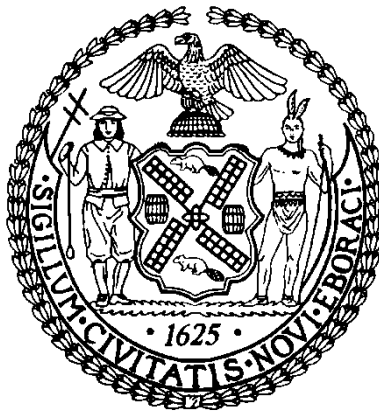


CITY OF NEW YORK OFFICE OF THE COMPTROLLER

**John C. Liu
COMPTROLLER**

MANAGEMENT AUDIT

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Audit Report on the Human Resources Administration's WeCARE Contract With Arbor Education and Training

ME10-068A

February 16, 2011



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

John C. Liu
COMPTROLLER

February 16, 2011

To the Residents of the City of New York:

My office has audited Arbor Education and Training's (Arbor's) compliance with the terms of its Wellness, Comprehensive Assessment, Rehabilitation, and Employment (WeCARE) contract with the Human Resources Administration (HRA). We audit contracts such as this to determine whether the funds allocated to the contract are appropriately spent, the services are adequately provided, and the City agency effectively monitors the contractor.

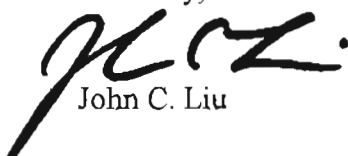
The audit found that Arbor did not adequately ensure that its non-job-retention milestone claims were accurate and that its program staff met the qualifications required by the contract. In addition, Arbor did not closely monitor client attendance as required or comply with the contract's provision concerning the hiring of former cash-assistance recipients. Furthermore, although HRA has implemented oversight techniques, the audit found that these techniques need improvement in certain areas. HRA did not maintain adequate records of its monitoring meetings with Arbor and did not ensure that Arbor had adequate supporting documentation for its non-job-retention milestone claims.

This audit addresses seven recommendations to Arbor, including that Arbor should: ensure that its non-job-retention milestone claims are properly supported before they are submitted; ensure that employees providing WeCARE services have the proper qualifications and experience required by the contract; more closely monitor client attendance; and comply with the hiring commitment provision. The audit also addresses seven recommendations to HRA, including that HRA should: prepare records of the results of its monitoring meetings with Arbor and share the meeting records with Arbor; implement a process to review non-job-retention milestone payments to ensure that these milestones are properly supported before they are paid; and assess the reasonableness of the hiring commitment provision, revise it as necessary, and then ensure contractor compliance.

The results of the audit have been discussed with HRA 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
Management Audit***

**Audit Report on the Human Resources
Administration's WeCARE Contract
With Arbor Education and Training**

ME10-068A

AUDIT REPORT IN BRIEF

This audit determined whether Arbor Education and Training (Arbor) is complying with certain key financial, programmatic, and administrative provisions of its Wellness, Comprehensive Assessment, Rehabilitation, and Employment (WeCARE) contract with the Human Resources Administration (HRA). The primary scope of the audit was Fiscal Year 2009 (July 1, 2008 through June 30, 2009).

HRA is responsible for helping individuals and families achieve and sustain their maximum degree of self-sufficiency. In Fiscal Year 2005, HRA developed the WeCARE program, which is intended to improve the employability of clients with health and/or mental barriers to employment. Through case management, job training, and employment placement services, HRA's contractors strive to assist participants achieve self sufficiency.

WeCARE services are provided by two outside contractors: Federation Employment and Guidance Service (FEGS) and Arbor. This audit focuses on Arbor's compliance with the terms of the WeCARE contract it signed with HRA. The total payments made by HRA to Arbor in Fiscal Year 2009 amounted to \$33,295,170.

Audit Findings and Conclusions

Arbor generally complied with most of the key provisions reviewed for this audit, but improvements are needed in some areas. Arbor developed a quality improvement plan and a comprehensive set of operating procedures to help ensure compliance with the WeCARE contract and to improve the quality of its client services. Arbor's job-retention milestone claims that we reviewed were generally supported adequately. In addition, the physicians we reviewed that Arbor used to evaluate clients were properly licensed and registered.

However, Arbor was only in partial compliance with some of the provisions of its WeCARE contract with HRA. The partial compliance primarily related to Arbor not adequately ensuring that its non-job-retention milestone claims were accurate and that its program staff met established qualifications. Arbor also did not closely monitor client attendance as required or comply with the contract's provision concerning the hiring of former cash-assistance recipients.

HRA has implemented oversight techniques through its Customized Assistance Services (CAS) unit, such as holding regular meetings with Arbor officials and having HRA employees stationed at Arbor who regularly works with Arbor on issues relating to clients' participation in the WeCARE program. HRA has also developed a program monitoring system through the New York County Health Services Review Organization (NYCHSRO), its outside contractor. However, the audit concluded that HRA's oversight of the contract could be improved in certain areas. HRA did not maintain adequate records of its monitoring meetings with Arbor and did not ensure that Arbor had adequate supporting documentation for its non-job-retention milestone claims. In addition, HRA needs to review the reasonableness of the contract's hiring provision, revise it as necessary, and then ensure contractor compliance.

Audit Recommendations

To address these issues, the audit recommends, among other things, that Arbor:

- Ensure that its non-job-related milestone claims are properly supported before they are submitted.
- Ensure that employees providing WeCARE services have the proper qualifications and experience required by the contract.
- More closely monitor client attendance.
- Comply with the hiring commitment provision of the contract or request exemptions on a timely basis.

To address these issues, the audit also recommends, among other things, that HRA:

- Prepare records of the results of its monitoring meetings with Arbor and share the meeting records with Arbor.
- Implement a process to review non-job-retention milestone payments to ensure that these milestones are properly supported before they are paid.
- Assess the reasonableness of the hiring commitment provision, revise it as necessary, and then ensure contractor compliance. HRA should consider establishing hiring goals at the start of each fiscal year and then evaluating the contractor's efforts to meet those goals at the end of each fiscal year.

Agency Response

HRA provided the responses to all of the recommendations, including those addressed to Arbor. In their response, HRA officials agreed with five recommendations, partially agreed with two, and disagreed with seven.

INTRODUCTION

Background

HRA is responsible for helping individuals and families achieve and sustain their maximum degree of self-sufficiency. In Fiscal Year 2005, HRA developed an initiative intended to improve the employability of clients with health and/or mental barriers to employment. WeCARE program was designed to offer specialized services and individual support to clients with disabilities. Through case management, job training, and employment placement services, HRA's contractors strive to help participants achieve self sufficiency.

WeCARE services are provided by two outside contractors: FECS and Arbor. This audit focuses on Arbor's compliance with the terms of the WeCARE contract it signed with HRA. In December 2004, HRA issued a three-year, 2-month contract to Arbor to provide WeCARE services to cash-assistance recipients.¹ The contract was renewed once for 18 months (February 22, 2008 to August 21, 2009) for \$48,844,778 and a second time for 16 months (from August 22, 2009 to December 21, 2010) for an amount not to exceed \$43,363,339. Arbor has two service centers—one in Brooklyn and one in Queens. It arranges with four medical sites to identify clients' health barriers to employment.

