

# AUDIT REPORT



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

## **Audit Report on the Workforce Investment Act Program of the Department of Small Business Services**

*ME03-170A*

**June 30, 2004**



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

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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 examined whether the Department of Small Business Services (DSBS) has ensured that the City has received its fair share of federal Workforce Investment Act funds and whether DSBS appropriately verified its performance-based payments to its job training and placement contractors.

The results of our audit, which are presented in this report, have been discussed with DSBS officials, and their comments have been considered in the preparation of this report.

Audits such as this provide a means of ensuring that City resources are used effectively, efficiently, and in the best interest of the public.

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](mailto: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/fh

**Report:** ME03-170A  
**Filed:** June 30, 2004

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

**Audit Report on the Workforce  
Investment Act Program of the  
Department of Small Business Services**

**ME03-170A**

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**AUDIT REPORT IN BRIEF**

This audit of the Department of Small Business Services (DSBS) determined whether it has ensured that the City has received its fair share of federal Workforce Investment Act (WIA) funds and whether DSBS appropriately verified its performance-based payments to its job training and placement contractors. Federal WIA funds support job training and placement programs for dislocated workers, adults and youths. DSBS has responsibility for the programs for dislocated workers and adults.

**Audit Findings and Conclusions**

DSBS has not ensured that the City has been allocated all of the federal WIA funds to which it has been entitled for its adult and dislocated worker job training and placement programs. New York State Department of Labor (NYSDOL) Fiscal Year 2003 allocations to the City for the adult and dislocated worker programs appear to be accurate. However, because DSBS has not verified the accuracy of its WIA allocations, DSBS has not ensured that it has received its fair share of the State's WIA allocations in other fiscal years. In addition, until June 14, 2004, New York City was the only one of the 33 local workforce investment areas in the State lacking a certification for its one-stop career center system. The lack of such a certification had limited the ability of local organizations and businesses, as well as DSBS, to qualify for various grants. Finally, DSBS has not adequately validated its performance-based payments to its job training and placement contractors.

**Audit Recommendations**

To address these issues, the audit recommended that DSBS:

- Request that NYSDOL provide training concerning the methodologies by which WIA allocations are calculated.

- Ensure that it is receiving all of the funds to which it is entitled under the Workforce Investment Act.
- Ensure that all employment milestone information is properly documented and verified before paying contractors' claims. Subsequent to payment, DSBS should properly maintain its claims processing files to facilitate payment quality reviews.
- Ensure that the names of the employer representatives who verify employment milestone information and of the CVU validators are consistently recorded on verification documentation.

### **DSBS Response**

On June 3, 2004, we submitted a draft report to DSBS officials with a request for comments. We received a written response from DSBS officials dated June 23, 2004. DSBS agreed with most of our findings, but disagreed with the finding that DSBS has not adequately validated its performance-based payments to its job training and placement contractors. DSBS also agreed with two of our recommendations, but was not fully responsive to two other recommendations and was totally unresponsive to one. DSBS emphasized that it resolved one audit finding by obtaining, on June 14, 2004, State certification for its one-stop career center system. We address DSBS's specific comments in the body of the report.

The full text of DSBS's response is included as an addendum to this report.

## **INTRODUCTION**

### **Background**

On August 7, 1998, Congress enacted the Workforce Investment Act. In conjunction with this act, the New York City Workforce Investment Board was created to establish a mechanism for supporting and coordinating local job training and placement efforts. The board consists of 44 members who are appointed by the Mayor and represent businesses; community, educational, and labor organizations; and government agencies. The board provides strategic direction and oversight for the local implementation of the WIA program. Federal WIA funds support the board's job training and placement programs for dislocated workers, adults, and youths. The federal funds are allocated to the board by the New York State Department of Labor.

Staff support for the board is provided by City agencies. Until July 1, 2003, the Department of Employment and the Human Resources Administration (HRA) supported the board's administration of the WIA program. Since then, the Department of Small Business Services has assumed responsibility for the programs for dislocated workers and adults, while the Department of Youth and Community Development (DYCD) has assumed responsibility for the youth program.

During Fiscal Year 2003, the Department of Employment and HRA received a total of about \$96 million in federal WIA funds—including about \$18 million for dislocated workers, \$38 million for adults, and \$40 million for youths. Dislocated workers include those who have lost their jobs due to such circumstances as a permanent plant closing, a substantial layoff, foreign competition, or a natural disaster. Adult workers include the general population seeking employment placement services and special populations with extraordinary barriers to employment, such as those with disabilities and chemical dependencies. Young workers include in-school and out-of-school youths between the ages of 14 and 21.

### **Objectives**

The objectives of this audit were to determine whether DSBS and the agency it absorbed (the Department of Employment) have ensured that the City has received its fair share of federal WIA funds for dislocated workers and adults, and whether DSBS (and the Department of Employment) appropriately verified its performance-based payments to its job training and placement contractors.

### **Scope and Methodology**

The period covered by this audit is July 1, 2002, to June 30, 2003 (Fiscal Year 2003).

To gain an understanding of the WIA program, we reviewed the act and related federal regulations, as well as numerous reports on the program. To gain an understanding of the processes by which DSBS implemented the WIA program,<sup>1</sup> we interviewed numerous DSBS and Workforce Investment Board officials. We also reviewed the DSBS Central Validation Unit *Employment/Retention/Earnings Validation Procedure*, the *Performance-Based Claims Process Manual*, and other DSBS directives.

To determine whether the City has received all the WIA funds to which it is entitled for its adult and dislocated worker programs, we contacted NYSDOL and obtained the allocation formulas and economic data used to calculate the City's allocations. In addition, we obtained the NYSDOL hold-harmless provision methodology for adjusting its adult worker program allocations. Finally, we obtained information on the federal allotments to New York State and calculated New York City's share in accordance with Chapter 5, §§ 131, 132, and 133, of the Workforce Investment Act of 1998.

To determine whether DSBS ensured that contractors delivered client services as indicated on their payment requests, we obtained DSBS lists of all Fiscal Year 2003 payments made to its 37 job training and placement contractors for adult special population and dislocated workers. The lists were based on data contained in the Citywide Financial Management System. During Fiscal Year 2003, the 20 contractors for adult special population workers received 66 payments for a total of about \$3.2 million, and the 17 contractors for dislocated workers received 373 payments for a total of about \$30.2 million. We selected a random sample of seven (11%) of the 66 payments for job training and placement services provided to adult special population workers and 23 (6%) of the 373 payments for services provided to dislocated workers.<sup>2</sup> We reviewed the adequacy of the supporting documentation DSBS provided to us for the sampled payments.

