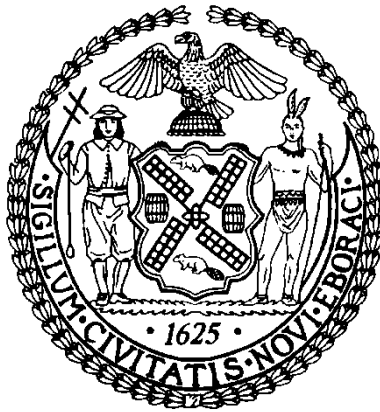


**CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER**

**John C. Liu  
COMPTROLLER**

**BUREAU OF MANAGEMENT AUDIT**

**H. Tina Kim  
Deputy Comptroller for Audit**



**Audit Report on the Department of  
Youth and Community Development  
Out-of-School Youth Program**

*ME10-076A*

**June 23, 2010**



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

John C. Liu  
COMPTROLLER

June 23, 2010

**To the Residents of the City of New York**

My office has audited the Department of Youth and Community Development (DYCD) to determine whether it effectively monitored Out-of-School Youth (OSY) program contractors to ensure that they complied with key provisions of their contracts. We audit programs such as this to determine whether City agencies are effectively monitoring contractors to ensure that they comply with the terms of their agreements.

The audit found that DYCD adequately monitored OSY program providers to ensure that they generally complied with key provisions of their DYCD contracts. However, the audit determined that DYCD did not adequately follow up to ensure that providers implemented the corrective action plans they developed in response to weaknesses identified in DYCD monitoring reports. In addition, the audit found that the providers in our sample (1) did not sufficiently complete the required biweekly updates of pre-exit participant progress and monthly updates of post-exit participant progress and (2) did not ensure that each staff member who had direct contact with participants had the required fingerprints, criminal background checks, and training. Furthermore, DYCD monitoring reports did not note most of these deficiencies.

This audit makes seven recommendations, including that DYCD should: conduct follow-up visits to ensure that providers' deficiencies are promptly corrected; ensure that participant progress is regularly updated; ensure that fingerprints and criminal background checks are documented for all OSY staff who have direct contact with participants; ensure that all staff are adequately trained; and ensure that program managers effectively assess contractor compliance with all key contractual requirements.

The results of the audit 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.

If you have any questions concerning this report, please e-mail my audit bureau at [audit@Comptroller.nyc.gov](mailto:audit@Comptroller.nyc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "JCL", written over the printed name "John C. Liu".

John C. Liu

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

**Audit Report on the Department of  
Youth and Community Development  
Out-of-School Youth Program**

**ME10-076A**

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**AUDIT REPORT IN BRIEF**

This audit determined whether the Department of Youth and Community Development (DYCD) effectively monitored Out-of-School Youth (OSY) program contractors to ensure that they complied with key provisions of their contracts. The scope period covered by this audit was Fiscal Year 2009 (July 1, 2008, through June 30, 2009).

DYCD is charged with administering the City's youth employment and training programs. One of DYCD's programs, the OSY<sup>1</sup> program, provides educational and employment services to 16 to 21 year olds who are not connected to school or work, or who need assistance upgrading their occupational skills. The educational services include basic-skills training, GED classes, and assistance with pursuing post-secondary education. The employment services include job readiness and occupational skills training, as well as job search and placement efforts. Funded through the federal Workforce Investment Act (WIA), the target population for OSY programs is low-income youths who are neither attending school nor working and who fall into one of the at-risk groups defined by WIA.<sup>2</sup>

In Fiscal Year 2009, DYCD had a budget of about \$8.1 million for the OSY program. During this period, the contractors registered 890 OSY program participants. Payments to OSY vendors are based 80 percent on reimbursement of line-item expenditures and 20 percent on performance.

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<sup>1</sup> An out-of-school youth (as defined by WIA) is one who is a school dropout or who has received a secondary school diploma (or its equivalent) but is basic-skills deficient, unemployed, or underemployed.

