



New York City Comptroller  
John C. Liu

NEWS RELEASE

PR13-10-198  
Contact: Stephanie Hoo, (212) 669-3747

Oct. 31, 2013  
Page(s): 2

\*\*\*\*\*

**LIU TO DEPT. OF HOMELESS SERVICES:  
DUMP AGUILA AND GET YOUR ACT TOGETHER**

*New Audit Highlights Continued Failures of Agency and of Shelter Operator*

\*\*\*\*\*

[Download Audit](#)

NEW YORK, N.Y. – Comptroller John C. Liu called on the Department of Homeless Services (DHS) to discontinue its use of shelter provider Aguila Inc. in light of repeated failures to account for millions of dollars spent and the continued placement of people in shelters that are unsafe or unclean. He also called on City Hall to drop its lawsuit against the Comptroller’s office with regards to proposed contracts with Aguila.

“Despite their claims to the contrary, Aguila’s appalling record has not improved and DHS continues to turn a blind eye. At this point, DHS should just dump Aguila as a shelter operator, and City Hall should direct its resources towards fixing DHS rather than litigating against my office,” Comptroller Liu said. “Continued dysfunction is a grave disservice to the homeless in need as well as communities whose concerns and input have been bypassed.”

A new audit underscores a fraught history with DHS and Aguila. In a November 2011 audit, Liu called on DHS to recoup \$1.4 million from Aguila and examine another \$9 million in bills to see if taxpayers were entitled to recover more.

Today’s audit found that DHS has recouped only \$558,412, and didn’t even investigate more than half of the total \$10.4 million identified by the earlier audit as improper or insufficiently supported payments.

Additionally, the audit found the following deficiencies with DHS operations:

- The agency continued to do business without written agreements, in violation of the City Charter;
- DHS did not adequately explain how rates the City paid for different shelters were set;
- DHS did not appropriately follow up after more than 80 percent of units subject to spot inspections failed.

The audit also found that, as of June 2013, Aguila facilities owed the City \$605,439 in unpaid water and sewer charges.

In light of the multitude of problems, rather than reining in Aguila, DHS rewarded it instead. DHS payments for Aguila-operated shelters surged from \$46.3 million in Fiscal Year 2011 to \$57.1 million in Fiscal Year 2013.

The new audit made 18 new recommendations. They include:

- Periodically review Aguila per diem rates, allocation plans, and budget line items to ensure accuracy, reasonableness, and appropriateness, and ensure items are adequately supported.
- Further investigate and recoup the balance of funds as identified in the previous audit.
- Enter into written contracts with Aguila for directly-operated facilities that, at minimum, specify or restrict how funds may be expended.
- Immediately eliminate the practice of placing clients in facilities with hazardous and unsanitary conditions.
- Conduct surprise inspections and vary the inspectors.
- Ensure that all Aguila facilities pay their City fines and water and sewer charges.

[Download Letter to City Hall](#)

### **Background:**

November 2011, Liu audit calls on DHS to recoup money from Aguila:

[https://comptroller.nyc.gov/wp-content/uploads/documents/FK10\\_130A.pdf](https://comptroller.nyc.gov/wp-content/uploads/documents/FK10_130A.pdf)

May 2013, Liu proposes vouchers to help homeless families: [http://comptroller.nyc.gov/wp-content/uploads/2013/07/20130509\\_NYC\\_RentalSubsidyProgram\\_v12.pdf](http://comptroller.nyc.gov/wp-content/uploads/2013/07/20130509_NYC_RentalSubsidyProgram_v12.pdf)

May 2013, Liu issues report on how Mayor Bloomberg's shelter policies are failing communities and the homeless: [http://comptroller.nyc.gov/wp-content/uploads/documents/20130509\\_NYC\\_ShelterSiteReport\\_v24\\_May.pdf](http://comptroller.nyc.gov/wp-content/uploads/documents/20130509_NYC_ShelterSiteReport_v24_May.pdf)

June 2013, the State Supreme Court, Bronx County rules in favor of the Comptroller's office in a suit challenging the Mayor's practice of establishing shelters and paying for those services without going through required public procurement processes. Liu statement: <http://comptroller.nyc.gov/newsroom/liu-on-westchester-square-shelter-suit/>

July 2013, Liu rejects Aguila shelter contracts in the South Bronx and West 95th Street in Manhattan: <http://comptroller.nyc.gov/newsroom/liu-rejects-aguila-shelter-contracts/>

*Visit [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov) for the latest news, events, and initiatives.  
Follow Comptroller Liu on [Twitter](#). To receive Twitter updates via text message  
text "follow johnliu" to 40404.  
View the latest Comptroller's office videos on [YouTube](#).*

###