HRA job centers refer cash assistance recipients with medical and/or mental health conditions that affect their employability to WeCARE service providers such as Arbor. Individuals referred to Arbor receive a comprehensive biopsychosocial (BPS) assessment to identify clinical conditions and social barriers that may affect their ability to be engaged in work-related activities. Based on the results of this assessment, Arbor determines the client's functional capacity. It then develops a comprehensive service plan (CSP) that addresses the client's needs through the wellness component, the provision of vocational rehabilitation services (VRS), or assistance in obtaining federal benefits. The assessment might also result in Arbor determining that a client is fully employable, in which case Arbor would return the client to an HRA job center. Arbor is paid a standard fee for the completion of each contractual milestone. The contractual milestones are: Phase I Biopsychosocial Assessment (by a licensed physician who is, at a minimum, board certified in family practice or internal medicine), Phase II Biopsychosocial Assessment (if necessary, by a licensed physician who is board-certified in an appropriate specialty), Diagnostic Vocational Assessment (DVE) and Individual Plan for Employment (IPE), Wellness Plan completion, Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI) award, and retention in employment for 30, 90, and 180 days.

The wellness component involves monitoring the participant's compliance with the medical and mental health services provided by a community-based provider to stabilize and improve the client's condition such that they might be able to obtain and retain a job. The wellness component can also help document a disability that could result in federal benefits being awarded. During this phase, Arbor provides ongoing case management, including regular contacts with the client and the treating physicians. The VRS component is for individuals

¹ Cash-assistance recipients are low-income individuals or families who receive cash grants, Medicaid, and, if qualified, Food Stamps.

determined to be employable with limitations and/or requiring minimal accommodations. VRS involves the testing and evaluation of clients to determine their skills and overall employability, considering their ongoing medical/mental health needs. The VRS component also provides job training, work experience, job search, job placement, and employment retention services.

Several units at HRA are responsible for managing and monitoring the WeCARE contract: the CAS unit is responsible for the overall monitoring of the contract; the Division of Employment and Placement Verification (DEPV), a unit of HRA's Finance Office, is responsible for verifying job-retention claims submitted for payment by vendors through the HRA Payment and Claiming System (PaCs); and the Accounts Payable unit is responsible for processing these payments through the Financial Management System (FMS), the City's integrated accounting and budgeting system. In addition to PaCs and FMS, HRA uses the New York City Works, Accountability, and You (NYCWAY) system to track activities such as the processing of client applications at HRA job centers, the referral of clients to the WeCARE program, and the recording of client's WeCARE activities. To scan and store relevant documents, HRA's WeCARE Viewer system and Arbor's AllSector are used.

In March 2007, as a result of concerns regarding the quality of Arbor's WeCARE services, CAS requested that ResCare (Arbor's parent company) evaluate the quality of those services. ResCare conducted a comprehensive review of Arbor's delivery of services in June 2007. In its report, ResCare disclosed many weaknesses, such as a lack of written standard operating procedures, a lack of sufficient detail in BPS assessments of client conditions and needs, an insufficient staff understanding of the WeCARE program, and a lack of staff training on interviewing clients. To address these and other issues, ResCare recommended, among other things, that Arbor prepare written standard operating procedures and enhance its staff training and development, its service delivery environment, and its quality assurance efforts. In response to the findings and recommendations presented in ResCare's August 2007 report, Arbor developed a quality improvement plan in October 2007 to address quality of service and contract compliance issues relative to its WeCARE program.

In an effort to ensure that Arbor provides quality services, HRA's contractor, NYCHSRO, conducts regular reviews of Arbor's WeCARE services throughout the life of the contract. In addition, HRA conducted regular monitoring meetings with Arbor to discuss implementation of the quality improvement plan.

The total payments made by HRA to Arbor in Fiscal Year 2009 amounted to \$33,295,170.

Objective

The objective of the audit was to determine whether Arbor complies with certain key financial, programmatic, and administrative provisions of its WeCARE contract.

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 primary scope of the audit was Fiscal Year 2009 (July 1, 2008 through June 30, 2009).

To gain an understanding of the financial, programmatic, and administrative provisions of the contract and to determine whether Arbor and HRA had adequate controls in place to ensure compliance, we conducted walkthroughs and observations of Arbor and HRA units and interviewed Arbor and HRA officials and personnel involved with administering or monitoring the contract. Certain key financial, programmatic, and administrative provisions of the following contract articles were the subject of this audit:

- Part 1, Article 6 – Scope of Services
- Part 1, Article 8 – Staffing Requirements
- Part 1, Article 13 – Records and Reports
- Part 1, Article 16 – Milestone Documentation
- Part 1, Article 25 – Monitoring and Quality Assurance
- Part 2, Article 7 – Contractor’s Hiring Commitment

Specifically, the audit determined whether Arbor met contractual requirements in the following 11 areas:

- biopsychosocial summary prepared
- comprehensive service plan prepared
- wellness rehabilitation plan prepared
- diagnostic vocational evaluation prepared
- individualized plan of employment prepared
- non-job-retention milestone payments appropriate and accurate
- job-retention milestone payments appropriate and accurate
- physicians properly licensed and registered
- staff qualification requirements met
- former cash assistance recipients hired
- client attendance sheets properly completed and signed

In addition to visiting Arbor’s Brooklyn location and HRA’s CAS, DEPV, and Accounts Payable units, we also conducted observations at an HRA job center to get a better understanding of the WeCARE referral and application process. Furthermore, we reviewed a prior audit report issued by the Office of the New York City Comptroller on the WeCARE

program: *Audit Report on the Oversight of the WeCARE Program Contractors by the Human Resources Administration*, issued on June 30, 2008.

To identify criteria to assess Arbor's compliance with HRA's WeCARE contract, we reviewed the contract, contract extensions, WeCARE Operational Procedures and Bulletins, NYCHSRO Quarterly Reports, and relevant documentation from the HRA website.

HRA provided a NYCWAY list of 25,435 records of clients who were served by Arbor during Fiscal Year 2009. We sorted the list to extract all clients with duplicate information, such as duplicate case numbers, social security numbers, client identification numbers (CINs), names and dates of birth. We identified 23,500 clients with unique records; 583 clients with duplicate case numbers; 429 clients with duplicate social security numbers; 366 clients with duplicate CINs; and 389 clients with duplicate names and dates of birth.²

To determine whether Arbor complies with the programmatic provisions of the contract, we randomly selected 30 clients from the population of unique records. We reviewed client information in NYCWAY, PaCs, WeCARE Viewer, and AllSector Viewer, and any supporting documentation provided by Arbor. We examined the documents to determine whether the services were actually provided and whether they were provided in a timely manner. The supporting documents, including (1) the BPS summary, (2) the CSP, (3) the Wellness Plan, (4) the DVE, (5) the IPE, and (6) client attendance sheets, were also examined to ensure that they were properly completed and signed. In addition, to verify whether physicians evaluating clients were properly licensed and registered, we examined the licensing and registration status of all physicians whose names appeared on BPS assessments and wellness rehabilitation plans.

Furthermore, we determined whether the 58 non-job-retention milestone payments and 8 job-retention milestone payments made for the 30 clients in our sample were appropriate and accurate. These payments were made between 2007 and 2009 and include all WeCARE payments made by HRA to Arbor on behalf of these 30 clients in their most recent cycle of services. To determine whether job-retention milestone payments were properly approved, we randomly selected and reviewed the supporting documentation for 25 payments (for services provided to 25 other clients) from a population of 3,428 job-retention milestone payments made to Arbor in Fiscal Year 2009.

