



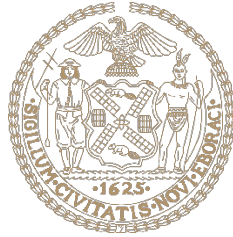
NEW YORK CITY COMPTROLLER
BRAD LANDER

Report to the Mayor and City Council on City Comptroller Audit Operations Fiscal Year 2023

BUREAU OF AUDIT AND INVESTIGATIONS

FEBRUARY 2, 2024





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The City of New York
Office of the Comptroller
Brad Lander

February 2, 2024

The Honorable Eric Adams, Mayor
City of New York
City Hall
New York, NY 10007

The Honorable Adrienne Adams, Speaker
New York City Council
250 Broadway, Suite 1850
New York, NY 10007

New York City Council
City Hall
New York, NY 10007

Dear Mayor Adams, Speaker Adams, and Members of the City Council:

Attached please find the Annual Report on the operations of the Audit Bureau of the New York City Comptroller's Office for Fiscal Year 2023. Under the City Charter, the Comptroller's Office must audit some aspect of every City agency at least once every four years and is authorized to perform financial audits of City transactions, revenues, and expenditures to determine whether agencies are meeting their goals, and whether funds are being used effectively and efficiently.

During FY2023, the Audit Bureau completed 30 audits, reviews, and special reports that enhance transparency by providing information and insight into government operations to members of the public, agency leadership, City Council, and the Mayor's Office. Audits also potentially impact City government by improving the effectiveness of its operations, strengthening the City's financial position, identifying risks for mitigation, increasing equity and inclusion, and educating and engaging New Yorkers.

We are particularly proud of the participatory audit initiatives that were launched in 2023, through which we strive to increase stakeholder engagement in audits. Throughout the summer of 2022, my office conducted a series of round table events and surveys of NYCHA residents to give them a voice in determining what we should audit. Two reports issued during FY2023 were conducted in response to resident concerns expressed at such events – one

related to security and one related to the calculation of rents in Red Hook Houses. In both cases, we were able to respond to residents' concerns.

Nearly 100 auditors visited 262 NYCHA developments to test doors and locks in one week during September of 2022 and found that nearly 60% of all building entrance doors were broken or propped open, fundamentally undermining the security of residences. In response to the report, NYCHA agreed to implement all recommendations, and as recently as December 2023 was questioned at a hearing held by City Council concerning its efforts to address the issues identified in our report. A NYCHA Resident Audit Committee was subsequently formed in FY2023, and two new audits – which are now underway – were selected by vote of Committee members.

Efforts by the Audit Bureau to engage with stakeholders is increasing and includes surveying end users to assess program effectiveness, equity, and economy. In FY2023, this effort can be seen, for example, in the audit of the Human Resources Administration's (HRA) Language Access Program which found that HRA was not only compliant with requirements but that Non-English Language Preference clients were satisfied with the language access services provided.

Reports issued during FY2023 identified a total of \$9.1 million in foregone tax revenue, and claims reviews identified another \$14,969,391 in potential cost avoidance. We also completed an audit of the Department of Health and Mental Hygiene's controls over its emergency contract with Executive Medicaid Services PC and identified poor cost containment which led to vast differences in the cost of each COVID-19 test and vaccination administered by the vendor during the pandemic. A follow-up letter outlining best practices for containing costs when overseeing emergency and other vendor contracts was sent to all agencies as part of the release of that audit.

Our audit of the Department of Homeless Services' (DHS) Encampment Sweeps found that of the 2,308 individuals moved along between March and November of 2022, 90 accepted a shelter placement for more than a single day, only 3 people moved from shelter to permanent housing, and over 31% of the 99 "cleanup" sights visited by the auditors had reformed as of April 2023. The audit established the ineffectiveness of the program and was co-released with a policy report calling for its elimination and recommending as a solution [Housing First : Office of the New York City Comptroller Brad Lander \(nyc.gov\)](#).

