

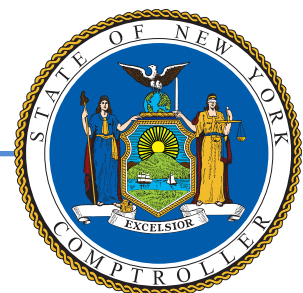
New York City Department of Youth & Community Development

Oversight of Afterschool and Summer Youth Employment Contracts

Report 2017-N-7 | June 2019

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objectives

To determine whether the New York City Department of Youth & Community Development (Department) effectively oversees its afterschool and summer employment programs operated by the Greater Ridgewood Youth Council, Inc. (Ridgewood); whether program participants were selected based on established criteria; and whether expenditures were program appropriate and adequately supported. Our audit covered the period from July 1, 2017 through December 11, 2018.

About the Program

The Department sponsors a network of community-based programs intended to help alleviate the effects of poverty and to provide opportunities for New York City youth and families. To achieve these goals, the Department contracts with local organizations (providers) to run youth and community development programs, including afterschool and summer employment programs. The Department's Summer Youth Employment Program (SYEP) provides City youth and young adults between the ages of 14 and 24 with paid summer employment for up to six weeks in July and August. Its Comprehensive Afterschool System Program (COMPASS) provides school-age youth with academic support, arts, cultural experiences, and sports/recreation activities when school is not in session. According to Department contracts, Ridgewood, a Queens County-based not-for-profit organization, provides SYEP and COMPASS services.

Key Findings

We determined that the Department does not adequately oversee its afterschool and summer employment contracts with Ridgewood, finding compliance issues with program policies and contracts and identifying at least \$87,733 in inappropriate expenditures.

- We found 168 of the participants never reported to the job placements. These openings were never filled.
- We identified at least \$19,239 in duplicate costs for 1,344.5 hours of overlapping services provided by individuals in the COMPASS programs at Ridgewood who were also working as SYEP participants. Twenty-eight individuals were paid twice for the same hours worked for two different programs.
- We found insufficient evidence to demonstrate that a fair and appropriate process was used to enroll children in the COMPASS programs at Ridgewood, giving the appearance of favored treatment. Specifically, we found 257 students who applied for the COMPASS programs were enrolled ahead of 50 students who had applied earlier (some had been on a waiting list for months).
- Some parents reported paying a fee that ranged between \$100 to \$900 to enroll their children in the COMPASS programs – a practice that is prohibited by the contracts

between the Department and Ridgewood.

- Ridgewood employed family members of managerial employees in Department-funded programs in violation of contract provisions, including a work site supervisor who approved her own daughter's time sheets and a Ridgewood executive's son who held various titles and was telecommuting from North Carolina.

Key Recommendations

We recommend that the Department improve its oversight of the afterschool and summer employment contracts with Ridgewood. Specifically, the Department should:

- Develop a mechanism to match youth with vacant SYEP positions.
- Review and recover duplicate compensation paid for overlapping hours worked by SYEP participants who were also employees in the COMPASS programs at Ridgewood.
- Ensure that the COMPASS selection process is fair and appropriate by creating policies and procedures requiring providers to document their afterschool selection and enrollment processes.
- Ensure that parents are not charged fees for students to participate in afterschool programs.
- Ensure that providers do not employ relatives of managerial employees in Department-funded programs.



**Office of the New York State Comptroller
Division of State Government Accountability**

June 28, 2019

Mr. Bill Chong
Commissioner
New York City Department of Youth & Community Development
2 Lafayette Street
New York, NY 10007

Dear Commissioner Chong:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report entitled *Oversight of Afterschool and Summer Youth Employment Contracts*. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law. This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Abbreviation	Description	Identifier
COMPASS	Comprehensive Afterschool System Program	<i>Program</i>
Department	New York City Department of Youth & Community Development	<i>Auditee</i>
I.S.	Intermediate School	<i>Key Term</i>
P.S.	Public School	<i>Key Term</i>
Ridgewood	Greater Ridgewood Youth Council, Inc.	<i>Provider</i>
SYEP	Summer Youth Employment Program	<i>Program</i>
SYEP Manual	SYEP Policy & Procedures Manual	<i>Key Term</i>

Background

The New York City Department of Youth & Community Development (Department) sponsors a network of community-based programs intended to help alleviate the effects of poverty and to provide opportunities for City youth and families. To achieve these goals, the Department contracts with local organizations (providers) to run youth and community development programs, including afterschool and summer employment programs.

