Audit Highlights

Objective

To determine the adequacy of the New York City Department of Education’s (DOE) monitoring of Universal Pre-Kindergarten (UPK) programs’ compliance with applicable health, safety, and financial reporting requirements. Our audit scope covered the period from July 1, 2015 through June 30, 2017. We revisited certain schools in September 2018 to verify information subsequently provided by the DOE.

About the Program

The UPK program was established through Chapter 436 of the Laws of 1997 to provide all eligible four-year-olds in New York State with the opportunity for an early childhood education. A new statutory framework was subsequently established through Chapter 56 of the Laws of 2014. The Regulations of the Commissioner of Education (Regulations) require buildings and classrooms used for UPK to be safe and to comply with applicable fire safety, health, and building codes, and equipment and furnishings to be maintained in a state of good repair and sanitation and to be safe and suitable for children. In January 2014, the New York City (NYC) Administration released an implementation plan to dramatically expand NYC’s existing Pre-Kindergarten program.¹

The expanded UPK program is administered and overseen by the DOE’s Division of Early Childhood Education (DECE), which also conducts fiscal audits of the program, as needed. The UPK program is funded by the State and NYC. The State’s portion is based on a State Education Department grant. The funds must be used for the sole purpose of implementing the UPK program and are allocated to the DOE annually.

In NYC, UPK is offered in public school settings, through programs operated by the DOE, and non-public school settings, through contracts with eligible community-based organizations (CBOs) (herein referred to as contracted center-based and contracted school-based). For the 2016-17 school year, there were 72,176 UPK students enrolled in approximately 1,900 NYC UPK programs at a cost of about $850 million.

UPK providers must adhere to Sections 3602-e and 3602-ee of the New York State Education Law (Law) and applicable Regulations. Additionally, school-based providers must comply with Article 43 of the NYC Health Code (Health Code), among others, while contracted center-based providers must comply with Article 47. The Health Code regulates the health and safety of child care services provided by educational centers. Further, providers must comply with the terms of their DOE contracts when submitting and claiming expenses.

DOE officials were provided with a list of the UPK programs that we selected for review. We requested that they inform the providers of the audit and of our expected visits. We also gave providers advance notice of our visits to their program sites.

¹ In fall 2017, NYC expanded its UPK program to include three-year-olds. This new initiative has been classified as “3-K for All.”
Key Findings

We reviewed the operations and finances of a judgmental sample of 33 NYC UPK providers – 15 DOE school-based, 11 contracted center-based, and 7 contracted school-based – to determine the adequacy of the DOE’s monitoring of their compliance with applicable health and safety regulations and with financial reporting requirements. We determined that the DOE could improve its oversight of UPK programs, especially for schools operated by CBOs, to ensure that children are not exposed to unsafe and unhealthy conditions. These improvements include better alignment of the health and safety requirements promulgated by Articles 43 and 47 of the Health Code and better monitoring of UPK providers’ compliance with the applicable provisions of the Law, Regulations, and Health Code. Such improvements could reduce health and safety risks to students. We also believe that there are opportunities for the DOE to strengthen the systems it has in place to monitor payments to CBOs. For example:

- While all UPK programs serve the same population, school- and center-based programs are governed by different Health Code articles with separate regulations (i.e., certain requirements are included in one article but not in the other).
- We found potentially toxic cleaning supplies, windows that did not have window guards, potential fire hazards (cigarette butts discarded on a wood chip-covered play area used by students), and peeling paint in classrooms.
- Three of 9 contracted center-based providers for which we had usable fire drill logs and 5 of the 15 DOE school-based programs did not comply with fire drill requirements.
- The safety plans for 6 of the 7 contracted school-based providers and 7 of the 11 contracted center-based providers were incomplete.
- $64,648 (4.6 percent) of the approximately $1.4 million in expenses reported to the DOE by 10 of the 18 contracted providers in their End-Year Fiscal Reports for the 2015-16 school year were not documented.

Key Recommendations

- Work with the NYC Department of Health and Mental Hygiene to align the Health Code requirements governing center-based and school-based programs.
- Ensure that UPK providers comply with applicable provisions of the Law, Regulations, and Health Code to promote a safe and healthy environment for UPK program students.
- Ensure that all required fire drills are conducted at the required times and that fire drill logs are properly maintained.
- Perform full reviews of End-Year Fiscal Reports on a sample basis. Request and review documentation to confirm that expenses claimed by contracted providers are supported and used solely for the UPK program and that unspent funds are returned to the DOE.
June 7, 2019

Mr. Richard Carranza  
Chancellor  
New York City Department of Education  
52 Chambers Street  
New York, NY 10007

Dear Mr. Carranza:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of the New York City Department of Education entitled *Oversight and Monitoring of the Universal Pre-Kindergarten Program*. This audit was performed pursuant to the State Comptroller’s authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

This audit’s results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Division of State Government Accountability*
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## Glossary of Terms

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<td>Community-based organization</td>
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Background

The Universal Pre-Kindergarten (UPK) program was established through Chapter 436 of the Laws of 1997 to provide all eligible four-year-old children in New York State with the opportunity for an early childhood education at no charge to parents. UPK provides access to comprehensive early childhood education experiences that promote social-emotional, creative expressive, physical, cognitive, linguistic, and cultural development. In New York City (NYC), UPK is offered in public school settings, through programs operated by the NYC Department of Education (DOE), and non-public school settings, through contracts with eligible community-based organizations (CBOs) (herein referred to as contracted center-based and contracted school-based).

In January 2014, New York City released a plan to dramatically expand its existing UPK program, with the goal to implement a UPK system in NYC that provides every four-year-old with high-quality, full-day UPK.¹

The NYC UPK program is administered by the DOE through its Division of Early Childhood Education (DECE) and funded by both the State and NYC. The State’s portion of UPK funding is based on a State Education Department grant. These funds must be used for the sole purpose of implementing the UPK program and are allocated annually to the DOE. The DOE is responsible for implementing controls and has the authority to perform fiscal audits of NYC’s UPK program.

