

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Department of Youth and Community Development Transitional Independent Living Program

ME09-072A

June 30, 2009



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentleman:

In accordance with the responsibilities of the Comptroller contained in Chapter 5, §93, of the New York City Charter, my office has conducted an audit to determine whether the Department of Youth and Community Development (DYCD) effectively monitored its Transitional Independent Living (TIL) program providers to ensure that they complied with key provisions of their contracts.

Under contract with DYCD, TIL agencies provide homeless youths under the age of 21 with shelter and support services. We audit programs such as this to assess whether City agencies monitor their contractors to ensure that they provide required services and comply with the terms of their agreements.

The results of our audit, which are presented in this report, have been discussed with DYCD officials and their comments have been considered in preparing this report. Their complete written response is attached to this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in black ink, appearing to read "William C. Thompson, Jr.", written over a horizontal line.

William C. Thompson, Jr.

WCT/ec

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ADDENDUM DYCD Response

*The City of New York
Office of the Comptroller
Bureau of Management Audit*

**Audit Report on the Department of
Youth and Community Development
Transitional Independent Living Program**

ME09-072A

AUDIT REPORT IN BRIEF

This audit determined whether the Department of Youth and Community Development (DYCD) effectively monitored the Transitional Independent Living (TIL) program. DYCD's Division of Runaway and Homeless Youth Services (RHY) provides funding to community-based organizations to operate runaway and homeless services programs for youths under the age of 21. These programs offer youths alternatives to living in the streets by placing them in a safe environment or endeavoring to achieve family reunification. In Fiscal Year 2008, DYCD's TIL program provided homeless youths with support and shelter services at nine locations through DYCD contracts with six community-based organizations (CBOs). According to the Fiscal Year 2008 RHY Statistical Data Report on TIL Programs, TIL contractors provided direct services to 244 youths. Funding for the TIL program was \$5,168,505.

Audit Findings and Conclusions

The audit concluded that DYCD did not adequately monitor the contract compliance of its TIL vendors. This finding is based primarily on inadequate documentation of reviews conducted by contract managers during site visits, as well as limited evidence of follow-up when problem areas were identified. These monitoring weaknesses, however, did not result in contract noncompliance; our examination of certain key contract provisions found that TIL vendors generally complied with their contract.

Although DYCD contract managers made an adequate number of site visits to TIL facilities, they often did not document what they found or follow up to determine whether vendors took action to correct deficiencies. As a result, DYCD cannot assure (1) the accuracy and completeness of its site visits and assessments or (2) that TIL vendors corrected noted deficiencies. In addition, our data reliability assessment concluded that DYCD did not maintain an accurate list of TIL clients.

To determine whether the monitoring weaknesses cited resulted in TIL vendors failing to meet the terms of their contracts, we assessed the vendors' compliance with certain key contractual provisions. Our analysis revealed that: TIL vendor client files generally contained adequate supporting documentation relative to client assessments, individual service plans, and discharge services; TIL vendor personnel files generally contained evidence that employees' backgrounds were verified and that training and annual performance evaluations were provided; and TIL vendors' claims for reimbursement were adequately supported. However, we found serious unsanitary and unsafe conditions at some TIL facilities during unannounced visits.

In other matters, we have some concern that DYCD's contract lacks performance incentives with regard to client services.

Audit Recommendations

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

- Improve its monitoring of TIL vendors by preparing site-visit reports that provide a detailed account of what the contract manager reviewed, a detailed listing of findings, and a corresponding set of recommendations. Such site-visit reports should also require TIL vendors to prepare corrective action plans to address these findings.
- Conduct follow-up visits when deficiencies are identified to ensure that they are corrected.
- Implement stronger controls (e.g., increase the number of unannounced visits) to ensure that TIL vendors consistently provide clean and safe environments at their facilities.
- Include performance-based measures in future TIL vendor contracts as incentives to encourage vendors to improve their services.
- Include provisions in future contracts that assess some penalties on TIL vendors that provide poor or sub-par services.

DYCD Response

In its response, DYCD generally agreed with seven recommendations, disagreed with two, and did not respond to one.

INTRODUCTION

Background

DYCD supports youths and adults through contracts with CBOs throughout New York City. The agency's goals are to promote and support the development of healthy, educated youths who are involved in their communities, to prepare youths for economic independence, and to strengthen and revitalize the City's communities. Included in these responsibilities are DYCD's efforts to assist the City's runaway and homeless youth.

DYCD's Division of Runaway and Homeless Youth Services provides funding to CBOs to operate runaway and homeless services programs for youths under the age of 21. These programs offer youths alternatives to living in the streets by placing them in a safe environment or endeavoring to achieve family reunification. Program models include non-residential programs, crisis shelters and transitional independent living programs.

In Fiscal Year 2008, DYCD's Transitional Independent Living program provided homeless youths with support and shelter services at nine locations through DYCD contracts with six CBOs. All TIL programs are open 24 hours a day, 365 days per year. A young person in need of these services must first visit a DYCD crisis shelter and obtain a referral to a TIL program. Aside from shelter, the program also provides TIL residents with food, clothing, transportation, and individual and group counseling. Additional services offered at TIL programs include educational resources, vocational training, job placement assistance, and basic life-skills training. Youths may stay in the TIL program for up to 18 months.

In Fiscal Year 2008, DYCD's funding for the TIL program was \$5,168,505. This amount supported 122 beds, with an allowable funding per bed ranging from \$34,182 to \$63,685 per year. DYCD paid TIL providers on a cost-reimbursement basis in accordance with a line-item budget approved by DYCD. According to the Fiscal Year 2008 RHY Statistical Data Report on TIL Programs, TIL contractors provided direct services to 244 youths.