The results of the above tests, while not statistically projected, provide a reasonable basis to assess DSBS's approval of these payments.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of records and other auditing procedures considered

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<sup>1</sup> Whenever we refer to DSBS throughout the remainder of the report, we will actually be referring to the Department of Employment through June 30, 2003, and DSBS thereafter.

<sup>2</sup> Job training and placement contractors for adult workers are reimbursed only for the achievement of performance-based milestones. Contractors for dislocated workers are reimbursed 50 percent through the achievement of performance-based milestones and 50 percent for line-item expenses. During the sample selection, if a selected payment was only for line-item expenses, we advanced to the next random number. We also advanced to the next random number if the contractor's claim sought reimbursement for training services. Performance-based milestones include a client obtaining a new job, being retained on the new job for certain time periods, or receiving a wage gain relative to their previous employment. In addition, DSBS was unable to locate one payment for over five months. The payment file, requested in December 2003, was not provided to us until the May 25, 2004 exit conference. Because the payment had already been replaced in our sample, and because the file, contrary to our usual procedure, had been photocopied by DSBS, rather than by us, we did not conduct a detailed review of this payment.

necessary. The 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 DSBS officials during and at the conclusion of this audit. This preliminary draft report was sent to DSBS officials on May 7, 2004, and was discussed at an exit conference held on May 25, 2004. On June 3, 2004, we submitted a draft report to DSBS officials with a request for comments. We received a written response from DSBS on June 23, 2004. DSBS agreed with most of our findings, but disagreed with the finding that DSBS has not adequately validated its performance-based payments to its job training and placement contractors. DSBS also agreed with two of our recommendations, but was not fully responsive to two other recommendations and was totally unresponsive to one. DSBS emphasized that it resolved one audit finding by obtaining, on June 14, 2004, State certification for its one-stop career center system. We address DSBS's specific comments in the body of the report.

The full text of DSBS's response is included as an addendum to this report.



## **FINDINGS AND RECOMMENDATIONS**

The Department of Small Business Services has not ensured that the City has been allocated all of the federal Workforce Investment Act funds to which it has been entitled for its adult and dislocated worker job training and placement programs. The NYSDOL Fiscal Year 2003 allocations to the City for the adult and dislocated worker programs appear to be accurate. However, because DSBS has not verified the accuracy of its WIA allocations, DSBS has not ensured that it has received its fair share of the State's WIA allocations in other fiscal years. In addition, until June 14, 2004, New York City was the only one of the 33 local workforce investment areas in the State lacking a certification for its one-stop career center system. The lack of such a certification limited the ability of local organizations and businesses, as well as DSBS, to qualify for various grants. Finally, DSBS has not adequately validated its performance-based payments to its job training and placement contractors.

### **DSBS Has Not Ensured That It Has Been Allocated All of the WIA Funds to Which It Is Entitled**

DSBS has not ensured that the City has received all of the WIA funds to which it is entitled. DSBS officials said that they did not verify the accuracy of the WIA allocations because they generally assumed that the New York State Department of Labor provided the correct amounts to the City.

DSBS officials also said that they relied on the New York Association of Training Employment Professionals (NYATEP), of which the City is a member, to review the appropriateness of the State's WIA allocations to the City. However, a NYATEP official informed us that the association only obtains WIA allocation information from the NYSDOL website and passes it along to members. The NYATEP official stated that they do not review the appropriateness of the allocations. DSBS officials further explained that they relied on the New York City Office of Management and Budget (OMB) to review their allocations. However, when we asked OMB officials about the City's WIA allocations, they informed us that they do not review the allocation because they also assume that NYSDOL provides the correct amounts to the City.

The Workforce Investment Act provides a system for the allocation of federal WIA funds to the states, and for the state allocation of the funds to local workforce investment areas (LWIAs). The act establishes a formula for the state allocation of WIA funds for the adult program, and delegates to the governor of each state the authority to establish the allocation formula for the dislocated worker program. Since DSBS and OMB officials responsible for the WIA program could not explain the processes by which the State calculates the City's WIA allocations, we contacted NYSDOL to obtain the allocation formula for the dislocated worker program and the economic data that it used to calculate the City's Fiscal Year 2003 allocations for dislocated workers and adults. NYSDOL officials said that it allocates WIA funds to each of

the 33 LWIAs in the State based on each LWIA's share of various unemployed and economically disadvantaged populations in the State.

Based on the formula information and economic data obtained from NYSDOL, we reviewed the accuracy of the Fiscal Year 2003 allocations for the City's dislocated worker and adult programs. For the dislocated worker program, we concluded that the \$17,965,597 allocation to New York City was accurate. (See Appendix I for detailed information on NYSDOL's allocation formula for this program and its Fiscal Year 2003 allocation calculation.)

For the adult program, the allocation formula indicates that the City should have received \$40,572,196. However, NYSDOL informed us that, unlike the dislocated worker program, allocations for the adult program are subject to the hold-harmless provision of the act, which requires that no LWIA within a state receive "less than 90 percent of its average allocation percentage for the 2 preceding years." The act further requires that the "amounts necessary for increasing such allocations to local areas . . . shall be obtained by ratably reducing the allocations to be made to other local areas." When the formula-determined allocations for the adult program were calculated for Fiscal Year 2003, 16 of the 33 LWIAs were eligible for hold-harmless payments to be funded by the State's other LWIAs (including New York City). New York City was required to pay \$2,546,747 in hold-harmless payments, which reduced its allocation to \$38,025,449 for Fiscal Year 2003.

Neither the act nor the corresponding federal regulations explain how the allocations to some LWIAs should be ratably reduced to fund hold-harmless payments to other LWIAs. NYSDOL informed us that it had received guidance from the U.S. Department of Labor on the method that it should follow to ratably reduce allocations. However, NYSDOL was unable to provide us with a copy of this guidance.

NYSDOL officials said that the method they use to ratably reduce allocations involves a complicated process by which each held-harmless LWIA receives an allocation percentage that is equal to 90 percent of its average allocation percentage for the preceding two years, and each ratably reduced LWIA has its allocation percentage recalculated to support the hold-harmless payments. The recalculations are based on each ratably reduced LWIA's share of the unemployed and economically disadvantaged individuals within the group of ratably reduced LWIAs (rather than within all the LWIAs throughout the State). If a recalculation reduces an LWIA's allocation percentage below the hold-harmless level, this LWIA receives a hold-harmless payment and the allocation percentages of all of the remaining ratably reduced LWIAs are recalculated once again. These recalculations continue until all of the ratably reduced LWIAs' allocation percentages are above the hold-harmless level.

