



City Oversight of the Asylum Seeker DocGo Contract

What questions did the audit look at?

- ▶ Did the New York City Department of Housing Preservation & Development (HPD) adequately monitor its contract with DocGo for asylum seeker services?

Why does it matter for New Yorkers?

In 2022, New York City received a rapid increase of new arrivals. In response, HPD negotiated a one-year, no-bid emergency contract with the vendor DocGo in May 2023 to provide asylum seekers with temporary housing and services. The Comptroller rejected the \$432 million contract because DocGo lacked experience providing emergency housing and failed to offer clear insight into its nearly half-billion-dollar budget. City Hall moved forward with the contract despite our objections.

The audit found that HPD did not properly manage the contract. A detailed review of two-months' worth of invoices found that nearly 80% of payments—\$11 million of \$13.8 million—were not adequately supported by documentation and should thus be recouped. The City paid almost \$1.7 million for vacant hotel rooms with no occupancy during this period. Additionally, 67% of the amount claimed for this period was used to pay unauthorized subcontractors who were not approved by HPD, as required.

The auditors visited 189 hotel rooms and found that 80% had at least one deficiency. Some hotel rooms posed serious health and safety hazards, including mold, water damage, and peeling paint. The auditors also found that DocGo failed to staff hotels with the appropriate number of caseworkers and social workers.

The DocGo contract was marred by fiscal mismanagement, the uneven provision of services, and, in some cases, unsafe conditions. The City should do everything in its power to recoup inappropriate payments, hold DocGo accountable, and ensure that similar emergency contracts are managed better in the future.

What changes did the agency commit to make following the audit?

- ▶ HPD agreed to review documentation and recoup some expenses; implement additional reviews of invoices; hold back at least 15% of invoices not yet paid; hold DocGo to the terms of the contract; and retroactively review all subcontractors used by DocGo.

AUDIT FINDINGS



Nearly 80% of the \$13.8 million paid to DocGo in May and June 2023 were not allowed or adequately supported.



67% of the amount claimed in May and June 2023 was paid to unauthorized subcontractors.



80% of sampled hotel rooms had at least one deficiency.



DocGo failed to staff asylum seeker hotels with the appropriate number of caseworkers and social workers.



Audit Recommendations		Agency Response
1	Recoup \$4.7 million in unallowable expenses claimed by and paid to DocGo.	PARTIALLY AGREED¹
2	Obtain appropriate documentation to substantiate the over \$6.3 million in claimed costs that were not appropriately supported by documentation. Where not provided, recoup all unsupported payments to DocGo.	DISAGREED
3	Undertake second level reviews of all invoices paid to date (totaling \$168.1 million as of June 12, 2024) and hold DocGo to contract terms and conditions, agency, and City fiscal policy. HPD should recoup all unallowable and/or inadequately supported payments identified during this review.	PARTIALLY AGREED²
4	Hold back a minimum of 15% of the total contract value from DocGo until all second level invoice reviews are completed, and the extent of total overpayments identified, to ensure the City's capacity to recoup.	PARTIALLY AGREED³
5	Hold DocGo to the terms of the contract and enforce agency and fiscal policy to ensure all invoices submitted for the remaining period of the contract are authorized, reasonable, and fully supported by appropriate documentation, before approving payment.	AGREED
6	Retroactively review all subcontractors in use by DocGo and conduct required vetting and approval.	AGREED
7	Ensure that vendors provide all activity and performance reports required under the contract and utilize them when reviewing invoices submitted by the contractor.	AGREED
8	Conduct unannounced inspections of accommodations (both within and outside of the City) used in connection with contracts of this nature.	AGREED

¹ HPD partially agreed with this recommendation, stating that the agency will recoup as it considers appropriate. Notably, HPD disagreed with the audit's finding that certain expenses were unallowable.

² HPD partially agreed with this recommendation, stating, "While HPD already conducts multiple levels of invoice and payment review and has procedures to ensure that payments are made only for substantiated costs, the Agency will conduct another round of review of invoices paid as of June 12, 2024; note that it will do so not because it believes its existing procedures are unsound, but as an extra measure of due diligence. Based on the additional round of review, HPD will recoup if necessary."

³ HPD partially agreed with this recommendation, stating that the agency "agrees with holding back a minimum of 15% of the invoiced amount approved for payment for invoices not yet paid as of July 2024 through the end of the contract term (not 15% of the total contract value) until additional reviews are completed and any overpayments are identified and recouped where appropriate (per Recommendation 3)."