
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF NEW YORK
FOR THE FISCAL YEAR ENDED
MARCH 31, 2008**

March 2010 A-77-10-00004

**MANAGEMENT
ADVISORY REPORT**



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: March 12, 2010

Refer To:

To: Candace Skurnik
Director
Audit Management and Liaison Staff

From: Inspector General

Subject: Management Advisory Report: Single Audit of the State of New York for the Fiscal Year Ended March 31, 2008 (A-77-10-00004)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New York for the Fiscal Year ended March 31, 2008. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The accounting firm of Toski, Schaefer and Company, P.C. performed the audit. We have not received the results of the desk review conducted by the Department of Health and Human Services (HHS). We will notify you when the results are received if HHS determines the audit did not meet Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the accounting firm of Toski, Schaefer and Company, P.C. and the reviews performed by HHS. We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.¹

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The New York Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Office of Temporary and Disability Assistance (OTDA) is the New York DDS' parent agency.

¹ In January 2009, the President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency, Inspector General Reform Act of 2008, Pub. L. No. 110-409 §5 U.S.C. App. 3 §11.

The single audit reported that indirect costs were charged to various Federal agencies, including SSA, based on cost allocation plan (CAP) methodologies that are pending approval by HHS' Division of Cost Allocation (Attachment A, pages 1 through 5). We recommend that, upon HHS' approval of the CAP, SSA work with OTDA to ensure that indirect costs charged to the New York DDS during State Fiscal Year 2008 were in accordance with the CAP's approved methodologies.

The single audit also reported that:

1. OTDA did not have a plan in place for periodic testing of systems data recovery in the event of an interruption, and it had not performed a test to ensure a complete and error-free recovery of systems data (Attachment A, pages 6 through 9).
2. OTDA had insufficient standards for the documentation of critical systems applications (Attachment A, pages 10 through 13).
3. Software developers inappropriately had the ability to update software in the production environment (Attachment A, pages 14 through 17).
4. Contracts reimbursed with Federal funds did not identify the required Federal award information (Attachment A, pages 18 through 21).

We made recommendations to SSA in a prior report for corrective action on these four findings.² We confirmed that SSA had taken appropriate corrective actions to address these findings. Therefore, we will not repeat the recommendations in this report.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, contact Shannon Agee at (816) 221-0315, extension 1537.



Patrick P. O'Carroll, Jr.

Attachments

² SSA OIG, Management Advisory Report, *Single Audit of the State of New York for the Fiscal Year Ended March 31, 2007* (A-77-09-00008), March 2009.

STATE OF NEW YORK
Schedule of Findings and Questioned Costs
March 31, 2008

State Administrative Matching Grants for Food Stamp Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Child Care and Development Block Grant (93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)
Foster Care - Title IV-E (93.658)
Adoption Assistance (93.659)
Social Services Block Grant (93.667)
Medical Assistance Program (93.778)
Social Security - Disability Insurance (96.001)

Office of Temporary and Disability Assistance
Office of Children and Family Services
Department of Health

Reference: 08-10

Requirement

The State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate U.S. Department of Health and Human Services (HHS) Regional Office. The plan shall: (1) Describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency; (2) Conform to the accounting principles and standards prescribed in Office of Management and Budget Circular (OMB) A-87, and other pertinent Department regulations and instructions; (3) Be compatible with the State plan for public assistance programs described in 45 CFR Chapters II, III and XIII, and 42 CFR Chapter IV Subchapter C and D; and (4) Contain sufficient information in such detail to permit the Director, Division of Cost Allocation, after consulting with the Operating Divisions, to make an informed judgment on the correctness and fairness of the State's procedures for identifying, measuring, and allocating all costs to each of the programs operated by the State agency (45 CFR Section 95.507).

Finding

The Offices and the Department of Health, on a quarterly basis, create Central Office Cost Allocation Claims (COCACs) which accumulate direct costs and allocated indirect costs through allocation accounts. All central office and certain local district costs are assigned to an accumulator code.