The Department's Summer Youth Employment Program (SYEP) provides City youth and young adults between the ages of 14 and 24 with paid summer employment for up to six weeks in July and August. The Department contracts with providers who, in turn, secure employment opportunities at local employers. The program's goal is to provide participants with the skills, training, and work opportunities necessary to succeed in employment. During summer 2017, SYEP served more than 69,700 participants at over 12,000 work sites at a program cost of \$124.9 million. Prospective applicants apply either online or in person at any of the community-based providers. The Department selects participants by conducting a series of lotteries, then notifies providers and applicants of their selections. The Department pays the providers up to \$325 for each participant. In addition, each participant receives an hourly wage from the Department for up to a maximum of 25 hours per week during the summer contract period.

The Department's Comprehensive Afterschool System Program (COMPASS) provides elementary and middle school students with academic support, arts, cultural experiences, and sports/recreation activities when school is not in session. COMPASS services are administered by local providers, who receive up to \$2,800 for each student who participates in the program. During the fiscal year ended June 30, 2018, over 126,200 students participated in the COMPASS programs.

The Greater Ridgewood Youth Council, Inc. (Ridgewood) is a Queens County-based not-for-profit provider that offers educational services, counseling, truancy prevention, job preparation, and employment opportunities to youth and young adults (participants). For the period July 1, 2015 through October 10, 2017, Ridgewood administered 27 contracts totaling \$13.9 million with the Department. For our review, we selected three of the largest Ridgewood contracts with a total value of approximately \$4.1 million (see following table).

Contract	Contract Value
SYEP	\$1,095,313
COMPASS - P.S. 153*	1,154,956
COMPASS - I.S. 77*	1,877,088
Total	\$4,127,357

*P.S. 153 and I.S. 77 are public schools within the City Department of Education system.

Audit Findings and Recommendations

The Department needs to improve oversight of its afterschool and summer employment contracts with Ridgewood. We found that 28 of 31 Ridgewood employees who work in COMPASS were also working simultaneously as SYEP participants and were paid at least \$19,239 for 1,344.5 overlapping work hours. During summer 2017, 168 individuals who were selected for SYEP at Ridgewood did not show up for work and these vacancies were not filled. We also found that Ridgewood employed family members of certain managerial employees in its Department-funded SYEP and COMPASS programs in violation of the terms of the Department's contracts. These individuals received a total of \$36,812 in compensation. In addition, Ridgewood was inappropriately reimbursed for \$17,970 in space costs and at least \$13,712 in insufficiently documented food and beverage costs. In total, we identified at least \$87,733 in expenditures that were inappropriate.

Furthermore, we determined that Ridgewood may not have used a fair and appropriate method to enroll students in the COMPASS program, as some students were given priority over others and some parents reported paying between \$100 and \$900 for the summer to enroll their children in Department-funded programs at Ridgewood, despite prohibitions against this practice in the contract.

SYEP and COMPASS Programs

Unfilled Vacancies in SYEP

Pursuant to the COMPASS contracts, the Department reimburses Ridgewood up to \$2,800 for each afterschool student. Ridgewood submits Program Expense Report Summaries (i.e., invoices) to the Department to receive reimbursement. The Department also reimburses Ridgewood up to \$325 for each SYEP participant and directly pays each SYEP participant an hourly rate for up to a maximum of 25 hours per week during the summer contract period.

According to the U.S. Census Bureau, American Community Survey 2017 1-year Public Use Microdata Sample, during 2017, an estimated 14,952 Queens County residents between the ages of 16 and 24 years who wanted to work were unemployed, including an estimated 3,020 from households with incomes at or below the federal poverty level.¹ For summer 2017, the Department selected 1,321 of the approximately 2,000 individuals who applied for SYEP at Ridgewood. Administrative files showed that Ridgewood

¹ The margin of error for the estimated 14,952 Queens County youth between the ages of 16 and 24 who were unemployed is 2,687; the margin of error for the estimated 3,020 youth from households with incomes at or below the poverty level is 1,382. (The margin of error is a measure of precision or variability of an estimate or sample result compared to the actual population.)

placed 787 of the 1,321 within its own organization and the remaining 534 at other entities. However, 168 of the participants (143 at Ridgewood and 25 assigned to the other entities) never reported to their job placements. We saw no evidence that the Department attempted to fill the 168 vacancies with other eligible individuals.

Going forward, the Department should develop a mechanism to match eligible youth with unfilled SYEP positions.

