STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 13, 2017

Mr. Robert Samson
NYS Chief Information Officer
Office of Information Technology Services
Empire State Plaza
P.O. Box 2062
Albany, NY 12220

> Re: Effectiveness of the Information
> Technology Transformation
> Report 2017-F-19

Dear Mr. Samson:

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 followed up on the actions taken by officials of the Office of Information Technology Services to implement the recommendations contained in our audit report, *Effectiveness of the Information Technology Transformation* (2015-S-2).

Background, Scope, and Objectives

The Office of Information Technology Services (ITS) was established in November 2012 as part of a New York State Information Technology Transformation to consolidate and merge State agencies' operations and streamline information technology services. ITS is headed by a Chief Information Officer, and contains several Enterprise groups as well as eight clusters consisting of more than 50 State agencies and more than 3,500 employees. The eight clusters are organized by the type of services they provide and include: Administrative and General Services, Revenue and Transportation, Citizen Services, Health, Disabilities and Aging, Human Services, Public Safety, and Business Solutions.

Our initial audit report, which was issued on August 24, 2016 covering the period of January 22, 2015 to March 30, 2016, determined whether the Information Technology Transformation process has been effective in ensuring that the resulting ITS clusters operate efficiently and whether the Transformation has been successful in standardizing the processes followed by each agency. We found that there were significant deficiencies in planning the execution of the Transformation, with little to no evidence that basic planning steps had been performed. Also, ITS was continuing to work toward the completion of four major technology initiatives: Email

Consolidation and Integration, Data Center Modernization, Digital Network Consolidation, and Enterprise Identification and Access Management. The objective of our follow-up was to assess the extent of implementation, as of December 5, 2017, of the four recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

ITS has made progress in implementing the recommendations identified in our prior audit report. Of the four prior recommendations, two have been implemented and two have been partially implemented.

Follow-Up Observations

Recommendation 1

Formally assess the adequacy of the internal control environment at ITS and take necessary steps to ensure the control environment is adequate, including cooperation with authorized State oversight inquiries.

Status - Partially Implemented

Agency Action - ITS has recently updated its Internal Control Policy to align more closely with the COSO 2013 Framework. In addition, beginning with the 2015-2016 fiscal year, ITS began formally assessing the adequacy of the internal control environment through surveys of unit managers. The Internal Control Director also meets with department heads to review the results and develop strategies to address any deficiencies found.

Despite the above progress ITS has made to ensure the adequacy of its internal control environment, it has not made certain changes in regard to cooperation with authorized State oversight inquiries. For example, as pointed out in our initial audit report, "all auditor-requested documents were expressly sent through the designated ITS officials, although we repeatedly asked that the information be sent directly to us." During the follow-up review, all documentation continued to be gathered by ITS Internal Audit, who then provided it to the audit team. Additionally, ITS Internal Audit was present at all audit meetings, thereby continuing the practice cited in the original report, where "officials refused to allow ITS staff to meet with auditors without a member of ITS management present."

Recommendation 2

Complete an overall risk assessment of ITS and incorporate it into the new FY 2016-17 project plan.

Status - Partially Implemented

Agency Action - According to ITS officials, a risk assessment was completed by an independent contractor on May 16, 2016, containing a total of 987 individual recommendations. ITS management provided the audit team with an undated high-level summary report of the risk assessment. Officials stated ITS has taken a risk-based approach to addressing concerns in the risk assessment and is actively tracking remediation status efforts. As such, some of the recommendations from the risk assessment were incorporated as part of ITS' 2016-17 project plan provided to the audit team. However, some recommendations from the risk assessment have not yet been approved and, therefore, are not budgeted projects. Officials also revealed that the projects initiated from the risk assessment are either awaiting review, in progress, or completed.

Recommendation 3

Establish formal timelines for completing various phases of Transformation projects and the broader Transformation itself.

Status - Implemented

Agency Action - ITS provided the audit team with formal timelines and status reports for the four main transformation projects, as well as the nine strategic initiative projects from the Spending and Government Efficiency (SAGE) Commission report. Specifically, ITS provided project closeout documentation to support the "closed" status of three of the four main transformation initiatives and the "in progress" status of the fourth project, which will be completed in 2018. Although ITS noted it was not pursuing the SAGE Commission report's nine strategic initiative projects in its 90-day response to our original audit, we found that ITS now considers six of the projects to be active. Officials provided timelines and documentation showing the in-progress status of these six projects.

Recommendation 4

Work with State agencies to facilitate their sharing of successful and innovative practices to more efficiently and effectively manage ITS resources and assets.

Status - Implemented

Agency Action - ITS provided the audit team examples of its work with State agencies to develop new technologies to help agencies work more efficiently. ITS, along with the Department of Agriculture and Markets, developed a mobile application to allow for more effective inspections of nurseries, greenhouses, and retail markets where plants and flowers are grown or sold. Additionally, with assistance from the Higher Education Services Corporation, ITS developed a web application for the Excelsior Scholarship application. The work done for both projects is being used in the development of similar applications for other State agencies.

Major contributors to this report were Mark Ren, Jared Hoffman, Holly Thornton, and Christopher Bott.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of ITS for their courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Nadine Morrell, CIA, CISM, CGAP
Audit Manager

cc: Rajni Chawla, ITS Director of Internal Audit