To determine whether HRA provided us with a complete and accurate list of clients served by Arbor during the scope of our audit, we reviewed the record layout and the program language that was used to extract data from NYCWAY to produce the client list. We interviewed HRA programmers to obtain a better understanding of the program language used and the database. In addition to our review of client records relating to our sample of 30 clients with unique records, we reviewed randomly selected samples of 10 clients from each of the four populations with duplicate records (case numbers, social security numbers, CINs, and names and dates of birth) and of 10 clients from the population of 21 on the list without social security numbers. We reviewed HRA payments to Arbor for these 50 clients to determine whether there were any inappropriate payments.

² The total number of clients (25,267) is less than the total number of records (25,435) because some clients had more than one duplicate record.

Moreover, to ensure that Arbor complied with staff qualification requirements, we examined the personnel files of one judgmentally selected and 29 randomly selected program staff members from a population of 154 program staff employed by Arbor in January 2010. We also determined whether Arbor complied with the contract provision requiring the hiring of a certain number of former cash assistance recipients. Arbor provided a list of 57 former cash assistance recipients it employed between February 1, 2005 and June 30, 2009; we determined whether these individuals were former cash assistance recipients and were actually employed by Arbor.

To ascertain HRA's oversight of Arbor's provision of WeCARE client services, we examined NYCHSRO's assessment reports on Arbor during Fiscal Years 2008 and 2009. To determine whether HRA monitored Arbor's implementation of its quality improvement plan to address the issues raised by the ResCare report on the quality of Arbor's WeCARE services, we examined evidence of HRA's monitoring meetings with Arbor.

We also determined whether HRA's contract with Arbor was registered with the Comptroller's Office, as required by Chapter 13, §328, of the New York City Charter.

The results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess the compliance of Arbor with the terms of its contract with HRA.

Discussion of Audit Results

The matters covered in this report were discussed with HRA and Arbor officials during and at the conclusion of this audit. A preliminary draft report was sent to HRA officials on August 10, 2010, and was discussed at an exit conference held on September 15, 2010. A draft report was sent to HRA officials on November 30, 2010, with a request for comments. We received a written response from HRA officials dated December 10, 2010. HRA provided the responses to all of the recommendations, including those addressed to Arbor. In their response, HRA officials agreed with five recommendations, partially agreed with two, and disagreed with seven.

HRA officials stated in their response: "It is the goal of HRA to provide services to our clients, who are among the most vulnerable of New York's citizens, in the most effective and efficient manner possible while adhering to all applicable policies, rules and directives. In that spirit, we would like to again thank the Comptroller's staff for recognizing that Arbor is compliant with key provisions of the WeCARE contract and for bringing to our attention areas in which HRA and Arbor may continue to improve operations."

HRA officials also stated that they strongly disagreed with the statement in the report that "the results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess the compliance of Arbor with the terms of its contract with HRA." They further stated: "A sample that is not statistically valid cannot provide a reasonable basis for generalizations." Our decision to not project the results of our tests to their respective populations does not render the samples invalid. There is no requirement in generally accepted government auditing standards that test results be projected.

We continue to believe that our samples were of sufficient size to provide valid insights into Arbor's compliance. HRA's objection is especially curious since the audit found, based on the audit testing, that Arbor generally complied with most of the key contract provisions reviewed for this audit.

According to HRA officials, the assertion that our audit tests provided a reasonable basis for assessing Arbor's compliance was "especially egregious in the staff qualifications section [of the report] where the sample included one 'judgmentally selected' individual." For the staff qualifications test, we reviewed the qualifications of almost 20 percent (30 out of 154) of the case managers, case manager supervisors, and DVE evaluators at Arbor. This sample included 29 randomly selected employees and one who was judgmentally selected. We strongly believe that this test provided a reasonable basis for us to assess Arbor's compliance with the staff qualifications provision of the contract.

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

FINDINGS AND RECOMMENDATIONS

Arbor generally complied with most of the key provisions reviewed for this audit, but improvements are needed in some areas. Arbor developed a quality improvement plan and a comprehensive set of operating procedures to help ensure compliance with the WeCARE contract and to improve the quality of its client services. Arbor's job-retention milestone claims that we reviewed were generally supported adequately. In addition, the physicians we reviewed that Arbor used to evaluate clients were properly licensed and registered.

However, Arbor was only in partial compliance with some of the provisions of its WeCARE contract with HRA. The partial compliance primarily related to Arbor not adequately ensuring that its non-job-retention milestone claims were accurate and that its program staff met established qualifications. Arbor also did not closely monitor client attendance as required and did not comply with the contract's provision concerning the hiring of former cash-assistance recipients.

HRA has implemented oversight techniques through its CAS unit, such as holding regular meetings with Arbor officials and having HRA employees stationed at Arbor who regularly works with Arbor on issues relating to clients' participation in the WeCARE program. HRA has also developed a program monitoring system through NYCHSRO, its outside contractor. However, the audit concluded that HRA's oversight of the contract could be improved in certain areas. HRA did not maintain adequate records of its monitoring meetings with Arbor and did not ensure that Arbor had adequate supporting documentation for its non-job-retention milestone claims. In addition, HRA needs to review the reasonableness of the contract's hiring provision, revise it as necessary, and then ensure contractor compliance.

Inadequate Support for Several Non-job-retention Milestone Claims

The contract requires that Arbor maintain client records showing the services they received and their progress. However, there were several instances in our sample of 30 clients in which Arbor was paid for non-job-retention milestones even though there was little or no supporting documentation. Consequently, Arbor appears to have been paid for services it either did not provide or did not provide properly.

According to the contract:

The contractor shall keep readily identifiable individual files and records for each Participant, separate from the files of clients receiving other services from or through the Contractor. In addition to the information normally kept by the Contractor in individual client files, such as basic identifying facts, the Contractor shall describe and record each use of the Services, the Participant's progress, and such other information as the Department may require. . . . Payment of the Contractor's invoices is subject to receipt and verification by the Department of all required supporting documentation applicable thereto demonstrating the achievement of the payment milestones set forth herein.

Contrary to this requirement, there were instances in which there was no supporting documentation for the payments or the existing documents did not adequately show that the services had been provided. In our sample of 30 clients with a total of 58 non-retention milestone payments totaling \$24,595, 5 out of 30 clients had at least one non-job-retention milestone paid even though there was little or no supporting documentation. This corresponded to 5 (9%) of the 58 milestones payments, amounting to \$2,080 (8%) of the \$24,595 in payments. Table I, below, presents a breakdown of the questionable payments.

Table I
Questionable Milestone Payments

Reason Payment Questionable*	Number of Milestones	Milestone Payment Amount
Incomplete Supporting Documentation for BPS	3	\$780
Incomplete Supporting Documentation for Wellness Plan	1	\$600
No Supporting Documentation for DVE/IPE	1	\$700
Totals	5	\$2,080

*In some cases, there was more than one reason that a milestone payment was questionable. In this table, only the primary reason the payment was questionable is shown.

Arbor received a payment of \$260 for a BPS milestone even though there is no evidence that the BPS Phase I physician reviewed the BPS Phase II specialist's evaluation in preparing the client's Functional Capacity Outcome (FCO). The FCO is an important part of the BPS, since it describes the client's condition and his/her ability to participate in work-related activities. Without an FCO that is based on complete information, Arbor is hindered in its ability to prepare a sound CSP and to successfully work with the client. For the two other BPS milestone payments we question, in one case the accommodations required by the client were not specifically identified and in the other case the FCO was completed by a "receptionist/scheduler" rather than by a licensed physician.

