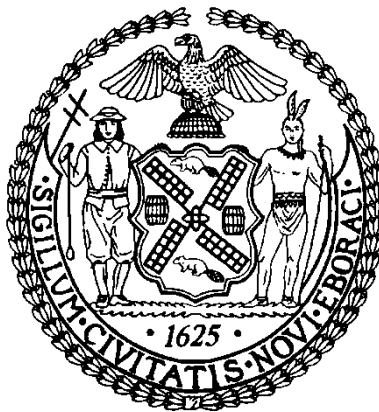# CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
John C. Liu
COMPTROLLER

BUREAU OF FINANCIAL AUDIT
H. Tina Kim
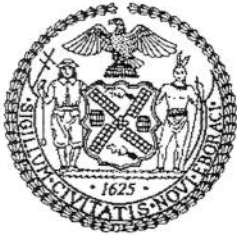### Deputy Comptroller for Audit

Follow-up Audit Report on the User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System

FS10-056F

May 19, 2010

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

May 19, 2010

To the Residents of the City of New York:

My office has audited the New York City Housing Authority (NYCHA) to determine whether the agency implemented the six recommendations made in a previous audit entitled *Audit Report on User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System*, (Audit No. 7A04-138, issued June 30, 2006). We perform follow-up audits of City agencies as a means of ensuring that they operate efficiently and properly safeguard City funds and resources entrusted to them.
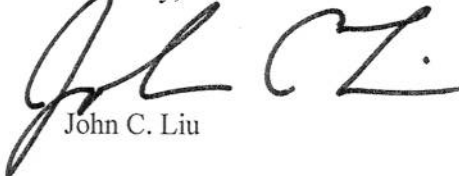
The current follow-up audit disclosed that of the six recommendations made in the previous audit, NYCHA has implemented three, partially implemented one, and has not implemented two. The Housing Authority Tenant Selection (HATS) and Tenant Selection and Assignment Plan (TSAP) systems are still not integrated and still contain different data. Tests found: 23 active applicants who appear on TSAP's waiting list, although there is no record that those applicants were first processed in HATS; 95 uncertified applicants with "active" status in TSAP; and 2,177 instances in which applicants listed as certified in HATS should appear on the TSAP database but did not.

This audit recommends that NYCHA: ensure that the new system is up and running no later than the 4th quarter of 2010 to allow information from HATS to be sent to TSAP in a timely manner, to allow for system reconciliation, and to create audit logs that identify the user ID of the person making changes to the system; and review and correct the items for both systems mentioned in this report so that the information in HATS and TSAP is consistent.

The results of the audit have been discussed with NYCHA officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov.

Sincerely,

John C. Liu

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The City of New York
Office of the Comptroller
Bureau of Financial Audit
Support Services Division

Follow-up Audit Report on User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System

FS10-056F

AUDIT REPORT IN BRIEF

This follow-up audit determined whether the New York City Housing Authority (NYCHA) implemented the six recommendations made in the previous audit, *Audit Report on User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System*, (7A04-138) issued June 30, 2006.

The previous audit determined that NYCHA's Housing Authority Tenant Selection (HATS) system and Tenant Selection and Assignment Plan (TSAP) systems are not integrated, which made it difficult for NYCHA to reconcile differences in applicant information and other data in the systems. The lack of system integration and data reconciliation for the two systems could allow the manipulation of data so that ineligible applicants would be deemed eligible and placed in NYCHA housing. Further, the audit found 3,920 instances in which applicants listed as certified in HATS should have appeared on the TSAP database but did not. This raises the possibility that eligible applicants might not have been offered NYCHA housing when it was available for them.

Additionally, the previous audit found a number of operational and application control weaknesses that may expose both systems to unauthorized access; however, that audit found no instances of unauthorized access to the HATS and TSAP systems. Among specific weaknesses were that NYCHA did not terminate the HATS and TSAP accounts of some former employees; there were no formal procedures to ensure that each active HATS user had only the necessary access and user privileges required to complete the designated tasks for that user's job functions; and the HATS audit logs did not indicate the user IDs of employees who are allowed to make data changes. In addition, the previous audit found that NYCHA lacked formal procedures for making and documenting program changes to the TSAP system.