The COCACs contained approximately \$1.3 billion in allocated costs covering 76 separate allocation methodologies during the period April 1, 2007 through March 31, 2008. The methodologies were established to allocate overhead costs related to the programs formerly administered by the Department of Social Services (DSS). Effective October 1, 1996, the Department of Health (DOH) became the Single State Agency for Medicaid, with DSS submitting other State agencies' claims to DOH for Medicaid reimbursement based on the DSS COCACs. Effective with the January 1, 1998 reorganization of DSS to create the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA), OCFS and OTDA revised and implemented cost allocation methodologies regarding the programs which they then administered to reflect the current organizational structure of the two Human Service agencies.

As part of our testwork, we analyzed the dates that the allocation methodologies were Federally approved and noted that there were 35 separate allocation methodologies with approximately \$224 million in allocated costs related to the Office of Children and Family Services and approximately \$224 million related to the Office of Temporary and Disability Assistance that had not yet been approved by the Federal government as of the State fiscal year ended March 31, 2008. Federal regulation allows the Offices to submit claims derived from cost allocation methodologies that have been submitted to the Federal government but are pending approval. The table below details how long cost allocation plans (CAPs) have been awaiting Federal approval and how long the Offices have been allocating costs based on the unapproved CAPs.

<u>Year CAP was submitted</u>	<u>Number of CAPS Submitted for Approval</u>
1999	5
2000	3
2002	6
2003	5
2005	3
2006	6
2007	5
2008	<u>2</u>
	<u>35</u>

The 76 total allocation methodologies, as described above, only include active methodologies that had costs charged during the period April 1, 2007 through March 31, 2008. The amount charged to Federal programs as the Federal share of expenditures amounted to \$549 million of the total \$1.3 billion in allocated costs. Due to the number of allocation methodologies, complex methodologies that charge other methodologies, and the fact that the Federal share of reimbursement differs by program, we cannot determine the Federal share of costs charged to Federal programs.

A similar finding was included in the prior year single audit report as finding 07-14 on page 60.

Recommendation

We recommend that the Office continue to work with the U.S. Department of Health and Human Services to timely approve cost allocation plans.

Related Noncompliance

Federal regulations allow for the Office to allocate costs based on the cost allocation plan submitted but not yet approved. However, until the plans are approved, any costs allocated may be unallowable and Federal funds may be required to be returned to the Federal government.

Questioned Costs

Cannot be determined

Views of Responsible Officials

Presented in the State Agency Corrective Action Plans attached as an appendix to the Single Audit Report.

NEW YORK STATE CORRECTIVE ACTION PLAN

**Single Audit of Federal Programs for
State Fiscal Year Ended March 31, 2008**

State Agency: Office of Children and Family Services

Single Audit Contact: Ralph Timber

Title: Management Specialist 2

Telephone: (518) 473-0796

E-mail: Ralph.Timber@ocfs.state.ny.us

Federal Program(s) (CFDA #[s]): State Administrative Matching Grants for Food Stamp Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Child Care and Development Block Grants (93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)
Foster Care – Title IV-E (93.658)
Adoption Assistance (93.659)
Social Services Block Grant (93.667)
Medical Assistance Program (93.778)
Social Security – Disability Insurance (96.001)

Audit Report Reference: 08-10

I. Type of Finding: [Check one to identify the nature of the particular audit finding]

Internal Control with related noncompliance []
Internal Control Only (no noncompliance cited) [X]
Other reportable noncompliance (Finding Only) []

Questioned Costs Cannot be determined

II. Summary of Finding (including any Internal Control Recommendation(s), if applicable):

The Office and the Department of Health, on a quarterly basis, create Central Cost Allocation Claims (COCACs) which accumulate direct costs and allocated indirect costs through allocation accounts. All central office and certain local district costs are assigned to an accumulator code.

The COCACs contained approximately \$1.3 billion in allocated costs covering 76 separate allocation methodologies during the period April 1, 2007 through March 31, 2008. The methodologies were established to allocate overhead costs related to the programs formerly administered by the

Department of Social Services (DSS). Effective October 1, 1996, the Department of Health (DOH) became the Single State Agency for Medicaid, with DSS submitting other State agencies' claims to DOH for Medicaid reimbursement based on the DSS COCACs. Effective with the January 1, 1998 reorganization of DSS to create the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA), OCFS and OTDA revised and implemented cost allocation methodologies regarding the programs which the Department then administered to reflect the current organizational structure of the two Human Service agencies.

