

AUDIT REPORT

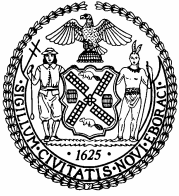


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Oversight by the Department of Youth and Community Development on the Immigrant Special Initiative Contracts

MG07-098A

June 26, 2007



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office has audited the Department of Youth and Community Development (DYCD) to determine whether the agency is adequately overseeing its Immigrant Special Initiative (ISI) contracts.

DYCD awards contracts to various community-based organizations (CBOs) throughout the five boroughs. The ISI contracts provide services and support to immigrants to help them become more self-sufficient, improve their living conditions and become naturalized citizens. Audits such as this provide a means of ensuring that DYCD and other city agencies properly monitor contractors to help ensure that they provide the services outlined in their contracts.

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

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

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/ec

Report: MG07-098A
Filed: June 26, 2007

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

**Audit Report on the
Oversight by the Department of
Youth and Community Development on the
Immigrant Special Initiative Contracts**

MG07-098A

AUDIT REPORT IN BRIEF

The audit determined whether DYCD is adequately overseeing its Immigrant Special Initiative (ISI) contracts. The Department of Youth and Community Development (DYCD) was created in October 1996; through its Office of Immigrant Initiatives, DYCD awards contracts to various community-based organizations (CBOs) throughout the five boroughs. DYCD awarded 27 contracts to various CBOs as part of an ISI to provide services in one or more of four program areas: Legal Assistance, Immigrant Women, Immigrant Youth Development, and Legal Services for Undocumented Youth in the Foster Care System.

The Office of Immigrant Initiatives conducts monitoring of the CBOs performance under the ISI contracts. It provides CBOs with technical assistance to ensure proper completion and submission of quarterly reports, and provides support to ensure that program participants are receiving quality services and that program participants achieve the target outcome. CBOs are required to track and report on program participants and the outcomes they achieve. The contracts ran from January 1, 2005 through June 30, 2006, and were renewed for one additional year running through June 30, 2007. The initial contracts and contract renewals awarded amount to a total of \$6,497,289.

Audit Findings and Conclusions

DYCD needs to improve oversight over its ISI contracts. We noted that the Office of Immigrant Initiatives followed guidelines established by DYCD. Specifically, contract managers conducted required administrative and programmatic site visits, assessed program activities and participants' files to determine whether they were maintained in accordance with DYCD requirements, and took corrective action when necessary. Further, we ascertained that all current contracts were registered and that vendor evaluations were performed.

However, our audit disclosed weaknesses in the monitoring of CBO performance in meeting contract goals. DYCD (1) did not ensure that CBOs submit all required quarterly reports and (2) has limited controls to ensure that CBOs reported accurate information on

program participants and the outcomes they achieved. Although DYCD has procedures in place to ensure that CBOs keep adequate documentation of program participants and the services provided, there is no adequate control to ensure that CBOs submit required reports detailing contract activity, and that the data included in those reports is accurate. As a result, DYCD is hindered in assessing contractor performance in meeting contract goals.

We also noted that improvements can be made to further enhance the management control of services provided by CBOs—specifically, offering program participants alternative ways of informing DYCD of any complaints against the CBOs.

Audit Recommendations

To address these issues we make seven recommendations, including that DYCD should:

- Increase its efforts in reaching out to CBOs to encourage timely submission of quarterly reports.
- Continue to ensure detection of inaccuracies in quarterly reports and implement effective procedures to aid CBOs in the completion of those reports.
- Implement new procedures that will aid Outcome Specialists and Contract Managers in verifying the data submitted by CBOs.
- Ensure that future ISI contracts include a clause whereby contractors are required to post contact information in various languages for complaint handling and resolution.

Agency Response

In their response, DYCD agreed with six of the audit's seven recommendations.