<sup>2</sup> WIA at-risk individuals include anyone who is: a) deficient in basic literacy skills; b) a school dropout; c) a homeless, runaway, or foster child; d) pregnant or parenting; e) an offender; or f) in need of additional assistance in order to complete an educational program or to secure employment.

## **Audit Findings and Conclusions**

DYCD adequately monitored the OSY program providers to ensure that they generally complied with key provisions of their DYCD contracts. DYCD program managers made periodic site visits to the OSY providers and prepared informal site visit reports and comprehensive annual monitoring reports. The providers' participant files generally contained adequate supporting documentation relative to participant eligibility, assessments, and service plans. In addition, the program facilities we visited were in good condition and provided adequate space for classroom instruction. Furthermore, OSY provider claims for milestone payments were adequately supported.

However, we determined that DYCD did not adequately follow up to ensure that providers implemented the corrective action plans OSY program providers developed in response to weaknesses identified in DYCD monitoring reports. In addition, we found that the four providers in our sample (1) did not sufficiently complete the required biweekly updates of pre-exit participant progress and monthly updates of post-exit participant progress and (2) did not ensure that each staff member who had direct contact with participants had the required fingerprints, criminal background checks, and training. Finally, DYCD monitoring reports did not note most of these deficiencies.

## **Audit Recommendations**

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

- Conduct follow-up visits to ensure that identified deficiencies are promptly corrected.
- Ensure that participant progress is regularly updated.
- Ensure that fingerprints and criminal background checks are documented for all OSY staff who have direct contact with participants.
- Ensure that all staff are adequately trained, especially on how they should interact with the participants.
- Ensure that program managers effectively assess contractor compliance with all key contractual requirements, including but not limited to those related to bi-weekly and monthly updates, fingerprinting, criminal background checks, and training; such assessments should be included in the monitoring reports.

## **INTRODUCTION**

### **Background**

DYCD supports youths and adults through contracts with community-based organizations (CBOs) throughout New York City. The agency's goals are to promote and support the development of healthy, educated youths, to prepare youths for economic independence, and to strengthen and revitalize the City's communities.

Since 2003, DYCD has been charged with administering the City's youth employment and training programs. One of DYCD's programs, the Out-of-School Youth program, provides educational and employment services to 16 to 21 year olds who are not connected to school or work, or who need assistance upgrading their occupational skills. The educational services include basic-skills training, GED classes, and assistance with pursuing post-secondary education. The employment services include job readiness and occupational skills training, as well as job search and placement efforts. In the City, there are approximately 160,000 youths neither attending school nor working.

Funded through the federal Workforce Investment Act, the OSY program also offers a wide range of supportive services (such as referrals to medical services and assistance with child care, housing, and transportation) designed to increase young adults' success in the workplace and in their personal lives. The target population for OSY programs is low-income youths who are not attending school or working and fall into one of the at-risk groups defined by WIA.

In 2006, DYCD awarded 20 contracts to 17 vendors to provide OSY programs. Each contract had a three-year term from July 1, 2006, through June 30, 2009, with an option to renew for up to three additional years. The OSY programs, which are provided in 35 facilities located throughout the City, offer occupational training in many industries, including construction, food service, tourism, health care, and retail sales. The contractor provides 12 months of direct services and 12 months of follow-up services. The follow-up services should include at least one contact per month with each participant who completes the program.

In Fiscal Year 2009, DYCD had a budget of about \$8.1 million for the OSY program. During this period, the contractors registered 890 OSY program participants. Payments to OSY vendors are based 80 percent on reimbursement of line-item expenditures and 20 percent on performance.

### **Objective**

The objective of this audit was to determine whether DYCD effectively monitored OSY program contractors 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 Fiscal Year 2009 (July 1, 2008, through June 30, 2009).