As part of the testwork, the auditors analyzed the dates that the allocation methodologies were Federally approved and noted that there were 35 separate allocation methodologies with approximately \$224 million in allocated costs related to the Office of Children and Family Services and approximately \$224 million related to the Office of Temporary and Disability Assistance that had not yet been approved by the Federal government as of the State fiscal year ended March 31, 2008. Federal regulation allows the Offices to submit claims derived from cost allocation methodologies that have been submitted to the Federal government but are pending approval. The table below details how long cost allocation plans (CAPs) have been awaiting Federal approval and how long the Office has been allocating costs based on the CAPs.

<u>Year CAP was Submitted</u>	<u>CAPS Submitted in Stated Year</u>
1999	5
2000	3
2002	6
2003	5
2005	3
2006	6
2007	5
2008	<u>2</u>
Total	35

The 77 total allocation methodologies as described above only include active methodologies that had costs charged during the period April 1, 2007 through March 31, 2008. \$549 million of the total \$1.3 billion was charged to Federal programs as the Federal share of expenditures. Due to the number of allocation methodologies, complex methodologies that charge other methodologies, and the fact that the Federal share of reimbursement differs by program, we cannot determine the Federal share of costs charged to Federal programs.

A similar finding was included in the prior year single audit report as finding 07-14 on page 60.

III. Agency Response:

The Office of Children and Family Services (OCFS) files plans for both OCFS and OTDA on a timely basis as required by regulation and works diligently with HHS/Division of Cost Allocation to get those plans approved. As noted in the finding, Federal regulations require the filing of cost allocation plans and then allows states to claim against the filed plans. The regulations do not require that Federal agencies to act within a specific timeframe on those plans. HHS/DCA has stated in the past that this approach is acceptable and that OCFS and OTDA are in compliance with the requirements of 45 CFR.

STATE OF NEW YORK
Schedule of Findings and Questioned Costs
March 31, 2008

Food Stamps (10.551)

State Administrative Matching Grants for Food Stamp Program (10.561)

Temporary Assistance for Needy Families (93.558)

Child Support Enforcement (93.563)

Low-Income Home Energy Assistance (93.568)

Social Security - Disability Insurance (96.001)

Office of Temporary and Disability Assistance

Reference: 08-02

Requirement

GAO-07-731G Government Auditing Standards, Section 5.13 states that all significant deficiencies in internal control should be reported and include those deficiencies that represent material weaknesses. If a significant deficiency is remediated before the auditors' report is issued and the auditors obtain sufficient, appropriate evidence supporting the remediation of the significant deficiency, then the auditors should report the significant deficiency and the fact that it was remediated before the auditors' report was issued.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected.

General controls are the policies and procedures that apply to an entity's overall computer operations and create the environment in which application controls and certain user controls, which are control activities, operate. General controls include appropriate entity-wide security management programs and service continuity controls (Federal Information Systems Controls Audit Manual sect 295 F .02).

The continual backing up of data and systems can help minimize the severity of threats and a well documented data system backup plan should be in place that includes information on how best to recover data systems that have been damaged. Controls and protections should be in place to ensure that data or systems are not damaged, altered, or destroyed during this recovery process. Practice drills should be conducted periodically to determine how effective the plan is and to determine what changes may be necessary. The Office for Technology should verify these drills are being conducted properly and that problems uncovered during these drills are addressed and procedures designed to deal with any potential deficiencies are implemented and tested to determine their effectiveness.

Finding

Although individual files are recovered safely and with great frequency, the Office for Technology does not have a plan in place that tests for a complete data system restore. To date, the Office for Technology has never performed a test to ensure that a complete and error free recovery of system data is possible.

The Office of Temporary and Disability Assistance and the Office for Technology perform risk assessment reviews together and individually which form the basis for identifying and prioritizing risks to critical systems and the related potential impacts on business continuity. Based on the internal assessments, they are of the opinion that present policies and practices mitigate the risks of substantial impacts associated with business interruption as the result of the inability to read and recover the Welfare Management System (WMS) data file set.

A similar finding was included in the prior year Single Audit Report as finding 07-04 on page 36.

Recommendation

In fiscal 2007, we recommended that the Office develop and document procedures for performing periodic testing for reading and recovering the complete WMS data system file set. As part of our current year's examination, we determined that the Office for Technology has implemented policies and procedures that address our prior year's audit findings, however, the policies and procedures were not in effect for a substantial portion of the year covered by our current examination. Accordingly, the finding is repeated in the audit report for the fiscal year ended March 31, 2008.