Arbor received a payment of \$600 for a Wellness Rehabilitation Plan milestone even though most of the plan form in AllSector was blank and the name and license number of the physician involved with the plan was not provided. After the exit conference, HRA provided a handwritten Wellness Plan Report (not available in AllSector) that indicated that the CSP, which called for the client's back pain to be evaluated for possible treatment with surgery and/or steroid injections, was not implemented. The Wellness Plan Report stated that the client was unable to work because physical therapy treatments had been unsuccessful but was silent on whether the use of surgery or medicine would be appropriate. HRA officials state that it was proper to pay for the completion of the wellness component because the treating physician apparently decided that surgery or medicine were not appropriate options for this client. Although it is acceptable for the treating physician to determine that the surgery/medicine options were not appropriate for this client, it is not acceptable for the treating physician to

ignore the treatment options presented by the BPS physician. The treating physician should have indicated in the Wellness Plan Report why the options recommended by the BPS physician were inappropriate for this client.

Arbor also received one DVE/IPE milestone payment for \$700 without adequate supporting documentation showing that the milestone had been accomplished. The DVE form provided no client assessment information. This payment was made for a client who had previously received the DVE/IPE service and for which Arbor had already been paid. The HRA Contract Fiscal Handbook states that “each case [client] is normally allowed only one DVE/IPE Milestone per lifetime. In exceptional cases, Customized Assistance Services may authorize an additional DVE/IPE for a participant.” There was no evidence that CAS had authorized an additional DVE/IPE for this client. After we brought this matter to the attention of HRA officials, the corresponding payment was recouped.

HRA Response: “HRA has determined that the documentation for four of the five milestone payments totaling \$2,080 that the audit claimed were inadequately documented, were adequate, as follows:

“In the first case, the audit team stated that there was no evidence the physician who conducted the standard medical evaluation (the BPS I) reviewed a report of a BPS II specialty examination prior to the functional capacity outcome (FCO) determination. The client’s Cash Assistance (CA) case was closed before the BPS II could be performed and so there was no BPS II report to review. All components of the BPS I were completed.”

Auditor Comment: HRA is in error. NYCWAY shows that the cash assistance case was *not* closed before the BPS II was completed. Therefore, the BPS II results should have been reflected in the BPS assessment. Accordingly, we reaffirm our finding.

HRA Response: “In the second case, the audit team reported that no accommodations were listed in a BPS I. While HRA agrees the physician should have included possible accommodation needs in the BPS, all essential components of the BPS I were completed.”

Auditor Comment: As HRA communicated to us during the audit, the identification of any accommodations that a client might need in order to be able to work is a key component of the BPS assessment. Therefore, this information should not have been omitted by the physician in the above-referenced case. Accordingly, we reaffirm our finding.

HRA Response: “In the third case, the audit team noted that the BPS was not completed by the examining physician. The medical assessment and documentation were in fact completed by the physician. Since the CA case was closed by HRA before the examining physician finalized the report, a member of the support staff completed the necessary data entry.”

Auditor Comment: Although the medical assessment was completed by a physician, the FCO and the accommodations sections of the BPS were completed by a “receptionist/scheduler” rather than by a licensed physician, as required. Neither HRA nor Arbor provided any evidence that the FCO and the accommodations sections were actually completed by a physician. Furthermore, contrary to HRA’s assertion, the client’s case was still open when the receptionist/scheduler entered this information. Accordingly, we reaffirm our finding.

HRA Response: “In the fourth case, the audit team indicated that the documentation for completing a Wellness Plan was incomplete because the community based treating physician failed to explain in the Wellness Plan Report the reasons for not following the treatment options identified by the WeCARE physician. Although a WeCARE physician may identify treatment options, the community based treating physician is ultimately responsible for clinical decisions and the treatment plan. Wellness completion is based on the status of the individual’s clinical condition at the end of the Wellness Plan, not the specific treatment(s) provided. Furthermore, community based physicians are independent of Arbor which has no jurisdiction over their treatment decisions or documentation submitted to WeCARE.”

Auditor Comment: In the Wellness Plan Report, the treating physician did not refer to the treatment option recommended by the WeCARE physician. Arbor, before abandoning the treatment option for this client, should have contacted the treating physician to determine why the treating physician did not consider the treatment options recommended by the WeCARE physician. Accordingly, we reaffirm our finding.

These weaknesses resulted from HRA not implementing a review process for non-job-retention milestone payments. Had HRA established a review process similar to the one it has for job-retention milestones, in which DEPV reviews such claims, it is more likely that the irregularities discussed above would have been discovered before the milestones were paid. These payments should be recouped by HRA because the claims did not meet the established criteria for milestone achievements. Arbor and HRA should implement controls to ensure that all non-job-retention milestone payments are supported by appropriate documentation.

Claims for Non-job-retention Milestones Submitted Before Completion of Service

Arbor submitted in NYCWAY several milestone claims, totaling \$9,194, before the service was completed.

According to WeCARE procedures and the contract, each milestone is achieved after a particular action is completed. A BPS milestone is earned when the initial FCO is determined by the doctor and recorded in the comprehensive service plan. The wellness milestone is earned when a new FCO is determined by the doctor at the end of the wellness component. Another milestone is earned when an IPE is created. The federal disability milestone is paid only when benefits are awarded. Client progress and activities are recorded in NYCWAY to set the

completion date of one phase in order to allow the client to begin the subsequent phase of the program.

At the completion of a milestone, Arbor posts an action code in NYCWAY to obtain payment. When a completed action code for a non-job-retention milestone is entered in NYCWAY, PaCs creates an option for Arbor to confirm that the milestone has in fact been completed. Arbor accesses PaCs and certifies the claim, which allows PaCs to process the payment. Because a client might drop out of an activity before it is completed, it is important that Arbor not enter a completed action code in NYCWAY until the activity is completed. However, in our sample review, there were many instances of Arbor entering the completed action code before the activity was completed.

Of the 58 non-job-retention milestone payments valued at \$24,595 relating to the same sample of 30 clients, 26 payments valued at \$9,194 were for milestones with completed action dates in NYCWAY that were earlier than the milestone completion dates shown on the supporting documentation. Twenty-four of the 26 milestone payments were for completing BPS milestones, and two were for clients having obtained federal disability benefits. The supporting documentation does provide evidence that Arbor ultimately provided the services related to most of these milestones. For example, for a federal disability benefits milestone, Arbor was paid \$1,477 two days before the federal disability benefits were actually awarded to the client. However, for three BPS milestone payments, as shown in Table I and discussed above, Arbor was paid a total of \$780 even though the supporting documentation for the BPS was incomplete.

HRA Response: “The claim that two federal disability milestones were paid prior to award is not supported by HRA’s records. HRA review of these cases shows that the NYCWAY date of federal disability award on the first case was April 25, 2009; PACS records show the milestone was paid on April 28, 2009. Review of the second case shows the NYCWAY date of Federal disability award was May 16, 2009; PACS records show the milestone was paid on May 19, 2009.”

Auditor Comment: These two federal disability milestones were recorded in NYCWAY *before* the disability benefits were awarded, based on the dates of the award letters from the Social Security Administration (SSA). For one case, the award was recorded in NYCWAY on April 25, 2009, but the SSA award letter was dated April 27, 2009. For the other case, the award was recorded in NYCWAY on May 16, 2009, and HRA made the milestone payment to Arbor on May 19, 2009, but the SSA award letter was dated May 21, 2009.