The DOE is responsible for ensuring that schools comply with applicable provisions of the New York State Education Law (Law), NYC Health Code (Health Code), and Regulations of the Commissioner of Education (Regulations). The Regulations require buildings and classrooms used for UPK programs to be safe and to comply with applicable fire safety, health, and building codes, and for equipment and furnishings to be maintained in a state of good repair and sanitation and to be suitable for children. All UPK programs must follow uniform quality standards set by the State that address curriculum, monitoring and reporting assessments, health and nutrition, class size, staff qualifications, fiscal and program oversight, professional development, parental involvement, and support services. In addition, school-based providers must comply with Article 43 of the Health Code; contracted center-based providers must comply with Article 47 of the Health Code. However, while both serve the same population, Articles 43 and 47 differ regarding some health and safety requirements (e.g., storage of toxic materials).

Articles 45 and 49 of the Health Code, which together regulate schools operating in New York City, were originally scheduled for substantive revision.

¹ In fall 2017, NYC expanded its UPK program to include three-year-olds. This new initiative has been classified as “3-K for All.”
between 2008 and 2010 as part of a plan to modernize the Health Code. Until the contemplated revisions are adopted by the New York City Board of Health, a gap in the regulations governing the health and safety of schoolchildren ages three through five would exist. Although Article 43 was adopted to bridge the regulatory gap, it falls short of Article 47’s requirements.

Providers must comply with the terms of their DOE contracts when submitting and claiming expenses. For the 2016-17 school year, there were 72,176 UPK students enrolled in approximately 1,900 NYC UPK programs (see Exhibit A) at a cost of about $850 million.

We provided DOE officials with the list of UPK providers we selected and requested that they inform the providers of the audit and our expected visits. We also gave providers advance notice of our visits to their program sites.
Audit Findings and Recommendations

We reviewed the operations and finances of a judgmental sample of 33 NYC UPK providers (see Exhibit B) – 15 DOE school-based, 11 contracted center-based, and 7 contracted school-based providers – to determine the adequacy of the DOE’s monitoring of their compliance with applicable health, safety, and financial reporting requirements. Our visits demonstrated the need for improved oversight – especially for programs operated by CBOs – to ensure that children are not exposed to unhealthy and dangerous conditions. For instance:

- Among other issues, we found potentially toxic cleaning supplies within children’s reach, windows without window guards to prevent accidental falls, potential fire hazards (e.g., cigarette butts discarded on a wood chip-covered play area used by students), and peeling paint in classrooms.

- Three of 9 contracted center-based providers for which we had usable fire drill logs and 5 of the 15 DOE school-based programs did not comply with fire drill requirements.

- The safety plans for 6 of the 7 contracted school-based providers and 7 of the 11 contracted center-based providers were incomplete.

- Furthermore, we determined that school- and center-based programs are governed by different Health Code regulations, with certain requirements included in one of the articles but not in the other.

The DOE also needs to strengthen its monitoring of providers’ financial reporting to ensure their compliance with requirements. Our review identified $64,648 in unsupported expenses reported by 10 of the 18 contracted providers in their End-Year Fiscal Reports for the 2015-16 school year.

We recommend that the DOE improve monitoring of the fiscal operations of CBO-operated UPK programs and work with the NYC Department of Health and Mental Hygiene (DOHMH) to align and strengthen the health and safety requirements promulgated by Articles 43 and 47 of the Health Code.

Health and Safety Oversight

The DOE, as administrator of the UPK program, has an obligation to ensure the well-being of all children who participate in the NYC UPK program by monitoring providers’ compliance with applicable provisions of the Law, Regulations, and Health Code. According to Section 3602-ee of the Law, “Facilities providing universal full-day pre-kindergarten under this section shall meet all applicable fire safety and building codes and any applicable facility requirements of a state or local licensing or registering agency and at all...
times shall maintain building and classroom space in a manner that ensures and protects the health and safety of students in all programs statewide, notwithstanding any changes in such applicable codes or requirements.” Under Section 3602-ee, UPK providers are required to maintain building and classroom space in a manner that ensures and protects the health and safety of students in all programs. The Law also requires annual inspections of all full-day UPK providers. Moreover, the Regulations require buildings and classrooms used for UPK programs to be safe and to comply with applicable fire safety, health, and building codes, and equipment and furnishings to be maintained in a state of good repair and sanitation and to be suitable for children.

In addition, DOE school-based and contracted school-based providers are subject to Article 43 of the Health Code, among others, which addresses staff supervision and other staff and student issues, health conditions, lead-based paint restrictions, use of window guards, and corrective action plans. Contracted center-based providers must follow Article 47, which addresses teaching qualifications and training, written safety plans, fire safety, indoor physical facilities, plumbing, ventilation and lighting, lead-based paint restrictions, outdoor play areas, general sanitation, and maintenance.

Our visits to the judgmental sample of 33 UPK providers, including 15 DOE school-based, 11 contracted center-based, and 7 contracted school-based programs, identified numerous instances of non-compliance that could result in unsafe and unhealthy conditions for students, as discussed next.

**DOE School-Based UPK Programs – Article 43**

At the 15 sampled DOE school-based UPK programs, we observed 39 instances of non-compliance with the Health Code and/or the Regulations that created, or could result in, unsafe and unhealthy conditions (see Exhibit C). These included expired fire extinguishers, peeling paint, unclean and unsafe outdoor play areas, radiators without protective guards, and toxic cleaning materials in areas accessible to students. For example:

- At provider 10, the gym was separated from the cafeteria and auditorium by two wooden dividers that had protruding nails and staples (see Figure 1). A teacher told us that a student was injured when his hand was caught on one of the nails. This was confirmed by another teacher, who told us that the resultant wound required stitches.
- At providers 11 and 12, wood chip-covered outdoor play areas were littered with cigarette butts, presenting a potential fire hazard (see Figure 2).

- At provider 13, ongoing renovations resulted in significant dust in some classrooms, in hallways, and on door handles (see Figure 3). In addition, in one classroom, we observed students napping on the floor while two teachers and a janitor were in the room. The janitor told us he was there to clean a spill. We later saw the two teachers leave while the janitor was still in the classroom. When the teachers saw us approaching, they went back into the classroom and the janitor then left.

- Provider 18 stored its garbage near a path that children use to access the play area. While Article 43 does not address storing garbage in areas accessible by students, we note that Article 47, which covers contracted center-based providers, prohibits such a practice. The DOE asserted that the children are consistently supervised when using this route, and that the garbage was not directly in their pathway.