Objective

The objective of this audit was to determine whether DYCD effectively monitored TIL providers to ensure that they complied with key provisions of their contracts.

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 scope period covered by this audit was July 1, 2007 through June 30, 2008 (Fiscal Year 2008).

To gain an understanding of DYCD practices concerning the oversight of its contracts with TIL providers, we conducted interviews with DYCD officials in RHY. We visited and interviewed officials at each of the nine TIL facilities that had clients in Fiscal Year 2008 and at a TIL facility that opened in Fiscal Year 2009. The policies and procedures for TIL providers and relevant New York State laws and regulations were also reviewed.

To determine whether DYCD effectively monitored TIL providers to ensure that they complied with key provisions of their contracts, we reviewed reports and supporting documentation relating to DYCD site visits to TIL facilities in Fiscal Year 2008 and determined whether DYCD communicated its findings and recommendations to the providers, whether the providers prepared corrective action plans, and whether DYCD conducted follow-up visits.

To determine whether there was sufficient evidence that TIL contractors provided appropriate services to TIL clients, we randomly selected one facility from each borough with the exception of Staten Island, which did not have a facility. The four facilities that we selected were: Inwood House (Manhattan), Girls Educational and Mentoring Services (the Bronx), SCO Independence Inn II (Brooklyn), and SCO Independence Inn IV (Queens). At these four facilities, we reviewed case files for 24 of the 75 clients admitted to the program in Fiscal Year 2008. For the case files, we determined whether the required assessments and individual service plans and updates were completed and whether discharge and follow-up services were provided. We also reviewed personnel files for the 46 staff members who had direct contact with clients. For the personnel files, we determined whether there was sufficient screening and supervision of staff. Specifically, we determined whether there was evidence of child-abuse registry clearances, verification of educational backgrounds, reference checks, and documentation of training and annual performance evaluations.

To determine whether TIL providers supplied adequate living facilities for their residents, we conducted physical inspections at each TIL facility.

To determine whether TIL providers had adequate documentation to support claims for financial reimbursement, we reviewed expenditures for selected months for the three vendors that operated the four facilities in our sample.

As part of our review of controls, we assessed the reliability of data obtained from DYCD on youths who participated in the TIL program during Fiscal Year 2008. We received a DYCD list showing that 204 clients participated in the TIL program during that period. We then compared the DYCD list of clients to the contractors' list of clients enrolled during Fiscal Year 2008. Information such as client names and identification numbers appearing on the DYCD list were compared to the contractors' lists.

We determined whether DYCD's contracts with TIL providers were 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 us with a reasonable basis to assess DYCD's monitoring of TIL providers' compliance with key contract provisions.

Discussion of Audit Results

The matters in this report were discussed with DYCD officials and TIL providers during and at the conclusion of this audit. A preliminary draft report was sent to DYCD officials on April 21, 2009, and was discussed at an exit conference held on May 8, 2009. On May 29, 2009, we submitted a draft report to DYCD officials with a request for comments. We received a written response from DYCD officials dated June 12, 2009. DYCD generally agreed with seven recommendations, disagreed with two, and did not respond to one. However, the agency disagreed with some of the report's findings. We gave DYCD many opportunities prior to and after the exit conference to identify those specific instances where they disagreed with the report's findings. However, DYCD chose to wait until after the draft report was issued to identify the specific instances in which they disagreed. Moreover, agency officials did not provide any documentation to support their positions on these instances. Consequently, we are unable to verify their arguments.

The full text of the DYCD response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DYCD did not adequately monitor the contract compliance of its TIL vendors. This finding is based primarily on inadequate documentation of reviews conducted by contract managers during site visits, as well as limited evidence of follow-up when problem areas were identified. These monitoring weaknesses, however, did not result in contract noncompliance; our examination of certain key contract provisions found that TIL vendors generally complied with their contract.

Although DYCD contract managers made an adequate number of site visits to TIL facilities, they often did not document what they found or follow up to determine whether vendors took action to correct deficiencies. As a result, DYCD cannot assure (1) the accuracy and completeness of its site visits and assessments or (2) that TIL vendors corrected noted deficiencies. In addition, our data reliability assessment concluded that DYCD did not maintain an accurate list of TIL clients.

To determine whether the monitoring weaknesses cited resulted in TIL vendors failing to meet the terms of their contracts, we assessed the vendors' compliance with certain key contractual provisions. Our analysis revealed that: TIL vendor client files generally contained adequate supporting documentation relative to client assessments, individual service plans, and discharge services; TIL vendor personnel files generally contained evidence that employees' backgrounds were verified and that training and annual performance evaluations were provided; and TIL vendors' claims for reimbursement were adequately supported. However, we found serious unsanitary and unsafe conditions at some TIL facilities during unannounced visits.

In other matters, we have some concern that DYCD's contract lacks performance incentives with regard to client services.

Limited Evidence of Monitoring of TIL Vendors by DYCD

DYCD has limited evidence that it adequately monitors its TIL vendors. As a result, the agency is hindered in ensuring that conditions requiring attention are identified and properly addressed.