At the exit conference, HRA officials argued that the BPS assessment milestone is complete when the medical evaluation is done and laboratory and diagnostic tests are ordered. However, according to the contract, a BPS assessment is not complete unless there is an “assessment and determination of [the client’s] functional capacity.” Obviously, a client’s functional capacity cannot be determined before the doctor receives the results of the laboratory and diagnostic tests he or she has ordered. For the 24 BPS milestones noted above, completed action dates were entered in NYCWAY before the clients’ functional capacity had been

determined. As noted above, three of these BPS assessments were ultimately incomplete and should not have been paid for by HRA. HRA should ensure that Arbor posts the BPS milestone completion code in NYCWAY only when all the required elements of BPS identified in the contract are completed.

By allowing Arbor to certify milestones before they are completed, HRA is running the risk of paying claims for milestones that are not ultimately achieved. To minimize this risk, HRA should ensure that completed action codes for WeCARE services are entered into NYCWAY only after the services are provided.

Recommendations

Arbor should:

1. Ensure that its non-job-related milestone claims are properly supported before they are submitted.

HRA should:

2. Ensure that completed action codes are recorded in NYCWAY only when the services have been fully provided to the clients.

HRA Response: “Recommendations 1 and 2 regarding documentation and data entry are unnecessary as they propose activities that are already established elements of Arbor and HRA operations.”

Auditor Comment: Notwithstanding HRA’s assertion that these two recommendations are unnecessary, our review of Arbor’s operations found that HRA in one case made a non-job-retention milestone payment before the service was fully provided to the client and in other instances without proper supporting documentation that the service was ever fully provided.

HRA Response: “NYCWAY captures individual steps in a service delivery process; PaCs determines a milestone has been achieved when all the required steps in a process have been completed. Payment of the BPS I milestone involves two steps. The first is completion of the BPS assessment. The second is development of the comprehensive services plan (CSP). Arbor complied with HRA policy and procedures by entering the BPS I completion code in NYCWAY on the date when the psychosocial assessment and medical evaluation were conducted and lab specimens were collected. Subsequently, Arbor completed the CSP, which includes the FCO and entered the appropriate code in NYCWAY. Only then did PACS process the milestones for payment. Consequently, Arbor complied with both HRA procedures and the contract.”

Auditor Comment: The audit found that Arbor often entered the BPS I completion code in NYCWAY before the assessment was complete. The audit recommends that

HRA ensure that Arbor enters the BPS I completion code in NYCWAY after the biopsychosocial assessment has been completed and the FCO has been determined. Accordingly, we reiterate our recommendations.

3. Implement a process to review non-job-retention milestone payments to ensure that these milestones are properly supported before they are paid.

HRA Response: “Recommendation 3 is unnecessary because HRA currently performs post audit review of non retention milestone payments. Should the vendor fail to maintain appropriate documentation or to comply with our guidelines for these milestones, HRA will recoup accordingly.”

Auditor Comment: We believe that a pre-payment review process for non-job-retention milestones would help HRA avoid inappropriate payments for these milestones. Furthermore, HRA did not provide any evidence that it has conducted post-payment audits of non-job-retention milestone payments.

4. Recoup \$2,080 in questionable payments for five non-job-retention milestones.

HRA Response: “HRA has determined that the documentation for four of the five milestones payments totaling \$2,080 that the audit claimed were inadequately documented, were adequate. ... HRA ... has recouped the one payment that was not properly documented.”

Auditor Comment: There was inadequate supporting documentation for all five milestones, as explained above. Therefore, we recommend that all five payments be recouped.

Job-Retention Milestone Claims Generally Adequately Supported

HRA’s job-retention milestone payments were generally adequately supported. There was sufficient supporting documentation for 24 (96%) of the 25 randomly selected Fiscal Year 2009 milestone payments we reviewed.

Job retention milestone payments are made for clients who are placed and subsequently remain in a job for 30 days, 90 days and 180 days. According to the HRA contract, Arbor should receive \$1,700 for a 30-day milestone, \$1,800 for a 90-day milestone and \$1,905 for a 180-day milestone.³ Unlike the non-job-retention milestones, HRA has implemented a review process requiring all milestone claims and supporting documentation to go through its DEPV approval process. To assess the effectiveness of the controls in place to ensure that the payments were accurate, properly approved and supported, we randomly selected 25 Fiscal Year 2009 job-retention milestone payments amounting to \$45,035 from a population of 3,428 job-retention milestone payments amounting to \$6,134,240.

³ These are the retention milestone payments for unsubsidized jobs. Retention milestone payments for subsidized jobs are \$600 for a 30-day milestone, \$850 for a 90-day milestone, and \$1,905 for a 180-day milestone.

According to HRA officials, when claiming the achievement of a job-retention milestone, Arbor must submit to HRA adequate supporting documentation, such as an employment verification form completed by the employer with the employer's stamp affixed to the form, a letter from the client's employer, or a copy of the client's pay stub or check. The supporting documentation was adequate for most of the job-retention milestone payments we reviewed.

However, for one 30-day retention milestone claim, the supporting documentation submitted prior to payment did not show that the client was employed on the 30th day following the first day of work. For a claim to be proper, supporting documentation should show clear evidence that the client started work at a new job on a particular date and was working at that or another job 30, 90, or 180 days later. For this client, we reviewed the 30-, 90-, and 180-day job-retention milestone payments made to Arbor.⁴ Supporting documentation on the 90- and 180-day retention payments justified those claims, based on the client starting a second job 42 days after the first day of work on the first job and remaining employed on the second job on the 90th and 180th days after the first day of work on the first job. However, the documentation also shows that the client left the first job 26 days after the first day of work. Therefore, since the client was not employed on the 30th day after the first day of work on the first job, the \$1,700 payment for the 30-day retention milestone was inappropriate.

Recommendations

Arbor should:

5. Ensure that it obtain adequate supporting documentation on a first job if a retention payment is based on the client having been in a subsequent job 30, 90, or 180 days after the starting date for the first job.

HRA should:

6. Ensure that Arbor provides adequate supporting documentation on a first job if a retention claim is based on the client having been in a subsequent job 30, 90, or 180 days after the starting date for the first job.
7. Recoup the questionable \$1,700 payment for one job-retention milestone.

HRA Response: "...HRA has reviewed the relevant documentation and disagrees with the finding. The client's first job covered the period of November 24, 2008 to December 20, 2008. The replacement or second job reported started on January 5, 2009 and continued to May 28, 2009. Since there is no requirement that employment be continuous, the two jobs combined satisfy the 30 day retention milestones requirement. Arbor properly used the replacement job as a continuation of the first reported employment. HRA ensures that Arbor provides adequate supporting documentation on the job if the claim is based on the second job reported.

⁴ The 90-day retention payment was randomly selected and the 30-day and 180-day retention payments were judgmentally selected.

“Consequently, recommendations 5 and 6 are unnecessary as they propose activities that are already established elements of Arbor and HRA operations. Recommendation 7 is unnecessary because the milestone was properly paid.”

Auditor Comment: Notwithstanding HRA’s claims, neither HRA nor Arbor provided sufficient evidence that the 30-day retention milestone was achieved for this case. As stated in the report, when claiming the achievement of a job-retention milestone, Arbor must submit an employment verification form completed by the employer with the employer’s stamp affixed to the form, a letter from the client’s employer, or a copy of the client’s pay stub or check to show that the client was still employed on the 30th day following the job start date. HRA’s WeCARE Milestone Payment Chart states: “The participant must be working in a subsidized job 30 calendar days from the job start date.” HRA provided no evidence that this was the case. Therefore, this milestone should not have been paid, and we reiterate our recommendation that the payment be recouped.

Some CSPs Not Completed within Required Length of Time

To help ensure a timely delivery of services, the contract requires Arbor to “prepare a written Comprehensive Service Plan (‘CSP’) for the Participant within five (5) working days after the Biopsychosocial Assessment is completed.” However, Arbor did not consistently complete the CSPs within this time period.