To gain an understanding of DYCD practices concerning the oversight of its contracts with OSY program providers, we conducted interviews with DYCD officials, including the Assistant Commissioner of Contract Agency Finance, the Director of the OSY program, and the Director of the Central Validation Unit. To obtain an overview of program services, we interviewed provider representatives and conducted walkthroughs at locations operated by five OSY contractors. Policies and procedures for DYCD and OSY program contractors, federal and State reports on the WIA program, and relevant federal, State, and City laws and regulations were reviewed.

To determine whether DYCD effectively monitored OSY program contractors to ensure that they complied with key provisions of their contracts, we interviewed DYCD's OSY program managers. We also reviewed monitoring reports and supporting documentation relating to DYCD site visits to the OSY program facilities in Fiscal Year 2009. In addition, we determined whether DYCD communicated its findings and recommendations to the contractors, whether the contractors prepared corrective action plans, and whether DYCD conducted follow-up visits.

We judgmentally selected one contractor, Henkels and McCoy Inc. (Queens), primarily for a background visit and randomly selected four other contractors for background and review purposes: the Mosholu Montefiore Community Center (Bronx), Medgar Evers College–Research Foundation of CUNY (Brooklyn), Henry Street Settlement (Manhattan), and Local #28–Sheet Metal Workers Union (Manhattan and Queens). We reviewed DYCD program managers' files for the four randomly selected providers. We randomly selected and reviewed participant files for 33 (20%) of the 161 OSY participants registered by these providers in Fiscal Year 2009. For these participant case files, we determined whether they contained adequate supporting documentation to indicate that the participants were eligible for the program; that the required assessments, individual service plans, and updates were completed; and that program and follow-up services were provided.

To determine whether OSY program contractors supplied suitable facilities for their participants, we conducted physical inspections at 6 of the 35 OSY program facility locations. The six locations were managed by the one judgmentally selected and the four randomly selected contractors we visited.

Additionally, we reviewed files at the four randomly selected contractors for the 32 staff members paid with WIA funds who had direct contact with participants. We determined whether files contained fingerprint records, evidence of criminal background checks, and documentation of educational credentials and training. To determine whether the OSY program

contractors had adequate documentation to support claims for financial reimbursement, we reviewed performance-based claims and supporting documents for the 33 sample participants served by the four OSY contractors we reviewed.

As part of our review of controls, we assessed the reliability of data obtained from DYCD on OSY program participants in Fiscal Year 2009. We interviewed officials from the Information Technology Unit, including the Chief Information Officer. DYCD used the Automated Case Management System (ACMS) for the OSY program until June 2009, when they switched to Capricorn. According to the DYCD Information Technology Unit, all OSY program information on ACMS was successfully transferred to Capricorn. To test data reliability, we obtained a Capricorn list showing that 890 participants were registered in the OSY program during Fiscal Year 2009. We then compared the DYCD list of participants to the lists of participants at the four randomly selected contractors we visited. Information such as participant names and identification numbers appearing on the DYCD list were compared to the contractors' lists.

We determined whether DYCD's contracts with the four randomly selected OSY providers we visited 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 OSY program providers' compliance with key contract provisions.

### **Discussion of Audit Results**

The matters covered in this report were discussed with DYCD officials during and at the conclusion of this audit. A preliminary draft report was sent to DYCD officials on April 12, 2010, and discussed at an exit conference held on May 12, 2010. On June 2, 2010, we submitted a draft report to DYCD officials with a request for comments. We received a written response from DYCD dated June 14, 2010. In its response, DYCD partially disputed the audit finding regarding the submission of plans for corrective action but generally agreed to implement the audit's recommendations.

DYCD's response is included as an addendum to this report.



## **FINDINGS AND RECOMMENDATIONS**

DYCD adequately monitored the OSY program providers to ensure that they generally complied with key provisions of their DYCD contracts. DYCD program managers made periodic site visits to the OSY providers and prepared informal site visit reports and comprehensive annual monitoring reports. The providers' participant files generally contained adequate supporting documentation relative to participant eligibility, assessments, and service plans. In addition, the program facilities we visited were in good condition and provided adequate space for classroom instruction. Furthermore, OSY provider claims for milestone payments were adequately supported. Finally, DYCD's contracts with the four randomly selected OSY providers we visited were registered with the Comptroller's Office, as required, and participant information in DYCD's Capricorn system was generally reliable and complete.