DYCD contract managers conduct regular site visits to all TIL programs. These site visits include inspections of the physical conditions, operations, services provided to participants, staffing schedules, personnel and training records, client case records, and other documentation required to demonstrate compliance with the provisions of the vendors' contracts with DYCD. After each visit, contract managers complete a site-visit report, which records the date of the visit, the report focus (administrative, programmatic, or other), and an overall rating (ranging from unsatisfactory to excellent). In addition, the contract manager provides specific ratings in six review areas as follows:

- Outcome tracking and verification (pre- and post-assessment, milestone and outcome reporting, verification of outcomes)
- Timeliness of deliverables (program performance reports, incident reports)
- Facility and equipment (cleanliness, safety, ADA compliance, HVAC appropriateness, certification and inspection)
- Program administration (reporting, recordkeeping, completeness of client data)
- Program effectiveness (client achievement, development, staffing, plan implementation)
- Administration (organization, board oversight, policy and procedure, staff development and training, incident-reporting process)

Of the 47 site visits DYCD contract managers conducted in Fiscal Year 2008, 36 were primarily monitoring visits with the purpose of performing programmatic, administrative, and physical environment reviews of TIL vendors. We found that 26 (72%) of the 36 monitoring reports provided little or no explanation or documentation on the work that was done in one or more review areas. Without an adequate description of the review or an evaluation of the review results, DYCD does not offer any assurance as to the accuracy and completeness of its site visit and assessment. In addition, persons responsible for reviewing the work of contract managers cannot ensure that visits are comprehensive and that problem areas are properly identified and addressed. Better documentation of its monitoring reviews and its review findings would enable DYCD to more effectively plan future monitoring reviews and to follow-up on previous findings.

We did find that in the six monitoring reports in which vendors were rated as “needs improvement” or “unsatisfactory” in one or more review areas, DYCD contract managers provided a written notice to the vendors of their findings. However, for five of the six reports, DYCD did not provide written recommendations and/or require written correction plans from the vendors. For three of the six reports, there is no evidence that DYCD followed up on specific problem areas identified.

For example, in a site-visit report conducted at the Girls Educational and Mentoring Services (GEMS) facility on May 16, 2008, the contract manager noted the need for repairs to the kitchen cabinets and bathroom doors. The staff was also instructed that kitchen knives should be locked away. In addition, the contract manager suggested that the residence should be exterminated since he noticed a roach during his visit. However, there was no indication that the facility was informed in writing of the problems, that a correction plan was required from the facility, or that DYCD ensured that the necessary work was done. In another example, in a site-visit report on an unannounced visit conducted at SCO Independence Inn II on September 11, 2007, the contract manager verified that a client was still living at the residence even though the client had aged out of the program. Though the contract manager informed SCO staff that this was against regulatory requirements, again, there was no indication that the facility was informed in writing of the violation, that a correction plan was required from the facility, or that a follow-up visit was conducted to ensure that this client was referred to or placed elsewhere. By providing more detailed information and feedback on the site visits, and by conducting follow-up visits, DYCD would provide better direction to its TIL vendors for meeting the needs of their clients. It would also enable DYCD officials to ensure that contract managers are conducting

comprehensive reviews and that problem areas are properly identified, addressed, and followed up.

DYCD Response: “In addition, although the Draft Report cites five instances in which site visit recommendations and follow-up were not fully documented, DYCD files contain the documentation listed below with respect to those instances.” See page 3 of 7 of the Addendum for DYCD’s detailed explanations.

Auditor Comment: Although DYCD stated that its files contained documentation with respect to the instances in which site visit recommendations and follow-up were not fully documented, the agency provided no evidence and/or supporting documentation that it prepared written recommendations, required corrective action plans, and/or followed-up on the specific problems identified. Furthermore, for the September 11, 2007 follow-up visit, DYCD provided information about a different facility and for the September 28, 2007 visit, the agency provided information about a visit conducted on a different date.

Recommendations

DYCD should:

1. Improve its monitoring of TIL vendors by preparing site-visit reports that provide a detailed account of what the contract manager reviewed, a detailed listing of findings, and a corresponding set of recommendations. Such site-visit reports should also require TIL vendors to prepare corrective action plans to address these findings.
2. Conduct follow-up visits when deficiencies are identified to ensure that they are corrected.

DYCD Response: “In Fiscal Year 2009, DYCD implemented a new and more detailed site monitoring tool that guides contract managers toward specific documentation of site visit results. This form specifically requests information regarding follow-up and corrective action and has been expanded for Fiscal Year 2010. DYCD now requires corrective action follow-up to be documented in writing within 48 hours.”

DYCD Does Not Maintain an Accurate List of TIL Clients

DYCD does not maintain an accurate list of clients enrolled in the TIL program. Without an accurate list of clients, DYCD and its vendors cannot adequately track and monitor the status of all of the clients involved in the TIL program. DYCD provided a list of clients that were involved in the TIL program in Fiscal Year 2008. The list contained a total of 204 youths and their children. This was less than the 244 clients reported in the Fiscal Year 2008 RHY Statistical Data Report on TIL Programs. Furthermore, when we compared this list to the vendors’ lists of enrolled youths, we found discrepancies. The vendors reported serving 228

youths and their children; however, 49 of those youths were not on DYCD's list. Conversely, 25 youths on the DYCD list were not on the vendors' lists.

Recommendations

DYCD should:

3. Immediately reconcile the lists to determine an accurate population of clients served.
4. Work with TIL vendors to institute a system that will ensure that it maintains an accurate client list that is consistent with the vendors' client lists.

DYCD Response: "In Fiscal Year 2007 DYCD began collecting unique identifying information on youth served in residential programs through a manual system of data collection in which TIL vendors email DYCD a daily census with specific names and a monthly report with numbers of youth served. The monthly report is scrutinized to determine the numbers of youth served and the utilization rate – the data reported in the Mayor's Management Report. The individual names are entered manually into an Excel spreadsheet. In Fiscal Year 2010 DYCD will upgrade this system with an outline data and management tool for the TILs that will reduce data error and improve program management."

