

H. CARL McCALL
STATE COMPTROLLER



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

STATE OF NEW YORK
OFFICE OF THE STATE
COMPTROLLER

September 14, 1999

Mr. John A. Johnson
Commissioner
Office of Children and Family Services
Capital View Office Park
52 Washington Street
Rensselaer, NY 12144

Re: Report 98-F-50

Dear Mr. Johnson:

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 have reviewed the actions taken by officials of the Office of Children and Family Services (formerly the Division for Youth) as of July 28, 1999, to implement the recommendations contained in our audit report, *Oversight of Delinquency Prevention Programs* (Report 95-S-137). Our report, issued on January 29, 1998, addressed whether: management provided effective direction in meeting program objectives; program services were planned, monitored, and delivered in accordance with program intent; and management evaluated programs for their effectiveness in controlling juvenile delinquency.

Background

On August 20, 1997, the Governor signed legislation that merged several existing State agencies and created a new agency in their place: the Department of Family Assistance. Within this agency, the Office of Children and Family Services (OCFS) assumed administration of child welfare programs including those programs associated with the former Division for Youth (Division). Among its functions, OCFS establishes, operates, maintains or contracts for youth development and work training programs to prevent and control juvenile delinquency. These youth development and work training programs are generally nonresidential programs that furnish such services as individual and group counseling, remedial and tutorial assistance, opportunities

for recreation and physical exercise and guidance in preparing for employment. Approximately 3,500 agencies receive funding to operate these programs. Most of these agencies are community-based, not-for-profit corporations and some are municipal governments.

There are three types of delinquency prevention programs: (1) Youth Development and Delinquency Prevention programs, which target the general youth population; (2) Special Delinquency Prevention programs, which target high-risk youth and communities; and (3) Runaway and Homeless Youth Act programs, which provide shelters and support services for runaway and homeless youths.

Delinquency prevention programs were allocated approximately \$47 million in State funds in fiscal year 1998-99. Funds are allocated to the counties primarily based on their youth census. Under the overall direction provided by OCFS, county governments select, monitor and partially finance most delinquency prevention programs. They can contract with delinquency prevention agencies, run programs themselves, and/or have their cities, villages, towns, etc. contract with delinquency prevention providers. In addition, some providers contract directly with OCFS.

OCFS reimburses delinquency prevention agencies up to 100 percent of approved program costs, depending on the type of program and the monies available. OCFS also provides grants for administrative costs to county and municipal youth bureaus. Delinquency prevention programs may also receive funding from local governments, other State agencies and private sources.

Summary Conclusions

In our prior audit, we identified deficiencies in the Division's operating practices. We concluded that Division management needed to assess the overall effectiveness of delinquency prevention programs and take a more active role in facilitating and monitoring the course of local delinquency prevention efforts. We also found that more attention was needed on cross-agency coordination. Therefore, we recommended that Division management work with State and local policymakers to establish a more coordinated system of planning, oversight and accountability.

In our follow-up review, we found that OCFS officials have made progress in implementing the recommendations contained in our prior audit report. They have instituted outcome-based contracts that will help allow for the evaluation of delinquency prevention programs. OCFS officials have also taken steps to provide training to local service providers and establish workgroups addressing the monitoring and oversight of delinquency prevention programs.

Summary of Status of Prior Audit Recommendations

Of the seven prior audit recommendations, OCFS officials have implemented six recommendations and partially implemented one recommendation.

Follow-up Observations

Recommendation 1

Establish working groups, comprised of State and local policy makers and service providers, to determine the best ways to establish appropriate mechanisms to plan, coordinate, facilitate, monitor and evaluate delinquency prevention programs, and to help ensure that the programs deliver services as intended to youths.

Status - Implemented

Agency Action - In April 1999, OCFS provided training on outcome-based contracting for the Special Delinquency Prevention Program contracts. It provided this training to workgroups that included service providers throughout the State. The purpose of this training was to instruct managers on establishing appropriate mechanisms for planning, coordinating, facilitating, monitoring and evaluating delinquency prevention programs, and to help ensure that these programs deliver services as intended to youths.

Recommendation 2

Take a more active role in working with localities and providers to identify and prioritize program needs and services. Develop a comprehensive plan which helps ensure that community and youth needs are met by providing appropriate services and funds.