Based on the hold-harmless allocation percentages and the unemployment and poverty data NYSDOL provided for all 33 LWIAs, we concluded that the \$38,025,449 allocation to New York City for the adult program was accurate. (See Appendix II for more detailed information on NYSDOL's allocation formula, hold-harmless calculation methodology, and Fiscal Year 2003 allocation calculation for this program.)

The NYSDOL Fiscal Year 2003 allocations to the City for the adult and dislocated worker programs are accurate based upon the allocation methodology described to us by NYSDOL. However, because DSBS has not verified the accuracy of its WIA allocations, DSBS has not ensured that it has received its fair share of the State's WIA allocations in other fiscal years. We note that the City gave up \$2.55 million of its WIA allocation for adult workers in Fiscal Year 2003 due to the hold-harmless provision. Due to its lack of knowledge of NYSDOL's allocation methodology for the WIA adult worker program, DSBS was unable to challenge this significant reduction in its allocation. Since NYSDOL's complicated methodology for ratably reducing allocations for hold-harmless purposes is not required by either the act or federal regulation, the City could have questioned the use of this methodology.

In Appendix III we present a simple and fair alternative methodology that would have provided DSBS with more than \$388,000 in additional WIA funds for the adult program in Fiscal Year 2003. The alternative methodology does not involve the recalculation of allocation percentages. It simply determines the amounts by which each ratably reduced LWIA exceeds its hold-harmless allocation, calculates the total excess amount for these LWIAs, and assigns responsibilities for the payments to the held-harmless LWIAs commensurate with each LWIA's share of the total excess amount. For example, since 17 LWIAs (including New York City) exceeded their minimum hold-harmless allocations by a total of about \$9.72 million, and since New York City exceeded its minimum allocation by about \$5.91 million, or about 60.8 percent of the total excess amount, the alternative methodology would require New York City to pay 60.8 percent of the total hold-harmless payments of about \$3.55 million to the 16 held-harmless LWIAs. This would amount to about \$2.16 million. However, the NYSDOL methodology required the City to pay about 71.8 percent—or about \$2.55 million—of the total hold-harmless payments.

### **Recommendations**

1. DSBS should request that NYSDOL provide training concerning the methodologies by which WIA allocations are calculated.

***DSBS Response:*** “The City has a close working relationship with NYSDOL and it is in both the State's and the City's best interest that the City receive its full allocation. The funds are allocated by federally-established formula, and the formula which come along the allocation amounts, are published widely, leaving little room for error.”

***Auditors' Comments:*** DSBS is not responsive to the recommendation. DSBS does not dispute our statement that it does not verify the accuracy of its WIA allocations. However, it has not agreed to take any tangible steps to improve its understanding of the allocation process or to review the accuracy of the allocations it receives. DSBS's statement that there is little room for error because the federally-established formula and the allocation amounts are widely published is troubling. First of all, there is no “federal formula” for the dislocated worker program. The State is allowed to establish its own allocation formula for this program, provided that it includes the factors identified in the

act. In addition, for the adult program, while the basic allocation amounts are determined by a federal formula specified in the act, if the hold-harmless provision requires these amounts to be adjusted, neither federal law nor federal regulation stipulates how the adjustments should be made. Again, the State has its own methodology for implementing the hold-harmless provision. Even if the dislocated worker allocation formula and the adult program's hold-harmless methodology were widely published, which they are not, and even though the final allocation amounts are published, the fact remains that it is incumbent upon DSBS to better understand these formulas and methodologies to be able to review and verify the accuracy of the City's WIA allocations. There is simply too much money involved for DSBS to totally rely on the State to ensure that the City gets its fair share.

2. DSBS should ensure that it is receiving all of the funds to which it is entitled under the Workforce Investment Act. DSBS should question NYSDOL's hold-harmless methodology that requires the City to pay a disproportionate share of the total hold-harmless payments to held-harmless LWIAs.

***DSBS Response:*** "We agree that the City would benefit under the alternative methodology cited in the draft report. However, under the WIA statute, the State has the discretion to select the formula that it deems more appropriate under the circumstances and it does so balancing the needs of all the counties. We appreciate the Comptroller's validation of the accuracy of the City's allocation and we will continue to monitor the City's WIA allocation."

***Auditors' Comments:*** We do not understand DSBS's reluctance to question the State's hold-harmless methodology that has disproportionately reduced the City's adult program allocation.

#### **DSBS Had Not Obtained Certification Needed For the Receipt of Various Grant Funds**

Until June 14, 2004, New York City was the only local workforce investment area in the State lacking a certification for its one-stop career center system. The lack of such a certification limited the ability of local organizations and businesses, as well as DSBS, to qualify for various grants.

Under the WIA program, New York State has 33 Local Workforce Investment Boards (LWIBs). Each local board is required to establish one-stop centers that are capable of delivering, under one roof, the full-range of job training and placement services to employers and job seekers. The City of New York currently has four one-stop centers, one each in the Bronx, Brooklyn, Manhattan, and Queens. Since July 2003, New York City had been the only workforce investment area in the State that lacked a NYSDOL certification for its one-stop centers.

The New York City Workforce Investment Board, which relies on DSBS for staff support for the adult and dislocated worker programs, submitted its application for State certification of its one-stop system to NYSDOL on September 26, 2003. DSBS informed us that the primary issues that needed to be addressed included the role of the LWIB and its One-Stop Committee, the governance and reporting mechanisms between the LWIB and the consortium operating the one-stop centers, and the plans for expanding the one-stop system to include affiliate locations. After we issued the draft report, DSBS, on June 14, 2004, obtained State certification for its one-stop centers. Until this certification was obtained, local organizations and businesses, as well as DSBS, were ineligible for various grants. For example, the New York City Workforce Investment Board was unable to apply for a portion of the \$16.48 million of Education for Gainful Employment program funds for which NYSDOL sought applications in 2002 and 2003.

### **Recommendation**

3. DSBS should intensify its efforts to obtain State certification of its One-Stop system.

***DSBS Response:*** “NYSDOL granted certification to the New York City Workforce Investment Board’s One-Stop system on June 14, 2004 following their site visit to the Upper Manhattan Workforce 1 Center on June 8, 2004. Now that New York City is certified, local businesses and organizations are eligible to apply for a variety of grants from NYSDOL, including:

- **BUilding Skills in New York State (BUSINYS):** provides funds to businesses to train incumbent workers in specific skills needed by that business or industry and that lead to potential career growth and increased wages; and
- **Securing Prosperity for New York’s Workforce:** allows eligible training organizations to create projects designed to train unemployed and underemployed Family Assistance and Safety Net recipients for jobs in the local job market.”