Duplicate Compensation

The purpose of SYEP is to provide summer youth employment and year-round services that introduce participants to the job market and to help them develop appropriate skills. According to the contracts, absent approval from the Department, work performed under one contract between the City and a provider should not duplicate work performed under other contracts between the City and that provider.

We reviewed Ridgewood files and found 31 individuals who worked for the COMPASS programs and SYEP during summer 2017; 28 of the 31 individuals simultaneously worked for both programs and were paid for at least 1,344.5 overlapping hours – that is, each of the 28 individuals worked the same hours, on the same dates, at both programs. For example:

- The time sheets for a Ridgewood security guard indicated that he worked from 12:00 p.m. to 4:00 p.m. on July 7, 2017 for both COMPASS and SYEP; and
- Similarly, a program aide's time sheets showed that she also worked for COMPASS and SYEP from 12:00 p.m. to 4:00 p.m. on July 7, 2017.

Consequently, the Department incurred at least \$19,239 in duplicate costs for the 1,344.5 overlapping hours because it reimbursed Ridgewood for the 28 COMPASS employees and also paid the same 28 individuals for their participation in SYEP. Department officials advised that they will review program files and recover any duplicate payments.

Moreover, by allowing the 31 active COMPASS employees to apply for and participate in SYEP, the Department defeated the purpose of SYEP, which is to introduce youth and young adults to the job market. Furthermore, this action prevented other SYEP applicants from being selected to participate in and benefit from the program.

Employment of Family Members

The Department's SYEP Policy & Procedures Manual (SYEP Manual) states that a participant cannot be placed at a location if a family member is already working for the provider. Moreover, the COMPASS and SYEP contracts state that immediate family members of Ridgewood employees who function in a managerial capacity may not be hired to work in Department-funded programs. Furthermore, the contracts state that any cost found by the Department, the City, or any auditing authority that examines the financial records of the Contractor to be improperly incurred shall be subject to reimbursement to the City. During the period July 1, 2017 through June 30, 2018, Ridgewood hired family members to work in Department-funded programs, as follows:

- The daughter of a Ridgewood work site supervisor earned \$10,236 as a COMPASS group leader. When we brought this to the attention of Department officials, they responded that the work site supervisor was not functioning in a managerial position. We disagree, as the work site supervisor signed and verified the time sheets of 13 SYEP participants, including her daughter's.
- The daughter of Ridgewood's Chief Operating Officer earned \$14,376 while working for SYEP. Department officials agreed that this was not in compliance with the requirements in the SYEP Manual and contract.
- The son of Ridgewood's Executive Director held various titles, including Educational Specialist, Educational Director, and Grant Writer. In addition, we found that this employee telecommuted from North Carolina during most of the year, despite the fact that part of his job responsibilities required him to be present in Queens County. Furthermore, the son's website shows that he is also operating a non-profit consulting service. Ridgewood charged \$12,200 of the son's compensation to the COMPASS and SYEP contracts. Department officials agreed that the son should not have been paid with COMPASS funds. They acknowledged that the Department's COMPASS unit did not follow proper protocols when determining if Ridgewood was complying with the terms of the contracts.

We recommend that the Department recoup the \$36,812 in expenses incurred during the fiscal year ended June 30, 2018 because these expenses did not comply with the requirements in the contracts and the SYEP Manual.

Afterschool Program Selection Process

City agencies must comply with the City Comptroller's Directive One, which requires control activities, such as written policies and procedures and the monitoring of established controls, to be an integral part of an agency's accountability. Moreover, the COMPASS contracts require Ridgewood to develop a program participation policy and procedures manual.

Department officials explained that they rely on providers to develop such procedures. Moreover, they expect providers to know their communities and to use a fair and appropriate basis when selecting and enrolling individuals in the COMPASS programs. We found that neither the Department nor Ridgewood developed comprehensive written policies and procedures for the selection of COMPASS program participants. We reviewed Ridgewood files for the period July 1, 2017 through June 30, 2018 and found questionable practices in the selection and enrollment of participants in the COMPASS programs, as follows:

- Ridgewood officials enrolled 257 students in the COMPASS programs at P.S. 153 and I.S. 77 ahead of 50 other students who had applied earlier. For example:
 - Seven 5th-grade students at P.S. 153, including four who enrolled in January 2018, were enrolled in the COMPASS program ahead of two other 5th graders who had been on a waiting list since August 2017; and
 - Six 7th-grade students at I.S. 77, including 2 who applied in February 2018, were given priority over 11 other 7th-grade students who had been on a waiting list since September 2017.

