



Issue Date November 10, 1998
Audit Case Number 99-PH-156-0001

TO: Nelson R. Bregon, Director, Office of Economic Development and Empowerment Service, DEE

FROM: Edward F. Momorella, District Inspector General for Audit, Mid-Atlantic, 3AGA

SUBJECT: Internal Audit  
Youthbuild Program  
Multiple Location Review

We have completed an internal audit of the Youthbuild program. Our report contains one finding requiring follow up action by your office.

Within 60 days please give us, for each recommendation in this report, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of the audit.

We appreciate the cooperation of you and your staff during this audit. Should you or your staff have any questions, please contact Allen Leftwich, Assistant District Inspector General for Audit at (215) 656-3401.

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# Executive Summary

We performed an audit of the Department's administration of the Youthbuild Program (Program). Our objectives of the audit were to determine if HUD: (1) awarded Youthbuild implementation grants in accordance with regulations, and (2) adequately monitored grant recipients for compliance with program regulations.

We reviewed seven recipients, including the six largest recipients in the nation, who received a total of \$17 million in implementation grants in the first three years funds were awarded. We found evidence of very successful and efficient programs and others that were not very effective. For example, during the 1993 grant year, Philadelphia Youthbuild had 47 of 48 students earn their high school diplomas at an average cost of \$21,109, while Durham and Baltimore only had 14 students and 6 students earn their GED's at average costs of \$71,280 and \$165,921, respectively.

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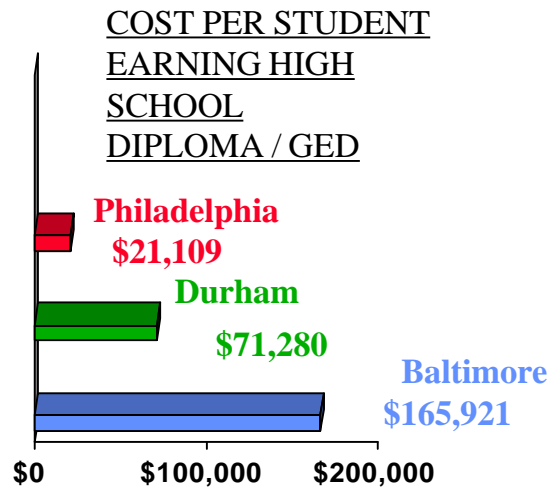
## YOUTHBUILD COST PER STUDENT

Per 1993 Youthbuild Closeout Grants Submitted by Recipient

47 of 48 or 98% of Philadelphia Youthbuild students earned their High School Diplomas at a cost of \$21,109 per student.

Only 14 of 18 or 77% of Durham Youthbuild students earned their GED's at a cost of \$71,280 per student.

Baltimore only had 6 students earn GED's at a cost of \$165,921



Philadelphia, Durham & Baltimore also rehabilitated 7, 3 and 4 units, respectively during the reporting period.

The Auditee generally agreed with program recommendation

The auditee generally agreed with program recommendations and has taken steps to incorporate these recommendations in their 1998 grant awards. However, it should be noted the auditee strongly disagreed with OIG's presentation of Youthbuild results.

Specifically, the auditee indicated that every Youthbuild program is unique and there are many intangible outcomes that cannot be adequately measured, and therefore it is unfair to compare results among recipients. The auditee further felt the above chart presentation was inappropriate because attainment of a high school diploma or GED is not a program requirement.

While we agree there could be many intangible benefits to a Youthbuild program, we do not agree that it is unfair to quantify and compare a recipients performance with regard to the number of students earning their high school diplomas or GED's and the number of homes rehabilitated. We believe students earning their high school diploma and GED's, while not a program requirement, are important measures of a recipient's ability to foster permanent change in a participants future, and goes to the very core of the programs objectives.

Grant recipients are not adequately maintaining follow up participant tracking information

Basically, because of HUD's lack of monitoring or assessment, the Department has gathered very little accurate or verified data of results for over \$130 million of grant funds awarded. Additionally, our review determined grant recipients are not adequately maintaining follow up participant tracking information and are not able to support much of the participant information reported to HUD (APPENDIX A). Considering the fundamental program objective of Youthbuild is to provide young adults with educational and employment opportunities, accurate follow up participant tracking is a critical measure of the program's success.

