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December 2, 2013

Honorable Dennis M. Walcott, Chancellor  
New York City Department of Education  
Tweed Building  
52 Chambers Street  
New York, NY 10007

**Re: Final Letter Report on the New York City Department of Education's Payments to Navigant Consulting, Inc.  
(Audit Number FM13-131AL)**

Dear Chancellor Walcott:

We are sending this Final Letter Report to provide you with the results of the audit of the New York City Department of Education's (DOE) Payments to Navigant Consulting, Inc. (Navigant). The objectives of this audit were to determine whether Navigant appropriately billed DOE for the services provided and performed its responsibilities as required by the Stipulation and Agreement of Settlement (Stipulation).

### **Background**

Pursuant to the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act, and New York State law, DOE is required to maintain a due process hearing system whereby parents are able to challenge the actions of DOE in providing special education services to their children with disabilities. On December 12, 2003, a group of parents filed a lawsuit against DOE, claiming that the favorable orders and settlements they received from the court were not being enforced in a timely manner. The suit also claimed that DOE did not maintain an adequate due process system and did not track and monitor enforcement of the court orders.

On December 11, 2007, DOE, Advocates for Children of New York, and the legal counsel for the Lead Plaintiffs (parents) entered into a Stipulation that required an independent auditor to calculate the percentage of orders that were implemented in a timely manner and generate reports showing the results. On March 26, 2008, the court appointed Daylight Forensic and Advisory, LLC (Daylight) as independent auditor. Subsequently, on May 14, 2010, Daylight was acquired by Navigant. On June 24, 2010, a court order was issued, assigning Daylight's responsibilities to Navigant, with no objections from either party. Between January 2011 and June 2013, Navigant issued 11 quarterly reports. In addition, Navigant submitted 29 invoices totaling approximately \$4.3 million to DOE for the services it rendered between January 2011 and May 2013.

## **Conclusion**

Navigant appropriately billed DOE for the services provided and performed its responsibilities as required by the Stipulation. Navigant provided DOE with monthly invoices and timesheets containing descriptions of tasks performed and rates billed. For services rendered between January 2011 and May 2013, we determined that the total fees and hours billed were accurate. In addition, the hourly rates corresponded with those listed on Navigant's engagement letter. Furthermore, Navigant issued all quarterly reports as required. Finally, DOE reviewed the monthly invoices and timesheets and appropriately addressed any unusually high billable hours or discrepancies with Navigant.

## **Audit Scope and Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This scope period of this audit was January 1, 2011, to June 30, 2013. To achieve our audit objectives, we reviewed the Stipulation and identified the relevant terms and conditions. To gain an understanding of DOE's payment approval process and Navigant's billing practices, we conducted walk-through meetings with DOE and Navigant officials. The results were documented in memoranda and flowcharts.

We reviewed all 29 Navigant invoices (approximately \$4.3 million) dated February 2011 to June 2013 for services rendered between January 2011 and May 2013 to determine if they were properly reviewed and approved by DOE prior to payment. We also reviewed various correspondence between DOE and Navigant to determine whether DOE's billing concerns were addressed. To determine the accuracy of the amounts paid to Navigant, we recalculated Navigant's invoices and compared the hours billed to the hours listed on the supporting Navigant timesheets. We also compared the titles and hourly rates on the invoices to Navigant's engagement letter to determine whether Navigant accurately billed DOE. In addition, we reviewed the 11 quarterly reports issued by Navigant between January 2011 and June 2013 to ensure that Navigant performed its responsibilities as required by the Stipulation.

The matters covered in this final letter report were discussed with DOE officials during and at the conclusion of this audit. A preliminary letter report was sent to DOE officials on November 14, 2013, with a request for comments. DOE officials decided to waive the exit conference. We received a written response from DOE on November 22, 2013, which was dated November 15, 2013.

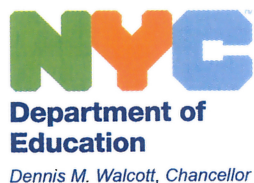
In its response, DOE stated, "...the New York City Department of Education wishes only to thank the Comptroller's team for its conduct of the audit and willingness to ground itself in an understanding of the nature of the Department's relationship with Navigant Consulting, Inc." The full text of DOE's response is included as an addendum to this final letter report.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Tina Kim', with a stylized, flowing script.

Tina Kim

- c: Marlene Malamy, Deputy Auditor General, Department of Education
- Judy Nathan, First Deputy Counsel, Department of Education
- Elizabeth Weinstein, Director, Mayor's Office of Operations
- George Davis III, Deputy Director, Mayor's Office of Operations
- Alma Fana, Assistant Comptroller for Financial Audit, NYC Comptroller's Office
- Michael Morgese, Deputy Director, NYC Comptroller's Office



November 15, 2013

H. Tina Kim  
Deputy Comptroller for Audit  
The City of New York  
Office of the Comptroller  
One Centre Street  
New York, NY 10007-2341

Dear Ms. Kim:

In response to the positive findings of the New York City Comptroller's Preliminary Letter Report on the New York City Department of Education's Payments to Navigant Consulting, Inc. (FM13-131AL), the New York City Department of Education wishes only to thank the Comptroller's team for its conduct of the audit and willingness to ground itself in an understanding of the nature of the Department's relationship with Navigant Consulting, Inc.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Buher', with a long horizontal line extending to the right.

Andrew Buher  
Chief Operating Officer  
New York City Department of Education