INTRODUCTION

Background

The DYCD was created in October 1996 with the merger of the Department of Youth Services and the Community Development Agency. The goal of the merger was to strengthen community resources and provide services to youth and low-income communities under one agency. As part of this goal, it contracts to provide services and support to immigrants, who make up two-thirds of the City's population, so they can become more self-sufficient, strengthen their family life, improve their living conditions, and become naturalized citizens. To accomplish its mission DYCD, through its Office of Immigrant Initiatives, awards contracts to various CBOs throughout the five boroughs.

DYCD awarded 27 contracts to various CBOs as part of an ISI to provide services in one or more of four program areas: Legal Assistance, Immigrant Women, Immigrant Youth Development, and Legal Services for Undocumented Youth in the Foster Care System.

The Office of Immigrant Initiatives conducts monitoring of the CBOs performance under the ISI contracts. It provides CBOs with technical assistance to ensure proper completion and submission of quarterly reports, and provides support to ensure that program participants are receiving quality services and that program participants achieve the target outcome. CBOs are required to track and report on program participants and the outcomes they achieve. Program tracking involves maintaining files, including (1) Milestone/Outcome Tracking Logs and case-management notes for each participant and (2) Master Milestone/Outcome Tracking Forms (Master Tracking Form) and attendance sheets for each program. Program reporting consists of submitting Quarterly Registration Forms and Program Summary Forms.

The contracts ran from January 1, 2005 through June 30, 2006, and were renewed for one additional year running through June 30, 2007. The initial contracts and contract renewals awarded amounts to a total of \$6,497,289.

Objective

The objective of this audit was to determine whether DYCD is adequately overseeing its ISI contracts.

Scope and Methodology

The audit covered the period January 1, 2005 through December 31, 2006. To gain an understanding of the internal controls established for handling the ISI contracts and the procedures used to oversee these contracts, we met with DYCD officials.

To gain an understanding of the roles and responsibilities of DYCD and the CBOs, we reviewed ISI contracts awarded and familiarized ourselves with their major terms and provisions. We gathered and reviewed relevant information from the Mayor's Management Report, the

Executive Budget, and the DYCD website. Additionally, we obtained and reviewed various DYCD policies and procedures, New York State contracts, and New York City Procurement Policy Board (PPB) rules. The following were used as part of our audit criteria:

- DYCD Office of Immigrant Initiatives Program Monitoring Manual (issued January 2006);
- State of New York, Department of State contract with DYCD for the Community Services Block Grant contract number C005527-06 (October 2005);
- Community Services Block Grant (CSBG) Program Tracking and Reporting Manual (Fiscal Year 2006);
- New York State Department of State, Division of Community Services, Community Services Block Grant Guide to Monitoring;
- PPB rules, Chapter 4, §4-01, “Evaluation and Documentation of Vendor Performance”.

To familiarize ourselves with DYCD’s duties and responsibilities in the oversight of the CBOs performance and to determine whether adequate controls were in place to ensure that the ISI contract provisions were enforced, we conducted walkthroughs with the contract managers. We also accompanied contract managers during site visits conducted during February and March 2007. To obtain an understanding of the CBOs’ reporting requirements, we interviewed DYCD personnel who provide assistance and training to CBO personnel. We also attended one of the monthly training sessions facilitated by DYCD to determine whether the training addressed all aspects of the quarterly report requirements.

We obtained a list, dated December 29, 2006, of the 25 current ISI contracts and judgmentally selected five contracts, the one with the highest dollar amount for each contract manager and program area. We selected five contracts covering the four program areas as well as each of the five contract managers.

For the five selected contracts, we obtained the central contract files, contract managers’ records, and other information generated during administrative and programmatic site visits. We determined whether the site visits were performed in accordance with the guidelines of the Program Monitoring Manual, including (1) required number of field visits (at least one site visit per contract period), (2) assessment of program participants’ files and activities, (3) completion of site visit reports, and (4) the preparation of follow-up corrective action plans when necessary. We determined whether information on the contract managers’ written site visit reports were accurately and timely entered in the DYCD Comprehensive Contract Monitoring System (CCMS). We also determined whether supervisory review and approval were performed after site visit reports were entered into CCMS.