Our review disclosed HUD needs to improve its overall administration of the Youthbuild program. Specifically, HUD did not adequately: review and rank Youthbuild applications; or perform necessary monitoring of Youthbuild recipients. Deficiencies we noted included:

- rating elements were not scored consistently for four of 12 applications;
- an applicants demonstrated past performance was not adequately considered in the rating process; and
- grantee recipients did not maintain adequate documentation to support financial accountability, compliance with program regulations, and program performance.

The Acting Director, Office of Economic Development stated that oversights made in the rating and ranking of applications caused the scoring errors, and that the selection process did not consider an applicant's past performance unless it was included as part of their next application. Additionally, the Acting Director, Office of Economic Development stated HUD relied heavily on recipient certifications and independent accountant reports, as there was not sufficient staff resources to implement a monitoring program. As a result, HUD has obligated Program funds without establishing adequate performance standards relative to the program objectives and amount of funding provided.

Recommendations

We recommend that HUD: incorporate prior performance evaluation reports and progress reports into the application review process resulting in a more accurate representation of a recipient's demonstrated qualifications and experience; perform an independent quality review of applications to ensure applicant rating sheets are mathematically correct and objective rating elements have been scored consistently among applicants; create an automated database to monitor a recipients accomplishments relative to program objectives; and implement a proactive on-site monitoring program that focuses on a recipients financial accountability and program performance.

Substantial improvement is needed in HUD's Administration of the Youthbuild Program

While this report contains only one finding, substantial improvement is needed in HUD's administration of the Youthbuild program to ensure future resources are used more efficiently. It should be noted that the report details deficiencies in virtually all areas of the Youthbuild program, to include selection of applicants for participation, accounting for costs, and fulfillment of the Program objectives. We believe HUD's plan to transfer some monitoring responsibility to local HUD offices is a positive

step towards strengthening recipient financial and performance accountability.

We discussed the results of our review during the audit and provided the auditee with a draft report for comment. We discussed the draft report at an exit conference on October 28, 1998. We have included the auditee's written response in its entirety (APPENDIX C) and where appropriate their comments are summarized in the report.

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## Abbreviations

CFR	Code of Federal Regulations
HUD	U.S. Department of Housing and Urban Development
NOFA	Notice of Funding Availability

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# Introduction

The Youthbuild program is authorized under subtitle D of title IV of the National Affordable Housing Act (42 U.S.C. 8011), as amended by section 164 of the Housing and Community Development Act of 1992 (Public Law 102-550). The purposes of the Youthbuild program are set out in section 451 of the National Affordable Housing Act (42 U.S.C. 12899).

A Youthbuild implementation program uses comprehensive and multidisciplinary approaches designed to prepare young adults who have dropped out of high school for educational and employment opportunities by employing them as construction trainees on work sited for housing designated for homeless persons and low- and very-low income families.

Youthbuild programs must contain the following three components:

- Educational services including services and activities designed to meet the basic educational needs of participants; vocational classroom courses geared to construction terminology and concepts; and strategies to coordinate with local trade unions and apprenticeship programs where possible.
- Leadership training, counseling and other support activities including activities designed to develop employment and leadership skills; counseling services to assist trainees in personal, health, housing, child care, family or legal problems and/or referral services; support services and stipends necessary to enable individuals to participate in the program and, for a period not to exceed 12 months after completion of training, to assist participants; job development and placement activities and post-graduation follow-up assistance; and a pre-employment training plan aimed at developing job seeking skills.
- On-site training through actual housing rehabilitation and/or construction work. This must include access to housing sites where construction / rehabilitation work is being carried out as well as a work site training plan for a closely supervised construction site with a construction or rehabilitation plan and timetable and approaches to work safety.

The Youthbuild implementation program must be structured so that 50 percent of each full-time participant's time is spent in educational services and activities and 50 percent is spent on on-site training.

