



Office of Temporary and Disability Assistance

ANDREW M. CUOMO
Governor

SAMUEL D. ROBERTS
Commissioner

MICHAEL PERRIN
Executive Deputy Commissioner

June 29, 2016

Mr. John Buyce
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236

Re: Office of the State Comptroller's Final Report
(#2015-S-58) Regarding the NYS Office of
Temporary and Disability Assistance's Wage
Subsidy Program

Dear Mr. Buyce:

As required by Section 170 of the Executive Law, this is the New York State Office of Temporary and Disability Assistance's (OTDA) response to the above-mentioned final report. This response will also be sent under separate cover to the Governor, the Office of the State Comptroller (OSC), and the leaders of the Legislature and fiscal committees as required.

As background, the federal Temporary Assistance to Needy Families (TANF) block grant program requires New York State to engage individuals in countable work activities. Federal funds are provided to the State to support the Wage Subsidy Program (WSP) and Transitional Employment (TE) programs (which place public assistance recipients and other low-income individuals with employment barriers into wage-paying jobs). The stated purpose of the audit was to determine whether OTDA adequately monitors wage subsidies to ensure that payments are used as intended and whether program contractors accurately report performance outcomes, including the extent to which the overall goal of permanent, unsubsidized employment is achieved.

At the outset, OTDA asserts that the audit's findings were misplaced. OTDA's system, pre-audit, more than adequately ensured that the requisite information was properly stored and analyzed, and that supporting documentation was properly maintained so that the validity of payments could be verified. Moreover, in the ordinary course of program administration, additional enhancements have already been made, as described below.

Recommendation 1 - Develop a system that can more easily and readily store, access and analyze complete WSP information.

OSC asserts that OTDA's Wage Subsidy Program system for tracking and monitoring milestones and goal attainment is outdated and not as efficient or effective as it could be in terms of monitoring contractors. This assertion is not accurate. In its response to the Draft Report issued by OSC, as well as during the audit itself, OTDA made it very clear that OTDA's WSP tracking system already allowed for easy storage, access, and analysis of complete WSP information,

and that OTDA already was in the process of making updates and improvements to this system. The recommendations are targeting an alleged “problem” that simply does not exist.

OTDA created the Internal Management Report (IMR) in Excel to summarize cumulative expenditures for Employment Contract Management (ECM) contract programs. The IMR is used in combination with the ECM Voucher database, a newly designed Access database in use for all ECM programs including Wage Subsidy. The ECM Voucher database was created after the previous Wage Subsidy Program ended to capture participant level data and contract specific data, and the participant level data contained in the database interfaces between all Wage Subsidy Program contracts and with other employment contract programs to avoid duplicate payments.

Contrary to the assertion in the final report, the IMR system has proven to be accurate, easy to use, and does allow OTDA to monitor performance. As part of its ongoing administration of its programs, however, OTDA has updated its Internal Management Reports and has continued updating and improving its tracking systems. For example, the report now displays the voucher number for each voucher received in addition to having cumulative spending data. OTDA will also continue to maintain copies of all vouchers processed, in addition to recording information in the IMR and Employment Contract Management Voucher database, to ensure that an electronic and paper copy of each voucher is maintained.

In short, OTDA’s existing process and the aforementioned enhancements clearly satisfy OSC’s recommendations.

Recommendation 2 - Require contractors to maintain supporting documentation, including payroll records, time sheets, paystubs, or canceled checks, to support program milestones, goal achievements and wage subsidies.

Contrary to any implication set forth in the audit that OTDA does not require contractors to maintain sufficient documentation, OTDA’s requirements have always ensured the validity of milestone payments. OTDA has always required contractors to capture and retain the relevant data needed to verify job placement and retention. Specifically, OTDA requires contractors to maintain supporting documentation in the form of either (i) pay stubs or (ii) an Employment Verification Form (EVF) and contractors have, to the best of our knowledge, complied with this requirement. OTDA will not process vouchers without appropriate supporting documentation and this practice will not change.

Documentation supporting program milestones which must be maintained by contractors includes pay stubs covering the period being claimed or an Employment Verification Form (EVF) that is signed and dated by the employer (verifying that the participant worked for the period being claimed). If using an EVF, the contractor must include the individual’s name, start date, amount of wages, and indicate whether or not the participant was still employed and, if not currently employed, the last date of employment.

Regardless of the form of documentation (pay stubs or EVF), OTDA must clearly be able to discern when a participant started employment and that the participant has obtained the required number of days and wages needed to achieve the specific milestone payment being claimed. OTDA reviews all employment documentation before forwarding the voucher claim for payment. For situations when the contractor is also the subsidized employer, OTDA requires copies of paystubs, and will not accept an EVF. OTDA will continue on-site reviews to monitor programs in addition to the review of the voucher and accompanying documentation.

For these reasons, OTDA's long-standing requirements relating to documents maintained by contractors already met the goals outlined by OSC, and any assertion that these requirements are insufficient is completely unfounded.

We trust that these comments are responsive to the recommendations cited in OSC Final Audit Report 2015-S-58.

Sincerely,

A handwritten signature in black ink that reads "Sam Roberts". The signature is fluid and cursive, with a long horizontal stroke at the end.

Samuel D. Roberts
Commissioner

cc: Michael Perrin
Krista Rock
Phyllis Morris
Kevin Kehmna
Nancy Maney
Barbara Guinn
Valerie Boyd