Results of Our Review of TIL Vendor Files and Facility Conditions

Although we found evidence that DYCD's monitoring of TIL vendors was lacking, the TIL vendors we reviewed generally met the terms of their contracts, based on our examination of TIL vendor records. Our review revealed that: client files generally contained adequate supporting documentation relative to client assessments, individual service plans, and discharge services; TIL vendor personnel files generally contained evidence that employees' backgrounds were verified and that training and annual performance evaluations were provided; and TIL vendors' claims for reimbursement were adequately supported. However, we found serious unsanitary and unsafe conditions at some TIL facilities during unannounced visits.

TIL Vendor Client and Personnel Files Contained Adequate Supporting Documentation

Our review of a sample of 24 client files revealed that the files contained adequate supporting documentation to indicate that TIL vendors are providing services to clients as required by the contract. According to the TIL contract scope of services, in addition to providing clients with basic needs such as food and shelter, TIL vendors are responsible for providing services that help them progress from crisis and transitional care to independent living. In order to track the progress of the youths, TIL vendors are required to maintain records in the

client files demonstrating, among other things, that the following assessments, plans, and services were provided:

- An assessment that includes: 1) a determination of eligibility for RHY and other social services, 2) a preliminary evaluation of needs, and 3) a comprehensive evaluation of client skills.
- An individual service plan (ISP) to be completed within 30 days of admission and reviewed and updated with the resident every 60 days.
- Discharge and follow-up services that include the preparation of a discharge summary and follow-up case management and other appropriate services (excluding shelter) for at least 90 days after discharge.

Our review of 24 client case files found that TIL vendors provided sufficient documentation to demonstrate that these contract provisions were generally met. Table I, below, shows the scope of required services and the results of our review:

Table I
Results of Auditors’ Review of Provision of
Required Services to Sample of 24 Clients

Required Services	Results of Auditors’ Review
Assessment	24 (100%) of the 24 client files contained evidence of required assessments.
Individual Service Plan	21 (100%) of the 21 required ISPs were completed, but 4 of the 21 ISPs were not completed within 30 days of admission. (Three of the 24 clients were in the program less than 30 days and did not require an ISP.)
Discharge and Follow-up Services	23 of the 24 clients were discharged by the facility. Discharge summaries were prepared for 22 (96%) of the 23 clients. For 18 (78%) of the 23 discharged clients, there was evidence of follow-up contact with the client.

The ISP is important because it outlines a client’s goals and the strategies for meeting these goals. Accordingly, a delay in preparing one (or not preparing one at all) may mean that the client’s care needs were not being addressed on a timely basis, if at all. Three of the four ISPs that were not completed within 30 days of admission were completed within 60 days of admission. However, an ISP for one client at Inwood House was not completed until about five months after admission. Even though this case appears to be an exception to the normal practice, we are very concerned that such a long time elapsed before a service plan to address the needs of this client was completed.

Twelve of the 24 clients in our sample required ISP updates. Many of the ISP updates for these clients were prepared within 60 days of the initial ISP or of the previous ISP update.

However, for one of the 12 clients, a required ISP update was not prepared; for two clients a total of five ISP updates were prepared up to 50 days after the due dates; and for a fourth client the ISP update was prepared almost four months after the date of the initial ISP. While follow-up contact was not possible for 2 of the 23 discharged clients because the clients' whereabouts were unknown, there was no evidence that follow-up contacts were made to 3 (14%) of the remaining 21 discharged clients.

We also reviewed a sample of 46 files of staff members who had direct contact with clients and determined whether they contained evidence of the following:

- Clearance through the New York State Central Register (SCR) of Child Abuse and Maltreatment
- Verification of educational background
- Reference check
- Training
- Annual performance evaluation
- Medical clearance

The staff files reviewed contained most of the required documentation. However, the required SCR clearances were not documented for two employees; reference checks were not documented for six employees; training logs were not available for two employees; medical clearance documentation was not available for three employees; and an annual performance evaluation was not available for one employee.

DYCD Response: “In response to the instances cited in the Draft Report of missing information in staff files, DYCD, after requesting and receiving the specifics as to the staff so referenced, has ascertained the following:

“Regarding the finding that SCR clearances were not documented for two employees: The two employees were new hires of SCO Family Services. For one of them the SCR clearance was received on February 11, 2009. For the other, both the vendor and DYCD have communicated with OCFS to expedite the clearance, which is expected in early June 2009. . . .

[DYCD provided explanations on missing reference checks for several employees. See page 5 of 7 of the Addendum.]

“With respect to the finding that training logs were not available for two employees: For each of two employees at GEMS, training logs were submitted to DYCD on May 4, 2009.

“Regarding the finding that medical clearance documentation was not available for three employees: For one employee of SCO Inn IV a medical clearance dated March 12, 2008, current at the time of the audit, is available. For two employees of GEMS, medical clearances, dated respectively January 22, 2009 and April 14, 2009, are available.

“Relating to the finding that an annual performance evaluation was not available for one employee: Please be aware that the employee of Inwood House had not completed a full year of service with the employer at the time of the audit.”

Auditor Comment: DYCD did not provide any documentation to substantiate any of its explanations on these employees. The vendors should have had supporting documentation on these employees’ SCR clearances, reference checks, training, and medical clearances readily available at the time of our review. With regards to the performance evaluation, the employee had been employed at Inwood House since 2002, therefore, a current evaluation should have been in the employee’s file. Therefore, our findings regarding these cases stand.

