

H. CARL McCALL
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 16, 2000

Mr. Brian Wing
Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, NY 12243

Re: New York Association
for New Americans
Report 95-R-11

Dear Mr. Wing:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law, we audited the books and records of the New York Association for New Americans (NYANA), for the period of September 1, 1992 through August 31, 1994. Our audit related to contractor performance and related payments received by NYANA under contract C-005445 awarded by the New York State Department of Social Services.¹

The objectives of our financial-related and compliance audit were to determine whether contract payments claimed by NYANA were allowable, had been documented adequately, and had been incurred for services funded under the contractual agreement we were auditing. To accomplish these objectives, we reviewed the contractual agreement, NYANA's books and records of receipts and expenditures, internal controls over charges to the contract, and the level of NYANA's compliance with contractual terms.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of NYANA that are included within our audit scope. Further, these standards require that we review and report on NYANA's internal control structure and its compliance with those laws, rules and regulations that are relevant to NYANA's operations included in our audit scope.

¹On August 29, 1997, the Governor signed welfare reform legislation that abolished the Department of Social Services and created a new agency in its place: the Department of Family Assistance. The Department of Family Assistance is composed of two independent agencies: the Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services. OTDA now has oversight responsibility for the NYANA-contracted program.

An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and performing our audit procedures, we considered NYANA's internal control structure. Our consideration was limited to a preliminary review of this structure that would enable us to understand the control environment and the way in which transactions flowed through the systems supporting NYANA's claims. Because we did not intend to rely on the internal control structure in performing our work, our assessment did not extend beyond the preliminary review phase. Instead, we appropriately extended our substantive audit tests.

In conducting our audit, we performed tests of NYANA's compliance with certain terms of the contract. Our objective in performing these tests was to obtain reasonable assurance about the allowability of amounts that NYANA had received under the contract, not to provide an opinion on NYANA's overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, NYANA complied in all material respects with the provisions referred to in the preceding paragraph, except as noted in Section B of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that NYANA had not complied, in all material respects, with those provisions.

A. Background and Contract Terms

NYANA was incorporated in 1949 by the American Jewish community to resettle the survivors of the Holocaust and to assist refugees who come to New York to achieve financial sufficiency and social integration. NYANA provides vocational guidance, assistance training, and counseling to refugees without charge. For the two-year period ended August 31, 1994, NYANA received more than \$6.5 million under contract C-005445.

Contract C-005445, a performance-based contract, was established to meet the language, training, and employment needs of eligible refugee families and individuals. It was to help clients attain economic self-sufficiency and reduce their dependence on public assistance. NYANA agreed to provide specific services outlined in the contract, either directly or through subcontractors. Reimbursement was based on the completion by NYANA clients of certain program-service activities, known as payment points. For example, there were four potential payment points when vocational classroom training services were provided, as follows: 1) upon enrollment of a client into the training course; 2) upon the client's completion of the course; 3) upon the successful placement of the client into an unsubsidized job in a field related to the training provided; and 4) upon the client's completion of 90 days of employment in that job (a list of all payment points is included in Exhibits A and B).

B. Results of Audit

As discussed below and detailed in Exhibits A and B, we determined that a \$55,261 refund is due to the State from the \$6,531,472 paid to NYANA under this contract for the contract years ended August 31, 1993 (1992-93 contract year) and August 31, 1994 (1993-94 contract year). The major portion of the disallowed claim resulted from claimed services that were not documented in NYANA's records. For example, a subcontractor would provide vocational classroom training for a NYANA client and subsequently make a related placement. We found that NYANA would correctly claim the subcontractor's placement under the vocational classroom training payment point (i.e., unsubsidized employment), but would also make a second claim for NYANA's direct services under the direct placement payment point. We would disallow the latter claim, when NYANA officials could not provide us with documentation that NYANA had made an effort to place the client.

1. Vocational Classroom Training

According to the contract-reimbursement plan, NYANA was entitled to claim payment points for vocational classroom training for each client that: was enrolled in a formal class designed to teach specific vocational and/or job skills; completed the course; was successfully placed into an unsubsidized job that was related to the training received; and completed 90 days of employment on that job. We did not take exception to any of the claims for classroom enrollments or for training completions in either contract year.

The 1993-94 contract-reimbursement plan stipulated that NYANA would obtain unsubsidized jobs for up to 303 of the 522 clients to be enrolled in the program. We disallowed three claimed training placements (totaling \$3,775). NYANA claimed them under the direct placement payment point, as well as under vocational classroom training. Since they were direct placements and no vocational classroom services were provided, we allowed for the direct placements only. For that contract year, the reimbursement plan also provided payment for up to 251 of the trained clients who obtained and remained in unsubsidized jobs for at least 90 days. NYANA claimed 236 retentions for this milestone; however, our audit disclosed that NYANA had documentation for only 234 retentions that met the requirements. Therefore, we disallowed two payments totaling \$760. We also disallowed \$1,139 for three, 90-day retentions claimed by NYANA under the vocational classroom training, as well as, the direct placement payment point. Since they were retentions from direct placements and not vocational classroom training-related, we only allowed them as such.