## **Funds awarded**

The Department of Housing and Urban Development has awarded \$150.53 million in Youthbuild funds to 335 recipients in four grant awards beginning in 1993. The awards made in 1993 and 1995 were for both implementation and planning grants while the grant funds awarded in 1996 and 1997 were for implementation grants only. Our review focused only on implementation grants. The awards were made as follows:

<b><i>Planning Grants Awarded</i></b>		
<b>Year</b>	<b>No. Awarded</b>	<b>Amount (in millions)</b>
1	105	9.38
2	56	4.38
3	0	0
4	0	0
<b>Total awarded</b>		<b>13.76</b>

<b><i>Implementation Grants Awarded</i></b>		
<b>Year</b>	<b>No. Awarded</b>	<b>Amount (in millions)</b>
1	31	28.60
2	72	60.23
3	30	20.06
4	41	27.88
<b>Total awarded</b>		<b>136.77</b>

Audit Objectives

Our audit objectives were to determine whether HUD: (1) awarded Youthbuild implementation grants in accordance with regulations, and (2) adequately monitored grant recipients for compliance with program regulations.

Audit Scope and Methodology

To achieve the audit objectives, we: (1) reviewed applicable Federal regulations and HUD guidelines; (2) interviewed staff from HUD and the seven recipients selected for review; (3) contacted Youthbuild program participants; and (4) reviewed relevant records such as grant files, financial records, and policies and procedures.

The seven recipients reviewed received in excess of \$17 million in implementation grants in the first three years funds were awarded. We made site visits to the six largest recipients in the nation. In addition we visited the tenth largest recipient as they were located in the Mid Atlantic District.



The audit period generally covered the first three Youthbuild program funding rounds as well as the selection of participants for the fourth funding round and generally covered the period from June, 1994 through October, 1997. We performed our on-site review from October, 1997 to May, 1998. Audit tests were based on judgmental sample selections. We conducted the audit in accordance with generally accepted government auditing standards.

# HUD Needs To Improve Its Administration Of The Youthbuild Program

HUD needs to improve its overall administration of the Youthbuild Program. Specifically, HUD did not adequately:

- review and rank Youthbuild applications; or
- perform necessary monitoring of Youthbuild recipients.

HUD management indicated they only considered an applicant's submission in their ranking process with no regard to the applicants demonstrated past performance. Additionally, HUD management indicated they relied heavily on recipient certifications and independent accountants reports, as there was not sufficient staff resources to implement a monitoring program. As a result HUD has obligated over \$130 million without any assurance the best Youthbuild programs were funded and recipients met performance expectations.

HUD awarded \$27.9 million for the 1997 Youthbuild Program

## Reviewing and Ranking Youthbuild Applications

HUD awarded \$27.9 million for the 1997 Youthbuild program to the top 41 of 286 applications received for funding. Considering only 26.8 percent of applications were funded, the rating and ranking of the applications was an important function to ensure the best programs were selected. We reviewed 12 applications, representing 15 percent of the 78 applications that were either funded or within ten points of being funded

HUD requirements

According to Section V. Selection Process, paragraph b. of the Funding Availability Notice published in the Federal Register on April 23, 1997:

*“ Rating and Ranking: Each eligible application will be rated based upon the criteria described in section III of this NOFA (below), with a maximum of 115 points assigned. Using the scores assigned, the application will be placed in rank order. Applications will be preliminarily selected for funding in accordance with their rank order.”*

Finding 1

Points Category	Max. Points
Capability - Qualification and experience of applicant and participants as demonstrated through past performance.	25
Need - Based on degree of community distress	20
Program Quality and Feasibility - Comprehensiveness and effectiveness of the proposed Youthbuild Program.	35
Program Resources - Firm commitment of resources obtained from other Federal, State, local and private resources.	10
Housing Program Priority Points - Other sources for acquisition, architectural and engineering fees, construction and rehabilitation.	10
Bonus Points Category	
Empowerment Zone/Enterprise or Champion Community - Program supports Strategic Plan .	10 or 5
AmeriCorps participation Member Applicant	5 or 2

Total scores from the above categories were added to arrive at the application’s total score. The scores were then ranked from highest to lowest. Funding was then awarded from the highest score down until the funds were exhausted. Applicants were awarded the amount of funding requested.

Our review disclosed:

- Rating elements were not scored consistently for four of 12 applications, which resulted in erroneous funding decisions (two applicants were funded, while another two were not funded, see APPENDIX B for details); and
- An applicants demonstrated past performance was not adequately considered in the rating process. Each of the seven locations where site visits were conducted received identical scores of 25 for capability. As stated above capability is based on an applicants qualification and experience as demonstrated through past performance. As illustrated in the monitoring section of this finding and APPENDIX A, demonstrated past performance varied widely relative to number of participants and number of units where construction work was done.