Related Noncompliance

Based on the above, the Office was not in compliance with the requirement described above.

Questioned Costs

None

Views of Responsible Officials

Presented in the State Agency Corrective Action Plans attached as an appendix to the Single Audit Report.

NEW YORK STATE CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2008

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Christine Unson

Title: Coordinator for External Audit

Telephone: (518) 402-0128

E-mail: Christine.Unson@otda.state.ny.us

Federal Program(s) (CFDA # [s]): Food Stamps (10.551)
State Administration Matching Grants For Food Stamp
Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security – Disability Insurance (96.001)

Audit Report Reference: 08-02

I. Type of Finding: [Check one to identify the nature of the particular audit finding]

Internal Control with related noncompliance	[<input type="checkbox"/>]
Internal Control Only (no noncompliance cited)	[<input checked="" type="checkbox"/>]
Other reportable noncompliance (Finding Only)	[<input type="checkbox"/>]
Questioned Costs	<u>None</u>

II. Summary of Finding (including any Internal Control Recommendation(s), if applicable):

Although individual files are recovered safely and with great frequency, the Office for Technology does not have a plan in place that tests for a complete data system restore. To date, the Office for Technology has never performed a test to ensure that a complete and error free recovery of system data is possible.

The Office of Temporary and Disability Assistance and the Office for Technology perform risk assessment reviews together and individually which form the basis for identifying and prioritizing risks to critical systems and the related potential impacts on business continuity. Based on the internal assessments, they are of the opinion that present policies and practices mitigate the risks of substantial impacts associated with business interruption as the result of the inability to read and recover the Welfare Management System (WMS) data file set.

A similar finding was included in the prior year Single Audit Report as finding 07-04 on page 36.

In fiscal 2007, the auditors recommended that the Office develop and document procedures for performing periodic testing for reading and recovering the complete WMS data system file set. As part of our current year's examination, the auditors determined that the Office for Technology has implemented policies and procedures that address the prior year's audit findings, however, the policies and procedures were not in effect for a substantial portion of the year covered by the current examination. Accordingly, the finding is repeated in the audit report for the fiscal year ended March 31, 2008.

III. Agency Response:

As noted by the auditors in the finding, the Office completed the corrective action plan and came into full compliance during the review fiscal year ended March 31, 2008.

STATE OF NEW YORK

Schedule of Findings and Questioned Costs

March 31, 2008

Food Stamps (10.551)

State Administrative Matching Grants for Food Stamp Program (10.561)

Temporary Assistance for Needy Families (93.558)

Child Support Enforcement (93.563)

Low-Income Home Energy Assistance (93.568)

Social Security - Disability Insurance (96.001)

Office of Temporary and Disability Assistance

Reference: 08-03

Requirement

GAO-07-731G Government Auditing Standards, Section 5.13 states that all significant deficiencies in internal control should be reported and include those deficiencies that represent material weaknesses. If a significant deficiency is remediated before the auditors' report is issued and the auditors obtain sufficient, appropriate evidence supporting the remediation of the significant deficiency, then the auditors should report the significant deficiency and that fact that it was remediated before the auditors' report was issued.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected.

Finding

There are insufficient standards for the documentation of new development work or for the maintenance of existing systems. Where such standards exist, they are not always disseminated to Office of Temporary and Disability Assistance (OTDA) Technical Staff. A familiar relationship has developed between OTDA-Policy and OTDA-Technical such that new developments or updates to existing systems are discussed in advance of the work request being received from OTDA-Policy. Documentation is created specific to the changes requested with the primary intent being a mutual understanding between Policy and Technical of the work to be accomplished. The lack of sufficient standards poses risks for the systems like the Benefit Issuance Control System and budget calculation subsystems like Automated Budget and Eligibility Logic (ABEL) and Medicaid Automated Budget and Eligibility Logic (MABEL) on legacy mainframe systems. Of the systems we reviewed, the Welfare Reporting and Tracking System was the only one with a single repository of updated documentation. No other systems use the Welfare Documentation System (WDOCS) at this time.

A similar finding was included in the prior year Single Audit Report as finding 07-02 on page 32.