Delays in preparing the CSP postpones the commencement of the next step in the client’s journey to self-sufficiency. For our sample of 30 clients, the CSP for three clients was not completed within five working days of the BPS. For these three instances, the average length of time between the BPS and CSP completion dates was 9 working days, ranging from 6 to 17 working days.

Recommendation

Arbor should:

8. Properly monitor client services to ensure the timely completion of the CSP.

HRA Response: “HRA agrees with this recommendation. It should be noted that all but three of the CSP’s reviewed were completed in the contractually mandated five working days from the completion of the BPS. We will continue to work with Arbor to ensure timely delivery of services....”

Inadequate Support for Some Staff’s Qualifications

Arbor did not consistently ensure that its WeCARE employees, including case managers and vocational evaluators, met relevant qualifications.

To determine whether Arbor complied with this provision, we reviewed the qualifications of a sample of 30 of the 154 staff working as case managers, case manager supervisors, and DVE evaluators (including senior DVE evaluators). Personnel records for our sample of 30 Arbor employees (19 case managers, 6 case manager supervisors, and 5 DVE evaluators) were examined. We compared their qualifications to the credentials required by the contract.

According to the contract:

All non-supervisory case management staff, whether employed by the contractor or any subcontractors, must meet all of the training and/or experience criteria established and required by the Department and/or by the relevant provisions of this Agreement.

The contract also states that all non-supervisory staff conducting vocational evaluations must have a bachelor's degree and two years of "related work experience" in job placement, vocational assessment, and/or disability services (or an associate's degree and five years of experience, including two years of related work experience).

The personnel records for 4 of the 30 sampled employees did not present sufficient evidence to show that the employees met the education and/or experience requirements of the contract. Three case managers did not have bachelor's degrees as required by HRA. In addition, a DVE evaluator had a bachelor's degree but did not have prior experience with job placement, vocational assessment, and/or disability services, as required by the contract.

Furthermore, neither the contract nor Arbor defines the title of senior DVE evaluator assigned to two Arbor employees. HRA officials stated that a senior DVE evaluator should have had a certain amount of experience as an evaluator but that HRA has not specified how much. During one of our walkthroughs, we observed that one senior DVE evaluator had posted a "DVE Supervisor" sign on her office door. This employee's credentials did not satisfy the requirement for being a DVE/IPE supervisor because the contract requires a master's degree for this position, but the employee only had a bachelor's degree. In addition, the employee did not have the five years of experience in vocational rehabilitation services required by the contract.

The four Arbor employees who did not fully meet job qualification requirements were earning between about \$28,900 and \$45,000 per year as of January 1, 2010. Similar non-compliance issues with staff qualifications were previously identified by NYCHRO audits. For example, during the 2008 third and fourth quarter site reviews, NYCHSRO found that Arbor's personnel files for some program staff (such as case managers) did not contain evidence demonstrating that the employees had earned the degrees required for their positions.

By not ensuring that its staff has the required qualifications, the quality of the services Arbor provides to its clients might be adversely affected. To minimize such risk, Arbor should more closely monitor its hiring and promotion practices.

Recommendation

9. Arbor should ensure that employees providing WeCARE services have the proper qualifications and experience required by the contract and its own standards.

HRA Response: “HRA disagrees with the finding, but [agrees] with this recommendation in principle, and will continue to work with Arbor to ensure that staff qualification meet contractual requirements. The audit team identified four Arbor employees who did not meet the education and/or experience requirements of the contract. Please be advised that HRA has reviewed the qualifications of those individuals and determined that their experience qualified them for their positions.”

Auditor Comment: The evidence we were provided indicates that 4 of the 30 employees reviewed by the audit did not meet the education and/or experience requirements of the contract. As stated above, a DVE evaluator had a bachelor’s degree but did not have prior experience with job placement, vocational assessment, and/or disability services, as required by the contract. In addition, three case managers did not have the bachelor’s degree required by HRA. Although HRA states that for this position it requires that a candidate have a bachelor’s degree and one year of relevant experience, HRA also states that it (not Arbor) can deem a candidate to be acceptable based on alternative training and/or work experience. However, HRA provided no evidence that it had reviewed and approved these candidates prior to Arbor hiring them, or even after they were on the job for a considerable period of time, until we raised concerns about them during the audit. One of the three employees who did not have a bachelor’s degree only had a certificate in business management and had virtually no relevant experience when they were hired by Arbor to be a case manager. Accordingly, we reaffirm our finding.

Incomplete or Missing Attendance Records

According to the contract, Arbor is obligated to monitor client attendance at required activities and report the results to HRA on an ongoing basis. However, there was little evidence that Arbor effectively monitored client attendance. Arbor officials told us that attendance records should be scanned into AllSector and HRA Viewer. Attendance records are required for clients assigned to VRS to document their participation in VRS activities. Twelve of the 30 sampled clients were referred to VRS and showed up for VRS services. The attendance records for 9 of the 12 clients were missing in AllSector and HRA Viewer, and the records for the remaining 3 clients were incomplete. In addition, Arbor did not maintain hard copies of the attendance records for these clients. Closely monitoring client attendance is important because clients’ benefits can be reduced if the clients are not complying with job search, training, and work requirements.

After the exit conference, HRA officials provided us with data from HRA’s WeCARE Timekeeping System showing the 12 clients’ daily attendance. According to HRA officials, the information was entered by Arbor. However, this attendance information was not supported by scanned-in time or attendance sheets in AllSector that had been signed by clients and staff.

Therefore, there was no substantial evidence that these clients actually attended the VRS activities to which they were assigned.

According to HRA officials, there is no system in place to verify the validity of the attendance records entered in HRA's WeCARE Timekeeping System. As a result, HRA may have allowed clients who did not spend the required number of hours per week in VRS activities to remain in the program.

Recommendations

Arbor should:

10. More closely monitor client attendance.

11. Ensure that client attendance information reported in the WeCARE Timekeeping System is verifiable and valid.

HRA Response: "HRA agrees with these recommendations and will continue to work with Arbor to ensure that there is complete documentation of attendance reports."

Non-compliance with Hiring Commitment

According to the contract, Arbor is required to hire at least one cash assistance recipient for each \$250,000 in contract value. Based on the value of the contract for the period of February 22, 2008, through August 21, 2009, which amounted to \$48,844,778, Arbor should have maintained 195 former cash assistance recipients on its payroll during that period.

According to the contract, Arbor was required to hire the number of employees agreed upon within 90 days of the inception of the contract. Failure to hire the agreed-upon number of cash assistance recipients within the time required was to result in payment of a fine of \$19.18 per employee for each calendar day that the required number of former cash assistance recipients was not employed by Arbor.

Arbor provided us with a list of 57 former cash assistance recipients who were on the payroll during that period. Arbor was unable to provide any documentation that 4 of the 57 employees were former cash assistance recipients. Furthermore, the review of the employees' résumés, employment-offer letters, and NYCWAY information showed that 11 of them became cash assistance recipients while they were employed by Arbor and 3 became cash assistance recipients after they were terminated by Arbor. Accordingly, we were only able to verify that 39 of the 57 persons qualified as former cash assistance recipient hires as per the contract.

Although hiring 195 former cash assistance recipients would have been extremely difficult since Arbor only employs a total of 253 individuals, Arbor did not request an exemption from or a modification of this provision within 30 days of the start of the contract, as required.