However, we determined that DYCD did not adequately follow up to ensure that providers implemented the corrective action plans OSY program providers developed in response to weaknesses identified in DYCD monitoring reports. As a result, DYCD did not ensure that OSY program providers corrected these weaknesses in a timely manner.

We also found that the four providers in our sample (1) did not sufficiently complete the required biweekly updates of pre-exit participant progress and monthly updates of post-exit participant progress and (2) did not ensure that each staff member who had direct contact with participants had the required fingerprints, criminal background checks, and training. Finally, DYCD monitoring reports did not note most of these deficiencies. As a result, we have no assurance that DYCD program managers effectively reviewed contractor compliance in these areas.

### **OSY Providers Generally Met Program Requirements**

Based on our review of a sample of 33 participant files, OSY providers generally met program service requirements. According to the OSY program contract's scope of services, providers should provide educational and employment services to 16 to 21 year olds who are not connected to school or work, or who need assistance upgrading their occupational skills. The educational services include basic-skills training, GED classes, and assistance with pursuing post-secondary education. The employment services include job readiness and occupational skills training, as well as job search and placement efforts. In order to track the progress of the participants, the OSY program providers are required to maintain records in the participants' files demonstrating, among other things, that the following was provided:

- An assessment that includes: 1) a determination of eligibility for the OSY program in accordance with WIA, 2) a preliminary evaluation of academic and occupational skills, and 3) an evaluation of the participant's work experience, if any.
- An individualized service strategy that identifies both short-term and long-term education and career goals, based on the assessment and participant's input.

Based on our sample review, OSY program providers maintained sufficient documentation to demonstrate that these contract provisions had generally been met.

### **OSY Program Provider Claims for Milestone Payments Were Adequately Supported**

Payments to OSY program providers are based 80 percent on reimbursement of line-item expenditures and 20 percent on performance. The performance amount is payable upon the achievement of a milestone by a participant. The provider receives milestone payments for a participant's attainment of a credential (a degree or certificate) or for a participant being engaged in employment, an apprenticeship program, advanced occupational training, or post-secondary education during the first and third quarters after exiting the program.

We reviewed the milestone payments and supporting documentation that the providers submitted for the 33 participants in our sample. Milestones payments were made for 28 of the 33 clients, including 19 for participants earning a certificate or a degree, 23 for first quarter post-exit engagement, and 10 for third quarter post-exit engagement. (Seventeen participants had one or more milestone achievements.) We determined that the providers' claims for milestone payments for these participants were adequately supported.

### **Lack of Evidence of Follow-up by DYCD of OSY Program Providers' Implementation of Corrective Action Plans**

DYCD lacked evidence that it adequately followed up on OSY program providers' corrective action plans prepared in response to findings and concerns noted during DYCD monitoring reviews. As a result, the agency did not ensure that conditions requiring attention were properly and promptly addressed.

DYCD program managers conduct regular site visits to all OSY program providers to determine their compliance with the provisions of their DYCD contracts. These visits include reviews of participants' files for evidence that they were eligible to register for the OSY program based on WIA requirements, that they obtained a credential or degree through the program, and/or that their work readiness was improved as shown by completed résumés or records of job searches and interviews. The visits also include inspections of the physical conditions of the facilities, observations of classroom activities, and reviews of personnel files. After each visit, DYCD program managers complete an informal site-visit report, which records the date of the visit, the focus of the review, and the review results. Based on the informal site-visit reports and other oversight provided throughout the year, DYCD program managers annually prepare formal monitoring reports on each contractor.

DYCD program managers use a Program Monitoring Guide to document the results of their annual assessment of each provider. The completed Program Monitoring Guide is sent to the provider identifying findings or areas of concern. The provider is required to prepare a written response to include corrective action plans to resolve noted deficiencies.