Ridgewood officials did not provide any explanations or documentation to support why the 257 students were given priority over the 50 other students.

Afterschool Program Payment for Participation

The contracts state that program participants generally² should not be charged fees or be required to make other payments or purchases, or engage in any fundraising activities in order to participate in the COMPASS programs.

² Providers may charge a fee if their costs exceed the \$2,800 limit and a waiver is granted by the Department. We saw no evidence that the limit was exceeded or waivers were granted.

On September 10, 2018, we asked Ridgewood officials if parents were required to pay a fee to enroll in the COMPASS programs. Ridgewood officials replied that they do not charge fees for Department-funded afterschool programs. On September 25, 2018, we mailed questionnaires³ to parents/guardians of 100 students (76 students who were enrolled in the COMPASS programs and 24 students who were on a waiting list) to determine if Ridgewood required a fee or donation to have their children enrolled in COMPASS. We received responses from 19 parents, with 9 of the 19 indicating they had paid fees ranging from \$100 to \$900 for the summer session. On October 16, 2018, we interviewed 1 of the 9 parents, who told us he had paid Ridgewood \$700 in 2016 and in 2017 and \$500 in 2018 for his daughter to attend the COMPASS programs. The parent also told us “a fee was required” to participate in the programs and that “everyone pays it.” He added that “most likely two–three weeks before our conversation” (he could not remember the exact date), Ridgewood informed him that his daughter had won a lottery and the \$500 fee, paid in 2018, was refunded.

In a December 11, 2018 meeting, Ridgewood officials continued to assert that applicants to the COMPASS programs do not have to pay a fee. However, they advised that Ridgewood conducts fundraising events, but participation in such events is optional. Officials further asserted that families who make donations to Ridgewood are advised that the donations do not guarantee enrollment in the programs. The Executive Director conceded, however, that although families who donate are not given enrollment preference, he could understand why some families may have that perception. We then asked the Executive Director to provide us with an example of a donation form and check (see Exhibit at the end of this report). The form provided does not list the amount of the donation but identifies the donor’s child. The check memo line also identifies the child. In addition, the donation form lists what appears to be the reason for the donation: “GRYC P.S. 153 SUMMER 2018.” The information on the donation form and check appear to support some of the responses to our questionnaires that parents may be paying a fee for their children to enroll in the COMPASS program Ridgewood operates at P.S. 153.

Other Inappropriate Expenses Charged to the Department

The SYEP and COMPASS contracts stipulate that funds shall not be spent for the purchase of an interest in or improvement to real property, unless included in the budget or otherwise authorized in writing by the Department. Although

³ Department officials were notified of the questionnaire and were provided with the responses.

the Department's Fiscal Manual and contracts do not provide comprehensive information on which COMPASS and SYEP costs are reimbursable, Department officials informed us that food and beverage costs are only reimbursable for events involving youth participants. Our review of costs charged to COMPASS and SYEP identified at least \$31,682 in inappropriate other than personal service expenses reimbursed to Ridgewood by the Department in the fiscal year ended June 30, 2018. The charges include \$17,970 for "space costs" and at least \$13,712 for food and beverages, as follows:

- In 2014, Ridgewood borrowed \$950,000 (\$280,000 and \$670,000) to purchase and renovate its Summerfield building. We have not seen any authorization from the Department for Ridgewood to use Department funds for these real property improvement costs. The monthly loan payment is \$6,300. We identified \$17,970 in "space costs" related to the Summerfield building that were charged to the three sampled contracts during the fiscal year ended June 30, 2018. Department officials indicated that they will review the loan documentation to determine if the \$17,970 in expenses are appropriate.
- Ridgewood could not provide sufficient documentation to support at least \$13,712 in food and beverage expenses. Consequently, we could not determine if these expenditures were related to youth participation in the programs. Department officials advised that they will review Ridgewood's documentation to determine if these expenses were appropriate.

Recommendations

1. Review and recover duplicate compensation paid for overlapping hours worked by SYEP participants who were also employees in the COMPASS programs at Ridgewood.
2. Develop a mechanism to match eligible youth with vacant SYEP positions.
3. Ensure that providers do not employ relatives of managerial employees in Department-funded programs.
4. Review and recover Department-funded payments to relatives of managerial employees.
5. Ensure that the Department's COMPASS unit follows proper protocols when determining contract compliance.