HRA provided copies of partial exemptions from this provision that it granted to Arbor for Fiscal Years 2008 and 2009. Both exemptions were granted after the fiscal years to which they applied and were based on exemption requests from Arbor that were filed either near the end or after the end of the fiscal year to which it applied. On September 22, 2008, HRA granted a partial exemption to Arbor stating that the contractor's hiring of 23 cash assistance recipients was sufficient for Fiscal Year 2008. Similarly, on November 24, 2009, HRA granted a partial exemption to Arbor stating that the contractor's hiring of 11 cash assistance recipients was sufficient for Fiscal Year 2009. A more effective process would be to establish hiring goals at the beginning of each fiscal year and then determine at the end of the fiscal year whether the contractor made reasonable efforts to meet this goal.

Recommendations

Arbor should:

12. Comply with the hiring commitment provision of the contract or request exemptions on a timely basis.

HRA should:

13. Assess the reasonableness of the hiring commitment provision, revise it as necessary, and then ensure contractor compliance. HRA should consider establishing hiring goals at the start of each fiscal year and then evaluating the contractor's efforts to meet those goals at the end of each fiscal year.

HRA Response: "HRA agrees that the reasonableness of the contractor hiring commitment should be revisited and will work with appropriate components of the Agency and other stakeholders towards that end. The audit team noted that meeting the contractual requirement to hire one cash assistance participant for each \$250,000 of contract value would require that Arbor's staff of 253 include 195 cash assistance recipients, an obviously unattainable goal."

Other Matter

HRA's Records of Monitoring Meetings with Arbor Were Inadequate

As noted above, Arbor submitted a quality improvement plan in October 2007 in response to the recommendations presented in the August 2007 quality review report that was prepared by Arbor's parent company at the request of HRA. That plan called for Arbor to implement a number of practices, such as developing written standard operating procedures for frontline staff positions and the organization, providing training for its staff on the WeCARE program and interviewing clients, improving the accessibility and privacy provided by its facilities, and reestablishing a quality assurance department. Until early 2009, when HRA agreed that Arbor had implemented the improvement plan, HRA scheduled regular meetings with Arbor to review its progress. HRA provided agendas or sign-in sheets relative to nine monitoring meetings held between November 2007 and November 2008. However, HRA

maintained no record of the results of any of these meetings. If such meeting records had been prepared, they could have facilitated ongoing assessments within HRA about the progress Arbor was making in implementing the plan. In addition, the meeting records could have been shared with Arbor, which in turn could have helped ensure that HRA and Arbor were clearly communicating with each other on the progress being made in implementing the improvement plan.

HRA officials told us that regular monitoring meetings with Arbor will continue even though HRA has determined that the quality improvement plan has been implemented. Preparing records of the results of these monitoring meetings could similarly facilitate HRA's ongoing assessments of Arbor's performance, and sharing such records with Arbor could similarly enhance the communication between HRA and Arbor on Arbor's performance.

Recommendation

14. HRA should prepare records of the results of its monitoring meetings with Arbor and share the meeting records with Arbor.

HRA Response: "HRA disagrees with this recommendation. The audit team noted that HRA had agendas and sign-in sheets for quality improvement meetings but that there were no written records of those meetings. The recommendation is unnecessary because since September 2009, HRA has prepared a list of deliverables after each quality improvement meeting, shared the list with Arbor and reviewed progress at the subsequent meeting."

Auditor Comment: HRA's position on this recommendation is puzzling. The agency is disagreeing with a recommendation that it basically claims to have implemented. Furthermore, although it had ample opportunity to do so, HRA provided us with no evidence that since September 2009 it has been providing lists of deliverables to Arbor after quality improvement meetings. Accordingly, we reiterate our recommendation.



**Human Resources
Administration**

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Social Services

Office of Constituent
Services and Policy
Improvement

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December 10, 2010

Ms. Tina Kim
Deputy Comptroller for Audits
The City of New York
Office of the Comptroller
1 Centre Street, Room 1100
New York, New York 10007-2341

Dear Deputy Comptroller Kim:

We have reviewed the draft *Audit Report on the Human Resources Administration's WeCARE Contract with Arbor Education and Training*. We are gratified by the report's finding that Arbor complied with key provisions of the contract and acknowledge the audit team's diligence in identifying some opportunities for improvement. HRA appreciates your office's decision to share preliminary findings with us and to give us the opportunity to work with the audit team to strengthen their understanding of WeCARE operations. We are pleased by your office's willingness to incorporate many of our responses to those findings in the draft report.

While the description of the program in the Background section of the report is generally accurate, some clarifications are necessary.

- The report states that the WeCARE program was designed to "improve the employability of clients with health and/or mental health barriers to employment." That statement is incomplete; employability is only one of the program's goals. WeCARE was also designed to address unstable and/or untreated medical or mental health conditions through Wellness Plans and to assist potentially eligible individuals in obtaining federal disability benefits.
- The report states that HRA has only one outstationed worker at Arbor. There is an outstationed worker at each Arbor site to assist in service delivery and to monitor program operations.
- The report states that Arbor provides on-going case management to participants in the wellness component. On-going case management, which is an integral component of the program, is provided throughout WeCARE.

- The report states that HRA contracted with the New York County Health Services Review Organization (NYCHSRO) to ensure that Arbor complies with the terms of its contract. The NYCHSRO contract provides independent ongoing comprehensive monitoring, review and evaluation of the quality and effectiveness of the services provided by both WeCARE vendors. The quality assurance program was developed in 2005 in conjunction with HRA's implementation of WeCARE.
- The report states that Phase I medical evaluations are provided by licensed physicians who are board certified in family practice or internal medicine. Those examinations can also be completed by physicians with board certification in other specialties approved by HRA.
- The report states that the Vocational Rehabilitation Services (VRS) milestone is earned when the Individualized Plan for Employment (IPE) is created. The Diagnostic Vocational Evaluation (DVE)/IPE process is the first phase of VRS, and while there is a milestone payment for completing the IPE, there is no VRS milestone per se.

The Scope and Methodology section of the report asserts that "The results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess the compliance of Arbor with the terms of its contract with HRA." We strongly disagree. A sample that is not statistically valid cannot provide a reasonable basis for generalizations. The assertion is especially egregious in the staff qualifications section where the sample included one "judgmentally selected" individual.

Our specific responses to the audit's recommendations follow:

Auditors' Recommendations:
Non-job-retention Milestone Claims

Arbor should:

1. Ensure that its non-job-related milestone claims are properly supported before they are submitted.

HRA should:

2. Ensure that completed action codes are recorded in NYCWAY only when the services have been fully provided to the clients.
3. Implement a process to review non-job-retention milestones to ensure that those milestones are properly supported before they are paid.
4. Recoup \$2,080 in questionable payments for five non-job-related milestones.

Agency's Response:

HRA partially agrees with these recommendations. The audit recommendations are based on two purported findings:

- Five milestone payments totaling \$2,080 were identified that the audit team felt were inadequately documented. These included three Biopsychosocial Assessments (BPS), one Wellness Plan completion and one DVE/IPE.
- Twenty-four BPS milestones and two federal disability milestones were submitted for payment before the completion of service.