- At provider 23, the toilet seat in a bathroom was broken. Moreover, the air vent in the bathroom was dirty and rusted, and was attached to the wall by one screw, instead of four (see Figure 4).
At four providers (13, 20, 23, and 32), we identified seven areas with peeling paint (see Figure 5). Article 43 prohibits peeling lead-based paint or peeling paint of unknown lead content on any surface. Annual Survey of Paint Condition reports subsequently provided to us by the DOE indicated that the peeling paint at one location (provider 13) had tested positive for lead levels above U.S. Environmental Protection Agency standards. DOE officials informed us that the peeling paint conditions have been repaired.

Five providers (10, 13, 18, 20, and 23) had toxic cleaning supplies in areas accessible to students (see Figure 6). Again, Article 43 does not address this issue. However, we note that Article 47 states that all cleaning supplies or toxic materials must be stored in their original containers in places that are inaccessible to children.

Seven classrooms at two providers (18 and 20) had insufficient shielding on radiators. Although Article 43 does not address this issue, Article 47 states that radiators in classrooms and play areas must have protective guards.

DOE officials asserted that some of the violations we identified were transient and had been corrected during the ordinary operations of the UPK programs. However, we note that they were evident during our visits even though providers were given prior notice and thus had time beforehand to correct instances of non-compliance with the Law, Regulations, and Health Code. The DOE further asserted that “the health and safety of DOE students is of the highest priority and any issues found are serious, whether they are present for 2 days or 2 months.” DOE officials advised that they have used the information provided by the auditors to make improvements, where needed.
CBO-Operated UPK Programs

CBOs’ contracted center-based and contracted school-based UPK programs are regulated by Article 47 and Article 43 of the Health Code, respectively. We observed 45 health and safety violations (see Exhibit C) during our site visits to 18 contracted UPK providers, including missing window guards and radiator shields, dirty walls and ceilings, peeling paint, toxic cleaning supplies, potential fire hazards, and barbed wire-topped fences.

Contracted Center-Based UPK Providers – Article 47

Article 47 of the Health Code requires window guards to be installed on all windows in all rooms, hallways, and stairwells, except windows that give access to fire escapes. Unlike Article 43, it does not allow the use of window opening-limiting devices in lieu of window guards. In addition, Article 47 requires that all cleaning supplies or toxic materials be stored in their original containers in places that can be securely locked and are inaccessible to children. Such materials must not contaminate play surfaces or constitute a hazard to children. Moreover, garbage should not be stored in rooms or outdoor areas that are adjacent to the facility and accessible to children, and all corridors, doorways, stairs, and exits must be kept unobstructed at all times. Also, lighting must be evenly distributed and diffused, free from glare, flickering, or shadows. In addition, the DOE contract with the CBOs states, “For full-day programs, children must have access to a space where they can use their large muscles for at least fifty (50) minutes each day.”

We observed 24 health and safety violations during our site visits to 11 contracted center-based UPK providers (see Exhibit C). For example:

- At provider 2, four windows not at fire escapes did not have window guards as required. (However, we noted that window opening-limiting devices were installed at the four windows, which can be used in lieu of window guards under Article 43.)

- At four providers (2, 3, 15, and 31), we observed toxic cleaning supplies that were accessible to children. For example, at one provider, there were cleaning materials on the floor of the hallways (31), and at another location (2), bleach was accessible to the children in the laundry room.
At two providers (27 and 31), garbage was stored within reach of children as they walked to and from outdoor play areas (see Figure 7).

At provider 3, which did not have an outdoor play area, classroom dimensions were smaller than the Article 47 requirement based on its enrollment count of 90 students in six UPK classrooms. In fact, a UPK program representative told us that furniture in the classrooms had to be moved around in order to create play spaces for the students. DOE officials asserted that, at the time of the auditors’ site visit, it was their practice to use the total site capacity listed on the DOHMH license to determine the number of UPK students who could be enrolled at a program. Consequently, the enrollment was deemed allowable. DOE officials indicated that, starting with the 2017-18 school year, a new methodology was being used to determine a UPK program’s maximum enrollment.

Also at provider 3, we observed hallways, classrooms, and a children’s bathroom that either did not have working ceiling lights or were unlit. In addition, we saw water dripping from a lighting fixture in a classroom ceiling, which, according to a school employee, was an ongoing problem caused by leaking pipes. DOE officials told us that the leaking pipe had been fixed shortly after our visit.

Contracted School-Based UPK Providers – Article 43

During site visits to the seven contracted school-based UPK providers, we observed 21 health and safety violations (see Exhibit C), including:

At provider 4, two windows not located at fire escapes did not have either window guards or opening-limiting devices (see Figure 8). Article 43 requires the use of window guards or other window opening-limiting devices on windows that are not located at fire escapes.
According to officials at providers 5 and 6, to limit exposure, pesticides are sprayed when students will not be in attendance for at least two days; however, they do not notify parents when pesticides are applied in areas accessible to children. While Article 43 does not address this issue, Article 47 requires parents to be given prior notice, at least 48 hours in advance, before pesticides are applied. DOE officials asserted that pesticides are used when children “would be gone for 3 days or more.”

At provider 4, a 6-ft chain link – and climbable – fence surrounding the outdoor play area was topped with barbed wire (see Figure 9). Although Article 43 does not address this issue, we note that Article 47 prohibits the use of barbed wire on fences shorter than 6.5 feet. DOE officials asserted that this is an Article 43 school, and the height of this barbed wire-topped fence did not put children at risk.

Provider 6 stored toxic cleaning products in an area that was accessible to children (see Figure 10). Again, while Article 43 does not address this issue, Article 47 requires all cleaning supplies or toxic materials to be stored in their original containers in places that are inaccessible to children.

We note that schools in the UPK program are governed by the Law and the Regulations, which require buildings and classrooms used for UPK programs to be safe and suitable for children. Therefore, regardless of who is operating a UPK program (i.e., DOE, CBO), children should not be exposed to conditions that put their health and safety at risk. The DOE should communicate to all NYC UPK providers the importance of maintaining a safe and healthy UPK environment. Going forward, the DOE should work with DOHMH to ensure that the requirements governing school-based and center-based programs are aligned to prevent confusion among providers, to improve compliance, and to ensure safe and healthy conditions.
DOE officials acknowledge that it is in the best interest of the children to use consistent and rigorous standards to assess health and safety conditions in their programs. They advised that the most effective way to achieve this would be to align the health codes governing center-based and school-based programs.