-
6. Create policies and procedures requiring providers to adequately document the afterschool selection and enrollment process.
 7. Ensure that afterschool participants are selected and enrolled using a fair and appropriate methodology and that appropriate supporting documentation is maintained.
 8. Ensure that parents are not charged fees for students to participate in afterschool programs.
 9. Review parental allegations of fees for participation in the COMPASS program at Ridgewood. Take legal action where appropriate.
 10. Review and recover payments made to Ridgewood for non-allowable expenditures.

Audit Scope, Objectives, and Methodology

The purpose of this audit was to determine whether the Department effectively oversees its afterschool and summer employment programs operated by Ridgewood; if the program participants were selected based on established criteria; and whether expenditures were program appropriate and adequately supported. Our audit covered the period from July 1, 2017 through December 11, 2018.

To accomplish our objectives and evaluate internal controls, we reviewed relevant laws, regulations, contracts, Department procedure manuals and expenditure support, student applications, and waiting list documentation. We interviewed Department officials and staff and Ridgewood officials to gain an understanding of the underlying controls related to COMPASS participant selection, SYEP, and expenditures. We observed COMPASS operations at P.S. 153 and I.S. 77 as well as the computerized selection of SYEP participants. We selected a judgmental sample of three large contracts the Department had with Ridgewood to determine compliance with the contract terms. To determine whether expenditures were appropriate and properly supported, we reviewed SYEP and COMPASS expenditures incurred July 1, 2017 through June 30, 2018. We also selected a random sample of parents/guardians for whom we had adequate contact information to inquire about their experience with the COMPASS selection process. Although this was a random sample, the results cannot be projected to the population as a whole. We used U.S. Census Bureau information to estimate the number of unemployed youth during 2017 in Queens County.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. These 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 during our audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

As is our practice, we notified Department officials at the outset of the audit that we would be requesting a representation letter in which agency management provides assurances, to the best of its knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. Agency officials normally use the representation letter to assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. They affirm either that the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, Department officials advised us that the City Mayor's Office of Operations had informed them that, as a matter of policy, mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from Department officials that all relevant information was provided to us during the audit.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating threats to organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and formal comment. Their comments were considered in preparing this report and are included at the end of it. Our responses to certain comments are embedded within the Department's response.

In their response, Department officials indicated they will perform their own reviews of many of the issues identified in this report and take follow-up action as necessary. In addition, they will consider the feasibility of requiring providers to document the afterschool program selection process. They believe they do not need to take any further action regarding the unfilled SYEP slots and disagreed with one minor issue.

Within 90 days after final release of this report, we request that the Commissioner of the New York City Department of Youth & Community Development report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where the recommendations were not implemented, the reasons why.

Exhibit

600.
Check # 141

GRYC P.S. 153 Summer 2018

Childs Last Name: [REDACTED] Childs First Name: [REDACTED] Todays Date: 2/27/18
Childs Birthday: [REDACTED] Age: [REDACTED] Childs School: Q 153 Grade: [REDACTED]
***** Shirt Size (Circle one) Youth S M L or Adult S M L XL *****
Parents Last Name: [REDACTED] Parents First Name: [REDACTED]
Home Address: [REDACTED] Apt #: [REDACTED] City, State, Zip: Ridgewood
Home Phone #: [REDACTED] Cell Phone #: [REDACTED]
***** Email Address: [REDACTED] @yahoo.com *****

1-2
210 4543 141
RIDGEWOOD, NY 11385
DATE 2-27-18
PAY TO THE ORDER OF GRYC \$ 600
six hundred ⁰⁰/₁₀₀ DOLLARS
CHASE
JPMorgan Chase Bank, N.A.
www.Chase.com
MEMO: [REDACTED]
⑆021000021⑆

* Individual identifying information has been redacted from this document.

Agency Comments and State Comptroller's Comments



Bill Chong
Commissioner

March 22, 2019

2 Lafayette Street
19th Floor
New York, NY 10007

646 343 6710 tel

www.nyc.gov/dvcd

Ken Sifontes
Audit Director
Office of the State Comptroller
Division of State Government Accountability
59 Maiden Lane – 21st Floor
New York, New York 10038

Re: State Comptroller's Draft Audit Report 2017-N-7 of the Department of Youth and Community Development – Oversight of Afterschool and Summer Youth Employment Contracts (Draft Report)

Dear Mr. Sifontes:

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 contact me.

Sincerely,

A handwritten signature in black ink that reads "Bill Chong". The signature is written in a cursive style.

