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October 7, 2019

VIA E-MAIL

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

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

Dear Mr. Sifontes:

The Department of Youth and Community Development (DYCD) appreciates this opportunity to provide the attached response detailing the progress that DYCD has made in implementing the recommendations contained in 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 with a long, sweeping underline that extends to the right.

Bill Chong

**New York City Department of Youth and Community Development (DYCD) Response  
to the Office of the New York State Comptroller (OSC)  
Final Report 2017-N-7 dated June 28, 2019**

The Office of the New York State Comptroller's (OSC) report 2017-N-7, under the section titled Reporting Requirements, requested 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."* The following is DYCD's report.

**OSC Key Recommendation One:**

Develop a mechanism to match youth with vacant SYEP positions.

**DYCD Response:**

DYCD has a mechanism to identify youth for vacant SYEP positions. The mechanism entails youth being selected from the application pool via lottery to participate in the program. Lotteries are continued until all available youth are selected and the provider's slot allocation is filled. In instances where vacancies occur, eligible youth from a viable application pool are selected via a lottery to backfill vacancies. Application pools are created based on youth applying to a specific provider. Pools cannot be transferred to other providers.

There are instances where post lottery and initial selection, an application pool is depleted, and ongoing lotteries are no longer viable. This results in the inability to backfill vacant slots. Prior to determining a slot cannot be backfilled, DYCD completes a comprehensive analysis of application pools, unfilled slots, and assesses the provider's capacity to absorb additional participants due to vacancies. Where determined, DYCD will transfer underutilized slots to a provider that can demonstrate that the vacant slot can be filled by an eligible applicant.

**OSC Key Recommendation Two:**

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:**

DYCD reviewed the timesheets, payroll reports, and W-2s of the 31 employees identified by OSC who worked for The Greater Ridgewood Youth Council Inc. (GRYC) COMPASS and SYEP programs during summer 2017. DYCD's review of the employee W-2s confirmed that the individual GRYC employees received payment for work during calendar year 2017 that was consistent with DYCD's expectation for payments that should have been made to these employees during 2017 had they worked their full scheduled hours under GRYC's COMPASS and SYEP programs.

DYCD's review of the employee timesheets found that GRYC's internal controls specific to the verification of the information recorded on the timesheets were not sufficient. Due to this internal control deficiency, DYCD is unable to determine whether any amount of compensation should be disallowed and recovered.

DYCD finds that the predominant issue associated with this OSC Recommendation is that GRYC did not have adequate internal controls in place to appropriately process payroll for its summertime workforce. During the summer, GRYC's staff expands rapidly to meet the needs of its many summer programs. Staff may be funded by multiple funding streams and a single employee may have different hourly rates dependent upon the funding stream. Managing this situation, in combination with the substantial increase in work locations and short timelines to meet payroll deadlines during the summer is challenging. Since these summer programs only run for six to eight weeks a year, GRYC's financial department must be streamlined to meet its needs to accommodate a temporary influx in personnel.

To assist GRYC develop robust internal controls and address these challenges, DYCD has referred GRYC to a Technical Assistance Provider: Financial Management Associates (FMA). In collaboration with FMA, GRYC will complete a Fiscal Policies and Procedures Manual focusing on internal controls and compliance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.

**OSC Key Recommendation Three:**

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:**

GRYC provided DYCD with its written enrollment policies and selection procedures for all DYCD funded afterschool programs. To summarize: GRYC gives priority to current program participants for the upcoming program period. After current program participants have had an opportunity to apply for the upcoming program, a publicly drawn lottery is held if new applicants exceed remaining slots. Applicants not chosen during the lottery are placed on a waiting list. This approach to enrollment and selection is consistent with GRYC's COMPASS contract with DYCD.

**OSC Key Recommendation Four:**

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

**DYCD Response:**

In September of 2016; January, July, and December of 2018; and June of 2019 DYCD sent an email notification to all DYCD-funded provider Executive Directors to remind them of:

1. The prohibition on charging fees to participants and fundraising in a manner that causes confusion to participants about whether the program is offered free of charge.

2. That providers who offer fee-based programming must ensure the process is entirely separate from DYCD, including separate enrollment forms and communications.