For the four OSY contracts that we randomly selected, DYCD program managers conducted 27 site visits for Fiscal Year 2009. The annual monitoring reports showed that DYCD program managers identified findings or areas of concern for all four contractors. Although there were corrective action plans from the four providers, there was no evidence that DYCD

followed up with the providers to ensure that the deficiencies were corrected. DYCD officials state that they do review identified deficiencies during subsequent site visits to the provider. However, the status of deficiencies was not documented in subsequent site visit reports on these providers.

For example, DYCD noted in a Fiscal Year 2009 monitoring report on one provider that it did not meet its contractual obligation to obtain fingerprints and conduct criminal background screenings on staff members working directly with program participants. The provider's response to the Fiscal Year 2009 report was that it had tentatively selected a vendor to perform the required background checks and expected to enter into a formal agreement with the vendor. However, there was no indication that a follow-up visit was ever conducted to ensure that the fingerprints and background checks were completed for the staff. In fact, when we reviewed the staff files of this particular provider several months later, we found no evidence that the required fingerprinting or background checks had been done.

For another contractor, DYCD noted in a Fiscal Year 2009 monitoring report that the provider "has struggled to meet [employment] placement goals since the beginning of the OSY contract in 2006." The provider stated in its corrective action plan that it would hire a job developer to improve its job placement performance. However, there was no indication that a follow-up visit was ever conducted to determine whether a job developer had been hired by the provider and, if so, whether this had any impact on its job placement performance.

Following up on OSY program providers' implementation of their corrective action plans would enable DYCD to more effectively track provider compliance and ensure that providers promptly address weaknesses in their operations.

In addition, although OSY contractors are required to provide corrective action plans to DYCD within 30 days to respond to findings and concerns noted in the monitoring reports, three of the four contractors in our sample submitted corrective action plans late; two of the three late submissions were more than one month late. Timely submission of corrective action plans and timely follow-up reviews can help ensure that identified weaknesses are promptly corrected.

***DYCD Response:*** "The Draft Report, which on page 8 indicates that the annual monitoring reports showed that DYCD identified findings or areas of concern for the four contractors and received corrective action plans from each of them, incorrectly concludes that three of the four contractors submitted corrective plans late and two of the three late submissions were more than one month late. DYCD communicated . . . that only one contractor submitted a corrective action plan late. The other two contractors did not have any findings but only areas of concern. The distinction between a 'finding' and an 'area of concern' is that a 'finding' is a deficiency with a direct, demonstrable impact on program quality, outcomes, or the health and safety of participants that requires timely corrective action. In contrast, an 'area of concern' is an item that warrants attention and possibly improvement by the contractor, but does not have a serious impact on program performance or the health and safety of participants at the time of monitoring review."

***Auditor Comment:*** In its response, DYCD implies but does not explicitly state that contractors only need to provide a written response or a corrective action plan for “findings” and not for “areas of concern.” This is not accurate. DYCD required its contractors to provide responses and/or corrective action plans for both findings and areas of concern. For the two contractors we cite for responding late to the identified areas of concern, DYCD’s cover letter to one stated that the areas of concern “require a written response” and the cover letter to the other stated that the contractor should “submit a response to areas of concern within 30 days.” Both responses, although submitted late, included the corrective actions taken by the contractors to address the identified concerns.

### **Recommendations**

DYCD should:

1. Conduct follow-up visits to ensure that identified deficiencies are promptly corrected.
2. Document its follow-up reviews of OSY program providers’ implementation of their corrective action plans.
3. Ensure that providers submit corrective action plans in a timely manner.

***DYCD Response:*** “DYCD will review its existing procedures and make appropriate revisions to ensure that follow-up visits with regard to identified deficiencies are promptly made and fully documented and that corrective action plans are submitted timely.”

### **Insufficient Bi-Weekly and Monthly Updates**

OSY program providers are required to maintain records in the participants’ files of biweekly updates of participant progress in the program and monthly contacts with participants for at least 12 months after the participant exits the program.