Bill Chong

**New York City Department of Youth and Community Development (DYCD)
Response
to the Office of the New York State Comptroller (OSC)
Draft Report 2017-N-7 dated February 22, 2019**

Listed below are DYCD's responses. It is requested that this document be attached as part of the Final Report.

Key Findings

OSC determined that the Department does not adequately oversee its afterschool and summer employment contracts with Ridgewood, finding compliance issues with program policies and contracts and identifying \$88,087 in inappropriate expenditures:

State Comptroller's Comment – We have revised our report to lower the number of inappropriate expenditures to at least \$87,733.

1. OSC found 168 of the participants never reported to the job placements. These openings were never filled.

DYCD Response: There were no more remaining applicants in Ridgewood's pool to fill these openings.

State Comptroller's Comment – While there may have been no more applicants in Ridgewood's pool, as we stated in the report, there were many Queens youth in 2017 who were unemployed and wanted to work. The Department should take steps to match eligible youth with vacant SYEP positions.

SYEP runs for six weeks in July and August; however, enrollment and selection of participants for SYEP occurs from February through June (approximately 20 weeks). It takes these 20 weeks of preparation to provide the nearly 70,000 SYEP participants with jobs.

Ridgewood was contracted to serve 1,350 participants through its SYEP contract for the summer of 2017. Approximately 2,000 individuals applied for SYEP at Ridgewood (the applicant pool). However, applications for the summer of 2017 were submitted as early as February for work that would not begin until July. It is the nature of the program that applicants may find other work or have other summer commitments arise before SYEP begins. This happens to applicants whether they apply to Ridgewood's or any other provider's SYEP program. DYCD attempted to select enough applicants to fill Ridgewood's 1,350 contracted participant slots; however, the applicant pool of 2,000 applicants was exhausted by the time 1,321 applicants were selected. There were no remaining applicants in the applicant pool available for DYCD to select to place at Ridgewood.

Although 168 enrolled participants did not work that summer, DYCD considers Ridgewood to have satisfied its contractual obligations with respect to these youth since the participants attended enrollment and orientation and Ridgewood had developed a job for them. As described above, the fact that these youth did not end up working occurred for reasons beyond DYCD and Greater Ridgewood's control (and doesn't signify necessarily that they did not engage in other productive activities that summer.)

2. OSC identified \$19,239 in duplicate costs for 1,344.5 hours of overlapping services provided by individuals in the COMPASS programs at Ridgewood who were also working as SYEP participants. Twenty-eight individuals were paid twice for the same hours worked for two different programs.

DYCD Response: DYCD will conduct its own audit of Ridgewood, will take appropriate steps to recover any duplicative costs that DYCD can identify, and will provide technical assistance, as necessary.

3. OSC found insufficient evidence to demonstrate that a fair and appropriate process was used to enroll children in the COMPASS programs at Ridgewood, giving the appearance of favored treatment. Specifically, OSC found 257 students who applied for the COMPASS programs were enrolled ahead of 50 students who had applied earlier (some had been on a waiting list for months).

DYCD Response: While many of DYCD's providers may follow a "first come first served" policy, DYCD relies on a provider's expertise and community knowledge to fairly and appropriately select students to fully enroll for funded seats. There are several noted factors to an outreach and enrollment approach outlined by DYCD in its Request for Proposals (RFP) which was made a part of each contract as Appendix D. Some of those factors include:

State Comptroller's Comment – As stated in the report, Ridgewood did not provide any explanation or documentation regarding the 257 students given admission priority in its Department-funded afterschool programs.

- COMPASS Contract 126034, Appendix D, RFP Section I – Program Background, Section B – Program Goals, Paragraph titled "Participants": *"[p]rograms will serve children in elementary school (kindergarten through fifth grade) but would be allowed to target sub-groups of youth who would benefit from program designs tailored to their specific needs;"*
- COMPASS Contract 126034, Appendix D, RFP Attachment D – School Partnership Agreement, 7: *"[i]f the Provider is awarded a contract, the school agrees to encourage its students to participate in the program, including targeting and identifying students who are performing below their grade level and are at risk of not being promoted. The school also agrees that the provider may recruit students who are enrolled in other schools for the program;"*

