



New York City Comptroller  
**Scott M. Stringer**

**NEWS**

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**STRINGER AUDIT REVEALS POOR MANAGEMENT AND SHODDY OVERSIGHT OF  
EMERGENCY CONTRACTS BY DEPARTMENT OF HOMELESS SERVICES  
IN WAKE OF SUPERSTORM SANDY**

*Audit finds DHS is not prepared to protect the City against contract waste, fraud and abuse  
ahead of the next big storm*

NEW YORK, NY – The New York City Department of Homeless Services (DHS) could not show auditors it had adequate safeguards in place to oversee contractors hired to provide emergency shelter and other services following Superstorm Sandy. As a result, DHS improperly paid contractors for ineligible expenses and for services that were not actually received, according to New York City Comptroller Scott M. Stringer’s first Superstorm Sandy-related audit, released today.

“The mismanagement of contracts by the Department of Homeless Services after Superstorm Sandy made the City vulnerable to waste, fraud and abuse,” Comptroller Scott M. Stringer said. “Clear contract oversight procedures and vigilant monitoring are crucial, especially in a crisis situation. DHS and all City agencies must plan intelligently and transparently for the next emergency, because there will be another. We can’t afford to be unprepared.”

When Superstorm Sandy displaced thousands of New Yorkers from their homes in October of 2012, DHS entered into 20 emergency contracts, totaling \$19.9 million, with various organizations to provide services for displaced victims. They included assistance with registering and applying for public benefits, securing permanent housing or home repair and obtaining medical help.

Comptroller Stringer’s audit examined a sample of eight of the 20 contracts from October 2012 through November 2013 and found the following weaknesses in DHS’s oversight:

- **The agency lacked formal and standardized procedures to guide the oversight and monitoring of the emergency contracts.** When asked to detail its internal controls to monitor these emergency contracts, the agency failed to provide any. In an effort to explain this failure, DHS noted that the contracts at issue were overseen during an emergency situation. However, of the 20 contracts DHS awarded, 14 were extended well beyond the storm’s immediate aftermath. Therefore, DHS had ample opportunity to develop and apply reasonable controls, particularly over the contracts that extended past the immediate emergency.
- **DHS lacked sufficient evidence to support the oversight and monitoring activities it claims to have engaged in.** DHS did not produce diaries, logs, observation notes, records of site visits, monitoring tools, or other similar documentation proving that the emergency contract managers made site visits and fulfilled other appropriate monitoring activities, as required by city procurement regulation.

- **Invoices and supporting documentation were not adequately reviewed prior to payment.** The Comptroller’s audit found that managers failed to adequately examine invoices, resulting in DHS erroneously paying for services that were either outside the contract scope, ineligible, or unsupported. For example, one vendor, Women in Need, claimed \$28,000 for maintenance and cleaning during January 2013, even though the contract ended December 23, 2012. DHS paid the invoice. In a second example, Help U.S.A. charged the agency \$2,878 in personal service costs for at least 11 of the provider’s staff for days outside the contract period. Again, DHS paid this invoice.
- **The emergency contract managers did not perform satisfaction surveys of shelter clients.** The audit found that none of the emergency contract managers performed client evaluations as required by City procurement rules.

Without documentation that adequate controls were in place and followed, the agency runs the risk of not getting reimbursed by FEMA for eligible services.

“Taxpayers deserve to know that City government isn't going to make the same mistakes twice when the next storm hits,” Stringer said. “By vigilantly monitoring operations and contractors, City agencies can ensure every tax dollar devoted to relief is spent prudently and efficiently, while also assuring that the City is reimbursed by the federal government for all eligible costs.”

The Comptroller’s first Sandy-related audit is being issued in conjunction with the office’s newly established Sandy Oversight Unit, an effort dedicated to holding government accountable and improving service delivery in the wake of Superstorm Sandy. Informed in part by the testimony of hundreds of New Yorkers who have come to testify at a series of formal hearings held by the Comptroller across the City, this audit is one of several that Comptroller Stringer plans to issue over the coming months.

Comptroller Stringer’s audit recommended that DHS:

1. Ensure it has clearly defined policies and operating procedures in place to address the oversight and monitoring of emergency contracts.
2. Include the emergency contract monitoring procedures in its contingency planning documents and ensuring that necessary parties are aware of them.
3. Establish standardized minimum requirements for emergency contract managers to document and log their activities.
4. Ensure that those individuals assigned the responsibility of certifying vendor invoices have taken the necessary steps to verify that goods and services have been provided.
5. If it’s not feasible for contract managers to perform this verification on a monthly basis before authorizing payments to vendors, DHS should modify the certification statement signed by contract managers to reflect the circumstances and develop an alternate procedure.
6. Ensure that it requires contract managers to periodically interview or survey clients or their families to assess their satisfaction with services provided.

DHS largely agreed to follow the Comptroller’s recommendations, although it did not respond to recommendation four. DHS, however, has not yet detailed its plans to ensure adequate controls and monitoring for future emergencies. In the coming months, Comptroller Stringer will reveal the results of other Sandy audits, including one of the City’s Build it Back Program.

To read the full audit, please click [here](#).

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