The audit also called on DHS to improve its data capture and increase transparency by reporting outcomes from the sweeps to the public. Since then, a bill has been introduced in the City Council [The New York City Council - File #: Int 1153-2023 \(nyc.gov\)](#) requiring the Department of Social Services to collect and regularly report on (among other things) the number of individuals removed, associated outcomes, and associated costs incurred by New York City in the process.

Recommendations issued by the Audit Bureau offer opportunities for improving New York City government, and the implementation of the recommendations by agencies is an important measure of the potential impact of audits. A total of 96 recommendations were issued during FY2023, and agencies agreed to implement 58% of them and to partially implement a further 11%. We continue to monitor implementation over time, and to report them in our public-facing Recommendations Tracker, a process that has been underway since January of 2022.¹ Since that time, 60.34% of all recommendations issued to agencies have been implemented, and a further 2.53% have been partially implemented.

As part of our efforts to ensure implementation of recommendations, the Audit Bureau conducted several follow-up audits over this period. From these, the Audit Bureau determined that several agencies embraced audit recommendations which have led to improvements in the services provided to New Yorkers. These include, for example, the Department of Youth and Community Development's improved oversight over its crisis shelters; Department of Buildings' improved controls over its inspectors' performance; and the Department of Consumer and Worker Protection's strengthened enforcement of the City's Paid Sick Leave Law.

To further improve the accessibility of our reports, we are also pleased to note that all audit reports published on the Comptroller's website as of Calendar Year 2023 are now accompanied by a Report At A Glance—a one-to-two-page snapshot of each audit's goals and impacts presented in an easy to digest and visually appealing way—and that all reports are now published in HTML to support online translation into multiple languages.

As the City's Chief Fiscal and Accountability Officer, it is my duty to do everything in my power to maintain the City's fiscal health, to support overall effectiveness and efficiency, and to hold City agencies accountable to all New Yorkers. We welcome any feedback on this report, either to specific audits referenced in this Annual Report, or to how we perform our audit responsibilities under the City Charter as effectively and constructively as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Lander", written in a cursive style.

Brad Lander

¹ The recommendations found on our online tracker include recommendations that we followed up on from the prior Administration.

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Summary of Audit Results

The Comptroller's Audit Bureau completed 30 reports in Fiscal Year 2023 (FY23). Included in this Annual Report are summaries of major audits and special reports issued during this period. All audits were performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) as required by the New York City Charter. Certain non-GAGAS reports, such as the Analysis of the Financial and Operating Practices of Union-Administered Benefit Funds with Fiscal Years Ending in Calendar Year 2020, were also performed.

This report is divided into two sections. The first section covers audits, special reports, and analyses of City agencies and public authorities with identified fiscal outcomes. The second section covers audits and special reports that focused on operational impact.

Tracking Audit Impact

All reports issued by this office contribute to transparency – they provide information and insight that would otherwise not be available to New York City residents, agency leadership, the City Council, and the Mayor's Office. We also strive to ensure that audits provide a positive impact on New York City government in other ways, for example, by increasing the effectiveness of operations, identifying risks for mitigation, improving the City's financial position, increasing equity and inclusion, and by engaging residents and other stakeholders through participatory auditing.

For reports issued after January 1, 2023, we began tracking the potential impact in these categories, based on the actual findings and recommendations in final reports. Because each report may have more than one potential positive impact, we track up to two impacts per report (see Chart I below).

In terms of primary impacts for reports issued between January 1 and June 30, 2023: 3 contributed to more effective operations; 3 potentially improve New York City's financial position; 3 make recommendations designed to mitigate risk; 1 was a participatory audit; and 1 contributed to greater equity and inclusion.

In terms of secondary impacts over the same period: 4 offered recommendations to increase effectiveness; 2 consulted end users as part of testing; 1 addressed identified risks; and 1 identified needed improvements to equity and inclusion.

Implementation of Recommendations

The reports issued in FY23 included 96 recommendations for improvement that were issued to agencies. In their responses to draft reports, agencies agreed to implement approximately 58% of the recommendations and partially agreed to implement 11% (see Chart II below).

When compared to FY22, agency willingness to implement recommendations (based on responses to draft reports) has declined by 9%. In FY22, agencies agreed to implement 67% of the recommendations and partially agreed to implement 9%.