- OST Contract 134403, Appendix D, RFP Section II – Summary of the RFP, Section A – Purpose, Paragraph titled "Year-round Programing": *"studies suggest youth gain maximum benefit from OST programs if they attend over multiple years;"* and
- OST Contract 134403, Appendix D, RFP Section III – Scope of Services, Section D – Assumptions Regarding Program Approach, Paragraph 2 titled "Participants": *(5) "[p]rograms would offer priority enrollment to children eligible for ACS subsidized child care services."*
- In NYCHA developments, youth who reside in NYCHA are prioritized (OST Contract 134403, Appendix D, RFP Section III – Scope of Services, Section D – Assumptions Regarding Program Approach, Paragraph 2 titled "Participants": *"In programs located at NYCHA developments, at least 51 percent of participants would be residents of NYCHA facilities."*).
- Homeless youth, youth with special needs, and court-involved youth are also target populations (OST Contract 134403, Appendix D, RFP Section III - Scope of Services, Section D – Assumptions Regarding Program Approach, Paragraph 2 titled "Participants": *"Programs would serve children in elementary or middle school (kindergarten through eighth grade), but would be permitted to target sub-groups of youth who would benefit from program designs that are tailored to their specific needs...[p]articipants would include special-needs and vulnerable youth. These might include, for example, youth with disabilities, court-involved youth, and homeless youth."*

Other enrollment considerations can be based on existing resources. For example, if a program notes that a separately funded service for 5th graders is available in the school building, perhaps they will more heavily recruit K to 4th graders. Additional factors are that COMPASS programs must also adhere to School Age Child Care requirements regarding group size, age limitations, etc. To meet these requirements and fulfill the recommendations outlined in DYCD's RFPs, providers must be allowed to make selections in a variety of ways. DYCD leaves that discretion to the provider.

4. Some parents reported paying a fee that ranged between \$100 to \$900 to enroll their children in the COMPASS programs – a practice that is prohibited by the contracts between the Department and Ridgewood.

DYCD Response: If payments by parents are determined by DYCD to be improper enrollment fees, and/or if DYCD determines there are other disallowed costs under the contracts, DYCD will take appropriate steps to recoup the amounts from Ridgewood and will provide technical assistance, as necessary.

DYCD has sent, and will continue to send, periodic written reminders to funded program providers to reinforce the fee prohibition, clearly stated in DYCD agreements that providers are not to charge enrollment fees for DYCD funded programs.

5. Ridgewood employed family members of managerial employees in Department-funded programs in violation of contract provisions, including a work site supervisor who

approved her own daughter's time sheets and a Ridgewood executive's son who held various titles and was telecommuting from North Carolina.

DYCD Response:

DYCD's feedback from Ridgewood:

The "work site supervisor" did not directly supervise her daughter in any/all of her job duties.

State Comptroller's Comment – The Department is mistaken. The mother did supervise her daughter; she signed her daughter's SYEP time sheet verifying the reported work hours. Furthermore, the fact that the mother verified the time sheet work hours for 12 other SYEP participants supports that the mother had a managerial role.

Both are employed by the Ridgewood COMPASS PS 153 program as group leaders and are paid under that same job title for DYCD, at the same rate of pay. The mother works with the 6th Grade group and the daughter works with the 1st Grade group. The daughter was an SYEP participant for the time in question but was directly supervised by a work site supervisor that she is not related to.

Based on Ridgewood's explanation, the daughter did not hold a position with Ridgewood "*over which*" (Appendix A, Article 2, Section 2.02, Paragraph as quoted above) the mother exercised any supervisor, managerial or other authority. Therefore, it appears that Ridgewood did not violate DYCD contract Appendix A, Article 2, Section 2.02, Paragraph F nor Appendix B, Article II, paragraph 31 in the COMPASS contract.

Regarding the Ridgewood executive's son, Ridgewood has represented to DYCD that the son's position will no longer be funded in whole or in part by any DYCD contracts.

DYCD will implement the following practices to evaluate potential Conflict of Interest scenarios:

- DYCD Program Managers and Management staff will receive training on the Conflict of Interest provisions and protocols that govern the CBO contracts.
- DYCD Management staff will be required to follow the current protocols that require review and coordination from the DYCD Legal Department on conflict of interest determinations and decisions.
- Conflict of Interest provisions will be reviewed in CBO trainings facilitated by DYCD.

Relevant Contract Provisions include:

Appendix A, Article 2 Representations and Warranties, Section 2.02 Conflicts of Interest, Paragraph F states:

"Without the prior written consent of the Commissioner, no person may hold a job or position with the Contractor over which a member of his or her immediate family exercises any supervisor, managerial or other authority whatsoever whether such authority is reflected in a job title or otherwise, unless such job or position is wholly voluntary and unpaid. A member of an immediate family includes: husband, wife, domestic partner, father, father-in-law, mother, mother-in-law, brother, brother-in-law, sister, sister-in-law, daughter, daughter-in-law, niece, nephew, aunt, uncle, first cousin, and separated spouse. Where a member of an immediate family has that status because of that person's relationship to a spouse (e.g., father-in-law), that status shall also apply to a relative of a domestic partner."