Audit Findings and Conclusions

The current follow-up audit disclosed that of the six recommendations made in the previous audit, NYCHA has implemented three, partially implemented one, and has not implemented two. The HATS and TSAP systems are still not integrated. In addition, the outcome of three matching tests performed on HATS and TSAP data revealed some improvement. However, the two systems still contained different data. Specifically, our tests found: 23 active applicants who appear on TSAP's waiting list, although there is no record that those applicants were first processed in HATS; 95 uncertified applicants with "active" status in TSAP, indicating that those applicants were on a rental waiting list; and 2,177 instances in which applicants listed as certified in HATS should appear on the TSAP database but did not.

Audit Recommendations

To address the issues that still exist, we recommend that NYCHA:

- Ensure that the new system is up and running no later than the 4th quarter of 2010 to allow information from HATS to be sent to TSAP in a timely manner, to allow for system reconciliation, and to create audit logs that identify the user ID of the person making changes to the system.

- Review and correct the items for both systems mentioned in this report to ensure that the information in HATS and TSAP are consistent.

INTRODUCTION

Background

The goal of NYCHA is to provide decent and affordable housing in a safe and secure living environment to low- and moderate-income residents throughout the five boroughs. NYCHA is the largest public housing authority in the United States. To fulfill its mission, NYCHA must preserve its aging housing stock through timely maintenance and modernization of its developments. NYCHA works to enhance the quality of life of the residents at its facilities by offering them opportunities to participate in community, educational, and recreational programs, as well as job-readiness and training initiatives. NYCHA's Conventional Public Housing Program serves approximately 403,581 authorized residents in 178,554 apartments in 336 public housing developments throughout the City.

To be considered for an apartment in a public housing development, an applicant must complete and submit an application. NYCHA screens the application, assigns a priority code based upon the information provided by the applicant, and enters the applicant's information on its preliminary waiting list—the HATS system. Applicants are scheduled for eligibility interviews according to the anticipated availability of apartments and the priority code assigned to the application during the application screening process. Those interviews are held in borough offices of NYCHA's Applications and Tenancy Administration Department. All interviews are scheduled automatically by HATS, except those with high priority applicants, applicants who respond to outreach efforts for apartments in hard-to-fill developments, and working-family applicants who agree to consider apartments in lower-income developments. Those interviews are scheduled manually by NYCHA personnel.

An applicant's movement through the application and selection process is tracked by the applicant's social security number, which is stored in the HATS system along with all other applicant information. When an applicant is "certified" as eligible for NYCHA housing, this data is manually entered in the TSAP system. When an apartment in a development becomes available, TSAP automatically selects the next applicant on that development's waiting list based on the applicant's priority rating, application certification date, and apartment-size needs. High-priority applicants are assigned to a waiting list for their borough of preference. Working families and non-emergency need-based applicants are assigned to a waiting list for a housing development they select from a list of developments in their borough of preference that have anticipated vacancies.

Objective

The objective of this audit was to determine whether NYCHA implemented the six recommendations made in the previous audit, *Audit Report on User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System*, (7A04-138) issued June 30, 2006.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The fieldwork for this follow-up audit was conducted from September 9, 2009, through February 24, 2010. To address NYCHA's current position on the recommendations made in the previous audit issued by our office, and to obtain an understanding of the policies and procedures currently in place, we reviewed relevant documents, interviewed appropriate NYCHA officials, and used the following sources of information as criteria to assess implementation:

- *Audit Report on User Access Controls of the New York City Housing Authority's Tenant Selection System and Tenant Selection and Assignment Plan System*, (7A04-138) issued June 30, 2006,

- NYCHA's updated "Audit Implementation Plan" dated December 8, 2006,

- Comptroller's Directive #1 responses submitted by NYCHA, dated March 31, 2009,

- Ernst & Young audit of the financial statements of NYCHA for the year ended December 31, 2008,

- Social Security Administration's Death Master File,

- NYCHA agreement with IBM Corporation for a "Resident Property Management/Customer Relationship Systems Implementation and Integration Project,"

- NYCHA's policies and procedures, reports, and supporting documentation, and

- NYCHA's Web site.