Demonstrated past performance was not adequately considered

The Acting Director, Office of Economic Development stated that oversights made in the rating and ranking of

applications caused the scoring errors, and one of the recipients who was erroneously passed over for funding was subsequently funded with recaptured funds in June 1998. Also, he stated the only information that can be evaluated when reviewing applicants for demonstrated past performance is the information included as part of their application. If prior performance reports are not part of the application package, they are not utilized in the review process

### Monitoring of Youthbuild Recipients

HUD did not effectively monitor Youthbuild recipients

HUD does not effectively monitor Youthbuild recipient's for financial accountability, compliance with program regulations, and program performance. Site visits to seven Youthbuild recipients disclosed the recipients are performing at significantly different performance levels with generally the same funding. We also found numerous record keeping deficiencies in the areas of accounting for program expenditures, eligibility of participants and home buyers, and tracking of participants . As a result HUD has no assurance that Youthbuild resources are used efficiently and effectively.

According to 24 CFR 585.401 recipients need to maintain records to determine compliance with program requirements. These requirements include documenting that expenses were made for eligible purposes, participants were eligible for participation, and home buyers were eligible to purchase homes constructed or rehabilitated with Youthbuild funds.

Also according to 24 CFR 585.3(b)(4) recipients are to provide leadership training, counseling and other support activities including job development and placement activities and post-graduation follow up assistance.

As stated earlier, HUD management said there was not sufficient staff resources to implement a monitoring program. Additionally, HUD management has indicated they are now planning to implement a monitoring program with the local HUD offices having direct involvement in the monitoring efforts. We agree HUD needs to implement a monitoring program. However, HUD has not made any determinations of expected levels of performance or created

any automated database to track a recipients performance. We believe much of the information needed to create an automated database to monitor a recipients accomplishments relative to program objectives and other recipients, is already included in the recipients semiannual and grant closeout reports, and would have been useful for:

- directing limited on-site monitoring resources to the most needed areas;
- developing benchmarks of expected performance;
- disseminating the best practices of different programs to all the Youthbuild recipients; and
- highlighting demonstrated levels of experience to assist technical evaluation panels rating future applications.

Our analysis of these reports for the seven recipients we reviewed disclosed significant performance differences relating to the fundamental program objective of providing disadvantaged young adults with an education, and a means towards self sufficiency.

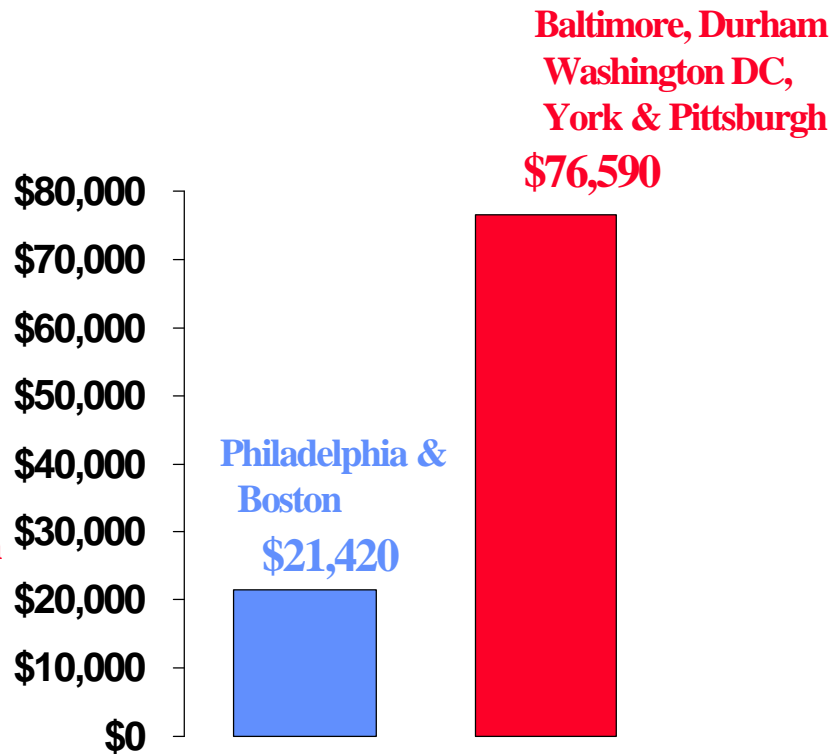
As illustrated below, the Philadelphia and Boston Youthbuild programs have given their students an opportunity to receive high school diplomas rather than GED's (Philadelphia has incorporated the academics of their program with the school district of Philadelphia, while Boston has met charter school requirements)