2. Direct Placements

According to the contract, to claim a direct placement milestone, NYANA officials must document that they (or their subcontractor) obtained unsubsidized employment for the client. Proof of placement should include documentation that the case manager had contacted the potential employer on behalf of the client. NYANA was also eligible for another payment for each direct

placement client that remained in the unsubsidized employment for 90 days. NYANA subcontracted all the direct placement responsibilities under this contract to two vendors: Met Council and Federated Employment Guidance Services.

The 1993-94 contract-reimbursement plan required that NYANA place as many as 352 direct placement enrollees into unsubsidized employment. For that contract year, we disallowed 19 claims for direct placements (totaling \$15,126). NYANA claimed these job placements as both unsubsidized employment placements under the vocational classroom training payment point and as unsubsidized employment placements under the direct placement payment point. We disallowed the latter claims because NYANA could not provide documentation that NYANA or a subcontractor did anything additional to find employment for these clients.

For the 1993-94 contract period, we also disallowed 15 of the 90-day job retention claims for direct placements (\$1,357), which were incorrectly billed for under two different payment points. For example, as a result of training, MET Council, one of NYANA's subcontractors, placed a client into a job which he held for 90 days. NYANA correctly claimed this as a payment point under vocational classroom training-employed 90 days. However, NYANA also claimed this same 90-day retention as a direct placement payment under the "employed 90 days" category. We disallowed these 15 claimed direct placement retentions because there was no documentation that NYANA or a subcontractor did anything additional to find employment for these clients.

For the 1992-93 contract year, we disallowed 24 claims for direct placements (totaling \$19,104) because there was no documentation that NYANA did anything to find employment for these clients (they were allowed as vocational training placements, which were documented). We also disallowed 6 of the 90-day job retention claims (amounting to \$543) because: 2 were not employed for the required 90-day period, and 4 did not actually obtain jobs under the program.

3. Other Client Transitions

For the 1993-94 contract year, NYANA was entitled to receive payment under the English as a Second Language (ESL) payment point for each client who enrolled in the ESL training and transitioned into either on-the-job training, classroom training, or a direct placement. We disallowed \$8,834 for 32 clients who NYANA claimed, but could not support, had transitioned into one of these programs. Also, under the Mental Health Services payment point for the 1993-94 contract year, NYANA was entitled to receive payment for each client who enrolled in counseling services, as well as upon completion of the counseling services. We did not have any disallowances in these two payment points. However, after completion of the counseling services, NYANA was entitled to another payment point for each client that transitioned into either on-the-job training, classroom training, direct placement, or ESL services. We disallowed claims for 15 such transitions (totaling \$1,583) that NYANA could not support.

Recommendations

1. *Obtain a refund of \$55,261 from NYANA.*
2. *Ensure that services claimed are properly documented and meet contract eligibility criteria.*

Major contributors to this report were Stanley Evans, Anthony Carbonelli, Lesley Padmore, Claude Volcy, and Anil Watts.

Preliminary copies of matters contained in this report were provided to NYANA and OTDA officials for their review and comment. Their comments have been considered in preparing this report.

We would appreciate your written response to the report recommendations within 30 days, indicating any actions planned or taken to implement them. We wish to thank the management and staff of the Office of Temporary and Disability Assistance and the New York Association for New Americans for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Frank J. Houston
Audit Director

cc: Charles Conaway

EXHIBIT A

**NEW YORK ASSOCIATION FOR NEW AMERICANS
REIMBURSEMENT SCHEDULE
SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993**

Payment Points (Milestones)	Budgeted	Claimed	Disallowed	Allowed
1. Self-Sufficiency Plan	\$ 154,300	\$154,300		\$154,300
2. Vocational Classroom Training				
C Enrollment	719,029	719,029		719,029
C Completion	629,152	629,152		629,152
C Unsubsidized Employment	359,516	326,722		326,722
C Employed-90th Day	89,879	64,199		64,199
3. Vocational ESL Training				
C Enrollment	88,489	88,489		88,489
C Completion	132,737	132,735		132,735
4. ESL Training				
C Enrollment	152,960	152,960		152,960
C Completion Level 1				
C Completion Level 2	55,960	55,960		55,960
C Completion Level 3	117,750	117,750		117,750
C Completion Level 4	17,488	17,488		17,488
C Transition to OJT/CRT/DIR	38,237	38,236		38,236
5. Direct Placement				
C Enrollment	228,098	228,098		228,098
C Unsubsidized Employment	313,632	249,950	19,104 [a]	230,846
C Employment 90 Days	28,508	16,109	543 [b]	15,566
6. Support Services - Mental Health				
C Enrollment	30,860	30,860		30,860
C Completion of Services	42,433	42,433		42,433
C Transition to OJT/CRT/DIR	3,857	3,857		3,857
7. LPN Licensing				
C Enrollment	56,394	56,394		56,394
C 90-Day Retention in Training	51,795	51,795		51,795
C 180-Day Retention in Training	38,867	38,867		38,867
8. LPN Licensing				
C Enrollment				
C Passing of Test	4,402	4,402		4,402
Totals	<u>\$3,354,343</u>	<u>\$3,219,785</u>	<u>\$19,647</u>	3,200,138
State Payments				<u>3,222,825</u>
Refund Due the State				\$ <u>22,687</u>

See attached Notes to Exhibit.

**NEW YORK ASSOCIATION FOR NEW AMERICANS
REIMBURSEMENT SCHEDULE
SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993**

Notes to Exhibit A

- [a] Represents 24 claimed direct placements (at \$796.02 each) that were not documented as such (they were also claimed and allowed as placements under the vocational classroom training - unsubsidized employment payment point).
- [b] Represents six claimed 90-day job retentions (at \$90.50 each) that were for: four clients that did not obtain jobs under the program, and two clients not employed for 90 days.

**NEW YORK ASSOCIATION FOR NEW AMERICANS
REIMBURSEMENT SCHEDULE
SEPTEMBER 1, 1993 THROUGH AUGUST 31, 1994**

Payment Points (Milestones)	Budgeted	Claimed	Disallowed	Allowed
1. Self-Sufficiency Plan	\$152,674	\$152,674		\$152,674
2. Vocational Classroom Training				
C Enrollment	762,635	762,635		762,635
C Completion	667,305	667,305		667,305
C Unsubsidized Employment	381,317	381,317	\$3,775 [a]	377,542
C Employed-90th Day	95,329	89,633	1,899 [b]	87,734
3. English as a Second Language				
C Enrollment	155,696	155,696		155,696
C Completion Level 1				
C Completion Level 2	44,502	194,622		194,622
C Completion Level 3	133,502			
C Completion Level 4	16,613			
C Transition to OJT/CRT/DP	38,924	38,924	8,834 [c]	30,090
4. Direct Placement				
C Enrollment	229,277	229,277		229,277
C Unsubsidized Employment	315,255	280,227	15,126 [d]	265,101
C Employed-90 Day	28,660	23,687	1,357 [e]	22,330
5. Vocational ESL Training				
C Enrollment	62,214	62,214		62,214
C Completion	93,319	93,319		93,319
6. Laboratory Tech-BRIA V				
C Enrollment	17,670	17,670		17,670
C 90-Day Retention in Training	15,461	15,461		15,461
C 180-Day Retention in Training	11,044	11,044		11,044
7. Laboratory Tech-BRIA IV				
C Completion	11,666	11,666		11,666
C Unsubsidized Employment	4,166	4,166		4,166
C Employed 90-Day	833	833		833
8. LPN Licensing				
C Passing the Licensing Test	19,175	19,175		19,175
9. Mental Health Services				
C Enrollment	38,841	38,841		38,841
C Completion	53,406	53,406		53,406
C Transition to OJT/CRT/DP/ESL	<u>4,855</u>	<u>4,855</u>	<u>1,583 [f]</u>	<u>3,272</u>
Total	<u>\$3,354,339</u>	<u>\$3,308,647</u>	<u>\$32,574</u>	<u>3,276,073</u>
State Payments				<u>3,308,647</u>
Refund Due State				<u>\$32,574</u>

See attached Notes to Exhibit

**NEW YORK ASSOCIATION FOR NEW AMERICANS
REIMBURSEMENT SCHEDULE
SEPTEMBER 1, 1993 THROUGH AUGUST 31, 1994**

Notes to Exhibit B

- [a] Represents three claimed unsubsidized training placements that were not vocational classroom training related.
- [b] Represents two claimed 90-day retentions (at \$379.80 each) that were in excess of actual documented retentions (\$760); and three that were not training related (\$1,139).
- [c] Represents 32 ESL clients claimed to have been transferred to CRT/DP, but that were not supported.
- [d] Represents 19 claimed direct placements (at \$796.10 each) for which NYANA did not document that action was taken to find employment for the clients.
- [e] Represents 15 claimed 90-day retentions (at 90.41 each) that were already claimed under the vocational classroom training payment point and for which NYANA did not document any additional work to provide placement services.
- [f] Represents claims for the transition of 15 mental health clients to CRT/DP/ESL that were not documented.