To determine whether information in the HATS and TSAP systems is consistent, we performed a series of matching tests on data received from NYCHA (as of August 31, 2009). The differences found in the data stored in the two systems are discussed later in this report.

To confirm that NYCHA terminated the access privileges of inactive and former employees and created a formal procedure that ensures the approved review of user privileges, we requested and received NYCHA's last four quarterly reviews of access requirements and

NYCHA's "User Account Recertification Process" procedures. We then reviewed and tested the most recent HATS listing (June 29, 2009) and TSAP listing (September 21, 2009) by randomly selecting employees and verifying that they were still active employees in the City's Payroll Management System (PMS) at that time.

To determine whether applicants not listed on HATS or TSAP were placed in public housing, we compared a listing of 1,672 applicants placed in public housing between September 1, 2009, and December 31, 2009, with HATS and TSAP data. We also ascertained whether these applicants had not deceased by examining the Social Security Administration's Death Master File, and in the two cases in which the applicants that received public housing had deceased, we reviewed NYCHA's Management Manual.

Discussion of Audit Results

The matters covered in this report were discussed with NYCHA officials during and at the conclusion of this audit. A preliminary draft report was sent to NYCHA officials and discussed at an exit conference held on March 24, 2010. On March 26, 2010 we submitted a draft report to NYCHA officials with a request for comments. We received a written response from NYCHA officials on April 7, 2010.

In their response NYCHA officials agreed with the audit findings and described the actions to be taken to address the report's recommendations, stating, "Be assured, that NYCHA will continue to take the necessary steps to ensure complete integrity in all facets of its operations including tenant selection."

However, NYCHA officials took exception to the timing of this audit, stating: "the timing of this follow-up audit was not appropriate given the fact that NYCHA will be implementing the new system in the first quarter of 2011, and as a result, some of the issues identified in report 7A04-138 dated June 30, 2006 were not remediated and will not be remediated until the new system is implemented. NYCHA at the opening conference requested a postponement of this audit until the new system is implemented, so that any residual risks of the new system's implementation could be identified by your office and which would have added significant value to NYCHA and the audit process as a whole at the time."

The Comptroller's Office conducts follow-up audits to determine whether auditees took corrective action as recommended in prior audits. In response to the prior audit (#7A04-138), NYCHA made specific declarations regarding the timing of the new system implementation. Subsequently, the planned timing of the implementation changed a number of times.

We find the most recent revision to the new system's planned implementation to be particularly disturbing given the seriousness of the findings contained in the previous audit, which was issued almost four years ago on June 30, 2006. Therefore, the revision of the implementation to "the first quarter of 2011" highlights the fact that NYCHA has failed to correct known issues with its mission-critical systems in a timely manner. In fact, the implementation date has changed a number of times since the previous audit report was issued:

- In NYCHA's response to the previous audit (dated April 19, 2006), officials stated: "NYCHA is expecting to award the RFP in the fall of 2006, *with the implementation of a new HATS system in the second half of 2007.*" (Emphasis added.)

- In NYCHA's "Audit Implementation Plan" (dated December 8, 2006) that it sent to our office as required follow-up to the previous audit, NYCHA officials stated: *"On March 1, 2006, NYCHA released a comprehensive Request for Proposals (RFP) for the replacement of HATS as well as several legacy applications. Upon contract award, work will commence to replace HATS with a system that will integrate directly with TSAP. Implementation Date: Dependent on RFP award but approximately 4th quarter of 2008."* (Emphasis added.)

- In NYCHA's required submission to the Comptroller's Directive #1 for Fiscal Year 2008 (dated March 31, 2009) regarding the implementation status of recommendations #1 and #5 from the previous audit, NYCHA officials stated in the "Statement of Unresolved Recommendations" section: *"We are projecting a go-live date during Q4 '09 based on our NICE system integration engagement with IBM."* (Emphasis added.)