To determine whether contract managers ensure the proper submission and accuracy of the required Quarterly Registration Form (QRF) and Program Summary Form (PSF) submitted by the CBOs, we obtained and reviewed the quarterly reports submitted during our scope period for the five selected contracts. Further, we analyzed the PSFs submitted for the quarter ending December 31, 2006 to verify the accuracy of the total number of program participants registered and their achievement of the program milestones and outcomes during that quarter. In addition,

we visited four of the five CBOs¹ to corroborate the data reported on the PSF, submitted to DYCD, and the number of participants listed on the Master Tracking Form maintained by the CBO. We judgmentally selected ten participants at each CBO and reviewed their personnel files to ensure that their records accurately reflected their achievement of the program outcome reported on the PSF.

For all 25 ISI contracts, we established whether they were registered with the Comptroller's Office and whether a performance evaluation was performed on the CBOs.

For our audit testing, we relied primarily on source documentation (e.g., contract files, monitoring forms, and quarterly reports); consequently, we did not conduct data reliability testing since CCMS data was not considered essential for audit testing purposes.

The results of the above tests, while not projectable to their respective populations, provided a reasonable basis to assess the adequacy of DYCD compliance with applicable rules and regulations in accordance with our audit objective.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other audit procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

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 May 07, 2007, and discussed at an exit conference held on May 18, 2007. On May 25, 2007, we submitted a draft report to the DYCD officials with a request for comments. We received a written response from DYCD officials on June 07, 2007. In its response DYCD stated: "DYCD recognized weaknesses in ISI contract management and took corrective action prior to the audit, demonstrating its serious and appropriate attention to its monitoring and responsibilities regarding these contracts." DYCD agreed with six audit recommendations and disagreed with one that addressed the implementation of new procedures that would aid the agency in verifying the data submitted by CBOs. The full text of the DYCD response is included as an addendum to this report.

¹ We excluded one CBO because based on our survey and assessment we determined that they maintained an adequate control environment.

FINDINGS AND RECOMMENDATIONS

DYCD needs to improve oversight over its ISI contracts. We noted that the Office of Immigrant Initiatives followed guidelines established by DYCD. Specifically, contract managers conducted required administrative and programmatic site visits, assessed program activities and participants' files to determine whether they were maintained in accordance with DYCD requirements, and took corrective action when necessary. Further, we ascertained that all current contracts were registered and that vendor evaluations were performed.

However, our audit disclosed weaknesses in the monitoring of CBO performance in meeting contract goals. DYCD (1) did not ensure that CBOs submit all required quarterly reports and (2) has limited controls to ensure that CBOs reported accurate information on program participants and the outcomes they achieved. We also noted that improvements can be made to further enhance the management control of services provided by CBOs—specifically, offering program participants alternative ways of informing DYCD of any complaints against the CBOs. The details of the findings are discussed in the remaining sections of this report.

Monitoring of CBOs in Meeting Performance Goals Needs Improvement

Although DYCD has procedures in place to ensure that CBOs keep adequate documentation of program participants and the services provided, there is no adequate control to ensure that CBOs submit required reports detailing contract activity, and that the data included in those reports is accurate. As a result, DYCD is hindered in assessing contractor performance in meeting contract goals.

Quarterly Reports Not Always Submitted

The scope of services detailed in the ISI contracts between DYCD and the CBOs specify, among others things that program services shall be provided in conformity with the CSBG Act². Accordingly, the CSBG Program Tracking and Reporting Manual mandate CBOs to track and report on program participants and the outcomes they achieve. To accomplish this, CBOs must submit the QRF, which contains demographic data (e.g., gender, ethnicity, household type, household size), and the PSF, which contains performance data (e.g., number of participants who have met program milestones), at the close of each quarter.