It appears this practice has greatly improved the academic success of the Philadelphia and Boston programs. Specifically, Philadelphia and Boston had more students receive their high school diplomas than the other 5 programs combined at significantly less cost per student.

**YOUTHBUILD - COST PER STUDENT RECEIVING  
HIGH SCHOOL DIPLOMA OR GED**

Philadelphia & Boston  
Youthbuild had 93  
Students earn their  
High School Diplomas  
at an average cost of  
\$21,420 per student

Comparitively, the other  
5 programs reviewed  
had a total of 64 students  
receive their GED's at an  
average cost of \$76,590  
per student.



Per 1993 Youthbuild Closeout Grants Submitted by Recipient

(A more detailed analysis of program performance is presented in APPENDIX A)

It also should be noted that the Durham Youthbuild program did not even comply with the academic requirement of providing 50 percent of class time for education.

Record Keeping Deficiencies

HUD needs to improve oversight of Youthbuild recipients. Site visits to seven recipients disclosed record keeping deficiencies in the following areas:

- accounting for program expenditures;
- eligibility of participants and home buyers; and
- tracking of participants

Finding 1

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As a result, eligibility of expenditures could not be determined; actual accomplishments of the recipients could not be documented; and the overall impact of Youthbuild on the participants and community could not be accurately quantified as illustrated below.

Record Keeping Area	Deficiency
Accounting for Program Expenditures	<p>At five of the seven sites the recipient could not provide documentation to support the amounts reported through LOCCS.</p> <p>One recipients financial information submitted with their final performance report could not be traced to the general ledger.</p>
Eligibility of participants and home buyers	<p>At five of the seven recipients, participant files did not contain a sufficient amount of information to document eligibility.</p> <p>One recipient could not locate participant files for an entire program year.</p> <p>At two of six recipients, there was insufficient documentation to support the eligibility of home buyers. For the seventh recipient, no homes had been sold.</p>
Tracking of participants	<p>Six of seven recipients could not provide accurate documentation that supported performance measures reported on their Performance Evaluation Reports submitted to HUD</p> <p>As detailed in APPENDIX A we were unable to confirm much of the required follow up participant tracking. Specifically, we were successful in making contact with less than 20% of over 300 graduate contacts, who often gave conflicting information from what was reported in the performance reports submitted to HUD.</p>

The Acting Director, Office of Economic Development stated the Department relies on the independent audits procured by the recipients to disclose any deficiencies in accounting for expenditures. However, the Department does not routinely receive copies of the audit reports. The Acting Director, Office of Economic Development also stated the Department relies on the certification submitted as part of the application package that the applicant has an accounting system in place.

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In summary, because HUD has not adequately administered the Youthbuild program there is no assurance the best Youthbuild programs were funded and over \$130 million of funds was used efficiently and effectively according to program regulations.

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### Auditee Comments

The auditee generally agreed with the recommendations. As discussed in the Executive Summary the auditee did not agree with the report presentation. The auditee's response is provided in its entirety in APPENDIX C.

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### Recommendations

We recommend your office do the following:

1A Incorporate prior performance evaluation reports and progress reports into the application review process resulting in a more accurate representation of a recipient's demonstrated qualifications and experience.

1B Develop a process within the rating and ranking of applications that will prevent an application from being assigned incorrect scoring. This process could include an independent quality review of applications to ensure rating sheets are mathematically correct and objective rating elements have been scored consistently among applicants.

1C Use additional recaptured funds to fund application Y-97-IM-CA-0128 which was not funded due to a scoring error.

1D Require recipients to submit a copy of their Independent Accountants report to the Office of Economic Development for review. Reports containing material deficiencies should be included for on-site monitoring.

