



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 30, 2022

Keith Howard
Commissioner
New York City Department of Youth & Community Development
2 Lafayette Street – 19th Floor
New York, NY 10007

Re: Oversight of Afterschool and Summer
Youth Employment Contracts
Report 2022-F-11

Dear Commissioner Howard:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III, Section 8 of the General Municipal Law, we have followed up on the actions taken by officials of the New York City Department of Youth & Community Development to implement the recommendations contained in our audit report, *Oversight of Afterschool and Summer Youth Employment Contracts* (Report [2017-N-7](#)).

Background, Scope, and Objective

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 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. Two of these programs are the Summer Youth Employment Program (SYEP) and the Comprehensive Afterschool System of New York City (COMPASS).

SYEP provides New York City youth and young adults between the ages of 14 and 24 with paid summer employment for up to 6 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. According to information in the Mayor's Management Report (MMR) dated September 2021, in fiscal years 2019 and 2020, approximately 74,000 youth participated each year in SYEP. However, because of social distancing concerns and citywide budget shortfalls, SYEP was initially suspended and then later partially reinstated with modified programming in fiscal year 2021, with approximately 35,000 youth participating.

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 and then notifies providers and applicants of their selections. The Department pays the providers up to \$325 for each participant (based on information from 2017). 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.

COMPASS provides young people enrolled in grades K–12 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 (based on information from 2017) for each student who participates in the program. According to the MMR, COMPASS served approximately 90,000 youth in fiscal year 2021, down from approximately 123,000 youth in fiscal year 2020.

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. In the initial audit, we selected three of the largest Ridgewood contracts to review, totaling approximately \$4.1 million.

The objectives of our initial audit report, which was issued on June 28, 2019 and covered the period July 1, 2017 through December 11, 2018, were to determine whether the Department was effectively overseeing its afterschool and summer employment programs operated by Ridgewood; whether program participants were selected based on established criteria; and whether expenditures were program appropriate and adequately supported. We determined that the Department was not adequately overseeing its afterschool and summer employment contracts with Ridgewood, finding compliance issues with program policies and contracts and identifying inappropriate expenditures.

The objective of our follow-up was to assess the extent of implementation, as of September 23, 2022, of the 10 recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Department officials made limited progress in addressing the issues we identified in the initial audit report. Of the initial report's 10 audit recommendations, five were partially implemented and five were not implemented.

Follow-Up Observations

Recommendation 1

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

Status – Partially Implemented

Agency Action – Department officials provided time sheets from Ridgewood that they reviewed, and agreed with the auditors that the time sheets reported overlapping hours; however, they did not recoup duplicate compensation. Department officials stated their review concluded that none of the hours reported on the time sheets could be relied upon or verified and therefore they do not believe a definitive dollar value to be recouped could be determined. They added that there is no other support available to substantiate which hours any person was actually working.

Recommendation 2

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

Status – Not Implemented

Agency Action – Department officials maintained their position that there is a mechanism in place to match eligible youth with vacant SYEP positions. However, as cited in our initial report, we identified 168 SYEP positions that were initially filled but later became vacant because the youth selected never showed up to their job placements, and these positions remained unfilled. The Department's current procedures do not address these types of vacancies when they arise. As a result, there is a risk that other eligible youth are not afforded the opportunity to achieve economic independence through this program, which provides work-related education, skills training, and employment opportunities.

Recommendation 3

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

Status – Partially Implemented

Agency Action – Department officials provided us with Ridgewood's employee handbook, which states family members may not directly supervise other family members. They also provided us with email correspondence dated March 1, 2021, December 17, 2021, and July 1, 2022 reminding providers that, under Section 6.05(c) of the City's Human Services Contracts, no person may hold a job or position with a contractor over which a member of his or her immediate family exercises any supervisory, managerial, or other authority without prior written consent of the Commissioner. However, Department officials did not provide documentation to support their efforts to ensure that providers are in compliance with the requirement stated in the employee handbook or in the contract provisions.

Recommendation 4

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

Status – Partially Implemented

Agency Action – Our initial audit found that three individuals who were immediate relatives of Ridgewood's managerial employees were hired to work in the Department-funded programs. For one of these individuals, Department officials provided information showing they reviewed and entered into a repayment agreement in July 2020 with Ridgewood to recover payments made. However, while they provided us with copies of 25 checks submitted by Ridgewood for repayment, dated between August 12, 2020 and July 19, 2022 – except for one check (for \$1,083, deposited on September 9, 2021), there was no documentation to support that the other 24 check payments were processed.

For the two other individuals, Department officials stated they reviewed the information and determined they would not take steps to recover payments made because these individuals did not work directly under their relative's supervision and, moreover, were

no longer employed at Ridgewood. However, Department officials did not provide documentation showing that these two individuals did not work under their relative's supervision and that, therefore, recoupment of the Department-funded payments is not warranted.

Recommendation 5

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

Status – Not Implemented

Agency Action – Department officials did not provide documentation to support how they ensure its COMPASS unit follows the proper protocols when determining contract compliance.

Recommendation 6

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

Status – Not Implemented

Agency Action – Department officials stated that Ridgewood provided them with its written enrollment policies and selection procedures for all its Department-funded afterschool programs. However, the Department did not create its own policies and procedures requiring providers to adequately document the afterschool selection and enrollment process.

Recommendation 7

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

Status – Not Implemented

Agency Action – Department officials provided a copy of a sample flyer from one of Ridgewood's programs outlining the enrollment process, including information about online registration and the lottery process. However, this is not sufficient to support the Department's efforts to address this recommendation. Therefore, we have no assurance that the selection and enrollment process for afterschool participants is being proactively monitored by Department officials.

Recommendation 8

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

Status – Partially Implemented

Agency Action – Department officials provided documentation (i.e., information in the parent application, emails to providers) supporting their efforts to communicate to parents and providers that the Department's afterschool programs are free. However, Department officials did not provide documentation to support any actions they have taken to confirm that providers are complying with this policy.

Recommendation 9

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

Status – Not Implemented

Agency Action – Department officials asserted they reviewed the parental allegations of fees for participation in the COMPASS program at Ridgewood and were unable to substantiate their claims. However, Department officials did not provide records to support their review of these parental allegations.

Recommendation 10

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

Status – Partially Implemented

Agency Action – Our initial audit report identified non-allowable expenditures for space and food. Department officials provided documentation showing that their review identified \$24,980 in unallowable space costs and that they entered into a repayment agreement with Ridgewood in July 2020 to recover payments. Department officials also provided copies of checks submitted by Ridgewood for repayment; however, they did not provide documentation to support that these check payments were processed.

Regarding the expenses for food and beverages, Department officials stated they reviewed three contracts and invoices provided by Ridgewood and determined no recoupment was necessary because the expenses were for participants in the program or staff who worked overtime. However, Department officials did not provide provision(s) of the contracts or any other documentation that stipulates that food and beverages are allowable expenses for participants and staff.

Major contributors to this report were Cheryl May, Natalie Sherman, Leslie Camargo, and Gabriela Gratereaux.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Sheila Jones
Audit Manager

cc: William Kamen, DYCD
Doug Giuliano, NYC Mayor’s Office of Operation