However, for 11 of the 33 participants (relating to three of the four providers) in our sample, the contractors’ biweekly updates of pre-exit participant progress were insufficient, and for the 9 of the 33 participants (relating to two of the four providers) in our sample who had exited the program, the contractors’ monthly updates of post-exit participant progress were insufficient. Many required biweekly and monthly case notes were not prepared on these participants. Nevertheless, this finding mostly related to one of the four providers we reviewed. Biweekly and monthly case notes were insufficient for all eight clients in our sample at this provider. Biweekly case notes are important to ensure that providers effectively track each participant’s progress through their programs. Monthly case notes on participants who exit the program are also important because they reflect contacts with participants on how well they are doing at work or school since leaving the program. Such contacts also furnish opportunities to provide guidance to the youths on how to deal with workplace or educational issues they may be encountering since completing the program.

## **Recommendation**

4. DYCD should ensure that its contractors prepare required biweekly and monthly case notes showing the progress of each participant before and after the participant exits the program.

*DYCD Response:* “DYCD will monitor and communicate to contractors the importance of detailed and timely case notes. These directives will occur through regular contractor meetings, individual program monitoring, and technical assistance.”

## **Limited Evidence of Required Fingerprints, Background Checks, and Training of OSY Personnel**

We reviewed files of the 32 staff members paid with WIA funds who had direct contact with participants at the four contractors in our sample and determined whether they contained evidence of the following:

- Fingerprints
- Criminal background checks
- Educational credentials
- Training

According to the OSY program contract’s scope of services, providers should recruit, screen, hire, and supervise qualified staff to provide program services. The screening includes reviews of educational credentials, fingerprinting, and criminal background checks of all prospective program staff. The providers should also give appropriate training to ensure that their staff delivers quality program services.

Although the personnel files for these staff members showed their educational credentials, the required fingerprints were missing for 10 of the 32 staff members (relating to two of the four providers), and evidence of criminal background checks was missing for 26 of the 32 staff members (relating to all four of the providers). Subsequent to the exit conference for this audit, DYCD officials provided evidence of criminal background checks on 12 of the 26 staff. The documentation showed that criminal background checks for 8 of the 12 staff were done in May 2010—after we had brought this matter to DYCD’s attention (in March 2010). The documentation for 4 of the 12 staff did show that criminal background checks had been done prior to 2010; however, this evidence was not in the staff’s personnel files during our review. There is no evidence that criminal background checks have been performed on the remaining 14 staff.

In addition, documentation regarding the training of staff was not available at the contractors. DYCD provided limited documentation showing that 16 of the 32 staff members had received certain DYCD training, mostly on the use of Capricorn, but no evidence that any of the staff had been trained on how they should interact with the participants, an important quality indicator that is included in the Program Monitoring Guide.

Without evidence that the OSY staff who had direct contact with OSY participants received the required fingerprints, criminal background checks, and training, there was no assurance that the safety of the participants was protected or that the staff was sufficiently trained to deliver quality program services.

### **Recommendations**

DYCD should:

5. Ensure that fingerprints and criminal background checks are documented for all OSY staff who have direct contact with participants.

*DYCD Response:* “Beginning July 1, 2010 and using the enhanced fingerprinting procedures, DYCD will ensure that fingerprints and criminal background checks are documented for OSY staff who have direct contact with participants.”

6. Ensure that all staff are adequately trained, especially on how they should interact with the participants.

*DYCD Response:* “DYCD has and will continue to ensure that staff of OSY contractors are adequately trained to provide high-quality services as required by the OSY contracts.”

### **Deficiencies Not Consistently Identified in DYCD Monitoring Reports**

Although there is evidence that DYCD program managers performed monitoring visits as required, their monitoring reports did not consistently note the deficiencies we discuss in this report. As a result, we have no assurance that these deficiencies were identified by DYCD program managers as part of their monitoring efforts.