1E Require recipients to maintain documentation to support information reported on the Performance evaluation reports. On-site monitoring should include selected testing to ensure financial and performance information reported on performance evaluation reports can be traced to supporting documentation. The additional documentation, which could consist of a spreadsheet, should detail participant eligibility information, graduate



status, as well as information on the families purchasing homes built or rehabilitated with Youthbuild funds.

1F Create an automated database to monitor a recipients accomplishments relative to program objectives and other recipients. This database can be used to develop model performance expectations to better assess individual recipient accomplishments relative to all other recipients.

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# Management Controls

In planning and performing our audit, we obtained an understanding of the management controls that were relevant to our audit. Management is responsible for establishing effective management controls. Management controls, in the broadest sense, include the plan of organization, methods, and procedures adopted by management to ensure that its goals are met. Management controls include the process for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Significant Controls

We determined that the following management controls were relevant to our audit objectives:

- Eligibility of selected applicants
- Monitoring of recipients

We evaluated all of the relevant control categories identified above by determining the risk exposure and assessing control design and implementation.

## Significant Weaknesses

It is a significant weakness if internal controls do not give reasonable assurance that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports. Based on our review, we believe HUD had significant weaknesses in its determination of eligibility of applicants and monitoring of recipients.

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# Follow Up On Prior Audits

There was a prior internal audit of the Youthbuild program funding award process (95-HQ-156-0001). The recommendations for this report have all been closed.

There have also been external audits done at Youthbuild recipient sites. An audit related memorandum was issued March 2, 1998 by the Rocky Mountain District (98-DE-249-1801). The subject of the audit was the Cole Coalition Youthbuild program in Denver, Co. The audit covered the period from October 1, 1995 to September 30, 1997 and it was determined that while the Cole Coalition has developed an adequate financial management system, their program had not accomplished the original project goals, not met all program criteria and had few positive results. As of September 11, 1998 two of the three recommendations were closed and the third had a final target action date of October 1, 1998.

The Southeast/Caribbean District issued an audit report on the Central Campesino Farmworker Center in Florida City, FL (98-AT-259-1006). The audit disclosed that \$131,541 of program funds were spent on ineligible and questionable activities. Also, Central Campesino did not adequately document the number of houses completed with Youthbuild labor, the method by which trainees attained construction skills and their proficiency in those skills, and job placement and follow-up activities performed. As of September 11, 1998 all seven recommendations were open.

# Summary Of Information From Recipients Visited

## Summary From Recipients Visited Youthbuild Pittsburgh

Overall Program	Total of All Three Years	Year 1	Year 2	Year 3
Funding received	\$2,571,800	\$1,000,000	\$871,800	\$700,000
Units Rehabilitated	6	2	2	2
GED (Diploma) Awarded	16	16	Unknown	Unknown

### Student Summary

Participant Status	Total of All Three Years	Percentage of All Three Years	Year 1 Participants	Year 2 Participants	Year 3 Participants
<b>Students Completing Program</b>					
Employed	18	15%	6	10	2
Employed by Youthbuild	5	4%	2	1	2
Unemployed	3	3%	2	0	1
Student	2	2%	1	1	0
In After care	8	7%	0	0	8
Other (5 no info, 1 on disability, 1 incarcerated, 1 volunteer, & 1 relocated.)	9	8%	7	1	1
Total graduates	45	39%	18	13	14
<b>Active Students</b>					
Continuing in program	8	7%	0	0	8
<b>Students Not Completing Program</b>					
Discharged / Withdrew	62	54%	28	22	12
Total participants	115	100%	46	35	34

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

### Graduate Verification

We attempted to contact the 45 participants who graduated. We were successful in contacting six of the 45. Five of the six confirmed the accuracy of the information submitted by Youthbuild Pittsburgh. The sixth person reported that they were unemployed while Youthbuild Pittsburgh reported that they were a Youthbuild Pittsburgh Crew leader.