DYCD has recently launched the DiscoverDYCD service hub which allows participants to apply to multiple after school and other DYCD-funded programs online at the following link - <https://discoverdycd.dycdconnect.nyc/welcome>. Applicants are documented in the DYCD data system; including a record of their application status (whether pending, waitlisted, accepted, etc.), any applicant who is not accepted into a program, and the justification from the provider for why the applicant was not accepted.

DYCD's new service hub also offers additional opportunity for DYCD to communicate directly to parents and participants through a single platform, including that services are offered free of charge and other important DYCD information.

**OSC Key Recommendation Five:**

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

**DYCD Response:**

DYCD performs outreach to providers and conducts internal and external training about key contract provisions, including those having to do with conflicts of interest and familial relationships. On July 29, 2019, an email was sent to program providers, under the Commissioner's signature, reminding them that a clause of the City's Standard Human Services contract requires a provider to obtain written Commissioner approval of any situation where one family member is supervising or managing a relative. This email was subsequently shared with all DYCD staff.

DYCD also plans to address key contract terms earlier in the procurement process (*i.e.* pre-proposal conferences for RFPs and at orientation meetings held for organizations who have been awarded a contract in an RFP).

**OSC 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 response to Key Recommendation Two, above.

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

**DYCD Response:**

Please see response to Key Recommendation One, above.

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

**DYCD Response:**

Please see response to Key Recommendation Five, above.

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

**DYCD Response:**

DYCD's SYEP Policy and Procedures manual has been updated to reflect the requirements in the Standard Human Services Contract.

OSC's report identified three employees that OSC believed worked for a relative in a managerial position at GRYC, for which GRYC had not received approval from DYCD's Commissioner to fund under DYCD contracts:

- **The son of GRYC's Executive Director.** DYCD's review found that the son's salary should not have been funded under DYCD contracts, and therefore DYCD disallows, and will recoup, his entire \$40,000 salary from Fiscal Year 2018. Further, GRYC has informed DYCD that the son's salary has been removed from all DYCD funded contracts.
- **The daughter of GRYC's Chief Operating Officer.** GRYC provided DYCD with an organizational chart which showed its reporting and supervising lines. As reported on the org. chart, the daughter worked as a Program Aide and directly reported to a Program Director. Additionally, GRYC informed DYCD that: prior to the daughter working at GRYC, she was interviewed by two GRYC employees that were in supervisory positions immediately above the daughter's position and the final hiring decision was made by those employees in collaboration with GRYC's President; the daughter's hourly rate was set based on discussion between her immediate supervisor, the Chief Financial Officer, and the Executive Director. The daughter never held a position that made her responsible for any financial matters or decisions at GRYC. DYCD compared the daughter's hourly rate to other GRYC employees in similar positions and found that the daughter's hourly rate was appropriate. Based on our review, DYCD will not disallow this salary. Further, GRYC has informed DYCD that the COO's daughter is no longer employed by GRYC.
- **The daughter of a GRYC worksite supervisor.** As reported on the org. chart, both the daughter and her mother worked as Group Leaders and directly reported to Instructors. Additionally, GRYC informed DYCD that prior to the daughter working at GRYC, she was interviewed for the position by the Program Director and the Director of Program Operations, who collectively made the decision to hire the daughter; the daughter's hourly rate was set based on discussion between her immediate supervisor, the Chief

Financial Officer, and the Executive Director. The daughter never held a position that made her responsible for any financial matters or decisions at GRYC. DYCD compared the daughter's hourly rate to other GRYC employees in similar positions and found that the daughter's hourly rate was appropriate. Based on our review, DYCD will not disallow this salary.

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

**DYCD Response:**

Please see response to Key Recommendation Five, above.

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

**DYCD Response:**

Please see response to Key Recommendation Three, above.

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 response to Key Recommendation Three, above.

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

**DYCD Response:**

Please see response to Key Recommendation Four, above.

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

**DYCD Response:**

DYCD reviewed the allegations and supporting documents available. DYCD's review was unable to substantiate these claims.

For a description of DYCD's ongoing communication to providers regarding this matter, please see response to Key Recommendation Four, above.

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

**DYCD Response:**

DYCD's ongoing review has identified space, food, and beverage expenditures that were non-allowable. The final amounts are still being determined. Upon determination, DYCD will recover funds from GRYC.