses in the controls over change orders. The audit concluded that unless changes were made in the approach taken in developing the CONNECTIONS system, there was a substantial risk that the system would not be successfully implemented. We recommended that OCFS convene major system stakeholders to determine the long- and short-term actions needed to ensure that the system is successfully implemented. We also recommended that consideration be given to suspending further system development efforts until it could be determined what needed to be done to ensure the system is successfully implemented.

In its response to our prior report, OCFS stated that "the agency must proceed with the project. To discontinue it would present an undue risk of compromising New York State's child welfare system and the possibility that the federal government would seek to recover its share of project funding."

In our follow-up review, we found that OCFS officials have made significant progress in implementing the recommendations contained in our prior audit report. They have convened major system stakeholders in an effort to ensure the system is successfully implemented, and are currently revising draft procedures for initiating system changes to CONNECTIONS.

Summary of Status of Prior Audit Recommendations

Of the two prior audit recommendations, OCFS officials implemented one and partially implemented the second recommendation.

Follow-up Observations

Recommendation 1

Convene major CONNECTIONS system stakeholders (including representatives from the Division of the Budget, local social services districts, the New York City Administration for Children's Services, and not-for-profit service providers) for the purpose of determining the long and short-term actions needed to ensure that the system is successfully implemented. Until these decisions are made, consider suspending any significant further development or commitment of resources to CONNECTIONS.

Status - Implemented

Agency Action - A Review and Oversight Panel, consisting of members from the Division of the Budget, Office for Technology, Division of Parole, SUNY and a retired Ulster County Social Service official, reviewed the project and provided a report to OCFS detailing the next steps for CONNECTIONS.

OCFS held meetings with the local social service districts regarding system issues and general design issues. Specifically, users from the regional offices and the Statewide Central Register met on July 15, 1999 to discuss system issues, proposed resolutions, and prioritization for implementation. OCFS also met with local social service districts regarding priority modifications to the system.

Additionally, OCFS continues communications with the Federal Government, through both written correspondence and meetings. Representatives from the Administration for Children and Families participated in a week-long review of CONNECTIONS to ensure it fulfills Statewide Automated Child Welfare Information System (SACWIS) requirements. OCFS officials have not received an official report from this visit. However, Federal representatives noted that CONNECTIONS meets many, but not all, SACWIS requirements.

Recommendation 2

If a decision is made to continue development of the CONNECTIONS system, improve controls over change orders by:

- *formally evaluating the need for the goods and services obtained through change orders, considering possible alternatives for meeting this need, and documenting why one alternative is preferable to the others,*
- *formally evaluating the prices charged in change orders to ensure that they are fair,*
- *ensuring that payments are not made under change orders for services covered by the original contract, and*
- *formally determining that the goods and services obtained through change orders meet expectations before authorizing payment.*

Status - Partially implemented

Agency Action - According to OCFS' prior audit response, it still uses the services of the Human Services Application Support Center to provide the technical resources to review proposed solutions, their scope, timetable and costs. The agency has prepared draft procedures for initiating system changes to CONNECTIONS and the ensuing change orders. However, these procedures were not issued or finalized. Officials are currently in the process of revising these procedures.

Auditors' Comments - The draft procedures deal mainly with identifying and reviewing the need to initiate a system change to CONNECTIONS. OCFS needs to ensure that its revised procedures address issues related to evaluating prices, payments and goods and services received.

Major contributors to this report were Brian Reilly and Nadine Morrell.

We would appreciate your written response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Office of Children and Family Services for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

William P. Challice
Audit Director

cc: C. Conaway
K. Robinson