**Summary From Recipients Visited  
Community Building in Partnership - Baltimore, MD**

<b>Overall Program</b>	<b>Total of All Three Years</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Funding received	\$2,567,020	\$995,526	\$871,494	\$700,000
Units Rehabilitated	11	4	4	3
GED (Diploma) Awarded	6	6	Unknown	Unknown

**Student Summary**

<b>Participant Status</b>	<b>Year 1 &amp; Year 2 Totals</b>	<b>Year 1 &amp; Year 2 Percentage</b>	<b>Year 1 Participants</b>	<b>Year 2 Participants</b>	<b>Year 3 Participants</b>
<b>Students Completing Program</b>					
Employed	20	22%	9	11	Program in Progress
Unemployed	8	9%	4	4	
Student	3	3%	0	3	
Unknown (no contact)	9	10%	6	3	
Other (1 incarcerated & 1 deceased)	2	2%	2	0	
Total graduates	42	46%	21	21	
<b>Active Students</b>					
Continuing in program	1	1%	0	1	-
<b>Students Not Completing Program</b>					
Discharged / Withdrew	48	53%	13	35	-
Total participants	91	100%	34	57	-

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

**Graduate Verification**

We attempted to contact 33 of the 43 participants who were identified as graduated and/ or continuing in program. We were successful in contacting one individual. That individual was identified by the recipient as unemployed. We were told by the individual that they were currently employed.

**Summary From Recipients Visited  
Crispus Attucks Youthbuild - York, PA**

<b>Overall Program</b>	<b>Total of All Three Years</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Funding received	\$1,863,455	\$991,655	\$871,800	NOT FUNDED
Units Rehabilitated	13	8	5	N/A
GED (Diploma) Awarded	23	11	12	N/A

**Student Summary**

<b>Participant Status</b>	<b>Year 1 &amp; Year 2 Totals</b>	<b>Year 1 &amp; Year 2 Percentage</b>	<b>Year 1 Participants</b>	<b>Year 2 Participants</b>	<b>Year 3 Participants</b>
<b>Students Completing Program</b>					
Employed	14	20%	6	8	Program not Funded
Employed by Youthbuild or Related Company	15	21%	5	10	
Unemployed	4	6%	3	1	
Student	6	9%	2	4	
Other (3 AmeriCorps Interns & 1 incarcerated)	4	6%	3	1	
Total graduates	43	62%	19	24	
<b>Active Students</b>					
Continuing in program	0				-
<b>Students Not Completing Program</b>					
Discharged / Withdrew	27	38%	13	14	-
Total participants	70	100%	32	38	-

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

**Graduate Verification**

We attempted to contact the 43 participants who were listed as graduated. We were successful in contacting two of the 43. Both provided different information than that submitted by the recipient. The differences could be the result of timing of the information received.

**Summary From Recipients Visited  
ARCH Training Center, Inc. - Washington, DC**

<b>Overall Program</b>	<b>Total of All Three Years</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Funding received	\$2,471,126	\$916,685	\$854,589	\$699,852
Units Rehabilitated	24	8	10	6
GED (Diploma) Awarded	17	17	Unknown	Unknown

**Student Summary**

<b>Participant Status</b>	<b>Year 1 &amp; Year 2 Totals</b>	<b>Year 1 &amp; Year 2 Percentage</b>	<b>Year 1 Participants</b>	<b>Year 2 Participants</b>	<b>Year 3 Participants</b>
<b>Students Completing Program</b>					
Employed	54	41%	30	24	Program in Progress
Unemployed	1	1%		1	
Student	2	2%	2		
Other (2 Unknown & 1 deceased)	3	2%	2	1	
Total graduates	60	46%	34	26	
<b>Active Students</b>					
Continuing in program					-
<b>Students Not Completing Program</b>					
Discharged / Withdrew	71	54%	43	28	-
Total participants	131	100%	77	54	-

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

**Graduate Verification**

We attempted to contact the 60 individuals identified as graduates. We were able to get in touch with eight. Seven of the eight confirmed their employment status while the other one who was identified as a hospital aide reported they were unemployed.

### Summary From Recipients Visited Philadelphia Youth for Change

Overall Program	Total of All Three Years	Year 1	Year 2	Year 3
Funding received	\$2,554,956	\$992,100	\$864,729	\$698,127
Units Rehabilitated	28	7	13	8
GED (Diploma) Awarded	47	47	Unknown	Unknown

#### Student Summary

Participant Status	Total of All Three Years	Percentage of All Three Years	Year 1 Participants	Year 2 Participants	Year 3 Participants
<b>Students Completing Program</b>					
Total graduates	134	59%	48	41	45
<b>Students Not Completing Program</b>					
Discharged / Withdrew	94	41%	24	35	35
Total participants	228	100%	72	76	80

Note: It was not possible, based on the information obtained from the site to determine a breakdown of the graduate numbers listed above. While we obtained graduate information, the names and numbers did not tie in with the reports submitted to HUD. The recipient did not maintain graduates by year.