Recommendations

DYCD should:

5. Ensure that all initial ISP and ISP updates are prepared in a timely manner, and that follow up is performed for all discharged clients.

DYCD Response: “DYCD is encouraged by the conclusion set out on page 9 of the Draft Report: ‘TIL Vendor Client and Personnel Files Contained Adequate Supporting Documentation.’ DYCD is also pleased that the Draft Report establishes in Table I that 100 percent of client files contained contractually required assessments and Individual Service Plans (ISPs) and that ISPs and discharge summaries were completed in time for nearly all of the youth who stayed more than 30 days, the point at which ISPs are required. In Fiscal Year 2010 and thereafter, DYCD, using the revised monitoring instrument and the online client tracking system noted above, will be able to ensure the timely preparation and updating of these documents, as well as the performance and documentation of follow-up services.”

6. Ensure that all SCR and medical clearances are obtained and that training logs, reference checks, and performance evaluations are documented for all employees who have contact with clients.

DYCD Response: DYCD did not respond to this recommendation.

TIL Vendor Claims for Reimbursement Were Adequately Supported

Our review of nine expenditure categories for three vendors that operated the four TIL facilities in our sample determined that vendor claims were adequately supported. Table II, below, shows the facilities, months, and expenditures reviewed.

Table II
Facilities, Months, and Expenditures Reviewed

Facility	Month	Expenditures
SCO Independence Inn II	September 2007	Property Rental, Participant Stipends
Girls Educational & Mentoring Services	October 2007	Participant Stipends, Travel
Inwood House	February 2008	Child Evaluations, Space Rental, Indirect Costs
SCO Independence Inn IV	June 2008	Kitchen Equipment, Housekeeping Equipment, Repairs and Maintenance

For these facilities, we obtained the Program Expense Report Summary (PERS) for the randomly selected months. We then selected a variety of expenditure categories with high dollar amounts for review. The facilities provided sufficient documentation (invoices, purchase requests, receiving documentation, and disbursement logs) to support the expenditures. We determined that vendor claims for reimbursement for the selected expenditure categories were adequately supported.

We also reviewed the Salaries and Wages portion of the PERS. This section lists the employees who received paychecks for the month, the amounts received, and the amounts charged to DYCD. We obtained the personnel files for the 25 employees who were identified as having worked at these facilities during the selected months, who had direct contact with clients, and whose files were still available as of the autumn of 2008. We reviewed the files to determine whether there was sufficient evidence that these were bona fide employees. Our review indicated that that they were bona fide employees.

**Unsanitary and Unsafe
Conditions at Some TIL Facilities**

Between October 29, 2008, and November 19, 2008, we conducted unannounced visits to nine TIL facilities. We observed serious unsanitary conditions at the Green Chimneys Children’s Services residence and an unsafe condition at the SCO Independence Inn II facility. Less serious conditions were also identified at two other TIL facilities. We immediately reported the results of our visits to DYCD officials and summarized them in a December 5, 2008 letter to the DYCD Commissioner. We also compared our findings to DYCD’s findings during their sites visits to these facilities. DYCD gave no indications of unsanitary or unsafe conditions at these sites.

On October 29, 2008, we observed several disturbing conditions during an unannounced inspection of the Green Chimneys Children’s Services TIL residence in Manhattan. This vendor provides two 3-bedroom apartments and one 4-bedroom apartment at this location to homeless youths participating in the TIL program. During the inspection, the auditors observed a significant amount of rodent droppings in the kitchen and serious mold on the bathroom ceiling

of one apartment. The auditors also observed a considerable amount of peeling paint and plaster on the ceiling over the shower in another apartment. In a December 9, 2008 response to our letter, the Commissioner informed us that DYCD contacted Green Chimneys to ensure that the matters would be addressed. According to the Commissioner, Green Chimneys informed DYCD that the droppings had been cleaned and that an exterminator was making regularly scheduled monthly visits. With regard to the mold and the peeling paint and plaster, the Commissioner stated that Green Chimneys had retained a contractor to make the repairs and that DYCD would verify their completion.

On November 7, 2008, we observed a potentially hazardous condition during an unannounced visit to the SCO-Independence Inn II in Brooklyn. Inn II is a residence for young single women as well as young women and their children. The residence was generally clean and in good condition. There were child-safety gates throughout the residence to prevent children from entering or exiting an area, and all the electrical outlets had safety covers over them. However, in two of the mother-and-child units, one window in each of these rooms lacked child-safety window guards. An Inn II staff person explained that the air conditioners in those windows had just been removed and they had not had a chance to install the window guards. We informed Inn II staff that the lack of safety-window guards in those two windows posed a hazard and that they needed to be installed immediately. In his December 9 letter, the DYCD Commissioner informed us that the guards had been installed.

We identified less serious conditions at two other TIL facilities. At SCO Independence Inn III in Brooklyn, we found a large kitchen knife that was left in one of the kitchen drawers instead of being stored in a locked drawer that was inaccessible to residents. At SCO Independence Inn IV in Queens, the door to one of the bedrooms on the second floor of the building had been removed from its hinges and, along with a long piece of plywood, was left leaning up against the wall in the room. Although this bedroom was unoccupied, there were small children living on the second floor. The other five facilities we visited had no reportable conditions.