Recommendation

In fiscal 2007, we recommended that the Office take the following actions to ensure that critical applications are documented such that an interruption in personnel will not severely impact the operation of the program:

1. Develop Office-wide standards for documenting new system development and maintenance and updating of existing systems.
2. Disseminate the developed standards to each employee and each employee should receive sufficient training in the standards to be able to incorporate it into their development/maintenance.
3. Any non-compliance to the standards in existing system documentation should be identified and the necessary documentation should be created to ensure each system is in compliance.
4. Procedures should be put in place to include updated documentation in the system release package.

During our follow-up of the Office's corrective action plan, we noted that the Office has taken appropriate actions to implement policies and procedures correcting the conditions that resulted in our finding last year. The Office took actions to form a work group to develop, implement, review and enforce documentation standards and the migration of the legacy systems documentation to a more comprehensive enterprise application management suite. Due to the timing of the release of our prior report and the complex nature of the applications and standards, the implementation was still in progress during the State fiscal year ended March 31, 2008 and, therefore, remains a finding in the audit report for the year ended March 31, 2008.

Related Noncompliance

Based on the above, the Office was not in compliance with the requirement described above.

Questioned Costs

None

Views of Responsible Officials

Presented in the State Agency Corrective Action Plans attached as an appendix to the Single Audit Report.

NEW YORK STATE CORRECTIVE ACTION PLAN

**Single Audit of Federal Programs for
State Fiscal Year Ended March 31, 2008**

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Christine Unson

Title: Coordinator for External Audit

Telephone: (518) 402-0128

E-mail: Christine.Unson@otda.state.ny.us

Federal Program(s) (CFDA # [s]): Food Stamps (10.551)
State Administration Matching Grants For Food Stamp
Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security – Disability Insurance (96.001)

Audit Report Reference: 08-03

I. Type of Finding: [Check one to identify the nature of the particular audit finding]

Internal Control with related noncompliance	[<input type="checkbox"/>]
Internal Control Only (no noncompliance cited)	[<input checked="" type="checkbox"/>]
Other reportable noncompliance (Finding Only)	[<input type="checkbox"/>]
Questioned Costs	<u>None</u>

II. Summary of Finding (including any Internal Control Recommendation(s), if applicable):

There are insufficient standards for the documentation of new development work or for the maintenance of existing systems. Where such standards exist, they are not always disseminated to Office of Temporary and Disability Assistance (OTDA) Technical Staff. A familiar relationship has developed between OTDA-Policy and OTDA-Technical such that new developments or updates to existing systems are discussed in advance of the work request being received from OTDA-Policy. Documentation is created specific to the changes requested with the primary intent being a mutual understanding between Policy and Technical of the work to be accomplished. The lack of sufficient standards poses risks for the systems like the Benefit Issuance Control System and budget calculation subsystems like Automated Budget and Eligibility Logic (ABEL) and Medicaid Automated Budget and Eligibility Logic (MABEL) on legacy mainframe systems. Of the systems reviewed, the Welfare Reporting and Tracking System was the only one with a single repository of updated documentation. No other systems use the Welfare Documentation System (WDOCS) at this time.

A similar finding was included in the prior year Single Audit Report as finding 07-02 on page 32.

In fiscal 2007, the auditors recommended that the Office take the following actions to ensure that critical applications are documented such that an interruption in personnel will not severely impact the operation of the program:

1. Develop Office-wide standards for documenting new system development and maintenance and updating of existing systems.
2. Disseminate the developed standards to each employee and each employee should receive sufficient training in the standards to be able to incorporate it into their development/maintenance.
3. Any non-compliance to the standards in existing system documentation should be identified and the necessary documentation should be created to ensure each system is in compliance.
4. Procedures should be put in place to include updated documentation in the system release package.

During the auditors' follow-up of the Office's corrective action plan, the auditors noted that the Office has taken appropriate actions to implement policies and procedures correcting the conditions that resulted in our finding last year. The Office took actions to form a work group to develop, implement, review and enforce documentation standards and the migration of the legacy systems documentation to a more comprehensive enterprise application management suite. Due to the timing of the release of the auditors' prior report and the complex nature of the applications and standards, the implementation was still in progress during the State fiscal year ended March 31, 2008 and, therefore, remains a finding in the audit report for the year ended March 31, 2008.

