



NEW YORK STATE
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
40 NORTH PEARL STREET
ALBANY, NEW YORK 12243-0001

Andrew M. Cuomo
Governor

January 18, 2011

David R. Hancox, CIA, CGFM
Director of State Audits
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th floor
Albany, NY 12236

Re: Office of the State Comptroller's Final Report
(#2009-S-55) regarding the NYS Office of
Temporary and Disability Assistance's
Oversight of Grants

Dear Mr. Hancox:

As required by Section 170 of the Executive Law, this is the New York State Office of Temporary and Disability Assistance's (OTDA) response to the above-mentioned final report. This response will also be sent under separate cover to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees as required.

The following is our response regarding the implementation status of the individual recommendations offered in the report:

Recommendation 1:

Strengthen Employment's on-site monitoring by (a) analyzing the information obtained during site visits to ensure that it is consistent with other information reported by the grantees and fully supports the payments made to the grantees, and (b) expanding the scope of the visits to provide additional assurance of the grantees' compliance with contract requirements and their adequate performance of contract activities.

Response - Recommendation 1:

Employment has and will continue to strengthen its on-site monitoring activities. They have expanded pre-visit preparation activities to ensure staff is equipped with the necessary information needed to conduct thorough reviews. On-site review documents and review procedures have been updated to ensure that all aspects of contract compliance are assessed, and

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that a more consistent and comprehensive process is achieved. Closer coordination between program and fiscal staff will take place to reconcile information obtained from on-site reviews and payments authorized through the voucher process. As outlined later in this letter, we expect that a more efficient and effective on-site monitoring will result through the use of the risk assessment and from the training that staff will receive.

Recommendation 2:

Enhance Housing's risk assessment process by ensuring that grantees submit Circular A-133 audit reports when such audits are required, and by using the audit reports in the risk assessments.

Response – Recommendation 2:

As stated in our draft response, Housing requires the Circular A-133 at time of application for funding (as applicable). A policy ensuring that grantees submit the Circular A-133 audit report annually (as applicable) has been developed and implemented. All audits will be used in determining risk assessments. OTDA has undertaken the necessary activities to develop and schedule a training curriculum with regard to the Circular A-133. Training has been scheduled for January 25, 2011.

Recommendation 3:

Monitor to ensure that all the Bureaus administering grants perform proper risk assessments.

Response – Recommendation 3:

As stated in our draft response, all Bureaus administering grant programs will ensure that a comprehensive risk assessment process is used to assist in the identification of grantees that may require more frequent and or extension monitoring and/or technical assistance. Two risk assessment documents are currently being developed by the Employment Bureau similar to those used by Housing which will focus on the specific program, performance and reporting areas for each contract that the Employment Bureau manages.

Recommendation 4:

Ensure that Employment enhances its training by providing ongoing training to experienced staff and including all critical aspects of contract monitoring in the training.

Response - Recommendation 4:

The Employment Bureau training plan will include in-house training provided by OTDA's Training and Management Analysis (TAMA) bureau and from outside professional development resources including the Governor's Office of Employee Relations (GOER) for all bureau staff. Employment has identified a series of workshops offered through the GOER NYS-Learn management system which center on contract audits that may be helpful to staff that are involved with contract management and program reviews. These workshops are designed to provide staff that are not accountants but must deal with managing funds, budgeting, and spreadsheet analysis with an introduction to basic accounting principles. A request for the initial prerequisite workshop (Accounting for Non-Accountants) has been made for all Employment staff to attend.

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Three Employment staff attended the 2010 OSC Office of Operations Fall Conference and participated in the following workshops:

- Contract Monitoring
- State Agency Compliance with Prompt Contracting Regulations
- The Basics of Conducting and Documenting a Vendor Responsibility Review
- Risk Assessment and Internal Controls

The staff found all the workshops to be very informative. The Risk Assessment and Internal Controls workshop was particularly germane to the contractor evaluation issues that we are currently examining. The staff attending these workshops shared information with the other Employment staff that were unable to attend.

Recommendation 5:

Improve communication on matters relating to grants among all the units involved in grant administration.

Response – Recommendation 5:

OTDA has strengthened the communication between the fiscal and program units. OTDA will routinely conduct procurement meetings that will include the Bureau of Contracts Management, Office of Legal Affairs, Budget Finance and Data Management, and the Equal Opportunity and Diversity units. All procurement meetings are documented and recorded in the Central Accounting and Tracking System (CATS). On an ongoing basis, all program plans and contract amendments are shared with these offices for review and comment.

Recommendation 6:

Use statewide reporting systems to identify other State agencies that have contracts with the same grantees as OTDA, inquire about their experiences with these grantees, and use this information in OTDA's risk assessments for grantees.

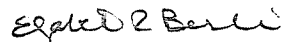
Response – Recommendation 6:

As stated in our draft response, OTDA requires grantees to identify other funding sources at time of application and again during contract amendments. This information is maintained on file.

As recommended, as part of the risk assessment process, the Open Book system will be used to identify OTDA contractors that have agreements with other State agencies. In those instances where the nature of the program is similar, OTDA will reach out to the responsible State agency representative to "compare notes" and to determine whether further discussion or an exchange of information is warranted. OTDA will also include the Open Book as part of its due diligence process in evaluating proposals received in response to RFPs.

We trust these comments are responsive to the issues raised.

Sincerely,



Elizabeth R. Berlin
Executive Deputy Commissioner
Acting Pursuant to Designation