Initially, DYCD personnel provided us with only 45 (59%) of the 76³ required quarterly reports. DYCD officials told us that in the process of receiving, logging and entering the quarterly reports in the database system, the reports are sometimes misfiled. After a second search of its files, DYCD supplied us with an additional 10 reports, for a revised total of 55

² The Community Services Block Grant Act provides federal funds to the states to provide services to alleviate the causes and conditions of poverty in communities.

³ We reviewed eight quarters for five CBOs; however, the contract term for one CBO did not start until July 1, 2005. Thus, only 76 quarterly reports were expected for our audit scope.

(72%) of the 76 required quarterly reports for our test period, consisting of 22 QRFs and 33 PSFs.

Our review of the QRFs that were submitted identified a number of mathematical and reporting errors. For example, one CBO reported that it had 51 enrollees, but its detailed breakdown contained only 37 enrollees, another CBO submitted a partially completed QRF without enrollee data in 11 out of 17 reporting categories.

Quarterly report data obtained from CBOs is used to determine how well the CBOs are doing in meeting the service delivery goals in their contracts. This data is also reported to the State's Division of Community Services and to complete the DYCD Annual Program Report. Since the ISI contracts are funded by the state, quarterly report data obtained from CBOs is used to report to the state Division of Community Services. Even though the data on the DYCD State reports is an aggregate from the various state-funded contracts entered by DYCD, the unsatisfactory rate of quarterly report submissions for ISI contracts, and the inaccuracies found therein, negatively affects the data contained in the DYCD State reports.

DYCD officials informed us that monitoring the submission of quarterly reports was proving burdensome for the contract managers. In an effort to assist the contract managers and improve the accuracy and submission rates of the quarterly reports, DYCD hired two outcome specialists in November 2006 to help ensure that the CBOs provide complete and mathematically accurate quarterly reports in a timely manner. (Since the outcome specialists were hired after our audit scope period, we were unable to determine their effectiveness in accomplishing these objectives.)

Inadequate Controls to Ensure that CBOs Are Reporting Correct Data

Contract managers have the responsibility of monitoring the CBOs and evaluating them for program effectiveness, administration, program record-keeping, physical environment, and reporting. According to the Program Monitoring Manual, during a site visit the contract manager should "compare the quarterly reports with the Master Tracking Form and individual case files to ensure that the agency is reporting correctly"; the manual further specifies that they should "make sure that these participants appear properly on PSF."

We accompanied contract managers during three scheduled site visits and one exit conference to observe the activities performed in monitoring the ISI contracts. We found that the contract managers reviewed the CBOs administrative files to verify contract documentation is filed, complete, and accurate. The Master Tracking Form was compared to daily attendance sheets to verify that program participants are real. In addition, they reviewed a random sample of program participant folders to assess the completeness of case management notes. However, we found that the contract managers did not verify data reported on the PSF.

DYCD officials told us that contract managers do not verify the data reported on the PSF due to time constraints and that the random selection of personal files suffices to verify correctness of the data reported by CBOs. However, we disagree with this assertion. The analysis that contract managers perform will not determine whether a CBO is inflating the

number of persons that met a certain milestone or the outcome. To determine that, the manager would have to obtain the names of persons claimed to have reached a milestone or outcome and then look at their files to see if that assertion is adequately supported.

Based on this meeting and our observations, we performed site visits to four CBOs to assess the quarterly reports submitted for the quarter ending December 31, 2006, and verify the accuracy of the information reported on the PSF as compared to the Master Tracking Form where this data comes from. We found that the PSFs we reviewed contained inaccurate information; specifically, program participant progress was not properly transferred and recorded from the Master Tracking Form to the PSF. We found some inconsistencies in all four of the CBOs we visited. Table I, below, details the results of our analysis.