With regard to the insufficiently prepared bi-weekly and monthly updates, the monitoring reports for the main offending provider did not note this problem. Additionally, with regard to personnel files missing the required fingerprints and criminal background checks, the monitoring reports for those providers noted the lack of fingerprints and criminal background checks at only one of the four providers. Furthermore, the insufficient training of staff who had direct contact with participants was generally not noted for the four providers.

In the absence of any mention of these problems in the monitoring reports, we have no assurance that program managers effectively reviewed contractors’ compliance in these areas.

### **Recommendation**

7. DYCD should ensure that program managers effectively assess contractor compliance with all key contractual requirements, including but not limited to those related to bi-weekly and monthly updates, fingerprinting, criminal background checks, and training; such assessments should be included in the monitoring reports.

***DYCD Response:*** “DYCD will continue to provide program managers with effective tools to assess contractor compliance with all key contractual requirements and will review the existing OSY program monitoring guides and forms to determine where appropriate revisions can be made to enhance the documentation and timely implementation of contractor corrective action.”



**NEW YORK CITY  
DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT  
SERVING NEW YORK CITY YOUTH, FAMILIES, AND COMMUNITIES**

156 William Street  
New York, New York 10038  
Phone 212.442.5900 Fax 212.442.9180  
TTY 212.442.5903 www.nyc.gov/dycd

**JEANNE B. MULLGRAV**  
Commissioner

ADDENDUM  
Page 1 of 5

June 14, 2010

Deputy Comptroller Tina Kim  
Office of the Comptroller of the City of New York  
1 Centre Street  
New York, New York 10007-2341

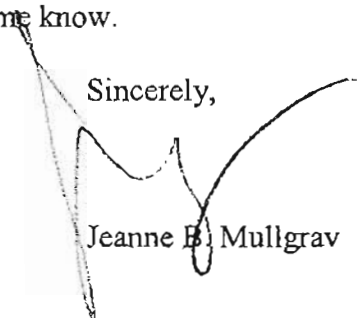
**Re: Audit Report on the Department of Youth and Community Development  
Out-of-School Youth Program ME10-076A (Draft Report)**

Dear Ms. Kim:

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.

DYCD welcomes suggestions in its ongoing efforts to provide quality services for 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

Attachment



**RESPONSE**  
**OF THE DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT**  
**TO THE DRAFT AUDIT REPORT ON THE DEPARTMENT OF YOUTH AND**  
**COMMUNITY DEVELOPMENT OUT-OF-SCHOOL YOUTH PROGRAM**  
**ME10-076A (DRAFT REPORT)**

The Department of Youth and Community Development (DYCD) is pleased to acknowledge the conclusions of the Draft Report, based on a sample of four Out-of-School Youth (OSY) Program contractors, that:

- DYCD adequately monitored the OSY program providers to ensure that they generally complied with key provisions of their DYCD contracts;
- The providers' participant files generally contained adequate supporting documentation relative to participant eligibility, assessments, and service plans;
- The program facilities visited were in good condition and provided adequate space for classroom instruction;
- OSY provider claims for performance milestone payments were adequately supported; and
- Participant information in DYCD's electronic system (Capricorn) was generally reliable and complete.

Specific comments and agency implementation plans regarding the enumerated Recommendations in the Draft Report are set forth below.

Recommendations 1, 2, and 3:

DYCD should:

1. Conduct follow-up visits to ensure that identified deficiencies are promptly corrected.
2. Document its follow-up reviews of OSY program providers' implementation of their corrective action plans.
3. Ensure that providers submit corrective action plans in a timely manner.

**DYCD Comment:**

The Draft Report, which on page 8 indicates that the annual monitoring reports showed that DYCD identified findings or areas of concern for the four contractors and received corrective action plans from each of them, incorrectly concludes that three of the four contractors submitted corrective plans late and two of the three late submissions were more than one month late. DYCD communicated by e-mail, dated May 18, 2010, in response to a Preliminary Draft Report, that only one contractor submitted a corrective action plan late. The other two contractors did not have any findings but only areas of

concern. The distinction between a “finding” and an “area of concern” is that a “finding” is a deficiency with a direct, demonstrable impact on program quality, outcomes, or the health and safety of participants that requires timely corrective action. In contrast, an “area of concern” is an item that warrants attention and possibly improvement by the contractor, but does not have a serious impact on program performance or the health and safety of participants at the time of monitoring review.