Fire Drills

Section 3602-ee of the Law states that “facilities providing universal full-day pre-kindergarten under this section shall meet all applicable fire safety and building codes and any applicable facility requirements of a state or local licensing or registering agency and at all times shall maintain building and classroom space in a manner that ensures and protects the health and safety of students in all programs statewide, notwithstanding any changes in such applicable codes or requirements.” For school-based UPK programs, Section 807 of the Law states that fire drills should be conducted at least 12 times a year – with 8 of those held between September 1 and December 1 of the school year. Beginning with the 2016-17 school year, those 8 drills must be conducted by December 31 and include 4 lock-down drills and 8 evacuation drills. Article 47 requires fire drills to be conducted monthly and logged monthly for both DOE and Fire Department inspection. Similarly, Article 43 requires the maintenance of fire drill logs.

DOE School-Based UPK Programs

We requested fire drill logs for the 15 DOE school-based providers for the 2015-16 school year. However, 2 of the providers (12 and 23) did not submit them. Of the remaining 13 providers, 5 (13, 16, 17, 18, and 26) had not fully complied with the fire drill requirements.

CBO-Operated UPK Programs

For the 2015-16 school year, we reviewed fire drill logs for 16 (9 center-based and 7 school-based) contracted UPK providers. (Of the 18 in our sample, 1 provider did not submit its log and another submitted a log that was illegible.)

- Contracted center-based providers: We concluded that six of the nine contracted center-based programs conducted all the required monthly fire drills. The remaining three providers (8, 29, and 31) did not.

- Contracted school-based providers: While Article 43 requires programs to conduct and log fire drills, it does not set the minimum number of required drills. We found that a number of the sampled providers did not provide records to show that fire drills were held regularly, with gaps of four to five months occurring between drills.
Safety Plans

Both Article 43 and Article 47 require UPK providers to develop, review, and annually update written safety plans, which establish policies and procedures for the health, safety, and security of children who participate in the UPK programs. The Article 47 safety plan has ten components while the Article 43 plan has nine.

We reviewed the safety plans for the 18 contracted (11 center- and 7 school-based) and 15 DOE school-based UPK providers for the 2016-17 school year and found:

- Seven of the 11 contracted center-based providers did not include all ten Article 47 safety plan components:
  - Three providers (15, 24, and 27) included only four;
  - Two providers (8 and 31) included six;
  - Provider 29 included five; and
  - Provider 19 included three.

- Six of the seven contracted school-based providers did not include all nine Article 43 safety plan components:
  - Five providers (4, 5, 6, 21, and 25) included four components; and
  - Provider 7 included eight components.

According to the DOE, the safety plans for the 15 DOE school-based UPKs are exempt from the requirements of Article 43 because the schools are compliant with separate federal and State requirements. DOE officials also advised us that they work extensively with the State Education Department and the New York State Police to ensure that their safety plans comply with the Law.

Operational Checklists

Section 3602-ee of the Law requires annual inspections of all full-day UPK programs. The DOE uses operational checklists during the school year when performing annual inspections of contracted providers. The checklists include standards/guidelines for assessing health and safety conditions and compliance with contractual requirements. If a standard/guideline is not met, the operational checklist provides space for the DOE staff member to list a recommendation, resolution, corrective action, and corrective action date. For the 2015-16 and 2016-17 school years, we reviewed operational checklists.
for 16 of the 18 UPK programs operated by contracted providers. (The DOE did not conduct inspections at one provider because of an oversight, and the checklists received from the remaining provider were for the 2014-15 school year.) Among our findings:

- On the 16 checklists, the DOE employee did not always write a response to questions regarding compliance with the standards/guidelines. Moreover, when non-compliance was noted, the DOE staff member did not always provide a recommendation, resolution, corrective action, and date when the corrective action must be completed.

- For one provider, all checklist questions associated with the standards/guidelines were answered with a “yes” (see Exhibit D), including two where a “yes” response would require corrective action: “Do you observe any toxic or poisonous materials accessible to children?” and “Do you observe poor or unsafe conditions to the exterior of the site’s space that pose an immediate danger to children?” In these two instances, the DOE staff member did not provide recommendations, resolutions, and corrective actions. The DOE responded that it is possible that the employee incorrectly answered “yes” instead of “no.”

- Only 6 of the 16 checklists included the names of the DECE official who conducted the inspections.

The DOE needs to ensure that checklists accurately reflect the results of its visits, enabling the DOE to identify and mitigate risks to the health and safety of students. DOE officials agreed that it must meet the requirements of Section 3602-ee, adding that they continue to improve their systems and training to ensure that checklists are completed accurately and consistently.

Recommendations

1. Ensure that UPK providers comply with the Law, Regulations, and Health Code to promote a safe and healthy environment for UPK program students.

2. Work with the DOHMH to align the Health Code requirements governing center-based and school-based programs.

3. Ensure that supervisors periodically review operational checklists for accuracy and completeness and that follow-up actions are clearly communicated to programs and documented within the checklist.

4. Ensure that all required fire drills are conducted at the required times and that fire drill logs are properly maintained.
5. Create a uniform, written safety plan template for contracted providers, including all components required by the Health Code, and ensure that safety plans submitted to the DOE contain all required elements before being approved.

**Fiscal Reviews**

The DOE is responsible for implementing controls over the payments it makes to its contracted providers. This is carried out, in part, through reviews conducted by DECE. Contracted providers are required to prepare and submit annual budgets to DECE for approval. Contracted providers receive ten scheduled payments from the DOE during the fiscal year. The contract between the DOE and the providers requires contracted providers to report their program expenses twice each year using the 27-line-item Mid-Year and End-Year Fiscal Reports. Where equipment or furniture expenses are incurred for the school year, providers are also required to submit Equipment and Furniture Inventory Log forms with the End-Year Fiscal Reports in order to receive their final payments. DECE uses the end-year fiscal review process to determine if certain expenses reported by the providers are in line with approved budgets and are allowable, supported, and program related. DECE officials state that they do not request supporting documentation for each of the 27 line items. Instead, they review all rent/mortgage and lead teacher salary costs and strategically select high-risk (amount and/or category) line items for review, such as facility costs, equipment, and maintenance and repairs. DECE officials added that field office operation managers may “strategically select” other line items for review. If a provider has no expenses to report in the lines strategically selected, DECE may review other line item amounts to see if they comply with the budgets. However, expenses will not be reviewed to determine if they are allowable, supported, and program related. This practice significantly increases the risk that providers will report expenses that are not allowable if they believe these expenses will not be strategically selected for review.