III. Agency Response:

As noted by the auditors in the finding, the Office completed the corrective action plan and came into full compliance during the review fiscal year ended March 31, 2008.

STATE OF NEW YORK
Schedule of Findings and Questioned Costs
March 31, 2008

Food Stamps (10.551)
State Administrative Matching Grants for Food Stamp Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security - Disability Insurance (96.001)

Office of Temporary and Disability Assistance

Reference: 08-04

Requirement

GAO-07-731G Government Auditing Standards, Section 5.13 states that all significant deficiencies in internal control should be reported and include those deficiencies that represent material weaknesses. If a significant deficiency is remediated before the auditors' report is issued and the auditors obtain sufficient, appropriate evidence supporting the remediation of the significant deficiency, then the auditors should report the significant deficiency and that fact that it was remediated before the auditors' report was issued.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected.

Policies and procedures should be in place to control development staff's access to the production environment and no changes should be made without prior authorization at the appropriate management level. A process should be in place to notify the user and development community of the changes.

Finding

The Office of Temporary and Disability Assistance (OTDA) development staff have update capability within the Office for Technology production environment. Although OTDA development staff may be prevented from promoting code through an existing automated configuration management system, they may access production code and make updates directly.

We noted that the Office identified these issues and have developed policies and procedures that were implemented during the period covered by our report.

A similar finding was included in the prior year Single Audit Report as finding 07-03 on page 34.

Recommendation

In fiscal 2007 and 2006, we recommended that policies and procedures be developed by the Office to control OTDA development staff's access to the Office For Technology production environment and ensure that any changes have prior authorization at the appropriate management level should be implemented as intended by the Office and monitored to assess their effectiveness.

As part of our testwork for the State fiscal year ended March 31, 2008, we reviewed the policies and implementation status of our recommendation. We noted that the Office has developed appropriate policies and procedures that address the fiscal 2007 findings and the Office began implementation of the process during the third quarter of the State fiscal year ending March 31, 2008. Accordingly, the issue remains a finding for the purposes of the audit report for the year ended March 31, 2008.

Related Noncompliance

Based on the above, the Office was not in compliance with the requirement described above.

Questioned Costs

None

Views of Responsible Officials

Presented in the State Agency Corrective Action Plans attached as an appendix to the Single Audit Report.

NEW YORK STATE CORRECTIVE ACTION PLAN

**Single Audit of Federal Programs for
State Fiscal Year Ended March 31, 2008**

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Christine Unson

Title: Coordinator for External Audit

Telephone: (518) 402-0128

E-mail: Christine.Unson@otda.state.ny.us

Federal Program(s) (CFDA # [s]): Food Stamps (10.551)
State Administration Matching Grants For Food Stamp
Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security – Disability Insurance (96.001)

Audit Report Reference: 08-04

I. Type of Finding: [Check one to identify the nature of the particular audit finding]

Internal Control with related noncompliance	[<input type="checkbox"/>]
Internal Control Only (no noncompliance cited)	[<input checked="" type="checkbox"/>]
Other reportable noncompliance (Finding Only)	[<input type="checkbox"/>]
Questioned Costs	<u>None</u>

II. Summary of Finding (including any Internal Control Recommendation(s), if applicable):

The Office of Temporary and Disability Assistance (OTDA) development staff has update capability within the Office for Technology production environment. Although OTDA development staff may be prevented from promoting code through an existing automated configuration management system, they may access production code and make updates directly.

The auditors noted that the Office identified these issues and have developed policies and procedures that were implemented during the period covered by the report.

A similar finding was included in the prior year Single Audit Report as finding 07-03 on page 34.

In fiscal 2007 and 2006, the auditors recommended that policies and procedures be developed by the Office to control OTDA development staff's access to the Office For Technology production environment and ensure that any changes have prior authorization at the appropriate management

level implemented as intended by the Office and monitored to assess their effectiveness.

As part of the auditors' testwork for the State fiscal year ended March 31, 2008, they reviewed the policies and implementation status of their recommendation. The auditors noted that the Office has developed appropriate policies and procedures that address the fiscal 2007 findings and the Office began implementation of the process during the third quarter of the State fiscal year ending March 31, 2008. Accordingly, the issue remains a finding for the purposes of the audit report for the year ended March 31, 2008.