***Auditors’ Comments:*** While we commend DSBS for recently obtaining State certification for its one-stop system, it must be recognized that the City forfeited the opportunity to apply for a considerable amount of grant funds in previous years due to the lack of this certification.

### **DSBS Has Not Adequately Validated Its Performance-Based Payments to Its Job Training and Placement Contractors**

DSBS has not adequately validated its performance-based payments to its job training and placement contractors. To receive a performance-based payment, contractors must submit payment requests to DSBS. The contractor’s payment request lists the clients served and the milestones achieved, including job placement, job retention during the first and third quarters following the job placement quarter, and wage gain relative to the clients’ compensation in their

previous jobs. The DSBS Central Validation Unit (CVU) staff is responsible for validating the actual achievement of these milestones prior to payment.

When a contractor submits a payment request and supporting documentation to DSBS for reimbursement, CVU staff members review and verify the clients' employment information. Contractors must submit "Employment/Retention/Earnings Validation Information Forms" (Employment Information Forms) or check stubs to the CVU to show that each client has obtained employment and has met the indicated milestone for which the contractor is seeking reimbursement. If the contractor provides check stubs, CVU "validators" review these stubs to validate payment. When check stubs are not provided, CVU validators review the Employment Information Forms and contact the clients' new employers to verify the achievement of the indicated milestones. The validators use the standard "Telephone Questionnaire" form to record the pertinent employment information on the client, as well as the name of the employer representative contacted and the date and time of contact.<sup>3</sup> The validators' verification efforts are subject to supervisory review within CVU before the contractor's payment request is forwarded to the DSBS Accounts Payable unit for payment.

We reviewed the processing files for a randomly selected sample of 23 (6%) of the 373 payments made during Fiscal Year 2003 for the provision of job training and placement services to dislocated workers. Each payment request includes a list of claims relating to clients who achieved employment milestones. For each of the 20 payments that involved fewer than 35 approved claims, we reviewed each claim. For each of the three payments that involved 35 or more approved claims, we reviewed a systematic sample of at least 20 percent of the claims. In all, we reviewed a total of 307 approved claims relative to the 23 payments.

The claims processing files contained inadequate supporting documentation for 43 (14%) of the 307 approved claims we reviewed. The following information was lacking on these approved claims:

- 23 lacked adequate evidence that milestone information was verified with employers,
- eight lacked adequate evidence of a wage gain,
- five lacked consistent employment date information, and
- seven lacked evidence of DSBS approval for the contractor or subcontractor to hire its own clients.

In addition, CVU validators often did not identify the employer representative they spoke with during the employment verification process. Check stubs were provided to support 130 of the claims. For the remaining 177 claims, CVU validators were required to contact employers to verify the client employment information. However, the validators did not identify the employer representatives contacted to verify employment information for 82 (46%) of these 177 claims.

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<sup>3</sup> In some instances, CVU validators place check marks next to verified information on the Employment Information Form instead of completing a Telephone Questionnaire.

Furthermore, about ten percent of the time, validators did not record their own names on the verification document. Information on the names of the employer representatives and CVU validators is important to facilitate payment quality reviews.

We also reviewed the claims processing files for a randomly selected sample of seven (11%) of the 66 payments made during Fiscal Year 2003 for the provision of job training and placement services to adult special population workers.<sup>4</sup> For the four payments that involved fewer than 35 approved claims, we reviewed each claim. For the three payments that involved 35 or more approved claims, we reviewed a systematic sample of at least 20 percent of the claims. Thus, we reviewed a total of 100 approved claims relative to the seven payments.

In March 2003, HRA's responsibility for performance-based payments under the adult special populations program was transferred to DSBS. DSBS made 66 contractor payments for adult special population services between March and June 2003. For this transition period, DSBS accepted the HRA standards for approving these payments. According to DSBS officials, HRA accepted client or contractor documentation and did not require that information be verified with the employer. For purposes of our review, we accepted the DSBS approach on approving these payments during the transition period, provided that the client or contractor documentation supported the claims.

The claims processing files contained inadequate supporting documentation for 29 (29%) of the 100 approved claims that we reviewed.<sup>5</sup> The following information was lacking on these approved claims:

- 24 lacked sufficient evidence of a wage gain,<sup>6</sup> and
- five lacked sufficient evidence of job placement or retention.

Unless DSBS properly verifies all pertinent employment information, it cannot be assured that it is reimbursing its job training and placement contractors for legitimate employment milestone achievements.

***DSBS Response:*** "The Central Validation Unit (CVU) of the Department of Small Business Services reaffirms its position that it furnished to the auditors of the NYC Office of the Comptroller (NYCOC) all of the requested and required documentation necessary to substantiate CVU payment authorizations to both Dislocated Worker and Adult Special Populations contractors on the samples selected by the NYCOC."

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<sup>4</sup> As previously noted, adult special populations include those with special barriers to employment, such as disabilities or chemical dependencies.

<sup>5</sup> For 11 additional claims, we were unable to determine the appropriateness of DSBS payments due to the fact that DSBS no longer has access to the Human Resources Administration's Workforce Information System Automated Reporting Database (WISARD) that would show clients' earnings prior to registration to support wage gain claims.

<sup>6</sup> We were able to conclude that these claims were inappropriate because there was insufficient documentary evidence that the clients had earned sufficient amounts since job placement to qualify the contractor for wage gain payments.

**Auditors' Comment:** After we sent the preliminary draft report to DSBS on May 7, 2004, DSBS requested, and we provided, a list of all of the claims that we were questioning. DSBS supplied additional documentation on these claims, and we concluded that it addressed some of our concerns. On June 3, 2004, we issued a draft report that reduced the numbers of approved claims that we considered having inadequate supporting documentation. However, after we issued the draft report, DSBS never requested an updated list of the approved claims that we concluded still had inadequate supporting documentation. Therefore, DSBS did not know which of the original claims remained unresolved.

**DSBS Response:** "The draft report cites thirty-one (31) instances out of 309 reviewed claims in which documentation was deemed to be inadequate to support the CVU authorizations for payment. On careful review of all documentation prior to it being furnished to NYCOC, CVU asserts that the documentation for these 31 claims was of the same high quality as the documentation for the 278 claims that the NYCOC found acceptable."