For the 2015-16 school year, we reviewed documentation provided to DECE by the 18 contracted providers in support of the expenses reported on their End-Year Fiscal Reports to determine if DECE analysts had performed a thorough review. We determined that $332,116 in expenses claimed by 3 of the 18 providers (2, 19, and 24) in school year 2015-16 were not part of the line items strategically selected for review by DECE.

Due to the limited scope of the DOE’s fiscal reviews, we conducted a full review of the approximately $1.4 million in other than personal service expenses reported by 10 of the 18 contracted providers to determine if the
expenses were appropriate and allowable. Based on our review of End-Year Fiscal Reports, Equipment and Furniture Inventory Log forms, invoices, payroll registers, canceled checks, and other supporting documentation, we identified $64,648 in unsupported expenses, including:

- A total of $17,335 in Instructional Materials and Classroom Supplies for four UPK providers (4, 6, 8, and 27).
- $11,130 in office and janitorial supplies for two providers (6 and 27).

Recommendations

6. Follow up on the instances cited in this report where providers did not submit sufficient support for the amounts claimed on their End-Year Fiscal Reports.

7. Perform full reviews of End-Year Fiscal Reports on a sample basis. Request and review documentation to confirm that the expenses claimed by contracted UPK providers are supported.

8. Expand the categories routinely reviewed to provide greater coverage for the expenses incurred.
Audit Scope, Objective, and Methodology

The objective of this audit was to determine whether the DOE is adequately monitoring NYC UPK programs’ compliance with health and safety regulations and financial reporting requirements. Our audit scope covered the period July 1, 2015 through June 30, 2017. We revisited certain schools in September 2018 to verify information subsequently provided by the DOE.

To accomplish our audit objective, and assess the relevant internal controls of the DOE and the UPK programs as they related to health and safety regulations as well as financial-related matters, we interviewed DOE officials and the UPK program principals and directors in our sample of providers. We also reviewed relevant UPK policies and reports; records; audits related to health and safety; and pertinent Law, Regulations, and Health Code articles. Our audit included a judgmental sample of 33 UPK providers (15 DOE school-based, 11 contracted center-based, and 7 contracted school-based). To obtain our sample, we separated the population of UPK programs, as of January 2017, into two lists: contracted providers and DOE school-based providers. The 18 contracted providers were judgmentally selected based on the number of authorized seats and the districts where the UPK programs were located. Twenty DOE schools were initially chosen based on whether the program was provided at a DOE school or at a DOE pre-kindergarten center (a building that houses only pre-kindergarten students), the borough where the program was located, and the number of authorized seats. Due to time constraints, only the first 15 DOE-operated UPK programs were included in our sample. We visited 15 DOE school-based UPK programs as well as a sample of 18 UPK programs operated by contracted providers. For the DOE and contracted programs, we did not take into account any other risk factors in making our selections. We conducted site visits to the selected programs to assess their compliance with the Law, Regulations, and Articles 43 and 47 of the Health Code. To determine if the DOE ensures that UPK programs are using funds as intended, we selected a judgmental sample of 10 of the 18 contracted providers and conducted a full review of the expenses they reported to the DOE. These 10 providers were selected primarily based on the amount of expenses they reported on the End-Year Fiscal Reports and our assessment of risk related to the accuracy of their financial reporting.

As part of audit procedures, the audit team used Geographic Information Systems (GIS) software for geographic analysis. As part of the geographic analysis, we developed visualizations (see Exhibit A) to improve understanding of our report. To improve ease of use, some minor locational changes were made in the visualization. The changes do not materially affect the accuracy or interpretation of the underlying data or visualization.
Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller’s authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

As is our practice, we notified DOE officials at the outset of the audit that we would be requesting a representation letter in which agency management provides assurances, to the best of its knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. Agency officials normally use the representation letter to assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. They affirm either that the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, officials at the New York City Mayor’s Office of Operations have informed us that, as a matter of policy, mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from DOE officials that all relevant information was provided to us during the audit.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State’s accounting system; preparing the State’s financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating threats to organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.
Reporting Requirements

We provided a draft copy of this report to DOE officials for their review and formal comment. Their comments were considered in preparing this final report and are included at the end of it. The DOE generally agreed with our recommendations and described actions taken or planned to improve its oversight of the UPK program. For example, the DOE indicated it provided heightened monitoring to the program that we visited during the audit, and that it is committed to working closely with the DOHMH to ensure consistent health and safety standards for UPK programs.

Within 90 days of the final release of this report, we request the Chancellor of the New York City Department of Education report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and if the recommendations were not implemented, the reasons why.
Exhibit A

NYC Universal Pre-Kindergarten (UPK) Providers by School District (1,899 Total Providers)

Legend
- UPK Inspections Performed by Audit Team

Number of UPK Providers per School District (D)
- 0 - 40
- 41 - 50
- 51 - 70
- 71 - 90
- 91 - 120

District 75 contains 15 UPK providers located across the five boroughs.

City of New York, State of New Jersey, Esri, HERE, Garmin, INCREMENT P, NGA, USGS
### UPK Providers

