AUDIT OF ELIGIBILITY AND RECERTIFICATION PROCESSES WITHIN THE TEMPORARY ASSISTANCE UNIT OF THE DEPARTMENT OF SOCIAL SERVICES FOR THE PERIOD JANUARY 1, 2011 – MARCH 31, 2013

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June 25, 2013

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office initiated a performance audit of the Eligibility and Recertification processes within the Temporary Assistance Unit of the Department of Social Services (DSS) for the period January 1, 2011 through March 31, 2013.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. Significant constraints have been imposed on our audit approach by information limitations and denial of access to records and we are therefore, concluding our audit.

Management of DSS is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.

Due to the scope limitation imposed on us by DSS we were unable to obtain appropriate evidence to determine the adequacy of internal controls presently in place. As a result of this limitation, we cannot express an opinion as to the adequacy of internal controls.

Our objectives were to:

1. Evaluate the WMS system application controls (e.g. input controls, data processing, interface controls, security administration, output controls, etc.) to determine compliance with policies

2. Determine if all persons that have been deemed eligible for benefits have met the eligibility and recertification requirements as prescribed by regulation and to determine if eligibility determination or recertification was completed timely.

3. Document, evaluate and test internal controls relating to the activities associated with: a.) the eligibility process from the time an application is received to the client notification of eligibility; b.) the recertification process and c.) the tracking, scanning, storage and disposal of original documentation to determine if the controls in place are sufficient to minimize risks.

Observations:

Objective 1: Evaluate the WMS system application controls

We were informed that DSS employees who determined eligibility had access to modules within the WMS system that would allow them to make unauthorized changes to data subsequent to initial entry or at anytime. If proper controls are not in place to prevent or detect this, then DSS employees would be able to change income or personal data to increase the amount of assistance received, give benefits to individuals that don't qualify or add and/or delete persons at will. However, we were unable to complete testing over system access.

We requested and received information regarding user access profiles and passwords that we were going to test. In order to perform testing to validate levels of access, we also requested access to transaction logs, user permission logs, audit logs and user access logs. We were informed that "the size of the request of raw systems data is of concern, the justification for producing such an extensive release of agency data (need, authorized purposes), the logistics related to producing it, and the security of these sensitive & confidential records is of significant concern. In addition, Audit log reports require both technical and Erie Co-specific program context to interpret, and the sheer volume provided would be impossible to mine in a meaningful way." Further, they were concerned over the release and storage of that data.

Since we have been unable to obtain access to the data needed to perform our tests, we are unable to obtain sufficient appropriate evidence to support an opinion of this objective. We cannot determine if irregularities have taken place. We recommend that DSS management report to the Legislature, with sufficient evidence to support their assertions, that DSS employees do not have unlimited access within the WMS system and that no unauthorized changes have taken place.

Objective 2 – Eligibility and Recertification requirements

Our Audit plan included selecting a sample of participant records to determine if eligibility or recertification requirements were met. In a letter dated June 7, 2013 from Thomas Kubiniec, Director of the DSS Office of Legal Affairs, to the Comptroller we were informed that the Audit Unit would not be provided any further access to confidential records. If we do not have access to participant records, we cannot perform the audit tests necessary to determine if eligibility requirements have been met.
Since we have been denied access to the data we need to perform our tests, we are unable to obtain sufficient appropriate evidence to support an opinion on this objective.

Objective 3 - Document, evaluate and test internal controls relating to the activities associated with the tracking, scanning, storage and disposal of original documentation.

1. Unsecured Documents

We documented the procedures for the initial eligibility and recertification determinations within the Temporary Assistance Unit as part of our evaluation of the controls over such processes. One of the final steps in processing applications includes the scanning of all case file documents, the temporary storage of those documents and their subsequent periodic disposal. During our information gathering, the DSS employees conducting our walkthrough informed us that the scanned documents are placed into cardboard boxes which are then moved to the DSS storage room located in the sub-basement of the Rath Building until they are disposed of or destroyed.