Table I

Reported vs. Actual
Milestones and Outcomes
October 1, 2006 through December 31, 2006

Category	CBO # 1			CBO # 2			CBO # 3			CBO # 4		
	Rptd	Actl	Diff	Rptd	Actl	Diff	Rptd	Actl	Diff	Rptd	Actl	Diff
Total Number of Participants Served During Period	219	219	0	163	139	-24	78	38	-40	337	334	-3
New Enrollees	28	28	0	54	54	0	9	9	0	109	108	-1
Reached Milestone 1	131	117	-14	18	15	-3	23	13	-10	99	99	0
Reached Milestone 2	33	47	14	68	47	-21	15	14	-1	64	64	0
Reached Milestone 3	21	21	0	17	17	0	6	1	-5	53	51	-2
Achieved Performance Outcome	6	6	0	6	6	0	25	1	-24	12	12	0

As shown in Table I, while CBOs #1 and #4 had minimal differences between reported and actual figures, CBOs #2 and #3 had significant differences. For example, CBO #3 reported on the PSF that 25 participants had achieved the performance outcome; however, our review revealed that in fact only one participant had achieved the outcome. While the discrepancies found on the PSFs may be inadvertent and result from the CBOs lack of training in filling out this report, the possibility also exists that they may be an attempt by the CBOs to inflate their performance figures. Although the CBOs are not paid based on the outcomes achieved, the numbers reported on the PSFs nevertheless reflect the contractors' effectiveness in meeting the programmatic goals of their respective contracts and are among the factors used by DYCD in evaluating contractor performance. Without verifying the accuracy of the PSFs, DYCD cannot be assured that CBOs are performing in compliance with their contracts.

Recommendations

DYCD should:

1. Increase its efforts in reaching out to CBOs to encourage timely submission of quarterly reports.

DYCD Response: “DYCD, independently and one year prior to the commencement of the audit increased its efforts to encourage CBOs to submit reports timely. DYCD instituted improved tracking of report submission by ISI contractors. To further address reporting submissions and their accuracy, as the auditors noted, DYCD established an Outcome Compliance Unit staffed with two newly-created positions of Outcome Specialists in November 2006, prior to the ISI audit notification from the Comptroller. . . . Furthermore, DYCD’s performance in this area continues to improve: 98 percent of the ISI program reports required have been submitted for the first three quarters of FY2007. DYCD will maintain its efforts in this area.”

2. Continue to ensure detection of inaccuracies in quarterly reports and implement effective procedures to aid CBOs in the completion of those reports.

DYCD Response: “...DYCD initiated improvements in program reporting submission and accuracy by establishing the Outcome Compliance Unit. In addition to monitoring CBOs to ensure that they submit their reports, the Outcome Specialists review the report’s contents, detect inaccuracies, and follow up with CBOs. . . .

“DYCD observes that most errors on the outcome reporting are the result of poorly trained or inexperienced CBO staff or miscommunication within a CBO between program and support staff. ...To address the issue of poorly trained staff, DYCD offers monthly training on outcomes reporting and continuous follow-up.”

3. Implement new procedures that will aid Outcome Specialists and Contract Managers in verifying the data submitted by CBOs.

DYCD Response: “Existing procedures are adequate and implementing new ones would impede other methods of monitoring programs. DYCD believes that the most effective system to ensure CBOs are providing quality services and reporting accurate data is multi-faceted, including but not limited to verifying that the numbers are reported accurately on outcome reports. For this reason, when DYCD contract managers visit ISI contractors, they review a randomly selected number of participant files to verify whether the information in the files corresponds to the information reported by the CBOs. Perhaps equally significant, contract managers measure program quality based upon observations made during site visits. Interviewing staff and participants and reviewing case notes and participant files reveal as much about programs as does the review of outcome data. These different methods of evaluation complement each other and provide a more complete picture of what is occurring at the program. If contract managers devoted all the site visit time to verifying the outcome data, as suggested by the auditors,

there would be too little time to observe the program, and the information gathered by program observation would be lost.”

Auditor Comment: While contract managers review randomly selected participant files they do not verify that the information in the files corresponds to the information on the reports the CBOs submit to DYCD. Rather, as we state in the report, they merely assess the completeness of case management notes. Additionally, the newly created Outcome Compliance Unit only ensures the mathematical accuracy of the CBO-submitted reports; it does not ensure that the underlying data is valid. Contract managers should verify that the data which is being used in evaluating contractors’ performance is reliable. Accordingly, we urge DYCD to reconsider its response to this recommendation.

