



New York City Comptroller
John C. Liu

NEWS RELEASE

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**LIU: YET MORE QUESTIONABLE BILLING FOR
SPECIAL NEEDS STUDENT SERVICES**

*Audit Finds Department of Education Paid Consultants for
Services That Many Parents Say Never Took Place*

NEW YORK, N.Y. — City Comptroller John C. Liu announced today that an audit of the Department of Education (DOE) found possible fraudulent billing by consultants hired to provide services for special needs students.

“There’s just no excuse for this sloppiness,” Comptroller Liu said. “If the DOE is paying without checking that services were actually rendered, can anyone believe they’re checking on the quality of service? And how many more students could have been served if money had not been misdirected or misspent?”

Comptroller Liu’s audit determined that the DOE did not monitor consultants’ invoices for special education services, paying bills for services reportedly provided in the middle of the night or for services which parents said their child never received.

The DOE’s failure to catch these invoices opens the door to fraud and abuse of taxpayer money. Comptroller Liu referred his audit findings to The Special Commissioner of Investigation for the New York City School District.

Weak Protections Against Bad Billing

Consultants bill the DOE either electronically through the agency’s Vendor Portal or by submitting paper invoices. The Vendor Portal is supposed to automatically reject invoices that charge for services at inappropriate or disallowed hours. However, the Vendor Portal didn’t always do this. For example, it did not reject billings submitted for services that were supposedly provided at odd hours (such as 3:00 a.m.) or on Federal holidays (which are not allowed).

Even in cases where the DOE contacted parents to confirm the services and parents wrote back that their child had been on vacation, out of the City, or simply had not received services from a consultant, the DOE still paid the questionable bills.

Possible Bill Padding

In a sample of five consultants who were identified to have received unusually large payments, Comptroller Liu’s audit found three that appeared to have padded their bills.

DOE staff stated that services should reasonably be provided between 3 p.m. and 9 p.m. But the three consultants flagged by the audit, who billed DOE for \$34,000 in a one-month period for after-school sessions, claimed \$15,000 in payments for services rendered after 9 p.m. One consultant regularly submitted bills for 15 or 16 hours of work per day. The consultants charged from \$31.49 to \$41.98 per session.

The audit scope was Fiscal Years 2010 and 2011.

The DOE's Auditor General acknowledged that the agency needs greater controls over invoices. Comptroller Liu's audit commended the agency for its efforts to enact better controls over billing.

BACKGROUND:

In addition to today's audit, two earlier audits by Comptroller Liu's office also found that the DOE has weak controls over the consultants it hires to provide special needs student services.

In January 2012, an audit found the DOE failed to provide special education services to as many as 72,000 students — more than a quarter of those children who qualified for physical therapy, speech therapy, or other assistance. That audit is available here:

http://www.comptroller.nyc.gov/bureaus/audit/audits_2012/1-24-12_FK10-147A.shtm

A May 2012 audit found that a DOE consultant, Champion Learning Center, owed the City nearly \$1 million due to questionable bills. That audit is available here:

http://www.comptroller.nyc.gov/bureaus/audit/audits_2012/5-16-12_MD11-106A.SHTM

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