**Auditors' Comment:** DSBS simply asserts without evidence that its documentation for these 31 dislocated worker claims was of "high quality." If the documentation for the claims in question were of the same "high quality" as those accepted by the auditors, then we would not have concluded that the supporting documentation was inadequate. For 23 of the 31 claims that we are questioning here, the supporting documentation does not demonstrate that the milestone information was verified with employers. For example, for two of these claims, the DSBS validator verified clients' employment information with the contractor that was seeking payment rather than with the employer. For the remaining eight of the 31 claims, the supporting documentation does not justify payments for the achievement of wage gain milestones. For example, for two of these claims, the documentation showed that the DSBS validator calculated the wage gain for the client based on wages earned since job placement, rather than on wages earned during the second and third quarters subsequent to placement, as required by DSBS standards. For another two of these claims, there was no evidence that the clients worked in the second or third quarters subsequent to placement.

**DSBS Response:** "In five (5) instances, the NYCOC cited inconsistent employment information. A misunderstanding of the WIA customer process and services apparently caused the NYCOC to confuse the start date of employment when customers who were placed in jobs were either still in training services or when a customer was engaged in OJT services. The most important fact that the Comptroller's Office did not recognize is that in no case did an employment start date 'jump quarters' so as to misalign the post-exit performance milestone quarters."

**Auditors' Comment:** DSBS is simply mistaken. For these five dislocated worker claims, we accepted the job placement dates indicated on the supporting documentation, but then



determined that there was insufficient evidence that the workers had been retained in subsequent quarters to justify retention payments to the contractors. For example, for one claim, the client started and ended her employment in the same month, but DSBS paid \$747 for the client having been retained into the first quarter following placement.

**DSBS Response:** “In seven (7) instances, the NYCOC cites customers hired by their respective contractors without agency approval, per a policy of the former Department of Employment. The CVU furnished a copy of the policy to NYCOC, and pointed out to the auditors that the policy was developed in May 2003, and was not operative during the audit period (July 2002 - June 2003).”

**Auditors’ Comment:** Throughout the audit, whenever DSBS discussed this policy, it never stated that the policy was inapplicable during the audit scope period. Furthermore, the May 2003 “policy” that DSBS furnished us after the exit conference is a memorandum that restates an existing requirement that contractors obtain DSBS approval before hiring its own clients. This is clearly shown in the following excerpt from the May 2, 2003 memorandum:

“We’ve had a number of instances where CVU has identified customers hired by the contractors who registered and serviced them. CVU’s procedures do not prohibit this practice, so long as the contractor writes a letter to the Program’s ED requesting hiring authority and indicates that the job is permanent, more than 20 hours per week and what organizational funds the position is charged to.”

Therefore, we continue to question DSBS’s processing of these seven dislocated worker claims.

**DSBS Response:** “The NYCOC cited 24 instances out of 100 customers sampled in which there was insufficient evidence that the wage gain milestones were met. The Adult Special Populations (ASP) program was managed by the Human Resources Administration (HRA) from its inception in July 2001 to April 2003 when 22 ASP contracts were transferred to the former Department of Employment. CVU staff explained to the auditors that the wage gain calculation was embedded in the WISRD/PaCS functionally, a reporting and claiming system developed by AMS consultants for HRA and that the HRA Audit/Fiscal staff successfully used WISRD/PaCS for the first two operating years of the ASP program. DOE continued the use of WISRD/PaCS to process ASP performance-based claims for these program years after the contracts were transferred to DOE.

“The baseline data requested by the NYCOC for the audit period reside at HRA in archived files, inaccessible to CVU through its authorized access passwords and user IDs. The NYCOC declined to pursue the data at HRA, citing CVU for the unavailability of the data.”

**Auditors' Comment:** This response on the 24 adult special population claims reflects a gross misreading of the draft report. As we stated in the draft report (see footnote # 5), we excluded 11 claims that we were unable to evaluate due to this access issue. As also stated in the draft report (see footnote # 6), we were able to evaluate the remaining claims based on the documentation available in the claims processing files. This documentation showed that the clients had not earned sufficient amounts (at least \$4,612 per DSBS standards) since placement to allow the contractors to claim the achievement of wage gain milestones. In these instances, it was unnecessary to access WISARD to determine what the clients had earned prior to placement.

**DSBS Response:** "In five (5) instances, CVU was cited for insufficient documentation to support payment authorizations for job placement or retention. Again, CVU asserts that the quality of these five instances was of the same high standard as the other 95 instances found acceptable by the NYCOC."

**Auditors' Comment:** Once again, DSBS simply asserts without evidence that the quality of its documentation for these five adult special population claims was of the same high standard as those we accepted. If the documentation for the claims in question were of the same quality as those we accepted, then we would not have concluded that the supporting documentation was inadequate. For example, for one claim, the only supporting documentation supplied to us by DSBS was the copy of one check dated February 24, 2003 for work completed during three days in February. Based on this check, DSBS paid \$1,473 for the client having been retained on the job into the first quarter following placement.

In addition, DSBS is incorrect when it states that we accepted 95 of the 100 adult special population claims we reviewed. As noted in the report (and is clear from this and the previous "auditors' comment"), we questioned a total of 29 adult special population claims. Therefore, we concluded that the supporting documentation was only adequate for 71 of the 100 claims.

### **Recommendations**

4. Before paying contractors' claims, DSBS should ensure that all employment milestone information is properly documented and verified. Subsequent to payment, DSBS should properly maintain its claims processing files to facilitate payment quality reviews.

**DSBS Response:** "CVU concurred with the NYCOC recommendation that it improve its filing systems to permit immediate access to records to facilitate payment quality reviews. CVU has accomplished this improvement in conjunction with its move to new facilities at 110 William Street."

***Auditors' Comments:*** DSBS is unresponsive to the first part of this recommendation due to its conclusion that all of its claims are properly documented and verified. We demonstrate the erroneous nature of this conclusion above.

5. DSBS should ensure that the names of the employer representatives who verify employment milestone information and of the CVU validators are consistently recorded on verification documentation.

***DSBS Response:*** “CVU concurs with this recommendation and has modified an essential verification document to ensure recording of these names during the verification process.”