The Comptroller's Office is committed to improving the operations and service of City government. Based on NYCHA's agreement with the findings and recommendations in the current audit and that after four years NYCHA has yet to fully implement all the recommendations of the previous audit, it is evident that this audit has been valuable in that it revealed the shortcomings of NYCHA management to integrate these critical systems in a timely manner.

The full text of NYCHA's response is included as an addendum to this report.

RESULTS OF FOLLOW-UP AUDIT

Of the six recommendations made in the previous audit, NYCHA has implemented three, partially implemented one, and has not implemented two.

During this follow-up audit, we found that the HATS and TSAP systems and their databases are still not integrated. NYCHA officials have stated that the new system should be running by the 4th quarter of 2010. In addition, the outcome of three matching tests performed on HATS and TSAP data revealed some improvement; however, the two systems still contained dissimilar data. Specifically, our tests found: 23 active applicants who appear on TSAP's waiting list, although there is no record that those applicants were first processed in HATS; 95 uncertified applicants with "active" status in TSAP, indicating that those applicants were on a rental waiting list; and 2,177 instances in which applicants listed as certified in HATS should appear on the TSAP database but did not. Also, HATS audit logs do not indicate the user ID of the person making data changes.

Previous Finding: The HATS and TSAP systems and their databases are not integrated. As a result, information in the two systems cannot be easily reconciled.

> ***Previous Recommendation #1:*** "NYCHA should create an electronic interface that would allow information from HATS to be sent to TSAP and also allow for system reconciliation."

> ***Previous NYCHA Response:*** "HATS is a mainframe system that was built in the late 1970s. NYCHA recognizes that HATS must be rewritten to meet NYCHA's new needs as well as address integration issues related to TSAP. To effectively address these points, on March 1, 2006, NYCHA released a comprehensive Request for Proposals (RFP). This RFP calls for the replacement of HATS as well as several other legacy applications. The RFP requirements for HATS include the requested integration with TSAP. NYCHA is expecting to award the RFP in the fall of 2006, with the implementation of a new HATS system in the second half of 2007."

> **CURRENT STATUS:** NOT IMPLEMENTED

As discussed at the entrance conference held on August 27, 2009, NYCHA's representative indicated that the new system, which would alleviate this issue, should be running by the 4th quarter of 2010. Although NYCHA's above response (dated April 19, 2006) expected an "implementation of a new HATS system in the second half of 2007." Therefore, we consider this recommendation to be not implemented.

***Previous Recommendation #2*:** "NYCHA should review and correct the items mentioned in this report for both systems to ensure that the information in HATS and TSAP are consistent."

Previous NYCHA Response: "NYCHA reviewed the 67 active applications in TSAP which did not appear in HATS. All applications were data entry errors or prematurely purged applications which had been corrected last year by May 2005. All were determined to be eligible.

"NYCHA reviewed the 136 'uncertified applicants with active status in TSAP.' Most were applicants who had rented in Section 8 but were originally found eligible for public housing. All applications in TSAP were corrected last year by April 2005.

"NYCHA reviewed the 5 applicants with an N8 priority in HATS. These applications were found eligible under a preference code used prior to 1997 and grandfathered in TSAP as an N5 priority. NYCHA did not assert to have 'erroneously' classified these applications.

"NYCHA reviewed the 3,920 instances in which applicants listed as certified in HATS should have appeared on the TSAP database but did not. The review indicated that 2,192 of these applicants had moved in to public housing and were purged from TSAP and 156 applications were recent certifications and were in the process of being entered in TSAP. Move-in data for these applications had been entered in HATS by March 2006. The balance represents applications which have been purged from TSAP in accordance with our procedures because the applicant (1) twice refused the apartments offered, (2) did not appear for rental, (3) did not respond to our annual canvassing of interest in remaining on the list, or (4) refused to accept the development to which the applicant was certified. NYCHA is currently matching the archived TSAP records to HATS to enter the appropriate statuses in HATS. NYCHA has not found any instances in its review that eligible applicants were not offered housing when reached.