Inadequate Supervisory Review of the CCMS Site Visit Reports

The Program Monitoring Manual stipulates that Contract Managers should complete the CCMS site visit report within seven days of the site visit conducted on or after January 1, 2006. In addition, the manual states that Directors should ensure that the site visit report is approved and a hard copy is placed in the central files within ten days of receiving it.

Our analysis did not show major inaccuracies or deficiencies in the content of the site visit reports; however, we found that of 13 total site visits performed during our audit scope:

- Five (38%) of 13 CCMS site visit reports were not properly signed and dated by the contract manager.
- Nine (69%) of 13 CCMS site visit reports were not signed-off or dated for review by the supervisor.

The CCMS site visit report is an important tool that records the contract manager’s assessment of the CBO’s compliance with contractual requirements. By not ensuring that contract managers and their supervisors sign and date the CCMS site visit reports, DYCD is unable to demonstrate, nor can we verify, that the site visit reports are being prepared and reviewed in a timely manner. As a result, there is an increased risk that deficiencies in CBOs’ performance, such as the provision of program activities or participants’ achievement of outcomes, may be overlooked.

Recommendations

DYCD should:

4. Ensure that contract managers adhere to the Program Monitoring Manual guidelines regarding the timely completion and signing of CCMS site visit reports.
5. Ensure that supervisors adhere to the Program Monitoring Manual guidelines regarding review and approval of CCMS site visit reports.

DYCD Response: “Again, DYCD perceived this problem, which is attributable to the former unit supervisor who was replaced on January 1, 2006, and addressed it prior to the commencement of the audit. ...” Further DYCD stated it will “Continue to ensure that contract managers adhere to the Program Monitoring Manual Guidelines regarding the timely completion and signing of CCMS site visit reports and that supervisors adhere to the Program Monitoring Manual guidelines regarding review and approval of CCMS site visit reports.”

Other Matter

During our audit we noted that DYCD indicated they had concerns that a particular CBO was not fulfilling its contract because of low enrollment. An unannounced visit by DYCD employees who did not reveal their true identity revealed that the CBO was dissuading eligible candidates from participating in the program. DYCD met with this CBO to discuss low enrollment and low service levels. According to DYCD, this CBO “realized that it did not have the capacity to increase the number of people served to the level required by the contract” and requested that the contract be assigned to another CBO, to which DYCD agreed. However, we are concerned that there is no formal process for program participants to notify DYCD of their complaints.

While DYCD has established procedures for programmatic site visits, it has no official policy statement for tracking and handling complaints from program participants regarding the ISI contractors. PPB rules §4-01, states: “The agency shall assess client satisfaction by using techniques such as periodic interviews with clients, interviews with members of the clients’ families, questionnaires to survey clients or their families, or such other techniques as may be appropriate.” DYCD officials said that due to the nature of the ISI programs (i.e., undocumented immigrants, domestic violence) contract managers are limited in interacting with program participants because of legal matters or participants fear of being identified.

DYCD maintains that it investigates and resolves complaints against CBOs; however, there is no mechanism in place to inform clients that DYCD is the oversight agency. During our observations at the sites, we found no posted notice informing participants that DYCD is the oversight agency that will investigate and resolve complaints they may have.

Program participants come from a vulnerable population. A significant portion of them are fearful of being identified, do not use English as their primary language, and do not necessarily have access to current technology (e.g., computers). Therefore, it is imperative that DYCD have a mechanism in place for program participants to anonymously bring their complaints or concerns to the agency’s attention. DYCD officials agreed and told us that they will formally establish guidelines to receive and handle complaints for the ISI contracts.