They proceeded to escort us to the subbasement. We entered the storage area through an unlocked door, and were shown that the boxes of documents were stored either on shelves or on pallets. We observed that, in front of the shelves were about seven unlocked blue totes some of which were empty and some of which contained paperwork. DSS accounting personnel proceeded to inform us that the contents of the cardboard boxes were periodically placed in these unlocked recycling totes for disposal/destruction. We were not informed of the destruction process after that point, nor did Audit have any knowledge of the disposal process at that time.

Subsequent to our initial walkthrough, we again entered the DSS storage area through the closed but unlocked door. We informed the individual at the desk that we were here to finalize information noted during on our walkthrough. Both the boxes and totes were as we had previously seen them and upon opening the lids on the unlocked totes we saw that five totes were empty and the two remaining totes contained confidential documents. Continuing with our validation process, we were able to verify that the confidential information that had been placed in the unlocked recycle totes remained in the unlocked totes when they were placed in the loading area for pick up by the recycling company. We were also able to verify that the unlocked totes were placed in the recycling truck.

Actions Taken by Management of DSS in concert with the County Executive's Office

Management of DSS, in concert with the County Executive's Office, claim to have taken steps to correct this situation.

1. The door to the storage area is now locked at all times. Upon entrance to this area, all visitors have to sign-in and state the reason for their visit. All the totes now are locked and boxes containing documents for disposal/recycling are emptied into these containers.

2. Two memoranda have been issued by DSS:

   a. June 6, 2013—Secure Record Retention and Disposal of Documents.
   b. June 10, 2013—Staff Expectations for Maintaining Confidentiality and Proper Disposal of Records.

Although we have not performed any testing of these directives, it appears that if followed, these procedures are adequate to ensure the secure storage and disposal of documents as well as to maintain the confidentiality and information security over personal client information. If not yet included in the new policies and procedures, we recommend that sufficient monitoring activities be included to detect if this situation arises again.

2. Non-compliance with Departmental Policy

On June 1, 2009, DSS issued a 'High' importance email notice to all employees regarding County recycling. The email informed the DSS staff that effective June 1st, "Metro Waste Paper Recovery USA Inc. will be the new recycling contractor for Erie County. As part of the contract, Metro Waste will be providing Department of Social Services 'locked' recycling totes.

The locked totes were an important and necessary element of the new contract required to ensure the confidentiality of all documents generated by our department. Totes will be **locked at all times** until which point they are picked up and returned to Metro Waste's recycling plant." The email went on to say that maintaining customer confidentiality is of the highest priority and all customer documents created, generated, copied, produced or received by the department are considered confidential.

Our walkthrough disclosed that DSS was not complying with their email notification of June 1, 2009. The process utilized by DSS as described to us in our walkthrough did not mirror the intent of the June 1, 2009 email directive.

Management Action Taken

In addition to the June 6, 2013 memorandum noted above, DSS in their departmental newsletter, ECDSS Blast, dated June 14, 2013 provided guidelines regarding the confidentiality of records expectations. In addition, a notification was provided concerning an on line training class required for all staff to take annually about "Information Security Awareness".

We have not tested compliance with this guideline. However, it appears that management is concerned about confidentiality and information security and intends to provide reasonable assurance that staff is reminded of their responsibilities in this matter on an annual basis.

We recommend that DSS management continue to keep their staff abreast of changes in both departmental policies and laws governing document safeguarding through similar annual training opportunities.

3. Non compliance with Federal, State and County Privacy Regulations

There are numerous Federal, State and Local Laws that address the disclosure of both PHI and personal information. Accordingly, because of the systemic breakdown in the storage and disposal of confidential documentation by DSS staff, the County was not in compliance with these laws. Confidential information was inappropriately disclosed. We are unable to quantify how many taxpayers may have been effected and to what extent. The County Executive has stated that he reported this inappropriate disclosure to the Federal authorities and we will work in conjunction with the Executive Branch to implement any corrective action measures that might be imposed on the County by the Federal authorities.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Hon. Mark C. Poloncarz, County Executive
Carol. M. Dankert-Maurer, Commissioner of Social Services
Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority