

H. CARL McCALL
STATE COMPTROLLER



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

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 26, 1996

Mr. Brian Wing
Acting Commissioner
Department of Social Services
40 North Pearl Street - 16th Floor
Albany, NY 12243

Re: Report 96-F-18

Dear Mr. Wing:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V, of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Social Services, as of June 14, 1996, to implement the recommendations in our prior audit report 95-S-11, issued March 27, 1995. This report concerned the Department's oversight of Job Opportunities and Basic Skills program providers.

Background

The Job Opportunity and Basic Skills Training (JOBS) program is a Federal program supervised in New York State by the Department of Social Services (Department) and administered by the 58 local social services districts. The Federal JOBS program serves employable AFDC recipients. The program's goal is to move people from the public assistance rolls to self-sufficiency, through education, job training and job opportunities.

In New York State, many different entities provide JOBS services. The Department provides these entities with JOBS funds for these services, which include interacting with, via case management and counseling, the JOBS participants who receive the services. A key principle under New York's welfare reform agenda is tying service provider funding to performance. For the JOBS program, the key performance measure, as described by the Department, is job placement. The scope of our prior audit included providers funded through memorandums of understanding with the State Education Department (SED), the State University of New York (SUNY), the New York State Department of Labor (DOL) and through contracts between the Department and Comprehensive Employment Opportunity Support Center (CEOSC) providers. In total, these providers billed the Department about \$25.3 million between October 1, 1993 and June 30, 1994.

The Department created the EDGE program through SED to help JOBS participants who use educational services overseen by SED to obtain employment. SED assists the Department in the administration of these educational, skills training and placement services. From October 1, 1993 to

June 30, 1994, the Department paid SED about \$14.7 million for 3,251 reported entries to employment.

The Department created the BRIDGE program through SUNY to help JOBS participants who use SUNY's Educational Opportunity Centers to obtain employment. From January 1, 1994 to June 30, 1994, the Department paid SUNY about \$2.3 million for 615 reported entries to employment.

The Department also contracts with DOL to help local social services districts with job placement and work experience activities. From October 1, 1993 to June 30, 1994, the Department paid DOL about \$5.6 million for 1,431 reported entries to employment.

Further, the Department contracted with 26 CEOSC providers to help JOBS participants obtain employment. The CEOSC contracts state that providers are reimbursed only when participants complete specific activities, including job placement and job retention. A job placement is defined as a full time job of at least 30 hours per week with a starting wage of at least \$200 per week. Providers may claim a placement after the employee completes ten consecutive working days on the same job. The Department defines a job retention as any instance where a client has remained on the same job, which the client was originally placed in, for thirteen consecutive weeks. From October 1, 1993 to June 30, 1994, the Department paid these providers about \$2.7 million for 641 entries to employment and 244 job retentions.

Summary Conclusion

In our follow-up review, we found that the Department has implemented all of our prior audit recommendations.

Our prior audit concluded that the Department had adequately ensured that contractors were providing participants with marketable skills based on local labor market employment demands and that the Department conducted the contractor selection process competitively. We also concluded that, generally, the Department was reimbursing contractors only for services provided. During the period October 1, 1993 to June 30, 1994, the Department reimbursed contractors about \$14.5 million at the six districts we visited.

The six contractors we visited submitted CEOSC claims totaling \$1,065,996 during our audit period. We reviewed claims totaling \$368,569 (\$272,514 for 111 placements and \$96,055 for 34 retentions) at the six contractors we visited to determine whether: the entry to employment was attributed to CEOSC enrollment; the employment paid at least \$200 per week; the placement lasted at least 10 days; and, the retention lasted at least 13 weeks. Our audit of claims submitted by Erie and Monroe counties pursuant to CEOSC contracts identified overpayments totaling about \$65,469.

During our audit, we also reviewed a sample of 180 claimed job placements for which the Department reimbursed about \$555,850 to 18 different BRIDGE, CEOSC, DOL and EDGE providers. We identified 9 job placements where we were unable to verify that the job placement actually occurred.

Summary of Status of Prior Audit Recommendations

Department officials have fully implemented all three of our audit recommendations.

Follow-up Observations

Recommendation 1

Review the overpayments of \$65,469 we identified during our audit of claims submitted by Monroe and Erie Counties and recover the overpayments as warranted.

Status - Fully Implemented

Agency Action - The Department reviewed the overpayments we identified at Monroe and Erie counties and agreed with us that these claims were inappropriate. In the case of Monroe, the Department recovered the overpayment of \$9,229. Since Erie's contract performance exceeded its contract reimbursement cap, the Department allowed Erie to replace the inappropriate claims we identified with other appropriate claims that were verified by the Department.

Recommendation 2

Reiterate with Erie and Monroe Counties the necessity of meeting contract requirements and having appropriate supporting documentation on file prior to certifying claims for reimbursement.

Status - Fully Implemented

Agency Action - The Department shared our audit report with Erie and Monroe officials and instructed them to comply with our recommendation.

Recommendation 3

Require service providers to notify the local districts of job placements.

Status - Fully Implemented

Agency Action - The Department notified its BRIDGE, CEOSC, DOL, and EDGE providers to examine their current notification processes to ensure that the local districts are notified of job placements and can make the appropriate grant changes as a result of a recipient's employment.

We wish to thank the management and staff of the Department of Social Services for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Robert H. Attmore
Deputy Comptroller

cc: Patricia A. Woodworth