"NYCHA corrected the 79 records in HATS with project certification errors by May 2005. NYCHA reviewed a percentage of the balance of the discrepancies between TSAP and HATS. Since the review indicated that the data in TSAP was correct and did not affect the apartment offer or adversely affect an applicant, the HATS discrepancies will not be corrected because of the tremendous administrative burden."

CURRENT STATUS: PARTIALLY IMPLEMENTED

While the previous audit discrepancies have been corrected, our testing produced similar inconsistencies when comparing HATS and TSAP data. It should be noted that our testing found fewer discrepancies than in the previous audit, thereby showing improvement in the results. Our tests of the databases of the two systems found 23 active applicants who appear on TSAP's

waiting list, although there is no record that those applications were first processed in HATS. Since the determination of applicants' eligibility begins on the preliminary waiting list established in the HATS system, we cannot be assured that those 23 applicants are actually eligible for NYCHA housing. In addition, we found 95 uncertified applicants with "active" status in TSAP, indicating that those applicants were on a rental waiting list. Since these 95 applicants were designated as uncertified, according to NYCHA regulations they were not eligible for housing and their names should not have been placed on a rental waiting list. Moreover, we found three applicants on NYCHA's "TSAP move-ins for period 9/1/09 through 12/31/2009" listing with a N8 priority code, indicating that these applicants had neither a needs based nor working family preference.

The lack of integration of HATS and TSAP in each of these cases makes it difficult to be assured that the system was not manipulated to allow ineligible applicants to be placed on the rental waiting list with the opportunity to obtain NYCHA housing.

We also found 2,177 instances in which applicants listed as certified in HATS should have appeared on the TSAP database but did not. This represented seven percent of the applicants who were certified as eligible in HATS as of August 31, 2009. The lack of congruent information between the two systems raises the possibility that eligible applicants might not have been offered NYCHA housing when it was available for them. We consider this recommendation to be partially implemented.

Previous Finding: Although NYCHA has formal procedures that identify and eliminate inactive individuals who leave NYCHA service, those procedures are not always followed. Also, NYCHA does not have formal procedures in place that require management to review user profiles and system access.

> *Previous Recommendation #3:* "NYCHA should ensure that it terminates the access privileges of employees who have inactive HATS and TSAP accounts as well as those of all former employees."

> *Previous NYCHA Response:* "At the time of the audit, it was recognized and reported by Comptroller's auditors that NYCHA had policies and procedures in place for removing terminated employees from business systems. Since then these procedures have been enhanced and automated using a workflow tool called Movaris. Movaris is a generic business process engine that enables the automation of business procedures like the removal of terminated employees from disparate systems. The workflow ensures that the proper security administrators are notified and acknowledge that they have removed access from terminated employees. The implementation of the Movaris workflow will ensure that terminated employees are promptly removed from all business applications in addition to HATS and TSAP. The Movaris workflow went into production last year in June 2005."

CURRENT STATUS: IMPLEMENTED

We found that NYCHA performs quarterly reviews of its employees' access to HATS and TSAP. The audit testing conducted did not generate any active HATS or TSAP system accounts of former employees. Therefore, we consider this recommendation to be implemented.

Previous Recommendation #4: "NYCHA should create a formal procedure for HATS that ensures the approved review of user privileges."

Previous NYCHA Response: "NYCHA implemented a process on October 15, 2000 whereby all requests for access to HATS are submitted to either the Deputy Director or the Director of the Department of Housing Applications [this unit is now the Applications and Tenancy Administration Department] for their approval. This ensures that the appropriate access to HATS is granted to the user based on their job function. The standard procedure was shared with the Comptroller's auditor during this audit. NYCHA is currently reviewing all staff with HATS access to determine whether they still require access. NYCHA will be conducting this review quarterly."

CURRENT STATUS: IMPLEMENTED

We found that NYCHA's Information Technology Department has formal procedures entitled "User Account Recertification Process" to maintain effective control over access to data and information services as well as quarterly HATS user recertification. Therefore, we consider this recommendation to be implemented.

