

TO: Youth Council

DATE: 3/8/02

FROM: Operations Committee

<input checked="" type="checkbox"/>	For Action
<input type="checkbox"/>	For Information
<input type="checkbox"/>	Meeting Notes

SUBJECT: ARBOR, Inc Contract Renewal Decision

PROPOSED MOTION: That the Youth Council concur with the Operations Committee's recommendation to not renew the ARBOR, Inc. Out-of-School Youth Contract. Further, that ARBOR, Inc. be allowed to enroll participants only through April 30, 2002.

DISCUSSION: ARBOR, Inc. has been providing employment and training services for Merced County WIA eligible older youth since November, 2000. During this time, they have enrolled within the State system 96 youth and exited 53.

ARBOR, Inc. was formally monitored during June/July, 2001, with numerous discrepancies discovered. The visit revealed a lack of knowledge concerning the Workforce Investment Act, the ARBOR Work Statement Narrative, inadequate documentation of required paperwork, low enrollment totals, and poor documentation of expenses. A second monitoring visit occurred in December, 2001, and again revealed a lack of knowledge of the Work Statement Narrative which resulted in a continued pattern of contract non-compliance. The Workforce Investment Board (WIB) has directed continued monitoring of the ARBOR contract to assure contract compliance.

ARBOR executive personnel from ARBOR corporate headquarters in Media, PA have appeared before the WIB and several times before the Youth Council to make presentations concerning the quality of the Merced ARBOR program. In January, 2002, Mr. Charles Jameson, ARBOR Vice President presented to the WIB, an ARBOR "Older Youth Program Report" and later requested this report be presented at the February 8, 2002 Youth Council meeting. A WIB Staff analysis revealed the report had numerous errors; so

many, that Mr. Jameson asked that this report not be presented to the Youth Council. During the Youth Council February 8, 2002 meeting, Mr. Jameson apologized for the report and presented a corrective action plan to fix ARBOR documentation and reporting problems. The Youth Council was scheduled to make a decision concerning renewal of the ARBOR contract but delayed that decision to evaluate ARBOR's corrective action plan. (See Attachment 1).

Since ARBOR's February 8, 2002 presentation to the Youth Council, the following have occurred:

- 1) Mr. Jameson has resumed direct responsibility for the supervision of the program. He was initially responsible for the program from November, 2000 through November 2001. For a short period of time, an assistant had administrative control over the local ARBOR program. Since mid-February, Mr. Jameson has now retaken responsibility. For the 16 months this contract has been in effect, Mr. Jameson has had responsibility for supervision 13 1/2 months.
- 2) Ms. Patricia Newby, a former Stanislaus County ARBOR Director, has been assigned as Assistant Manager and is responsible for the direct, on-site oversight of the local Director and the Merced program. Ms. Newby actually began work in the Merced office on February 19, 2002.
- 3) All other actions listed in the ARBOR Corrective Action Plan are in progress. Please refer to Attachment 1.

What WIB/Youth Council Staff continues to see is a repetitious pattern of ARBOR being monitored, Staff discovering that the Work Statement Narrative is not being followed, and then ARBOR acknowledging the problems and proffering corrective actions. The original monitoring visit clearly highlighted ARBOR Merced's lack of understanding of the Work Statement Narrative. ARBOR's answer was to train. The second monitoring visit re-identified a lack of understanding and knowledge of the Work Statement Narrative. Again, the ARBOR answer was to train. The analysis of the ARBOR "Older Youth Program Report" resulted in an apology from ARBOR for inaccurate claims. A further result was a third set of ARBOR corrective actions, addressed at resolving concerns in Staff monitoring visits. The before noted repetitive pattern continues.

Little has been said about ARBOR's fiscal operation, other than the poor documentation of expenses recorded in the first monitoring visit. An analysis of ARBOR's invoicing practices (Attachment 2) reveals the following: 1) A continual lack of the necessary backup documentation to justify expenses; 2)

Many charges for expenses which are not allowable under the regulations/law; 3) Operating fees and costs which have been charged as straightline expenses instead of a percentage of expenses actually incurred; and, 4) Inappropriate travel reimbursements and many questions concerning travel costs to other ARBOR sites charged to Merced County.

It is normal to have invoicing problems early in a contract. However, ARBOR's contract is in its 16th month and invoicing problems are the norm, not the exception. We are still resolving invoices for the first six months of the program.

If the Youth Council concurs with the recommendation, the last 2 months of the contract will allow the new Out-of-School Youth Program to have begun, and allows for ample time to do a complete turn over of responsibility for any ARBOR clients enrolled or exited from the program.

**ATTACHMENT: 1) ARBOR, Inc Corrective Action Plan
2) ARBOR Financial Report/Invoicing Concerns Memo
3) Follow-up Monitoring Report, February 22, 2002**