<table>
<thead>
<tr>
<th>Provider</th>
<th>Type</th>
<th>Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CBO: Contracted Center-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>2</td>
<td>CBO: Contracted Center-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>3</td>
<td>CBO: Contracted Center-Based</td>
<td>Queens</td>
</tr>
<tr>
<td>4</td>
<td>CBO: Contracted School-Based</td>
<td>Bronx</td>
</tr>
<tr>
<td>5</td>
<td>CBO: Contracted School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>6</td>
<td>CBO: Contracted School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>7</td>
<td>CBO: Contracted School-Based</td>
<td>Staten Island</td>
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<tr>
<td>8</td>
<td>CBO: Contracted Center-Based</td>
<td>Bronx</td>
</tr>
<tr>
<td>9</td>
<td>CBO: Contracted Center-Based</td>
<td>Staten Island</td>
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<tr>
<td>10</td>
<td>DOE School-Based</td>
<td>Bronx</td>
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<tr>
<td>11</td>
<td>DOE School-Based</td>
<td>Queens</td>
</tr>
<tr>
<td>12</td>
<td>DOE School-Based</td>
<td>Staten Island</td>
</tr>
<tr>
<td>13</td>
<td>DOE School-Based</td>
<td>Bronx</td>
</tr>
<tr>
<td>14</td>
<td>DOE School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>15</td>
<td>CBO: Contracted Center-Based</td>
<td>Queens</td>
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<td>16</td>
<td>DOE School-Based</td>
<td>Staten Island</td>
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<td>Queens</td>
</tr>
<tr>
<td>18</td>
<td>DOE School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>19</td>
<td>CBO: Contracted Center-Based</td>
<td>Bronx</td>
</tr>
<tr>
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<td>DOE School-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>21</td>
<td>CBO: Contracted School-Based</td>
<td>Queens</td>
</tr>
<tr>
<td>22</td>
<td>DOE School-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>23</td>
<td>DOE School-Based</td>
<td>Staten Island</td>
</tr>
<tr>
<td>24</td>
<td>CBO: Contracted Center-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>25</td>
<td>CBO: Contracted School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>26</td>
<td>DOE School-Based</td>
<td>Bronx</td>
</tr>
<tr>
<td>27</td>
<td>CBO: Contracted Center-Based</td>
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</tr>
<tr>
<td>28</td>
<td>DOE School-Based</td>
<td>Queens</td>
</tr>
<tr>
<td>29</td>
<td>CBO: Contracted Center-Based</td>
<td>Staten Island</td>
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<tr>
<td>30</td>
<td>DOE School-Based</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>31</td>
<td>CBO: Contracted Center-Based</td>
<td>Queens</td>
</tr>
<tr>
<td>32</td>
<td>DOE School-Based</td>
<td>Manhattan</td>
</tr>
<tr>
<td>33</td>
<td>CBO: Contracted School-Based</td>
<td>Staten Island</td>
</tr>
</tbody>
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## Violations

<table>
<thead>
<tr>
<th>Violation</th>
<th>DOE School-Based</th>
<th>CBO Contracted Center-Based</th>
<th>CBO Contracted School-Based</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows without window guards</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Toxic cleaning supplies sitting next to children (no. of providers)</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Improper radiator shielding (no. of classrooms)</td>
<td>7</td>
<td>0</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Dirty walls (no. of classrooms)</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Dirty ceiling (no. of classrooms)</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Peeling paint (no. of locations)</td>
<td>7</td>
<td>0</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Improper storage of garbage (no. of providers)</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Locations with cigarette butts/boxes</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Barbed wire on top of fence</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Expired fire extinguishers</td>
<td>10</td>
<td>1</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Unclean outdoor play areas</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>39</strong></td>
<td><strong>24</strong></td>
<td><strong>21</strong></td>
<td><strong>84</strong></td>
</tr>
<tr>
<td>Class</td>
<td>Contractual Standards/Guidelines</td>
<td>Select One</td>
<td>Outstanding Issue</td>
<td>Resolution</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------</td>
<td>------------</td>
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<td>------------</td>
</tr>
<tr>
<td>1</td>
<td>Critical Does the provider maintain class size of up to 18 students with 2 adults in the classroom?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Critical Is there a natural or artificial ventilation system (a vent, central air system, fan, window air conditioning unit, or window that can be opened) in each room in which a PKA child will be located?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Urgent Are there locked bolt locks on the inside or outside of classroom doors, secondary egress doors, or bathrooms?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Facility

<table>
<thead>
<tr>
<th>Class</th>
<th>Facility</th>
<th>Select One</th>
<th>Outstanding Issue</th>
<th>Resolution</th>
<th>Corrective Action (if issue was not resolved during your visit)</th>
<th>Corrective Action Due</th>
<th>Notes for Field Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Urgent Do you observe poor or unsafe conditions in the interior of the site’s space that poses an immediate danger to children?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>This should be recorded in the escalations database as an urgent Building Structure escalation. This should only be reported to DOHMH if the conditions you observe to the site’s interior pose an immediate danger to children. Example: there is raw sewage flooding the bathroom.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Severe Does the site have at least 2 means of egress that are unblocked (not including fire escapes)?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>If no, this should always be address during the visit. <strong>This should never be reported to DOHMH.</strong> If no, it should be recorded in the escalations database as a severe Building Structure/Equipment escalation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Severe Does the provider have a plan for monitoring the entrance/exit to ensure the safety of children (Security guard; other staff person monitoring entrance/exit; electronic surveillance; pass keys or comparable device on entrance doors; sign in and out books for visitors/student pick-up)?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>If there is a staff person monitoring the entrance/exit, that person must have line of sight on the entrance/exit at all times. If no, this should be recorded in the escalations database as a severe Building Structure/Equipment escalation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Article 47: Does the site maintain a sign-in and sign-out log for parents/guardians?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>If no, this should be reported to DOHMH. <strong>Is this an escalation that should be called into DOHMH from the site?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Severe Do you observe at least 1 fire extinguisher per floor, with service tags that have service dates showing they were serviced within the last 12 months?</td>
<td>Yes</td>
<td></td>
<td></td>
<td><strong>RECORD TAG DATES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Severe Do you observe at least 1 operational smoke detector and carbon monoxide (CO) detector per floor (can be a combo unit with smoke detector)?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>If no, this should be reported to DOHMH AND recorded in the escalations database as a severe Plumbing, Temperature, Fumes escalation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Severe Do you observe any toxic or poisonous materials accessible to children?</td>
<td>Yes</td>
<td></td>
<td></td>
<td>If yes, this should be recorded in the escalations database as a severe Building Structure/Equipment escalation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual Standards/Guidelines</td>
<td>Select One</td>
<td>Outstanding Issue</td>
<td>Resolution</td>
<td>Corrective Action Due</td>
<td>Notes for Field Team</td>
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<td></td>
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<tr>
<td><strong>Outside</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>23 Urgent</td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Do you observe poor or unsafe conditions to the exterior of the site’s space that pose an immediate danger to children?</td>
<td></td>
<td></td>
<td></td>
<td>This should be recorded in the escalations database as an urgent Building Structure escalation. This should only be reported to DOHMH if the conditions you observe to the site’s interior pose an immediate danger to children. Example: there is raw sewage flooding the bathroom.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Urgent</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the outdoor play space surrounded by a fence/enclosure/padding?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Urgent</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>If the outdoor play space is on the roof, is there a fence of at least 10 feet tall with a 45 degree angular top?</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>26 Urgent</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you observe poor or unsafe conditions in the outdoor play space?</td>
<td></td>
<td></td>
<td></td>
<td>If yes, this should be recorded in the escalations database as an urgent Building Structure/Equipment escalation.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 Severe</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do all of the provider’s UPK classroom teachers have their NYS certificate/license in Early Childhood (birth - grade 2)? OR, if the teacher is not certified, is s/he on a study plan and supervised by the Educational Director NYS certified in early childhood grades, birth - grade 2?</td>
<td></td>
<td></td>
<td></td>
<td>*If no, this should be reported to DOHMH AND recorded in the escalations database as a severe No/Missing Ed Director escalation (<em>Needs clarification with DOHMH to find out if they want this escalation called in or just reported through Escalations team on monthly report).</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
May 21, 2019