HRA has determined that the documentation for four of the five milestone payments totaling \$2,080 that the audit claimed were inadequately documented, were adequate, as follows:

- In the first case, the audit team stated that there was no evidence the physician who conducted the standard medical evaluation (the BPS I) reviewed a report of a BPS II specialty examination prior to the functional capacity outcome (FCO) determination. The client's Cash Assistance (CA) case was closed before the BPS II could be performed and so there was no BPS II report to review. All components of the BPS I were completed.
- In the second case, the audit team reported that no accommodations were listed in a BPS I. While HRA agrees the physician should have included possible accommodation needs in the BPS, all essential components of the BPS I were completed.
- In the third case, the audit team noted that the BPS was not completed by the examining physician. The medical assessment and documentation were in fact completed by the physician. Since the CA case was closed by HRA before the examining physician finalized the report, a member of the support staff completed the necessary data entry.
- In the fourth case, the audit team indicated that the documentation for completing a Wellness Plan was incomplete because the community based treating physician failed to explain in the Wellness Plan Report the reasons for not following the treatment options identified by the WeCARE physician. Although a WeCARE physician may identify treatment options, the community based treating physician is ultimately responsible for clinical decisions and the treatment plan. Wellness completion is based on the status of the individual's clinical condition at the end of the Wellness Plan, not the specific treatment(s) provided. Furthermore, community based physicians are independent of Arbor which has no jurisdiction over their treatment decisions or documentation submitted to WeCARE.
- In the last case, the audit team indicated that there was no supporting documentation for one DVE/IPE. HRA agrees the DVE/IPE was paid improperly and has recouped the payment.

The audit team contended that twenty-four BPS milestones were submitted for payment before the completion of service because the "BPS milestone is earned when the initial FCO is determined by a doctor and recorded in the comprehensive service plan."

- This finding is based on a misunderstanding of the relationship between HRA's case tracking system, NYCWAY, and the Payment and Claiming System (PACS). NYCWAY captures individual steps in a service delivery process; PACS determines a milestone has been achieved when all the required steps in a process have been completed. Payment of the BPS I milestone involves two steps. The first is completion of the BPS assessment. The second is development of the comprehensive services plan (CSP). Arbor complied with HRA policy and procedures by entering the BPS I completion code in NYCWAY on the date when the psychosocial assessment and medical evaluation were conducted and lab specimens were collected. Subsequently, Arbor completed the CSP, which includes the FCO and entered the appropriate code in NYCWAY. Only then did PACS process the milestones for payment. Consequently, Arbor complied with both HRA procedures and the contract.

The claim that two federal disability milestones were paid prior to award is not supported by HRA's records. HRA's review of these cases shows that the NYCWAY date of federal disability award on the first case was April 25, 2009; PACS records show the milestone was paid on April 28, 2009. Review of the second case shows the NYCWAY date of federal disability award was May 16, 2009; PACS records show the milestone was paid on May 19, 2009.

Consequently, recommendations 1 and 2 regarding documentation and data entry are unnecessary as they propose activities that are already established elements of Arbor and HRA operations.

Recommendation 3 is unnecessary because HRA currently performs post audit review of non retention milestone payments. Should the vendor fail to maintain appropriate documentation or to comply with our guidelines for these milestones, HRA will recoup accordingly.

HRA concurs with Recommendation 4 and has recouped the one payment that was not properly documented.

Auditors' Recommendations:
Job-Retention Milestone Claims

Arbor should:

5. Ensure that it obtains adequate supporting documentation on a first job if a retention payment is based on the client having been in a subsequent job 30, 90, or 180 days after the starting date for the first job.

HRA should:

6. Ensure that Arbor provides adequate supporting documentation on a first job if a retention payment is based on the client having been in a subsequent job 30, 90, or 180 days after the starting date for the first job.
7. Recoup the questionable \$1,700 payment for one job-retention milestone.

Agency's Response:

HRA disagrees with these recommendations. The audit reported one case in which the documentation supporting a 30 day retention milestone did not show the client was employed on the 30th day. HRA has reviewed the relevant documentation and disagrees with the finding. The client's first job covered the period of November 24, 2008 to December 20, 2008. The replacement or second job reported started on January 5, 2009 and continued to May 28, 2009. Since there is no requirement that employment be continuous, the two jobs combined satisfy the 30 day retention milestone requirement. Arbor properly used the replacement job as a continuation of the first reported employment. HRA ensures that Arbor provides adequate supporting documentation on the first job if the claim is based on the second job reported.

Consequently, recommendations 5 and 6 are unnecessary as they propose activities that are already established elements of Arbor and HRA operations. Recommendation 7 is unnecessary because the milestone was properly paid.

Auditors' Recommendation:

CSPs Not Completed within Required Length of Time

Arbor should:

8. Properly monitor client services to ensure the timely completion of the CSP.

Agency's Response:

HRA agrees with this recommendation. It should be noted that all but three of the CSPs reviewed were completed in the contractually mandated five working days from the completion of the BPS. We will continue to work with Arbor to ensure timely delivery of services. It should also be noted that in one case the delay cited was due to a client's failure to report; Arbor correctly utilized outreach to engage the client to complete the CSP.

Auditors' Recommendation:

Inadequate Support for Some Staff's Qualifications

Arbor should:

9. Ensure that employees providing WeCARE services have the proper qualification and experience required by the contract and its own standards.

Agency's Response:

HRA disagrees with the finding, but with this recommendation in principle, and will continue to work with Arbor to ensure that staff qualifications meet contractual

requirements. The audit team identified four Arbor employees who did not meet the education and/or experience requirements of the contract. Please be advised that HRA has reviewed the qualifications of those individuals and determined that their experience qualified them for their positions.

Auditors' Recommendations:

Incomplete or Missing Attendance Records

Arbor should:

10. More closely monitor client attendance.
11. Ensure that client attendance information reported in the WeCARE Timekeeping System is verifiable and valid.

Agency's Response:

HRA agrees with these recommendations and will continue to work with Arbor to ensure that there is complete documentation of attendance reports.

Auditors' Recommendations:

Non-compliance with Hiring Commitment

Arbor should:

12. Comply with the hiring commitment provisions of the contract or request exemption on a timely basis.

HRA should:

13. Assess the reasonableness of the hiring commitment provision, revise it if necessary, and then ensure contractor compliance. HRA should consider establishing hiring goals at the start of each fiscal year and then evaluate the contractor's efforts to meet those goals at the end of each fiscal year.

Agency's Response:

HRA agrees that the reasonableness of the contractor hiring commitment should be revisited and will work with appropriate components of the Agency and other stakeholders toward that end. The audit team noted that meeting the contractual requirement to hire one cash assistance participant for each \$250,000 of contract value would require that Arbor's staff of 253 include 195 cash assistance recipients, an obviously unattainable goal.

Auditors' Recommendation:

Record of Monitoring Meetings with Arbor Were Inadequate

HRA should:

14. Prepare records of the results of its monitoring meetings with Arbor and share the meeting records with Arbor.

Agency's Response:

HRA disagrees with this recommendation. The audit team noted that HRA had agendas and sign-in sheets for quality improvement meetings but that there were no written records of those meetings. The recommendation is unnecessary because since September 2009, HRA has prepared a list of deliverables after each quality improvement meeting, shared the list with Arbor and reviewed progress at the subsequent meeting.

It is the goal of HRA to provide services to our clients, who are among the most vulnerable of New York's citizens, in the most effective and efficient manner possible while adhering to all applicable policies, rules and directives. In that spirit, we would like to again thank the Comptroller's staff for recognizing that Arbor is compliant with key provisions of the WeCARE contract and for bringing to our attention areas in which HRA and Arbor may continue to improve operations. Should you have any questions regarding this matter, please contact Hope Henderson, Director, Bureau of Audit Coordination, at (212) 331-4660.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jane Corbett", written in dark ink.

Jane Corbett

C: Commissioner R. Doar
R. Esnard
M. Fouks
F. Lipton