Previous Finding: HATS audit logs do not indicate the user ID of the person making data changes.

Previous Recommendation #5: "NYCHA should ensure that HATS audit logs identify the user ID of the person making changes to the system."

Previous NYCHA Response: "As detailed in the response to Recommendation 1, NYCHA has issued an RFP to replace the HATS System. The requirements for the new HATS state that the system must have an accessible audit trail of user updates."

CURRENT STATUS: NOT IMPLEMENTED

As discussed at the entrance conference held on August 27, 2009, NYCHA's representative indicated that the new system, which would alleviate this issue, should be running by the 4th quarter of 2010. Therefore, we consider this recommendation to be not implemented.

Previous Finding: NYCHA lacks formal procedures for making program changes to the TSAP system.

Previous Recommendation #6: "NYCHA should create written procedures to ensure that only appropriate, authorized changes are made to TSAP application and system software."

Previous NYCHA Response: "NYCHA is extremely disappointed that this already corrected finding is still in the audit report. . . . NYCHA was told at the exit conference on March 15, 2006 that this finding would be removed from the current report. The fact is that NYCHA had and continues to have written procedures to ensure only authorized changes are made to application software.

CURRENT STATUS: IMPLEMENTED

Our review found that NYCHA has controls in place limiting the changes that can be made in TSAP as evidenced by NYCHA'S Applications and Tenancy Administration Department's "TSAP Task Sheet 03-08," which restricts fields available for update for project users. Therefore, we consider this recommendation to be implemented.

RECOMMENDATIONS

To address the issues from the previous audit that still exist, we recommend that NYCHA:

1. Ensure that the new system is up and running no later than the 4th quarter of 2010 to allow information from HATS to be sent to TSAP in a timely manner, to allow for system reconciliation, and to create audit logs that identify the user ID of the person making changes to the system.

   NYCHA Response: "The new system is not expected to be running until Q1 – 2011. NYCHA is currently working on reconciling data from HATS and TSAP in preparation of the migration of data to the Siebel system. NYCHA will generate reports at least once a month to conduct comparative analysis of data from HATS and TSAP and make corrections as needed. The generation of reports will accelerate to biweekly and then weekly as NYCHA approaches the implementation of the Siebel system. NYCHA plans to form a core group of employees to work aggressively towards reconciliation of the data to ensure that HATS and TSAP is accurate and in sync upon migration to the Siebel system. The new system which is expected to be running in the first quarter of 2011 includes an accessible audit trail of user updates. The ongoing data matching and reconciliation of data in preparation of the new system will assist in the detection of any inappropriate changes or entries when made."

   Auditor Comment: Based on NYCHA's response, it appears that when NYCHA has the new system up and running, these issues should be resolved. However, the issues that still exist from the previous audit (completed in 2006) and reiterated in this current report

need to be addressed at this time to prevent additional errors from occurring. Merely stating that the new system will correct these issues is speculation until it is operating and adequately tested.

2. Review and correct the items for both systems mentioned in this report to ensure that the information in HATS and TSAP are consistent.

NYCHA Response: "NYCHA will review and correct data identified in this audit. In addition, NYCHA will also conduct same matching tests and create other reports to ensure consistency in both systems."

Auditor Comment: Since the previous audit was published, NYCHA has had more than three years to implement changes to HATS and TSAP. However, it has simply relied on the antiquated system that is in place until the new system is operating.

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April 7, 2010

Ms. Tina Kim
Deputy Comptroller for Audits, Accountancy & Contracts
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New York, N.Y. 10007-2341

Re: Response to Follow-up Audit Report on the User Access Controls of the New York City Housing Authority's Tenant Selection and Assignment Plan System --- FS10-056F

Thank you for the opportunity to comment on your audit report regarding our tenant selection and assignment system's user access controls. Before we respond to the report's recommendations, we believe that it is important to clarify a number of areas related to the New York City Housing Authority's (NYCHA) tenant selection system that a reader of this report should know.

