



ANDREW M. CUOMO
Governor

Office of Temporary and Disability Assistance

SAMUEL D. ROBERTS
Commissioner

BARBARA C. GUINN
Executive Deputy Commissioner

October 3, 2018

Mr. Brian Reilly
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Re: Report 2018-F-15 - Use of Electronic Benefit
Cards at Prohibited Locations

Dear Mr. Reilly:

The Office of Temporary and Disability Assistance (OTDA) is in receipt of the September 5, 2018 follow-up report regarding Use of Electronic Benefit Cards at Prohibited Locations (Report 2018-F-15) (the "Report") and thanks the Office of the State Comptroller ("OSC") for highlighting the successful efforts of the State of New York in monitoring Electronic Benefit Cards Transaction (EBT) cash access.

To reiterate, in its original audit report, OSC determined that OTDA:

- adopted appropriate policies and practices to comply with the law and by doing so has avoided the risk of federal financial penalties;
- worked closely with the State Liquor Authority and the Gaming Commission to coordinate implementation of the EBT restrictions statewide;
- properly informed prohibited locations of the restrictions on EBT card usage and potential penalties, providing specific instructions on how to block the use of EBT cards;
- communicated the EBT restrictions to PA recipients by distributing notices to all recipients; by issuing a directive to local districts for further dissemination; by updating OTDA's recipient handbook; and by posting information about the new restrictions to our website;
- monitored EBT transactions in order to prevent public assistance from being accessed at prohibited locations, and referred potential violations to the appropriate governing authority.

While OTDA agrees with OSC's recognition that the first two recommendations have been implemented, we must reiterate that OTDA has been properly performing these functions since the inception of this project in 2014- well prior to the original OSC report. OSC's flawed initial report failed to accurately reflect OTDA's processes at that time and resulted in two unnecessary recommendations.

With respect to the final recommendation that OTDA “[r]eassign responsibility for EBT cash transaction monitoring to achieve both effective supervision and the independence of the internal audit function,” OTDA disagrees that such recommendation has only been “Partially Implemented.” As pledged in our 90-Day Response letter, EBT data matching processes are now conducted by the Technical Systems Audit Unit with the assistance of Office of Information Technology Systems staff. OTDA staff have automated the technical data processes that are the backbone of EBT monitoring and developed a cost effective and efficient monitoring system.

The remainder of OSC’s recommendation continues to demonstrate OSC’s fundamental misunderstanding of OTDA work processes and functions, as well as the shared responsibilities for multiple aspects of EBT monitoring. Deference must be given to OTDA Executive staff as they assess the needs of each program area and assign tasks in pursuit of agency requirements. OSC has provided no reason to alter or otherwise change the current process, nor has it provided any evidence of supervisory issues or impairment to the Internal Audit function.

Importantly, the most recent Peer Review of OTDA Internal Audit, confirmed that the current structure is appropriate, stating:

“The internal audit activity is independent both in terms of the agency’s organizational structure and its practices.” (see report previously provided to OSC).

In sum, the inclusion of the Internal Audit function in this recommendation is not only unsupported by fact, but it is clearly inappropriate, as the IA unit was not audited and EBT monitoring has no relevance to that function.

Thank you for the opportunity to comment on this follow-up report.

Sincerely,

A handwritten signature in cursive script that reads "Sam Roberts".

Samuel D. Roberts
Commissioner