During Fiscal Year 2008, DYCD contract managers made 47 site visits to TIL facilities of which 40 involved inspections of the physical conditions of the facilities. (DYCD refers to these inspections as “facility and equipment” reviews.) Of the 40 facility reviews, only 7 were unannounced visits. The contract managers made six visits to the Green Chimneys facility in Manhattan, none of which was unannounced. For each of the six visits conducted between December 2007 and May 2008, Green Chimneys was given a “satisfactory” rating in the facility review area. The contract managers did not cite any problems with the physical condition of the facility and gave no indication what these satisfactory ratings were based on. To ensure that the vendors maintain healthy and safe residences, DYCD should consider increasing the number of unannounced facility reviews it conducts at TIL facilities. A minimum number of unannounced visits each year would help ensure that TIL vendors consistently provide clean and safe environments at their facilities. Furthermore, the results of these visits need to be documented in detail (e.g., through photographs of the facilities), and DYCD needs to ensure that contract managers follow up and make sure that any negative conditions are corrected.

Recommendations

DYCD should:

7. Implement stronger controls (e.g., increase the number of unannounced visits) to ensure that TIL vendors consistently provide clean and safe environments at their facilities.
8. Ensure that its contract managers more effectively monitor, document, and follow up on the safety and cleanliness of TIL facilities.

DYCD Response: “The expanded DYCD site visit monitoring report will increase documentation of the cleanliness and safety of the sites, along with other observable features that may require corrective measures.”

Other Matter

DYCD’s TIL contracts are primarily cost-reimbursement contracts. DYCD pays the TIL vendors on a cost-reimbursement basis using a line-item budget. Each month, TIL vendors are required to submit a PERS that details their expenditures for the month. There are no incentives in the contract relating to performance to encourage the TIL vendors to improve their services.

DYCD officials told us that cost-reimbursement contracts are used for TIL vendors because they need to invest considerable amounts of money up-front to provide suitable facilities for their clients. DYCD officials stated that without the guaranteed funding, vendors would be reluctant to invest in the development of comfortable, home-like settings for their clients. Although DYCD reserves the right to include performance-based measures in the vendor contracts, officials believe that such measures would put an unreasonable amount of financial pressure on the vendors that would limit the services that they can provide.

However, by beginning to include performance measures in its contracts with TIL vendors, DYCD would have an additional tool by which to encourage improved performance. For example, one of the primary goals of the TIL program is to equip youths with skills needed to advance their educational and career objectives. However, because TIL contracts do not contain a performance measure related to this goal, DYCD is limited in its ability to hold vendors accountable with regards to how well they perform in helping DYCD meet one of the major goals of the program. DYCD could provide performance incentives encouraging TIL vendors to maximize their effectiveness in helping clients meet their objectives. A vendor could receive an incentive payment when its client files (i.e. assessments, ISPs, and discharge and follow-up services) consistently show concerted efforts by the vendor to address clients’ individual needs. To encourage the TIL to maintain a clean and safe environment, DYCD could perform unannounced facility inspection visits to these facilities and provide incentive payments to vendors that receive a very good or excellent rating in maintaining their facilities. Again,

establishing incentive-based performance targets would encourage the TIL vendors to provide better service to its clients.

Conversely, DYCD could impose some penalties on TIL vendors for providing poor or sub-par services. If, for example, DYCD discovers that a facility is not maintained according to standards, the TIL vendor could be assessed a penalty for not meeting such standards. A vendor could also be assessed a penalty for not properly screening newly hired staff or for not providing adequate ongoing staff training. DYCD should consider establishing incentive-based performance targets with the goal of encouraging the TIL vendors to provide more effective services to its clients.

Recommendations

DYCD should:

9. Include performance-based measures in future TIL vendor contracts as incentives to encourage vendors to improve their services.

DYCD Response: “DYCD maintains contracts with performance payment components for other programs and, after careful review, has determined that these recommendations are not practicable with respect to contracts with not-for-profit vendors of critical residential services for youth. In fact, there are no potential savings to be achieved by vendors from which incentives could be paid. The funds available for TIL services are severely limited, therefore DYCD must make maintaining residential capacity its highest priority. Without additional funds for ‘incentives’ DYCD could only make such payments by withholding a portion of the contract value, which is based on each vendor’s costs for providing the statutorily and contractually required residential facilities and is fixed, such withholding would result in less funding available for the fixed residential costs, thus reducing capacity. Currently, DYCD utilizes a collaborative approach to quality improvement that includes corrective action, staff training, technical assistance, and capacity-building services through a dedicated provider. These tools are employed to guide the not-for-profit TIL vendors toward excellent performance while maintaining the critically needed services.”

Auditor Comment: The funds that vendors receive to provide TIL services are not strictly for maintaining residential capacity, but also for providing services to its clients. As mentioned earlier, such services include educational programs, vocational training, job placement assistance and basic life-skills training. Therefore, funds that are available to the vendors for providing these services could be used to provide incentives without jeopardizing funds for fixed residential costs. We continue to believe that including incentives in the contract would encourage an enhanced level of performance from DYCD’s TIL vendors.

10. Include provisions in future contracts that assess some penalties on TIL vendors that provide poor or sub-par services.

DYCD Response: “In addition, DYCD had available a range of contractual and statutory penalties for poor performance, including withholding payment during corrective action if performance issues are not resolved, contract termination, and requesting decertification by OCFS. Any of these actions can result in significant financial consequences to a vendor. As the Draft Report reflects overall compliance by the vendors with their contract and statutory requirements, it appears that the tools currently used by DYCD are effective.”