On another note, we are concerned that a performance evaluation on the CBO whose contract was reassigned was not completed as required by PPB rules. By not performing a

program evaluation and recording it in VENDEX⁴, the CBO's inability to fulfill its contract obligations is not recorded and other City agencies are not made aware of this issue before possibly procuring the services of this vendor.

Recommendations

DYCD should:

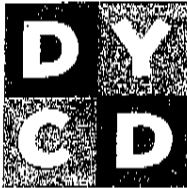
6. Ensure that future ISI contracts include a clause whereby contractors are required to post contact information in various languages for complaint handling and resolution.

DYCD Response: "DYCD will include this requirement in future contracts."

7. Ensure that a performance evaluation is completed for all contractors as required by PPB rules.

DYCD Response: "In recognition of the importance of timely filing of performance evaluations, DYCD in spring 2007 held training sessions for contract managers in all program units, including the ISI unit, on this topic. It is expected that the training will result in more careful observation of filing requirements."

⁴ The VENDEX data base helps agencies make decisions regarding vendors and contractors; it stores information on all City contractor responsibility determinations, vendor VENDEX questionnaires, cautionary information provided by City agencies and law enforcement, contractor performance evaluations, and City liens and warrants.



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JEANNE B. MULLGRAV
Commissioner

June 7, 2007

Deputy Comptroller John Graham
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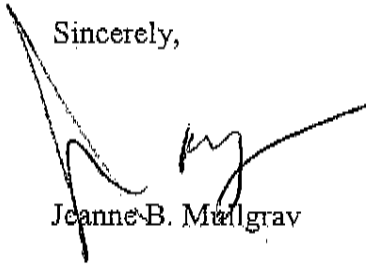
Re: **DRAFT REPORT**
**Audit Report on the Oversight by the Department of Youth
and Community Development on the Immigrant Special Initiative
Contracts MG07-098A (Report)**

Dear Mr. Graham:

The Department of Youth and Community Development (DYCD) appreciates this opportunity to provide the attached response to the Report, which we understand will be attached as part of the Final Report.

DYCD further is conscious of the professionalism with which this audit was conducted. DYCD welcomes suggestions in its ongoing efforts to improve youth and community development services for New Yorkers.

Sincerely,



Jeanne B. Mullgrav

Attachment

**Response to the Draft Audit Report on the Oversight
by the Department of Youth and Community Development (DYCD)
on the Immigrant Special Initiative (ISI) Contracts (Draft Report)**

Recommendation #1: DYCD should increase its efforts in reaching out to CBOs to encourage timely submission of quarterly reports.

DYCD Response: DYCD, independently and one year prior to the commencement of the audit increased its efforts to encourage CBOs to submit reports timely. DYCD instituted improved tracking of report submission by ISI contractors. To further address reporting submissions and their accuracy, as the auditors noted, DYCD established an Outcome Compliance Unit staffed with two newly-created positions of Outcome Specialists in November 2006, prior to the ISI audit notification from the Comptroller. As a result, marked improvement was demonstrated in the second of the two years audited regarding submissions:

Submission of Quarterly Reports	
Year	% submitted
2005	52.5%
2006	92.5%

Furthermore, DYCD's performance in this area continues to improve: 98 percent of the ISI program reports required have been submitted for the first three quarters of FY 2007. DYCD will maintain its efforts in this area.

Recommendation #2: DYCD should continue to ensure detection of inaccuracies in quarterly reports and implement effective procedures to aid CBOs in the completion of those reports.

DYCD Response: As described above, independently and prior to the audit, DYCD initiated improvements in program reporting submission and accuracy by establishing the Outcome Compliance Unit. In addition to monitoring CBOs to ensure that they submit their reports, the Outcome Specialists review the report's contents, detect inaccuracies, and follow up with CBOs. The effectiveness of this system was demonstrated with one of the CBOs cited by the auditors, CBO #3 in Table I on page 8 of the Draft Report. At the same time the auditors visited CBO #3 and without notice from the Immigrant Special Initiative contract management unit, the Outcome Specialists were working with CBO #3 to correct the very errors found and cited by the auditors. The cause of the errors appears to have stemmed from the CBO's then recent hiring of a new employee who was responsible for the completion and submission of program reports. His inexperience led to the reporting errors. Because DYCD has an excellent working relationship with the

CBOs, it is able to spot problems quickly and provide the technical assistance needed to correct these issues.