Status - Implemented

Agency Action - OCFS held a Leadership conference in the Fall of 1998 that identified Integrated County Planning as a priority. OCFS has determined that Integrated County Planning is the type of collaboration needed between counties and local communities in building services for children and families. The intent of this process is to develop long-term, consolidated plans for such services at the local level.

Recommendation 3

Work with State and local policy makers to establish on-going fiscal accountability to:

- *ensure that all providers receiving delinquency prevention funds comply with contract terms,*
- *ensure that the services expected from providers are clearly delineated in the contract, monitored and delivered,*
- *require providers to submit complete documentation in support of expenditure claims, and*

- *ensure that provider expenditure claims are not reimbursed unless they are consistent with Division guidelines.*

Status - Implemented

Agency Action - OCFS officials have taken several steps to implement this recommendation. They have begun outcome-based contracting for Special Delinquency Prevention program contracts and provided training for local managers on this issue. OCFS also held a conference with State and local providers in the Fall of 1998 to discuss how to combine the former Division for Youth's County Comprehensive and the Department of Social Services' Consolidated Services plans to address youth needs, and to discuss how delinquency prevention funds could be used more efficiently and effectively. Also, in January 1997 OCFS issued Fiscal Policies and Procedures for Local Assistance Programs that establish documentation requirements for applications and claims. OCFS has also set up a system to monitor the completeness of documentation provided by contractors for reimbursements.

Recommendation 4

Recover the \$200,000 in inappropriate reimbursements identified by our audit.

Status - Implemented

Agency Action - OCFS recovered \$8,718.88 of the \$200,000 identified as inappropriate reimbursements in our prior audit. OCFS officials allowed more than \$164,000 of the questioned reimbursements (\$150,548 for the NYC Parks and Recreation Program and \$13,558 for the Brooklyn in Touch Program) after permitting these agencies to amend their budgets or programs to allow for the reimbursement of the associated expenses. OCFS officials deemed the remaining expenses to be appropriate after receiving additional documentation from providers. We remain concerned that OCFS initially reimbursed contractors for questionable expenses before they made retroactive budget or program adjustments. In the future, we recommend that OCFS officials more diligently monitor reimbursement requests for these programs.

Recommendation 5

Establish workshops with State and local managers and distribute guidance to reinforce the need for managers to take positive steps toward establishing program accountability and performance measures over delinquency prevention programs.

Status - Implemented

Agency Action - OCFS officials have addressed the need to give managers information and guidance concerning program accountability and performance measures. They provided

workshops and training in April and June of 1999 relating to these issues. The current process provides for specific outcome measurement at the end of each project, and measurement of performance targets and milestones during project implementation.

Recommendation 6

Develop and maintain a system of periodic program evaluation to determine whether delinquency prevention programs are effective in helping to prevent juvenile delinquency.

Status - Implemented

Agency Action - OCFS officials have developed and implemented a process that focuses on program results, rather than program activities. This process allows for the measurement of performance targets, milestones and outcomes. They have also held workshops focusing on improving this process.

Recommendation 7

Work with State and local officials to consider and determine how delinquency prevention funds could be utilized more efficiently and effectively. Activities should include, but not be limited to:

- *establishing reimbursement guidelines indicating the appropriate percentages for administrative and direct program costs, and monitoring reimbursements to ensure compliance with these percentages,*
- *reassessing funding for local park and recreation departments to ensure that it supports delinquency prevention programs,*
- *actively monitoring providers that receive funding from legislative initiatives, and ensuring that the funds are used to support delinquency prevention programs, and*
- *establishing procedures and researching available approaches to coordinate funding for delinquency prevention programs funded by more than one State agency.*

Status - Partially Implemented

Agency Action - OCFS officials have not yet established guidelines indicating the appropriate percentages for administrative and direct program costs. However, they believe that Executive Law Article 19-A clearly recognizes funding for local parks and recreation departments as a cornerstone in youth development. They plan to convene a workgroup to solicit input to determine if recreation funding supports delinquency prevention programs. OCFS officials expect the workgroup to complete its review by January 15, 2000. Finally, OCFS officials have worked with State and local officials to coordinate funding for delinquency prevention programs so that they are used more efficiently. They

monitor providers that receive funding from legislative initiatives to ensure that the funds are used to support delinquency prevention programs. They have also partnered with multiple State agencies to provide funding to common contractors.

Major contributors to this report were Richard Sturm, Jack Dougherty, Marianne Boyer and Stephen Lynch.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of OCFS for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

William P. Chalice
Audit Director

cc: Charles Conaway
Kevin Robinson