Auditor Comment: Although requested, DYCD did not provide specific information about contractual or statutory penalties that could be imposed on the providers for poor program performance other than termination or decertification. Accordingly, we continue to believe that including penalties in the contract would encourage an enhanced level of performance from DYCD’s TIL vendors.



**NEW YORK CITY
DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT
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JEANNE B. MULLGRAV
Commissioner

June 12, 2009

Deputy Comptroller John Graham
Office of the Comptroller
1 Centre Street
New York, New York 10007-2341

Re: **DRAFT REPORT**
**Audit Report on the Department of Youth and Community
Development Transitional Independent Living Program
ME09-072A (Draft Report)**

Dear Mr. Graham:

The Department of Youth and Community Development (DYCD) appreciates this opportunity to review and provide the attached response to the Draft Report. It is respectfully requested that the response be attached as part of the Final Report.

For Fiscal Year 2010 DYCD anticipates program improvements as a result of system upgrades and new contracts recently awarded to competitively selected vendors of Transitional Independent Living services. DYCD welcomes suggestions in its ongoing efforts to provide these critical residential services for vulnerable youth in New York City.

If you have questions regarding the response or wish to discuss the audit further, please do not hesitate to let me know.

Sincerely,



Jeanne B. Mullgrav

Attach.

COMMENTS
OF THE DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT
ON THE DRAFT AUDIT REPORT ON THE DEPARTMENT OF YOUTH AND
COMMUNITY DEVELOPMENT TRANSITIONAL INDEPENDENT LIVING
PROGRAM ME09-072A (DRAFT REPORT)

The Department of Youth and Community Development (DYCD), with appreciation for the diligence with which the audit was conducted, is pleased to acknowledge the conclusions of the Draft Report, first, that the Transitional Independent Living (TIL) vendors, who provide residential and support services to homeless youth subject to certification and oversight by the New York State Office of Children and Family Services (OCFS), maintain compliance with their contractual and regulatory requirements, and, second, that DYCD conducts regular and adequate site visits to those vendors. DYCD will continue to monitor the TIL vendors for contract compliance and further expand upon and document these activities as indicated in this response.

Specific comments in response to the enumerated Recommendations in the Draft Report are set forth below.

Recommendations 1 and 2:

DYCD should:

1. Improve its monitoring of TIL vendors by preparing site-visit reports that provide a detailed account of what the contract manager reviewed, a detailed listing of findings, and a corresponding set of recommendations. Such site-visit reports should also require TIL vendors to prepare corrective action plans to address these findings.
2. Conduct follow-up visits when deficiencies are identified to ensure that they are corrected.

DYCD Comment:

In Fiscal Year 2009, DYCD implemented a new and more detailed site monitoring tool that guides contract managers toward specific documentation of site visit results. This form specifically requests information regarding follow-up and corrective action and has been expanded for Fiscal Year 2010. DYCD now requires corrective action follow-up to be documented in writing within 48 hours.

In addition, although the Draft Report cites five instances in which site visit recommendations and follow-up were not fully documented, DYCD files contain the documentation listed below with respect to those instances. Under DYCD's new procedures, such information and documentation will be further strengthened.

- GEMS: Follow-up to December 19, 2007 visit: An email from the program manager to GEMS staff on December 20, 2007 clearly states the personnel issues that required attention. A follow-up visit was done on March 7, 2008, and the site visit report notes that personnel files were satisfactory.
- GEMS: Follow-up to May 16, 2008 visit: The site visit notes indicate verbal communication with the vendor regarding facility issues. A follow-up visit was made on June 16, 2008, and the site visit report cites the facility as satisfactory.
- Green Chimneys: Follow-up to February 5, 2008 visit: Notes on the site visit report clearly state communication with vendor regarding certification issues, as supported by follow-up emails. A follow-up visit was planned for March 5, 2008 and was rescheduled for March 25, 2008, when the issues were noted as being resolved satisfactorily.
- SCO Inn II: Follow-up to September 11, 2007 visit: As follow-up to the site visit which revealed that a client was overage and therefore out of compliance, DYCD held a conference call with the vendor on the matter, with the result that the client was immediately referred to an age-appropriate housing option. A follow-up visit with OCFS regarding certification compliance was made two days later, on September 13, 2007, when compliance was noted as satisfactory.
- SCO Inn III: September 28, 2007 visit: This site visit report notes excellence in all categories so that specific follow-up actions were not needed.

Recommendations 3 and 4:

DYCD should:

3. Immediately reconcile the lists to determine an accurate population of clients served.
4. Work with TIL vendors to institute a system that will ensure that it maintains an accurate client list that is consistent with the vendors' client lists.

DYCD Comment:

In Fiscal Year 2007 DYCD began collecting unique identifying information on youth served in residential programs through a manual system of data collection in which TIL vendors email DYCD a daily census with specific names and a monthly report with numbers of youth served. The monthly report is scrutinized to determine the numbers of youth served and the utilization rate – the data reported in the Mayor’s Management Report. The individual names are entered manually into an Excel spreadsheet. In Fiscal Year 2010 DYCD will upgrade this system with an online data and management tool for the TILs that will reduce data error and improve program management.

Recommendations 5 and 6:

DYCD should:

5. Ensure that all initial ISP and ISP updates are prepared in a timely manner, and that follow-up is performed for all discharged clients.
6. Ensure that all SCR and medical clearances are obtained and that training logs, reference checks, and performance evaluations are documented for all employees who have contact with clients.