**CALCULATION OF THE NEW YORK CITY  
WORKFORCE INVESTMENT ACT ALLOCATION  
FOR THE DISLOCATED WORKER PROGRAM  
FOR FISCAL YEAR 2003**

<b>Federal WIA Allocation to New York State</b>	<b>\$67,370,751</b>
Less 15% for New York State Workforce Investment Activities	(\$10,105,613)
Less 25% for New York State Rapid Response Reserve	(\$16,842,687)
<b>Total State Allocation to LWIAs</b>	<b>\$40,422,451</b>
Amount Due to NYC, per Allocation Formula Shown Below, As a Result of NYC Having:	
45% of the Unemployment Beneficiaries and Long-Term Unemployed in the State	\$16,771,528
69% of the Unemployed Individuals in Areas of Substantial Unemployment in the State	\$558,959
44% of the Mass Layoff Unemployed in the State	\$354,925
35% of the Lost Jobs in Industries with Job Losses in the State	\$280,201
<b>Total Allocation Due to NYC</b>	<b>\$17,965,612</b>
Actual Allocation to NYC	\$17,965,597
Difference	\$15

**NYSDOL Allocation Formula**

92 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the unemployment beneficiaries and long-term unemployed in the State.

2 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the unemployed individuals in areas of substantial unemployment in the State.

2 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the mass layoff unemployed in the State.

**Appendix I**  
(Page 2 of 2)

2 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the lost jobs in industries with job losses in the State.

2 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the farms with net losses in the State.

**CALCULATION OF THE NEW YORK CITY  
WORKFORCE INVESTMENT ACT ALLOCATION  
FOR THE ADULT WORKER PROGRAM  
FOR FISCAL YEAR 2003**

<b>Federal Allocation to New York State</b>	<b>\$72,565,836</b>
Less 15% for New York State Workforce Investment Activities	(\$10,884,875)
<b>Total State Allocation to LWIAs</b>	<b>\$61,680,961</b>
Amount Due to NYC, per Allocation Formula Shown Below, As a Result of NYC Having:	
69% of the Unemployed Individuals in Areas of Substantial Unemployment in the State	\$14,215,323
68% of the Excess Unemployed (the Number Exceeding 4.5% of the Labor Force) in the State	\$13,984,554
60% of the Economically Disadvantaged Adults in the State	\$12,372,317
<b>NYC's Formula Allocation</b>	<b>\$40,572,196</b>
NYC's Minimum Hold-Harmless Allocation	\$34,663,096
NYC's Ratably Reduced Allocation (First Recalculation)	\$38,037,267
<b>NYC's Ratably Reduced Allocation (Final Recalculation)</b>	<b>\$38,025,444</b>
Actual Allocation	\$38,025,449
Difference	\$5

NYSDOL Allocation Formula

33.3 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the unemployed individuals in areas of substantial unemployment in the State.

33.3 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the excess unemployed individuals in the State.

## **Appendix II**

(Page 2 of 2)

33.3 percent of the total State allocation is distributed to LWIAs based on each LWIA's share of the economically disadvantaged individuals in the State.

### **NYSDOL Methodology to Ratably Reduce LWIA Adult Worker Allocations** **Under the Hold-Harmless Provision of the Workforce Investment Act**

1. Multiply the total State allocation to local areas by each LWIA's hold-harmless percentage to determine the minimum hold-harmless amount for each LWIA.
2. Multiply the total State allocation to local areas by each LWIA's formula-determined allocation percentage.
3. Compare the two sets of amounts in steps 1 and 2. To those LWIAs whose formula allocations are lower than the hold-harmless allocations, allocate the hold-harmless amounts. For those LWIAs whose formula allocations exceed the hold-harmless allocations, ratably reduce their allocations to fund the increased allocations to held-harmless LWIAs, as shown in steps 4 to 6.
4. Recalculate the formula-determined allocation percentages for ratably reduced LWIAs by determining each of these LWIAs' share of the unemployed and economically disadvantaged individuals within the group of ratably reduced LWIAs (rather than within all of the LWIAs throughout the State).
5. Compare the resulting formula allocations with the hold-harmless amounts in step 1. To those LWIAs whose formula allocations are now lower than the hold-harmless allocations, allocate the hold-harmless amounts.
6. Repeat steps 4 and 5 for the remaining ratably reduced LWIAs until no LWIA receives less than the hold-harmless amount.

**CALCULATION OF THE NEW YORK CITY  
WORKFORCE INVESTMENT ACT ALLOCATION  
FOR THE ADULT WORKER PROGRAM  
FOR FISCAL YEAR 2003 USING  
ALTERNATE METHODOLOGY**

<b>Federal Allocation to New York State*</b>	<b>\$72,565,836</b>
Less 15% for New York State Workforce Investment Activities*	\$10,884,875
<b>Total State Allocations to LWIAs*</b>	<b>\$61,680,961</b>
<b>NYC's Formula Allocation*</b>	<b>\$40,572,196</b>
NYC's Minimum Hold-Harmless Allocation*	\$34,663,096
NYC's Excess Amount (Formula Allocation minus Minimum Hold-Harmless Allocation)	\$5,909,100
Total Excess Amount for Ratably Reduced LWIAs	\$9,718,154
NYC's % of Total Excess Amount for Ratably Reduced LWIAs	60.80 %
Total Shortfall Amount for Held-Harmless LWIAs (Requiring Hold-Harmless Payments from Ratably Reduced LWIAs)	\$3,549,033
NYC's Share of Hold-Harmless Payments (60.80475% x \$3,549,033) per Alternative Methodology	\$2,157,981
<b>NYC's Alternative Methodology Allocation (NYC's Formula Allocation minus \$2,157,981)</b>	<b>\$38,414,216</b>
NYC Actual Allocation*	\$38,025,449
Difference	\$388,767

\* See Appendix II

Alternative Methodology

1. Calculate the formula allocation for each LWIA.
2. Calculate the hold-harmless allocation for each LWIA.
3. Calculate the excess or shortfall amount for each LWIA by calculating the difference between the hold-harmless allocation and the formula allocation.
4. Calculate the total excess amounts for ratably reduced LWIAs.
5. Calculate the total shortfall amounts for held-harmless LWIAs.



### **Appendix III**

(Page 2 of 2)

6. Calculate each ratably reduced LWIA's percentage share of the total excess amount.
7. Multiply the total shortfall amount by each ratably reduced LWIA's percentage share of the total excess amount. The multiplication results show each ratably reduced LWIA's hold-harmless payment per the alternative methodology.
8. To determine each ratably reduced LWIA's allocation, subtract each LWIA's hold-harmless payment from its formula allocation.