DYCD observes that most errors on outcome reporting are the result of poorly trained or inexperienced CBO staff or miscommunication within a CBO between program and support staff. A CBO may have excellent program staff, providing effective services, but untrained or very limited administrative staff. Rarely has DYCD found that inaccuracies in reporting are due to deliberate intent to deceive or to inflate performance. To address the issue of poorly trained staff, DYCD offers monthly training on outcomes reporting and continuous follow-up.

Recommendation #3: DYCD should implement new procedures that will aid Outcome Specialists and Contract Managers in verifying the data submitted by CBOs.

DYCD Response: Existing procedures are adequate and implementing new ones would impede other methods of monitoring programs. DYCD believes that the most effective system to ensure CBOs are providing quality services and reporting accurate data is multi-faceted, including but not limited to verifying that the numbers are reported accurately on outcome reports. For this reason, when DYCD contract managers visit ISI contractors, they review a randomly selected number of participant files to verify whether the information in the files corresponds to the information reported by the CBOs. Perhaps equally significant, contract managers measure program quality based upon observations made during site visits. Interviewing staff and participants and reviewing case notes and participant files reveal as much about programs as does the review of outcome data. These different methods of evaluation complement each other and provide a more complete picture of what is occurring at the program. If contract managers devoted all of the site visit time to verifying the outcome data, as suggested by the auditors, there would be too little time to observe the program, and the information gathered by program observation would be lost.

Recommendation #4: DYCD should ensure that contract managers adhere to the Program Monitoring Manual Guidelines regarding the timely completion and signing of CCMS site visit reports.

Recommendation #5: DYCD should ensure that supervisors adhere to the Program Monitoring Manual guidelines regarding review and approval of CCMS site visit reports.

DYCD Response to Recommendations 4 and 5: Again, DYCD perceived this problem, which is attributable to the former unit supervisor who was replaced on January 1, 2006, and addressed it prior to the commencement of the audit. Since January 1, 2006, each

CCMS site visit report has been signed and except for contract manager who failed to get her supervisor's signature before being replaced in her position:

Signatures on Site Visit Reports		
Year	% Signed by Contract Manager	% Signed by Supervisor
2005	28.5%	0%
2006	100%	80% ¹

Recommendation #6: DYCD should ensure that future ISI contracts include a clause whereby contractors are required to post contact information in various languages for complaint handling and resolution.

DYCD Response: DYCD will include this requirement in future contracts.

Recommendation #7: DYCD should ensure that a performance evaluation is completed for all contractors as required by PPB rules.

DYCD Response: In recognition of the importance of timely filing of performance evaluations, DYCD in spring 2007 held training sessions for contract managers in all program units, including the ISI unit, on this topic. It is expected that the training will result in more careful observation of filing requirements.

Conclusion

DYCD recognized weaknesses in ISI contract management and took corrective action *prior* to the audit, demonstrating its serious and appropriate attention to its monitoring responsibilities regarding these contracts.

Agency Implementation Plan

DYCD will:

1. Sustain its efforts to encourage CBOs to submit reports timely.
2. Continue to detect inaccuracies in reports and aid CBOs in the completion of reports.
3. Continue to ensure that contract managers adhere to the Program Monitoring Manual Guidelines regarding the timely completion and signing of CCMS site

¹ The percentage involved four of five reports signed by the supervisor.

visit reports and that supervisors adhere to the Program Monitoring Manual guidelines regarding review and approval of CCMS site visit reports.

4. Require ISI contractors to post DYCY contact information in various languages for complaint handling and resolution.
5. Ensure that performance evaluations are completed for all contractors as required by PPB rules.