Mr. Thomas DiNapoli, State Comptroller
Office of the New York State Comptroller
Division of State Government Accountability
110 State Street
Albany, NY 12236

Re: Oversight and Monitoring of the Universal Pre-Kindergarten Program, New York City
Department of Education

Dear Comptroller DiNapoli,

New York City has set a national precedent for investment in early childhood education by expanding our Pre-K for All and 3-K for All initiatives to offer free, full-day, high-quality preschool to nearly 75,000 children and their families. The top priority of the New York City Department of Education’s (DOE) Division of Early Childhood is ensuring that every Pre-K (UPK) and 3-K program provides a safe, nurturing learning environment for children: it is why we have built a robust, multi-agency monitoring and oversight system for our network of more than 1,800 programs, and why our programs continue to excel in nationally recognized measures of quality.

Pre-K and 3-K programs are operated at various settings: district school-based classrooms and Pre-K Centers, as well as private early childhood programs regulated by the Department of Health and Mental Hygiene (DOHMH) and contracted by the DOE to provide pre-K and 3-K services in communities throughout the City. The contracted programs are called NYC Early Education Centers (NYCEECs).

The DOE’s Division of School Facilities (DSF) has a robust system of monitoring and maintaining district school and Pre-K Center spaces in close collaboration with other City agencies. In NYCEECs, we promote high standards through rigorous monitoring of contracts that require compliance with health and safety mandates. NYCEECs are regulated by DOHMH, which conducts inspections annually and more frequently where there is non-compliance with New York City Health Code requirements. In addition, the Fire Department (FDNY) and the Department of Buildings (DOB) inspect to check compliance with those agencies’ health and safety regulations. We stand firmly behind the safety and quality of district school, Pre-K Center, and NYCEEC programs, and behind the devoted teachers, compassionate leaders, and dedicated staff who open their doors and hearts to children and families every day.

We value any opportunity to strengthen our operations and create better outcomes for children, families, and programs. While we welcome the recommendations in this report that have provided valuable insight and are contributing to our ongoing program improvements, our existing multi-agency oversight systems are strong and effective in keeping children safe and ensuring the proper use of taxpayer dollars.

Every Pre-K and 3-K site is safe, and any substantiated concern found in the audit was immediately remedied. Child care programs are required to be inspected at least annually and comply with applicable laws and regulations, including those regarding lead-based paint. Overall, in Fiscal Year 2017 alone, DOE staff visited over 1,800 programs more than 33,000 times, an average of 17 times per site; even during support and coaching visits, every DOE staff member visiting a site is trained to identify and escalate health and safety concerns.
We take seriously any substantiated health and safety issue raised in this audit, and we have an effective system in place to spot such issues and take swift, proper action, including resolving the issue immediately, increasing oversight and support, or closing a site if an imminent danger is present. This system works every day for the benefit of approximately 75,000 3- and 4-year-olds learning in DOE programs.

The DOE also maintains a comprehensive financial oversight system to ensure that all programs are using funds appropriately. The DOE contracts with over 900 providers throughout New York City to provide Pre-K and 3-K for All services. Before services begin, the DOE runs a competitive application process and conducts an extensive background check on programs awarded, which includes checking for programs’ history of financial responsibility. As part of our hands-on management of the program, the DOE reviews and approves annual budgets and monthly requests for payment. We also require contracted providers to submit mid-year and end-year expense reports, conduct periodic testing of claimed expenses, and pay programs only up to their actual costs. The audit included a review of a large number of records and did not find any evidence that funds were spent improperly.

We are incredibly proud of the work we, our partner agencies, and our network of provider organizations do every day to provide free, full-day, high-quality early childhood education and keep children healthy and safe as they begin their educational journey. We thank you for sharing these goals and look forward to our continued partnership.

Response to Recommendations

Recommendation 1. Ensure that UPK providers comply with the Law, Regulations, and Health Code to promote a safe and healthy environment for UPK program students.

Response. The DOE agrees with this recommendation, as our existing health and safety oversight system is already designed to ensure programs comply with law and regulations, including the Health Code. The law, regulations, and Health Code are the basis of our safety checklists and the trainings provided to DOE staff who visit the contracted sites. Safety checklists include approximately 50 items covering health and safety practices relating to program facilities, classroom operations, and staffing/administration. DOE staff are trained on what to look for during site visits, expectations of follow up for indicated items, and how to navigate DOE systems to track and support follow-up. The DOE, in collaboration with our agency partners, closely monitors our early childhood programs to ensure safe, healthy environments for children through frequent visits.

Concerning window safety, DOE has already taken steps to enhance our monitoring of programs to ensure window guards (and limiters, where permitted) are installed on all required windows during walk-throughs before the start and during the course of each school year. We partner with programs and DOHMH to facilitate expeditious installations and repairs as needed.

In other cases, however, the DOE found that the issues cited in the audit were unsubstantiated. For example, when we visited a site that reportedly had a blocked fire route, DOE found that the route in question belonged to the apartment building above the pre-K program, and that it did not connect to the center itself. The fire route from the center was completely unobstructed all the way to the street. We provided the auditors with photos and a copy of the program’s emergency egress plan as evidence.
Through our multi-agency partnership, we have strong systems in place that allow us to work closely with programs to improve their quality, and to immediately close a site if it is unsafe for children. DOE staff support programs to remediate any concerns, and provide ongoing monitoring throughout the remediation process. Where concerns emerge, the frequency of support visits increases. The number of sites receiving more frequent visits varies from year to year depending on the inspection results. This process is effective in resolving issues.

Programs that exhibit ongoing concerns are placed on a heightened monitoring protocol, which includes increased site visits, additional supports, and a targeted timeline for the program to demonstrate sustained improvement. Programs that fail to meet these corrective action requirements and deemed unsafe for children are not allowed to continue operation. If a program is closed, the DOE’s Outreach team supports families in identifying other high-quality options within their community. In addition to the value we place on health and safety, we believe it is critical to limit disruption to families and to ensure a continuous, seamless experience.