THE CITY OF NEW YORK  
DEPARTMENT OF SMALL BUSINESS SERVICES

ROBERT W. WALSH  
COMMISSIONER

June 23, 2004

Mr. Greg Brooks  
Deputy Comptroller for Policy, Audits, Accountancy and Contracts  
New York City Office of the Comptroller  
1 Centre Street-Room 530  
New York, New York 10007-2341

RE: Audit Report on the Workforce Investment Act Program  
of the Department of Small Business Services  
Audit Number: ME03-170A

Dear Mr. Brooks:

Attached please find the response of the Department of Small Business Services to the above captioned draft report issued by the New York City Comptroller's Office.

As reflected in the draft report, auditors from your staff expressed concern about the certification issue. I am pleased to report that the New York State Department of Labor approved certification of the New York City One-Stop System on June 14, 2004. Certification was made after extensive review by the State Department of Labor. The New York City One-Stop system will seek to deliver the highest quality of services to job-seekers and businesses alike.

If you have questions regarding this response please contact Richard Ronde of our staff. Mr. Ronde can be reached at (212) 618-8923.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Schwartz", is written over a horizontal line.

Andrew Schwartz  
First Deputy Commissioner

DEPARTMENT OF SMALL BUSINESS SERVICES RESPONSE  
TO  
NYC OFFICE OF THE COMPTROLLER'S WIA AUDIT  
- ME 03-170 A

ADDENDUM  
Page 2 of 9

c: Jim Bradley, NYC Comptroller's Office  
Ed James, NYC Comptroller's Office  
Lucky Abamwa, NYC Comptroller's Office  
Celeste Frye  
David Margalit  
Ismail Mohamed  
Ivery Thomas  
Jean Seltzer  
Kerri Jew  
Maria Buck  
Marilyn Shea  
Michael Mainelli  
Shaazad Ali  
Susan Arroyo

**Recommendation #1.**

DSBS should request that NYSDOL provide training concerning the methodologies by which WIA allocations are calculated.

**DSBS Response**

The City has a close working relationship with NYSDOL and it is in both the State's and the City's best interest that the City receive its full allocation. The funds are allocated by federally-established formula, and the formula which come along with the allocation amounts, are published widely, leaving little room for error.

**Recommendation #2.**

DSBS should ensure that it is receiving all of the funds to which it is entitled under the Workforce Investment Act. DSBS should question NYSDOL's hold-harmless methodology that requires the City to pay a disproportionate share of the total hold-harmless payments to held-harmless LWIAs.

**DSBS Response**

We agree that the City would benefit under the alternative methodology cited in the draft report. However, under the WIA statute, the State has the discretion to select the formula that it deems more appropriate under the circumstances and it does so balancing the needs of all the counties. We appreciate the Comptroller's validation of the accuracy of the City's allocation and we will continue to monitor the City's WIA allocation.

**Recommendation #3**

DSBS should intensify its efforts to obtain State certification of its One-Stop system.

**DSBS Response**

NYSDOL granted certification to the New York City Workforce Investment Board's One-Stop system on June 14, 2004 following their site visit to the Upper Manhattan Workforce 1 Center on June 8, 2004. Now that New York City is certified, local businesses and organizations are eligible to apply for a variety of grants from NYSDOL, including:

- BUilding Skills in New York State (BUSINYS): provides funds to businesses to train incumbent workers in specific skills needed by that business or industry and that lead to potential career growth and increased wages; and
- Securing Prosperity for New York's Workforce: allows eligible training organizations to create projects designed to train unemployed and

underemployed Family Assistance and Safety Net recipients for jobs in the local job market.

A copy of the certification letter and a Press Release from NYSDOL regarding certification are attached.

#### **Recommendation #4**

Before paying contractors' claims, DSBS should ensure that all employment milestone information is properly documented and verified. Subsequent to payment, DSBS should properly maintain its claims processing files to facilitate payment quality reviews.

#### **DSBS Response**

The Central Validation Unit (CVU) of the Department of Small Business Services re-affirms its position that it furnished to the auditors of the NYC Office of the Comptroller (NYCOC) all of the requested and required documentation necessary to substantiate CVU payment authorizations to both Dislocated Worker and Adult Special Populations contractors on the samples selected by the NYCOC.

#### **Dislocated Worker Customer Findings**

The draft report cites thirty-one (31) instances out of 309 reviewed claims in which documentation was deemed to be inadequate to support the CVU authorizations for payment. On careful review of all documentation prior to it being furnished to NYCOC, CVU asserts that the documentation for these 31 claims was of the same high quality as the documentation for the 278 claims that the NYCOC found acceptable.

In five (5) instances, the NYCOC cited inconsistent employment information. A misunderstanding of the WIA customer process and services apparently caused the NYCOC to confuse the start date of employment when customers who were placed in jobs were either still in training services or when a customer was engaged in OJT services. The most important fact that the Comptroller's Office did not recognize is that in no case did an employment start date "jump quarters" so as to misalign the post-exit performance milestone quarters.

In seven (7) instances, the NYCOC cites customers hired by their respective contractors without Agency approval, per a policy of the former Department of Employment. The CVU furnished a copy of the policy to NYCOC, and pointed out to the auditors that the policy was developed in May 2003, and was not operative during the audit period (July 2002 – June 2003).

#### **Adult Special Population Findings**

The NYCOC cited 24 instances out of 100 customers sampled in which there was insufficient evidence that the wage gain milestones were met. The Adult Special Populations (ASP) program was managed by the Human Resources Administration (HRA) from its inception in July 2001 to April 2003 when 22 ASP contracts were transferred to the former Department of Employment. CVU staff explained to the auditors that the wage gain calculation was embedded in the WISRD/PaCS functionality, a reporting and claiming system developed by AMS consultants for HRA and that the HRA Audit/Fiscal staff successfully used WISRD/PaCS for the first two operating years of the ASP program. DOE continued the use of WISRD/PaCS to process ASP performance-based claims for these program years after the contracts were transferred to DOE.

The baseline data requested by the NYCOC for the audit period reside at HRA in archived files, inaccessible to CVU through its authorized access passwords and user IDs. The NYCOC declined to pursue the data at HRA, citing CVU for the unavailability of the data.

In five (5) instances, CVU was cited for insufficient documentation to support payment authorizations for job placement or retention. Again, CVU asserts that the quality of these five instances was of the same high standard as the other 95 instances found acceptable by the NYCOC.

#### **Recommendation #5**

DSBS should ensure that the names of the employer representatives who verify employment milestone information and of the CVU validators are consistently recorded on verification documentation.

#### **DSBS Response**

CVU concurs with this recommendation and has modified an essential verification document to ensure recording of these names during the verification process.

#### **Summary**

CVU concurred with the NYCOC recommendation that it improve its filing systems to permit immediate access to records to facilitate payment quality reviews. CVU has accomplished this improvement in conjunction with its move to new facilities at 110 William Street.



