



**New York State
Office of
Children & Family
Services**

June 8, 2000

The Honorable George E. Pataki
Governor of the State of New York
Executive Chamber
State Capitol
Albany, New York 12224

George E. Pataki
Governor

Re: OSC Audit #98-S-61
CONNECTIONS System Equipment

John A. Johnson
Commissioner

Dear Governor Pataki:

Pursuant to section 170 of the Executive Law, attached is the Office of Children and Family Services' response to the above-referenced State Comptroller's final audit report. The Office of Children and Family Services, through its technical expertise within the Human Services Application Services Center, continues to improve its CONNECTIONS inventory oversight procedures.

Capital View Office Park

52 Washington Street
Rensselaer, NY 12144-2796

Sincerely,

John A. Johnson

- cc: Comptroller Carl McCall
- Lieutenant Governor Mary Donahue
- Senator Joseph Bruno
- Senator Martin Connor
- Senator Ronald Stafford
- Senator Emanuel Gold
- Assemblyman Sheldon Silver
- Assemblyman Michael Bragman
- Assemblyman John Faso
- Assemblyman Herman Farrell, Jr.
- Assemblyman John Flanagan
- Deborah Winslow - DOB
- Robert Barnes - DOB



Response to CONNECTIONS System Equipment Final Audit (98-S-06)

Summary

The "Background" section of the audit report states that "supplemental CONNECTIONS equipment purchases can occur under the contract, but do not qualify for the 75 percent Federal reimbursement. This statement is somewhat confusing; 75 percent reimbursement is available for development costs made for the period ending September 30, 1997. Subsequent developmental equipment purchases are eligible for 50 percent reimbursement.

The initial finding of the audit report indicated that OSC was unable to **verify the location** of 9.7% of their sample (15 out of 159 items). In the body of the report (p.9) OSC indicates, "We estimate that inventory records for 1,625 equipment items (9.7 percent) are not accurate" and "...cannot be found in the location recorded on OCFS' inventory records." Based on their statistical methodology, OSC concluded that the projected value of this equipment against the entire equipment base would be between \$1.6M and \$2.3M. **However, they did not conclude that this represents missing equipment, only inaccurate inventory records.** In fact, OSC indicated in the report at the conclusion of the Accuracy of Equipment Records section (p.14) that "We determined that OCFS' inventory value is not materially misstated."

As we know, equipment is constantly moved in the field, especially in NYC, and the sites are not always vigilant or timely about notifying the state of these moves. In addition, laptops are used in the field and are often reassigned between locations.

Subsequent to the initial survey, OSC was able to electronically verify 7 of the 15 sample items with our assistance. Because 6 of the 8 remaining items were in NYC, OSC decided to conduct a complete inventory of 4 NYC locations and a random sample of 150 items at 150 Williams. Initially OSC was unable to verify the location of 86 of the 887 items in the NYC survey. However, the Application Service Center (ASC) and NYC Administration for Children's Services (ACS) were able to locate or determine the disposition of all but 6 of the items, valued at \$15,980 (or about 0.7%) out of the \$2.3M sample. Some of these items were at the expected location, some had been moved and updated on the inventory after OSC drew the sample, and others had been moved but ACS had not submitted the changes. ACS is still investigating the disposition of 2 laptops (of the 6 remaining items). If found, the value of the remaining 4 items would be \$7,407 or 0.3% of the \$2.3M total sample value.

In summary, OSC initially found that 9.7% of the location information on the inventory was not accurate. To date, ASC and ACS investigations have located all but 0.69% (by value) of the equipment. Most of the discrepancies were due to either incorrect initial location information or incomplete and untimely reporting of moves by the remote sites. Inventory recording procedures have been improved considerably since the initial rollout. OCFS has indicated it will reinforce the need for agencies to alert NYS of moves.

Recommendations

1. *Periodically conduct physical inventories of Connections equipment. This could be done by taking a statistical sample of equipment items for verification or by selecting certain districts for inventory review. Update inventory records as needed.*

In response to our questioning the cost effectiveness of conducting periodic system-wide physical inventories, which we project could cost in excess of \$500,000 per occurrence, OSC revised their recommendation to statistical sampling. This endorses our suggestion, which we intend to initiate, to conduct limited physical inventories on an exception basis. In addition, we have looked into more sophisticated network management tools, which would include asset management components to better identify and track the devices on the network, including the ability to alert when items go offline. We would use reports and alerts from these tools to appropriately direct our resources toward

Response to CONNECTIONS System Equipment Final Audit (98-S-061)

identified problem areas. As part of its long term planning effort, the ASC has initiated activity to plan the implementation of the Tivoli Suite of network management products to provide this functionality.

2. *Establish and update equipment inventory records based on internal receiving and installation reports that are independent of the equipment vendor.*

We concur. In fact, subsequent to the initial rollout of Connections equipment, the ASC modified the process to establish and update equipment inventory records based on the ordering system which provides internal receiving and installation reports that verify the information provided by the equipment vendor.

3. *Reconcile discrepancies and errors in the equipment inventory records.*

We concur. Discrepancies and errors are now being reconciled as they are identified. The current ordering system should correct many of the past problems with discrepancies.

4. *Report all instances of lost or stolen equipment to the State Comptroller's Office, as required.*

We concur. OCFS will establish procedures to provide for the prompt reporting of all instances of lost or stolen equipment to the OSC.

