



## AUDIT AT A GLANCE

# New York City Emergency Management's COVID-19 Hotel Lodging Contract

### What question did the audit look at?

- ▶ Did New York City Emergency Management (NYCEM) adequately oversee its contract to provide temporary hotel housing during the COVID-19 pandemic?

### Why does it matter for New Yorkers?

In March 2020, at the beginning of the COVID-19 pandemic, New York City issued a local state of emergency promoting social distancing guidelines. In response, NYCEM established a program to provide temporary shelter in local hotels to certain populations. Eligible people who needed to self-isolate could stay at a hotel, free of charge, for up to 28 days.

NYCEM entered into a contract with CrewFacilities.com LLC to facilitate this program. Crew was responsible for sourcing hotels, booking rooms, negotiating competitive rates, and verifying and paying bills. The initial contract was later modified to specify that Hotel Engine (HE) would assume some of these responsibilities. Over the course of the contract, NYCEM paid these two vendors over \$122 million, including \$24.5 million in management fees.

The audit found that NYCEM did not exercise adequate oversight over the contract and that its internal controls were insufficient. In many cases, Crew/HE did not obtain appropriate supporting documentation before paying for rooms, and NYCEM allowed the vendors to submit "summaries," spreadsheets, and screenshots in lieu of actual invoices. On many of these bills, guest names could not be reconciled with payment data.

Although we acknowledge the difficult circumstances under which NYCEM was operating, the City expended a significant amount of funds for this program—over \$100 million. This amount warranted appropriate levels of fiscal oversight that NYCEM was unable to provide. We encourage NYCEM to recoup any inappropriate payments.

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

- ▶ NYCEM agreed to establish written standards for monitoring future contracts and ensure that decisions clarifying contract terms and conditions are recorded in writing.

## AUDIT FINDINGS



NYCEM did not adequately oversee its hotel shelter contract during the COVID-19 pandemic.



NYCEM's vendors did not collect or verify hotel invoices as required.



NYCEM's vendors did not provide adequate supporting documentation for payments totaling \$26.5 million.



Audit Recommendations	Agency Response
<p><b>1</b> Make every effort to obtain appropriate support for charges that are backed by summaries and other questionable documentation. In instances where appropriate support is not provided, recoup the payments along with payments made for duplicate reservations—plus associated management fees—referred to above.</p>	<b>PARTIALLY AGREED<sup>1</sup></b>
<p><b>2</b> Establish written standards for monitoring vendor contracts to ensure that contract terms and conditions are fully met, risk of fraud is mitigated, and claims for payment are properly substantiated prior to making payment.</p>	<b>AGREED</b>
<p><b>3</b> Ensure that decisions clarifying contract terms and conditions are recorded in writing and disseminated so that both NYCEM and its contractors have a clear understanding of what has been decided and what is expected of involved parties.</p>	<b>AGREED</b>

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<sup>1</sup> NYCEM states that it is withholding amounts claimed by Crew following the termination of the contract for cause and agreed to consult with the relevant City agencies if further recoupment is warranted.