Contact: Robert Lillpopp  
(518) 457-5519  
[www.labor.state.ny.us](http://www.labor.state.ny.us)

FOR IMMEDIATE RELEASE

Wednesday, *June 16, 2004*

## NYC ONE-STOP SYSTEM ACHIEVES STATE-LEVEL CERTIFICATION

Certification Ensures Businesses and Job Seekers in NYC Receive Highest Quality Services

State Labor Commissioner Linda Angello today announced that the New York City Workforce Investment Board has received state-level certification for its One-Stop System from the New York State Department of Labor, on behalf of the New York State Workforce Investment Board. The certification process is designed to evaluate staff and partner services at One-Stop Career Centers, known in New York City as Workforce1 Career Centers, to ensure businesses and job seekers are receiving the highest quality workforce development services. Certification also gives the Board access to an assortment of marketing materials and ensures that businesses located in the New York City Workforce Investment Area have the opportunity to apply for training funds administered by the New York State Department of Labor.

"The New York City Workforce Investment Board has been instrumental as we continue to expand the presence of One-Stop Career Centers across the city," said Commissioner Angello. "Achieving state-level certification is a tremendous achievement on behalf of the businesses and workers in New York City. I am confident that this certification will solidify New York City's standing as a force in workforce development and training programs for years to come."

The implementation of the federal Workforce Investment Act (WIA) of 1998 represented the first major reform of the nation's job training system in more than 15 years. WIA streamlines the large number of employment and training programs New York State offers and encourages further economic expansion by maximizing New York's competitiveness through a more highly skilled workforce. Local boards have been established across the state to ensure the needs of the local labor market are met. Certification is a standard of excellence for workforce investment boards and One-Stop systems statewide.

Robert W. Walsh, Commissioner of the New York City Department of Small Business Services said, "This is a great day for New York City and it confirms the

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Bloomberg administration's commitment to deliver first-rate services to New York City's jobseekers and businesses at our Workforce1 Career Centers. With certification we will be better able to serve New York City's business community by making grants available to them in addition to the array of services we already provide."

-more-

Stuart Saft, Chairman of the New York City Workforce Investment Board said, "The receipt of certification from the State demonstrates the tremendous strides that have been made in New York City and represents the efforts of many individuals and groups working together to improve the workforce development system in New York City," said Stuart Saft, Chairman of the New York City Workforce Investment Board. "This provides the WIB and the Department of Small Business Services with a platform from which to significantly increase the services available to New Yorkers as well as providing increased access to the One-Stop system for both businesses and individuals."

Richard Calo, Chair of the New York State Workforce Investment Board and Vice President of Workforce Relations at IBM said, "State-level certification ensures that a local One-Stop system of the highest quality is serving the needs of businesses and their workers. I am pleased that New York City is in that category. New York State's businesses continue to adapt to changes in the global economy and the New York State Workforce Investment Board will strive to make sure our workers have the tools to meet the needs of their employers."

For more information regarding the certification process, call 1-800-HIRE-992. Information can also be found on the Labor Department's website at [www.labor.state.ny.us](http://www.labor.state.ny.us) and Workforce New York's website at [www.workforcenewyork.com](http://www.workforcenewyork.com).

No. 35

06/16/04

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STATE OF NEW YORK  
DEPARTMENT OF LABOR

Workforce Development and Training Division  
Building 12, Room 450  
Governor W. Averell Harriman State Office Building Campus  
Albany, New York 12240

June 14, 2004

Mr. Stuart Saft  
Chair, New York City  
Workforce Investment Board  
110 William Street, 8<sup>th</sup> Floor  
New York, New York 10038

Dear Mr. Saft:

Congratulations! On behalf of the State Workforce Investment Board, I am pleased to advise you that your local area's one-stop operator certification process has been approved at the State level. After review of the application and completion of the recent site visit (comments attached), we are now able to certify your local one-stop operator certification process for the period of one year from the date of this letter and authorize your area to use the statewide marketing material and logo for your locally certified sites. In addition, certification means that the WIB and businesses in the NYC local area may be eligible to apply for numerous grant opportunities posted on our web site at [www.workforcenewyork.com](http://www.workforcenewyork.com).

After the one-year certification period, your area will be required to apply for Recertification. The WIB may want to review details about that process soon to ensure alignment with what will be expected in the next round. The Recertification process can be accessed at [www.workforcenewyork.com/osrecerttoolkit.htm](http://www.workforcenewyork.com/osrecerttoolkit.htm).

Congratulations once again on attaining certification and the privileges of utilizing the Workforce New York logo and marketing products.

Sincerely,

Margaret M. Moree  
Director, Workforce Development  
and Training Division

Attachments

cc: Marilyn Shea, Executive Director, NYC WIB  
Richard Calo, Chair, NYS Workforce Investment Board  
One-Stop Certification Review Team Members

## NYC SITE VISIT COMMENTS

### STRENGTHS

- The Board has been fully engaged in the certification process and development of the local system.
- Current efforts seem to be progressing in an organized, system-focused and partner inclusive manner.
- WIB has noticed a positive change in staff and their ability to work with partner colleagues in the one stop, resulting in a more integrated customer service delivery mode.
- Currently, a business resource center is available within each one-stop center; the SBS will be relocating their Business Solution Centers within each one-stop center.
- Evening hours/computer classes available at most full service centers.
- Standardized forms used across the system.
- Centers have resources in place and/or available to assist customers whose primary language is other than English (bi-lingual staff, list of languages that helps staff discern the language customer speaks, and plans to partner with other agencies to increase access to interpreters.)

### CHALLENGES

- Written procedures, policies and center/system standards should be developed with regard to: collection and use of customer satisfaction feedback, process for making referrals (the "hand-off"), exit strategies, customer flow, resource room policies, customer service standards, etc.
- Resource Manuals should be available to all line staff containing standards, policies and procedures, partner contacts and telephone numbers, off-site services and agencies, etc., updated as needed.
- Continue to bring into focus the role of CUNY as a member of the Operator Consortium.
- Address how youth are served through the one-stop system in the Operator Business Plan; specifically address how WIA youth program is integrated into overall youth services.
- Make additional resources available in the resource room in a variety of formats, e.g., career exploration and resume books, videos, newspapers, brochures.
- Review the automated telephone system, specifically in the Upper Manhattan center – one review team member attempted several times to contact the center to advise he would be late for the site visit but was unable to speak to a live person. Check to see if there is the ability to reach a live person in the other centers as well.