5. *Investigate the equipment items that could not be located during our audit. Determine why these items cannot be located and update the inventory records as necessary.*

The ASC attempted to electronically determine the presence (ping) of each of the items identified as missing from the OSC audit of the NYC ACS devices at 5 NYC locations. At the same time, ACS continued the inventory identification activity initiated at the request of OCS, supplemented by an ASC review. The results are indicated on the enclosed modifications to the detail that was used to build the summary table on page 9 of the audit report. We were able to confirm either the location or disposition of all but 6 (< 0.68%) of the 887 items selected as part of the original sample. Specifically, we located or determined the disposition of:

- 30 of 31 desktops (97%)
- 32 of 34 laptops (94%) - the disposition of the remaining 2 laptops is still under investigation.
- 16 of 19 printers (84%)
- 1 of 1 switch (100%)
- 1 of 1 server (100%)

The remaining 6 devices represent a value of \$15,980, which is less than 1% (0.69%) of the total value of \$2,311,773 of the items in the original inventory sample. If any items are missing, OCFS will obtain reimbursement from ACS for any replacement devices per the existing procedure.

The inventory did correctly reflect that several of the devices listed under the audit at 92-31 Junior Hall Street (Queens) had been relocated to other ACS offices where they were successfully pinged. Where discrepancies are found, the inventory will be updated to reflect any changes of location. In addition, reminders will continue to be sent to agencies indicating the need to alert us of moves.

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ATTACHMENT A							
CONNECTIONS EQUIPMENT NOT FOUND as of 05/05/00							
Site ID	OCFS- CONNECTIONS Inventory	Equipment					
	Serial number	Type	#	Cost	Pinged	Site ID	Location
BOI	78PZZ28	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
BOI	78RAD46	laptop	1	\$4,486.46	Y/ACS	NYS	Returned 12/99
BOI	78RAY29	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
BOI	78RBF50	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
BOI	78RBF70	laptop	1	\$4,486.46	Y/ACS	NYS	Returned 12/99
BOI	78RBG77	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
BOI	78RBC22	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
Total Items Not Found - Bronx Location			3	\$10,458.22			
KOV	78RAY03	laptop	1	\$4,486.46	ACS	M4R	220 Church St
KOV	78RBA20	laptop	1	\$4,486.46	Y/ACS	NYS	Returned 12/99
KOV	78RBC22	laptop	1	\$4,486.46	ACS	NYS	Returned 12/99
KOV	23WDVG3	desktop	1	\$2,550.69	Y/ACS	K0L	198 Fulton St.
Total Items Not Found - Brooklyn Location			0	-			
MOA	23HH164 23HH164	desktop	1	\$2,550.69	ACS	M0A	Serial # correction - vandalized
MOA	23HH831	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	23HK691	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	23WCRB1	desktop	1	\$2,550.69	Y/ACS	M0R	127 W.127th St.
MOA	23WCRT9	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	23WFX9	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	78GCAK4	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	78GCBN6	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	78GCFK5	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	78GCG7	desktop	1	\$2,550.69	Y/ACS	M0A	15 William St
MOA	78GDL3	desktop	1	\$2,550.69	ACS	M0A	vandalized
MOA	78PYR39	laptop	1	\$4,486.46	ACS	M0A	15 William St
MOA	78PZ106	laptop	1	\$4,486.46	ACS	M4R	220 Church St
MOA	78PZN48	laptop	1	\$4,486.46	ACS	M0A	15 William St
MOA	0102872	printer	1	\$1,485.30	ACS	M0A	3rd Floor outside Room 3103

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MOA	L123780	printer	1	\$1,485.30	ACS	MOA	Replaced w/ Lexmark
MOA	L123934	printer	1	\$1,485.30			Replaced
Total Items Not Found - Manhattan Location			2	\$2,970.60			

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QOY	23WFGA2	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WFNF4	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WFNL5	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WFNRO	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WVFH8	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WFWD5	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WFFVY2	desktop	1	\$2,550.69	Y/ACS	M)	1 0 Williams St.*
QOY	23WGDA6	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	23WFXV9	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	23WGDF1	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	23WGF12	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	23WGR7	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	23WGGR2	desktop	1	\$2,550.69	ACS	Q)	V ndalized-2 nd Floor Storage Room 2171A
QOY	78PZF37	laptop	1	\$4,486.46	ACS	N) S)	1 eturned 12/99
QOY	78PZL47	laptop	1	\$4,486.46	ACS	Q)	9 -31 UnionHall
QOY	78PZM02	laptop	1	\$4,486.46	ACS	M) A)	1 0 Williams St.
QOY	78PZW08	laptop	1	\$4,486.46	Y/ACS	N) S)	1 eturned 12/99
QOY	78PZW15	laptop	1	\$4,486.46	Y/ACS	N) S)	1 eturned 12/99
QOY	78PZX53	laptop	1	\$4,486.46	Y/ACS	N) S)	1 eturned 12/99
QOY	78RAT46	laptop	1	\$4,486.46	Y/ACS	N) S)	1 eturned 12/99
QOY	78RAX96	laptop	1	\$4,486.46	ACS	N) S)	1 eturned 12/99
QOY	78RBA55	laptop	1	\$4,486.46	Y/ACS	N) S)	1 eturned 12/99
QOY	78RBB04	laptop	1	\$4,486.46	ACS	N) S)	1 eturned 12/99
QOY	78RBB70	laptop	1	\$4,486.46	ACS	N) S)	1 eturned 12/99
QOY	78RBC20	laptop	1	\$4,486.46	ACS	N) S)	1 eturned 12/99
QOY	78RBDOO	laptop	1	\$4,486.46	ACS	Q)	9 -31 UnionHall
MOR	78RAB32	laptop	1	\$4,486.46			50 Williams St.
Total Items Not Found - Queens Location			1 X	\$2,550.69			
Grand Total			6 X	\$15,979.51			

* CONNECTIONS Inventory reflects move

Pinged: Y- Indicates pinged by ASC / ACS - Indicated located by ACS

Site ID/Serial Number/etc. - items from OSC's original inventory that were initially not located by either A) C or / ACS, but have been subsequently located