DOE holds all programs to the standards in Education Law 3602-ee and applicable New York State regulations, which require programs to maintain building and classroom space in a manner that ensures and protects the health and safety of students, and to follow applicable fire safety, building, and licensing regulations. Although there are certain differences in NYC’s health and safety regulations across pre-K settings, DOE staff use a consistent approach to evaluate health and safety conditions across all programs and to remediate any concerns, either through DSF, our City agency partners, or through support for NYCEECs. DOE staff are trained on common health and safety standards, and we use a common tracking system to report concerns and support remediation. The DOE takes any risk to the health and safety of children seriously and our system ensures that every issue is properly addressed.

The DOE has provided heightened monitoring to the programs visited during this audit process, including additional site visits, and confirms that all substantiated issues were addressed.

**Recommendation 2.** *Work with the DOHMH to align the Health Code requirements governing center-based and school-based programs.*

**Response.** The DOE agrees with this recommendation and is committed to working closely with our partners at DOHMH to ensure more consistent standards for programs across setting types. DOE has already begun working with DOHMH to ensure our policies are aligned to the most stringent Health Code standards regardless of setting type, and we are working to create solutions over the next 12 months. While there are differences in the two relevant articles of the Health Code, it is important to note that there are no meaningful differences that produce gaps in how the health and safety of children is maintained.

As noted above, regardless of program setting and applicable Health Code, DOE staff are trained to immediately report any condition that puts the health and safety of children at risk. Over the next 12 months, we will work diligently to codify rules and regulations to create a more manageable system for our community-based organization partners. DOE has held several meetings with community-based organizations over the last year to specifically identify rules and regulations in need of alignment to work toward solutions.
Recommendation 3. Ensure that supervisors periodically review operational checklists for accuracy and completeness and that follow-up actions are clearly communicated to programs and documented within the checklist.

Response. The DOE agrees with this recommendation. We believe this will help mitigate health and safety concerns and ensure improvements are accurately completed on time. We have made the following improvements to our operational checklist and supporting systems since the audit period commenced:
- Created a new database system for entering and tracking checklist data that enhances the ability of managers to conduct quality reviews of checklists by improving their ability to track completion and review checklist content.
- Use the new database system to provide clearer and more robust guidance for programs to improve quality, and hold trainings with program directors throughout the year.
- Standardize communication practices to programs following the completion of an operational checklist visit.

Recommendation 4. Ensure that all required fire drills are conducted at the required times and that fire drill logs are properly maintained.

Response. The DOE agrees with this recommendation. As part of our standard practice, we work to ensure that all required fire drills are conducted and logged, and we have strengthened this practice since the conclusion of the audit period by requiring that contracted programs certify to the DOE that they have completed their fire drills on a monthly basis. This protocol was reviewed by FDNY. DOE staff also monitor for up-to-date fire drill logs during operational checklist visits.

Recommendation 5. Create a uniform, written safety plan template for contracted providers, including all components required by the Health Code, and ensure that safety plans submitted to the DOE contain all required elements before being approved.

Response. The DOE already monitors for up-to-date safety plans at NYCEECs. The DOE agrees with the recommendation and will take necessary steps to achieve it over the next 12 months. We are working with DOHMH to strengthen a uniform safety plan template for all contracted programs. This safety plan template will reduce any confusion for providers and baseline health and safety expectations. Further, DOE will monitor sites to ensure approved safety plans are in place, and will continue to partner with DOHMH to support sites that have missing or incomplete information.

Recommendation 6. Follow up on the instances cited in this report where providers did not submit sufficient support for the amounts claimed on their End-Year Fiscal Reports.

Response. The DOE agrees with this recommendation. We require UPK programs to retain documentation of all expenses submitted for reimbursement. During the audit, we collected numerous records from vendors that the auditors had initially identified as missing, which the auditors accepted. Since the audited year (2015-2016), DOE has increased provider expectations by asking for more documentation during budget submission and expense-reporting periods. We now require proof of lease costs and proof of teacher salary costs as part of the budget approval process. Subsequently, as part of the mid-year expense report, we ask
for proof of costs for a variety of other budget line items, with an internal control of changing the requested line items each year. This level of proactive sampling, collection, and review of cost documentation, coupled with improved and targeted trainings, provides sufficient oversight of the requirement for providers to keep complete records. When this issue was raised by the auditors, we took the opportunity to remind all vendors of their responsibility to ensure that supporting records are maintained and they have a sound recordkeeping process. The audit did not find any evidence that funds were spent improperly.

Recommendation 7. Perform full reviews of End-Year Fiscal Reports on a sample basis. Request and review documentation to confirm that the expenses claimed by contracted UPK providers are supported.

Response. The DOE agrees with this recommendation. By the 2020-21 school year, we will begin reviewing a selection of contracts in each fiscal year for a full review of payments and invoices against all line items in the budget at the end of each fiscal year. Currently, the DOE requires providers to share cost documentation for critical budget line items and other supplemental budget line items. The supplemental items may change from year to year. Additionally, provider contracts allow for the DOE to request documentation for any expense at any time. We are committed to reviewing our process and looking for ways to improve it. However, our existing process has not shown any significant problems.

Recommendation 8. Expand the categories routinely reviewed to provide greater coverage for the expenses incurred.

Response. The DOE agrees with this recommendation. To address the recommendation, we began reviewing documentation for additional line items. We currently collect and review documentation for a large part of the expenses reported in a program, such as lease agreements, start-up costs, and lead teachers. For school year 2017-2018, we reviewed expenses for administrative and instructional consultant and minor maintenance. This provides a better understanding of program costs and will ensure contracts provide better coverage for incurred expenses.

Sincerely,

Josh Wallack
Deputy Chancellor, Early Childhood and Student Enrollment
New York City Department of Education
State Comptroller’s Comments

1. We stand by the issues cited in our report as shown in Figures 1 through 10 as well as Exhibit C.

2. Based on the DOE’s input, we revisited the pre-K program. We noted that the fire route was no longer blocked. Additionally, program staff told us that this route was not used by students and staff, but rather by the tenants who occupied the apartments above the pre-K program. We therefore deleted the reference to the blocked route from the report.
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