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

#### Graduate Verification

We attempted to contact the graduates to verify their status (employed, student etc.) as reported by the recipient. We were able to contact 32. Eighteen of the 32 confirmed what the recipient reported. Timing differences between when the recipient obtained the status and when we obtained the status could have caused the discrepancy.



### Summary From Recipients Visited Youthbuild Boston

Overall Program	Total of All Three Years	Year 1	Year 2	Year 3
Funding received	\$2,571,800	\$1,000,000	\$871,800	\$700,000
Units Rehabilitated	4	2	2	Unknown
GED (Diploma) Awarded	46	46	Unknown	Unknown

#### Student Summary

Participant Status	Year 1 & Year 2 Totals	Year 1 & Year 2 Percentage	Year 1 Participants	Year 2 Participants	Year 3 Participants
<b>Students Completing Program</b>					
Total graduates	97	68%	49	48	Program in Progress
<b>Students Not Completing Program</b>					
Discharged / Withdrew	47	32%	23	24	-
Total participants	144	100%	72	72	-

Note: It was not possible, based on the information obtained from the site to determine a breakdown of the graduate numbers listed above. While we obtained graduate information, the names and numbers did not tie in with the reports submitted to the department. For example, while the schedule above identifies 97 graduates, the listing obtained of the status of graduates contains only 23 names.

The list of Youthbuild graduates obtained from the recipient contained 209 names. Some of the names on the list were clearly graduates who were not funded with HUD funds (they were from a period of time before HUD funds were available).

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

**Summary From Recipients Visited  
UDI - Durham, NC**

<b>Overall Program</b>	<b>Total of All Three Years</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Funding received	\$2,563,774	\$997,913	\$865,861	\$700,000
Units Rehabilitated	4	3	1	0
GED (Diploma) Awarded	14	14	Unknown	Unknown

**Student Summary**

<b>Participant Status</b>	<b>Total of All Three Years</b>	<b>Percentage of All Three Years</b>	<b>Year 1 Participants</b>	<b>Year 2 Participants</b>	<b>Year 3 Participants</b>
<b>Students Completing Program</b>					
Total graduates	37	50%	17	20	Program in Progress
<b>Students Not Completing Program</b>					
Discharged / Withdrew	37	50%	18	19	-
Total participants	74	100%	35	39	-

\*\* Information was compiled from reports provided to OIG from Youthbuild recipients during review. Recipient information provided to OIG often contradicted information reported to HUD on semi-annual progress and closeout reports.

**Graduate Verification**

We did not obtain the status of the graduates. As a result we did not know what the status of each graduate was. We attempted to contact each of the 37 graduates. We were able to contact seven of the 37 graduates with the following results: three were employed, three were unemployed and one was a student.

# Inaccuracies In The Application Process

## Inaccuracies in the Application Review Process

<u>Application Number</u>	<u>Oversight</u>
Y-97-IM-MA-0145	This applicant received the maximum five points for its AmeriCorps submission. Another applicant that submitted comparable quality information received only two points. The Director of Youthbuild concurred with this inconsistency and stated the applicant should have only been awarded two points. This oversight did not affect the funding decision as the applicant would have been selected even with the lower score..
Y-97-IM-CA-0012	The applicants score was understated. There were some internal disagreements as to the number of points the applicant should have been awarded for Program resources. The range was from one to ten. Had the applicant been awarded five points they could possibly have been selected for funding. They were awarded one point. Upon further review, the Director stated the applicant should have received an additional two or three points. This would not have been a sufficient number to affect the funding decision.
Y-97-IM-TX-0016	The applicant's score was understated by five points. The applicant should have been awarded 10 points as an empowerment zone. Instead, they were awarded only five points as a champion community. If the correct number of points were awarded, the applicant's score would have been high enough to be eligible for funding.
Y-97-IM-CA-0128	The applicant should have received five points as an AmeriCorps member. They were awarded zero points and as a result, did not score high enough to be eligible for funding.

# Auditee Comments

# Distribution

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