On August 27, 2009, and September 9, 2009, at the opening conference and follow-up meeting respectively for this audit, NYCHA indicated to the Assistant Director for IT /Support Services of the New York City Comptroller's Office -Audit Bureau, that the timing of this follow-up audit was not appropriate given the fact that NYCHA will be implementing the new system in the first quarter of 2011, and as a result, some of the issues identified in report 7A04-138 dated June 30, 2006 were not remediated and will not be remediated until the new system is implemented. NYCHA at the opening conference requested a postponement of this audit until the new system is implemented, so that any residual risks of the new system's implementation could be identified by your office and which would have added significant value to NYCHA and the audit process as a whole at that time. While NYCHA indicated that it would not be beneficial for both NYCHA and the New York City Comptroller's Office to proceed with this audit since NYCHA would not have received value from the results of this audit; notwithstanding the fact that the cost to conduct this audit by the NYC Comptroller's Office, Audit Bureau would have been far greater than the expected benefits that the audit would have derived, the Comptroller's Office proceeded to continue with this follow-up audit. Consequently, this draft report has not identified any issues that NYCHA is not aware of, nor any new issues from the report of June 2006.

NYCHA appreciates all audits from the New York City Comptroller's Office when such audits can add significant value to our business and audit processes.

Responses to your recommendations follow:

Previous Recommendation 1
Create an electronic interface that would allow information from HATS to be sent to TSAP and also allow for system reconciliation.

Current Status: NOT IMPLEMENTED – The new system is not expected to be running until Q1 – 2011.

NYCHA Response
NYCHA is currently working on reconciling data from HATS and TSAP in preparation of the migration of data to the Siebel system. NYCHA will generate reports at least once a month to conduct comparative analysis of data from HATS and TSAP and make corrections as needed. The generation of reports will accelerate to biweekly and then weekly as NYCHA approaches the implementation of the Siebel system. NYCHA plans to form a core group of employees to work aggressively towards reconciliation of the data to ensure that HATS and TSAP is accurate and in sync upon migration to the Siebel system.

Previous Recommendation 2
Review and correct the items mentioned in this report for both systems to ensure that the information in HATS and TSAP are consistent.

Current Status: PARTIALLY IMPLEMENTED. The outcome of the three current 'matching tests' shows an improvement in the number of differences between the two systems (23 vs. 67, 95 vs. 136, and 2,177 vs. 3,920).

NYCHA Response
NYCHA will review and correct data identified in this audit. In addition, NYCHA will also conduct same matching tests and create other reports to ensure consistency in both systems.

Previous Recommendation 3
Ensure that NYCHA terminates the access privileges of employees who have inactive HATS and TSAP accounts as well as those of all former employees.

Current Status/ NYCHA Response
IMPLEMENTED

Previous Recommendation 4
Create a formal procedure for HATS that ensures the approved review of user privileges.

Current Status/ NYCHA Response
IMPLEMENTED

2

Previous Recommendation 5
Ensure that HATS audit logs identify the user ID of the person making changes to the system.

Current Status: NOT IMPLEMENTED – The new system is not expected to be running until Q1 – 2011.

NYCHA Response
The new system which is expected to be running in the first quarter of 2011 includes an accessible audit trail of user updates. The ongoing data matching and reconciliation of data in preparation of the new system will assist in the detection of any inappropriate changes or entries when made.

Previous Recommendation 6
NYCHA should create written procedures to ensure that only appropriate, authorized changes are made to TSAP application and system software.

NYCHA Response
IMPLEMENTED

*****

Again, thank you for the opportunity to comment on this draft report. Be assured, that NYCHA will continue to take the necessary steps to ensure complete integrity in all facets of its operations including tenant selection. If you have any questions, please contact Savitri Gosine, Audit Director, at 212-306-3433.

Sincerely,

Michael Kelly
General Manager

cc: Jeffrey Kay, Director, Mayor's Office of Operations
        George Davis III, Deputy Director, Mayor's Office of Operations
        John B. Rhea
        Earl Andrews, Jr.
        Natalie Rivers
        Gloria Finkelman
        Atefeh Riazi
        Brian Clarke
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