III. Agency Response:

As noted by the auditors in the finding, the Office completed the corrective action plan and came into full compliance during the review fiscal year ended March 31, 2008.

STATE OF NEW YORK
Schedule of Findings and Questioned Costs
March 31, 2008

State Administrative Matching Grants for Food Stamp Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security - Disability Insurance (96.001)

Office of Temporary and Disability Assistance

Reference: 08-11

Requirement

In accordance with OMB Circular A-133 section .400, at the time of award the pass-through entity must make subrecipients aware of (a) Federal award information (e.g., CFDA title and number, amount of award, award name, name of Federal agency) and requirements imposed by laws, regulations and the provisions of contract or grant agreements; and (b) the activities approved in the award documents and agreements were allowable.

Finding

The Office's Bureau of Contract Management centralizes the daily procurement function for all programs administered by the Office. Personnel at the individual programs award and prepare the contracts which are then reviewed by the Bureau of Contract Management, Division of Budget, and the Attorney General.

During our review of 20 contracts reimbursed with Federal funds from a total population of 80, we noted that 16 did not contain sufficient documentation to identify the Federal program to the subrecipient. All 20 contracts examined contained language informing the subrecipient of the need to have a Single Audit performed under A-133 if Federal funds expended were greater than \$500,000. During February of 2008, the Office began identifying the Federal awards, including CFDA number, in the Request For Proposals posted on their website and including the information as an appendix to the signed contracts.

A similar finding was included in the prior year Single Audit Report as finding 07-13 on page 58.

Recommendation

We recommend that the Office continue to provide subrecipients with all required information regarding the Federal awards as required by OMB Circular A-133 section .400.

Related Noncompliance

Based on the above, the Office was not in compliance with the requirement described above.

Questioned Costs

None

Views of Responsible Officials

Presented in the State Agency Corrective Action Plans attached as an appendix to the Single Audit Report.

NEW YORK STATE CORRECTIVE ACTION PLAN

**Single Audit of Federal Programs for
State Fiscal Year Ended March 31, 2008**

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Christine Unson

Title: Coordinator for External Audit

Telephone: (518) 402-0128

E-mail: Christine.Unson@otda.state.ny.us

Federal Program(s) (CFDA # [s]): State Administration Matching Grants For Food Stamp Program (10.561)
Temporary Assistance for Needy Families (93.558)
Child Support Enforcement (93.563)
Low-Income Home Energy Assistance (93.568)
Social Security – Disability Insurance (96.001)

Audit Report Reference: 08-11

I. Type of Finding: [Check one to identify the nature of the particular audit finding]

Internal Control with related noncompliance	[X]
Internal Control Only (no noncompliance cited)	[]
Other reportable noncompliance (Finding Only)	[]
Questioned Costs	<u>None</u>

II. Summary of Finding (including any Internal Control Recommendation(s), if applicable):

The Office's Bureau of Contract Management centralizes the daily procurement function for all programs administered by the Office. Personnel at the individual programs award and prepare the contracts, which are then reviewed by the Bureau of Contract Management, Division of Budget, and the Attorney General.

During review of 20 contracts reimbursed with Federal funds from a total population of 80, the auditors noted that 16 did not contain sufficient documentation to identify the Federal program to the subrecipient. All 20 contracts examined contained language informing the subrecipient of the need to have a Single Audit performed under A-133 if Federal funds expended were greater than \$500,000. During February of 2008, the Office began identifying the Federal awards, including CFDA number, in the Request For Proposals posted on the State's website and including the information as an appendix to the signed contracts.

A similar finding was included in the prior year Single Audit Report as finding 07-13 on page 58.

The auditors recommend that the Office continue to provide subrecipients with all required information regarding the Federal awards as required by OMB Circular A-133 section 400.

III. Agency Response:

The Office's Bureau of Contract Management (BCM) developed policies and procedures in November 2007 to identify the Federal funding sources, particularly the Catalog of Federal Domestic Assistance (CFDA) title and number, in all contracts reimbursed with Federal funds. In addition, as noted by the auditors, during February 2008, the Office began identifying the federal award information, including CFDA number, in the Request For Proposals posted on the State's website and including the information as an appendix to the signed contracts. The Office will continue to provide subrecipients with all required information regarding the federal awards as recommended.

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.