COMPASS contract, Appendix B, Scope of Work, Article II – Program Services:

"Contractor shall provide Program Services directly or through approved subcontractors subject to the conditions identified in the RFP, Appendix D; in accordance with the terms of this Agreement, including but not limited to the Workscope Schedule, Appendix B-1; and the Fiscal Manual as follows..."

31) Ensure that no person shall be hired for any position nor contract entered into with any person for services in connection with the Program if an immediate family member and/or household member of that person is employed by Contractor in any management capacity, including as an officer or member of Contractor's board of directors."

Key Recommendations

OSC recommends that the Department improve its oversight of the afterschool and summer employment contracts with Ridgewood. Specifically, the Department should:

1. Develop a mechanism to match youth with vacant SYEP positions.

DYCD Response: DYCD has a mechanism to match eligible youth with unfilled SYEP positions. This mechanism allowed DYCD to match the 69,700 participants with the 12,000+ worksites that OSC referenced in the background section of this report. Please see DYCD's response to Key Finding #1, above, for further details.

2. Review and recover duplicate compensation paid for overlapping hours worked by SYEP participants who were also employees in COMPASS programs at Ridgewood.

DYCD Response: Please see DYCD response to Key Finding #2, above.

3. Ensure that the COMPASS selection process is fair and appropriate, by creating policies and procedures requiring providers to document their afterschool selection and enrollment processes.

DYCD Response: DYCD will evaluate the feasibility of having providers document their afterschool selection and enrollment processes.

4. Ensure that parents are not charged fees for students to participate in afterschool programs.

DYCD Response: Please see DYCD response to Key Finding #4, above.

5. Ensure that providers do not employ relatives of managerial employees in Department-funded programs.

DYCD Response: DYCD will continue to remind providers of the requirements of the contractual conflict of interest provisions about the hiring of relatives and the limited instances of obtaining a waiver.

Recommendations

1. Review and recover duplicate compensation paid for overlapping hours worked by SYEP participants who were also employees in the COMPASS programs at Ridgewood.

DYCD Response: Please see DYCD response to Key Finding #2, above.

2. Develop a mechanism to match eligible youth with vacant SVEP positions.

DYCD Response: Please see DYCD response to Key Recommendation #1, above.

3. Ensure that providers do not employ relatives of managerial employees in Department-funded programs.

DYCD Response: Please see DYCD response to Key Recommendation #5, above.

4. Review and recover Department-funded payments to relatives of managerial employees.

DYCD Response: DYCD will conduct its own audit of Ridgewood and will take appropriate measures regarding costs DYCD can identify as payments to relatives of managerial employees in violation of the contract.

5. Ensure that the Department's COMPASS unit follows proper protocols when determining contract compliance.

DYCD Response: DYCD will implement the following practices to evaluate potential Conflict of Interest scenarios:

- DYCD Program Managers and Management staff will receive training on the Conflict of Interest provisions and protocols that govern the CBO contracts.
- DYCD Management staff will be required to follow the current protocols that require review and coordination from the DYCD Legal Department on conflict of interest determinations and decisions.
- Conflict of Interest provisions will be reviewed in CBO trainings facilitated by DYCD.

6. Create policies and procedures requiring providers to adequately document the afterschool selection and enrollment process.

DYCD Response: DYCD will evaluate the feasibility of requiring providers to document their afterschool selection and enrollment processes.

7. Ensure that afterschool participants are selected and enrolled using a fair and appropriate methodology and that appropriate supporting documentation is maintained.

DYCD Response: Please see DYCD response to Key Finding #3, above.

8. Ensure that parents are not charged fees for students to participate in afterschool programs.

DYCD Response: Please see DYCD response to Key Findings #4, above.

9. Review parental allegations of fees for participation in the COMPASS program at Ridgewood. Take legal action where appropriate.

DYCD Response: DYCD is in the process of reviewing information on this subject and will determine appropriate next steps.

10. Review and recover payments made to Ridgewood for non-allowable expenditures.

DYCD Response: DYCD will conduct its own audit of Ridgewood and will take appropriate steps to recover any payments made to Ridgewood for non-allowable expenditures that DYCD can identify. DYCD will also provide technical assistance as appropriate.

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