DYCD Comment:

DYCD is encouraged by the conclusion set out on page 9 of the Draft Report: “TIL Vendor Client and Personnel Files Contained Adequate Supporting Documentation.” DYCD is also pleased that the Draft Report establishes in Table I that 100 percent of client files contained contractually required assessments and Individual Service Plans (ISPs) and that ISPs and discharge summaries were completed on time for nearly all of the youth who stayed more than 30 days, the point at which ISPs are required. In Fiscal Year 2010 and thereafter, DYCD, using the revised monitoring instrument and the online client tracking system noted above, will be able to ensure the timely preparation and updating of these documents, as well as the performance and documentation of follow-up services.

In response to the instances cited in the Draft Report of missing information in staff files, DYCD, after requesting and receiving the specifics as to the staff so referenced, has ascertained the following:

- Regarding the finding that SCR clearances were not documented for two employees: The two employees were new hires of SCO Family of Services. For one of them the SCR clearance was received on February 11, 2009. For the other,

both the vendor and DYCD have communicated with OCFS to expedite the clearance, which is expected in early June 2009.

- Concerning the finding that reference checks were not documented for six employees:
 - GEMS: : reference checks were completed on November 23, 2008, when the employee was hired but before she began working for the TIL program.
 - GEMS: : reference checks were done as of March 6, 2008, when the employee was hired but before she began working for the TIL program.
 - Inwood House: : employed by Inwood House in another capacity for over 10 years before being transferred to the TIL program; reference checks were not necessary.
 - Inwood House : employed by Inwood House in another capacity for over 8 years before being transferred to the TIL program; reference checks were not necessary.
 - SCO Inn II: : employed by SCO in another capacity for over 8 years before being transferred to the TIL program; reference checks were not necessary.

- With respect to the finding that training logs were not available for two employees: For each of two employees at GEMS, training logs were submitted to DYCD on May 4, 2009.

- Regarding the finding that medical clearance documentation was not available for three employees: For one employee of SCO Inn IV, a medical clearance dated March 12, 2008, current at the time of the audit, is available. For two employees of GEMS, medical clearances, dated respectively January 22, 2009 and April 14, 2009, are available.

- Relating to the finding that an annual performance evaluation was not available for one employee: Please be aware that the employee of Inwood House had not completed a full year of service with the employer at the time of the audit.

Recommendations 7 and 8:

DYCD should:

7. Implement stronger controls (e.g., increase the number of unannounced visits) to ensure that TIL vendors consistently provide clean and safe environments at their facilities.
8. Ensure that its contract managers more effectively monitor, document, and follow-up on the safety and cleanliness of TIL facilities.

DYCD Comment:

Since Fiscal Year 2007 when the current TIL contracts took effect, no serious safety or health incident has been reported at any TIL site. The minor incidences cited in the Draft Report were also reported to DYCD in a letter dated December 5, 2008, to which Commissioner Mullgrav responded in a letter dated December 9, 2008, the substance of which is as follows:

In all, no reportable conditions were found to exist at six of the sites, and minor issues were indicated at two others. Generally, Comptroller audit staff commented favorably about the TIL facilities, describing them as “warm and inviting” and “a very nice place.”

Your initial concern involves an October 29, 2008 unannounced visit to two apartments administered by the Green Chimneys Children’s Services TIL (Green Chimneys). On this visit the auditors observed sanitary conditions and reported them to DYCD, which immediately contacted Green Chimneys to ensure full resolution of the matters. Indeed, Green Chimneys stated and DYCD confirmed that appropriate remediation was fully underway. DYCD will continue to verify completion of all corrective actions.

Your second issue involves a November 7, 2008 unannounced visit to the SCO Family of Services Independence Inn II TIL (SCO Family Services), where two of the rooms visited needed a child-safety window guard, which has been installed. As you know, one of the rooms in question was unoccupied and the second was being used by a 16-year old. In both instances, air conditioners had been removed from the windows for winter storage the previous day, and child-safety guards were already scheduled to be re-installed.

The expanded DYCD site visit monitoring report will increase documentation of the cleanliness and safety of the sites, along with other observable features that may require corrective measures.

Recommendations 9 and 10:

DYCD should:

9. Include performance-based measures in future TIL vendor contracts as incentives to encourage vendors to improve their services.
10. Include provisions in future contract *[sic]* that assesses *[sic]* some penalties on TIL vendors that provide poor or sub-par services.

DYCD Comment:

DYCD maintains contracts with performance payment components for other programs and, after careful review, has determined that these recommendations are not practicable with respect to contracts with not-for-profit vendors of critical residential services for youth. In fact, there are no potential savings to be achieved by vendors from which incentives could be paid. The funds available for TIL services are severely limited, therefore DYCD must make maintaining residential capacity its highest priority. Without additional funds for “incentives” DYCD could only make such payments by withholding a portion of the contract value, which is based on each vendor’s costs for providing the statutorily and contractually required residential and support services. Since a large portion of the program cost is tied to the cost of the residential facilities and is fixed, such withholding would result in less funding available for the fixed residential costs, thus reducing capacity. Currently, DYCD utilizes a collaborative approach to quality improvement that includes corrective action, staff training, technical assistance, and capacity-building services through a dedicated provider. These tools are employed to guide the not-for-profit TIL vendors toward excellent performance while maintaining the critically needed services.

In addition, DYCD has available a range of contractual and statutory penalties for poor performance, including withholding payment during corrective action if performance issues are not resolved, contract termination, and requesting decertification by OCFS. Any of these actions can result in significant financial consequences to a vendor. As the Draft Report reflects overall compliance by the vendors with their contract and statutory requirements, it appears that the tools currently used by DYCD are effective.