Regarding the one contractor that had difficulty locating a vendor to do criminal background checks, DYCD has established new procedures to facilitate the fingerprinting of employees of DYCD contractors. These procedures are described in more detail under Recommendation 5, and that contractor has been directed to use those procedures.

Regarding the contractor that struggled to meet employment goals and was going to hire a job developer, DYCD received confirmation that a job developer was hired in October 2009 and provided confirmation to the Comptroller’s auditors by e-mail on May 18, 2010. DYCD also arranged for this contractor to receive technical assistance to help with its overall program performance.

**Agency Implementation Plan:**

DYCD will review its existing procedures and make appropriate revisions to ensure that follow-up visits with regard to identified deficiencies are promptly made and fully documented and that corrective action plans are submitted timely.

Recommendation 4:

DYCD should ensure that its contractors prepare required biweekly and monthly case notes showing the progress of each participant before and after the participant exits the program.

**DYCD Comment:**

DYCD has and will continue to emphasize to OSY contractors the importance of detailed and timely case notes showing the progress of each participant before and after the participant exits the program.

**Agency Implementation Plan:**

DYCD will monitor and communicate to contractors the importance of detailed and timely case notes. These directives will occur through regular contractor meetings, individual program monitoring, and technical assistance.

Recommendation 5:

DYCD should ensure that fingerprints and criminal background checks are documented for all OSY staff who have direct contact with participants.

**DYCD Comment:**

Within the past year, DYCD has created enhanced fingerprinting procedures to cover contractors, such as those in the OSY program, who serve older youth outside public schools and are subject to statutory constraints on their ability to fingerprint employees. The new procedures are based on a federal statute, the National Child Protection Act of 1993, United State Code Section 5119(c). DYCD is awarding new contracts for OSY programs, effective July 1, 2010, and those contracts require fingerprinting of staff who have direct contact with participants.

**Agency Implementation Plan:**

Beginning July 1, 2010 and using the enhanced fingerprinting procedures, DYCD will ensure that fingerprints and criminal background checks are documented for OSY staff who have direct contact with participants.

Recommendation 6:

DYCD should ensure that all staff are adequately trained, especially on how they should interact with participants.

**DYCD Comment:**

While DYCD agrees that training on interaction with participants is an important quality indicator in the Programming Guide (Guide), it is not a key standard nor a specific requirement that such specific documentation appear in the contractors' employee files. As indicated in the Introduction to the Guide, the Quality Indicators are examples of practices or activities that would demonstrate a contractor's proficiency in the item. Thus, training on how staff should interact with participants is not a required document or key standard but is an example of one Quality Indicator.

**Agency Implementation Plan**

DYCD has and will continue to ensure that staff of OSY contractors are adequately trained to provide high-quality services as required by the OSY contracts.

Recommendation 7:

DYCD should ensure that program managers effectively assess contractor compliance with all key contractual requirements, including but not limited to those related to bi-weekly and monthly updates, fingerprinting, criminal background checks, and training; such assessments should be included in the monitoring reports.

**DYCD Comment:**

DYCD utilizes a collaborative approach for contractor compliance that includes corrective action, staff training, technical assistance, and capacity-building services through a dedicated vendor. These tools are employed to guide the DYCD contractors toward excellent performance.

Since Fiscal Year 2007, when the current OSY contracts took effect, no serious safety or health incident has been reported at any OSY site. Moreover, the Draft Report reflects overall compliance by the contractors.

**Agency Implementation Plan:**

DYCD will continue to provide program managers with effective tools to assess contractor compliance with all key contractual requirements and will review the existing OSY program monitoring guides and forms to determine where appropriate revisions can be made to enhance the documentation and timely implementation of contractor corrective action.