Actual implementation over time, based on ongoing periodic follow-up, shows little change. As of December 31, 2023, 68.5% of recommendations issued since January of 2022 have been reported by agencies as implemented and a further 5.6% have been reported as partially implemented (see Chart III below).

Chart I: Primary and Secondary Audit Impacts

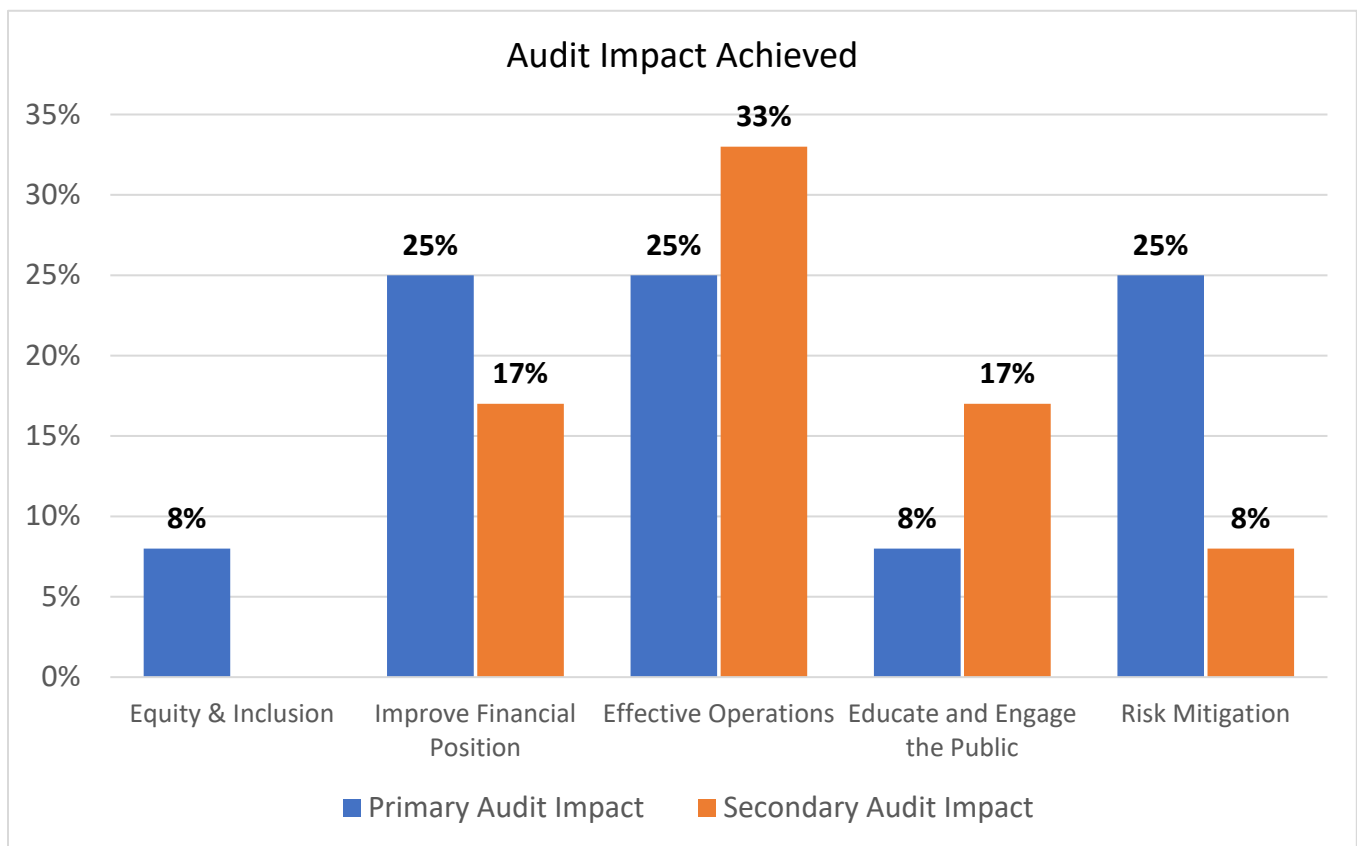
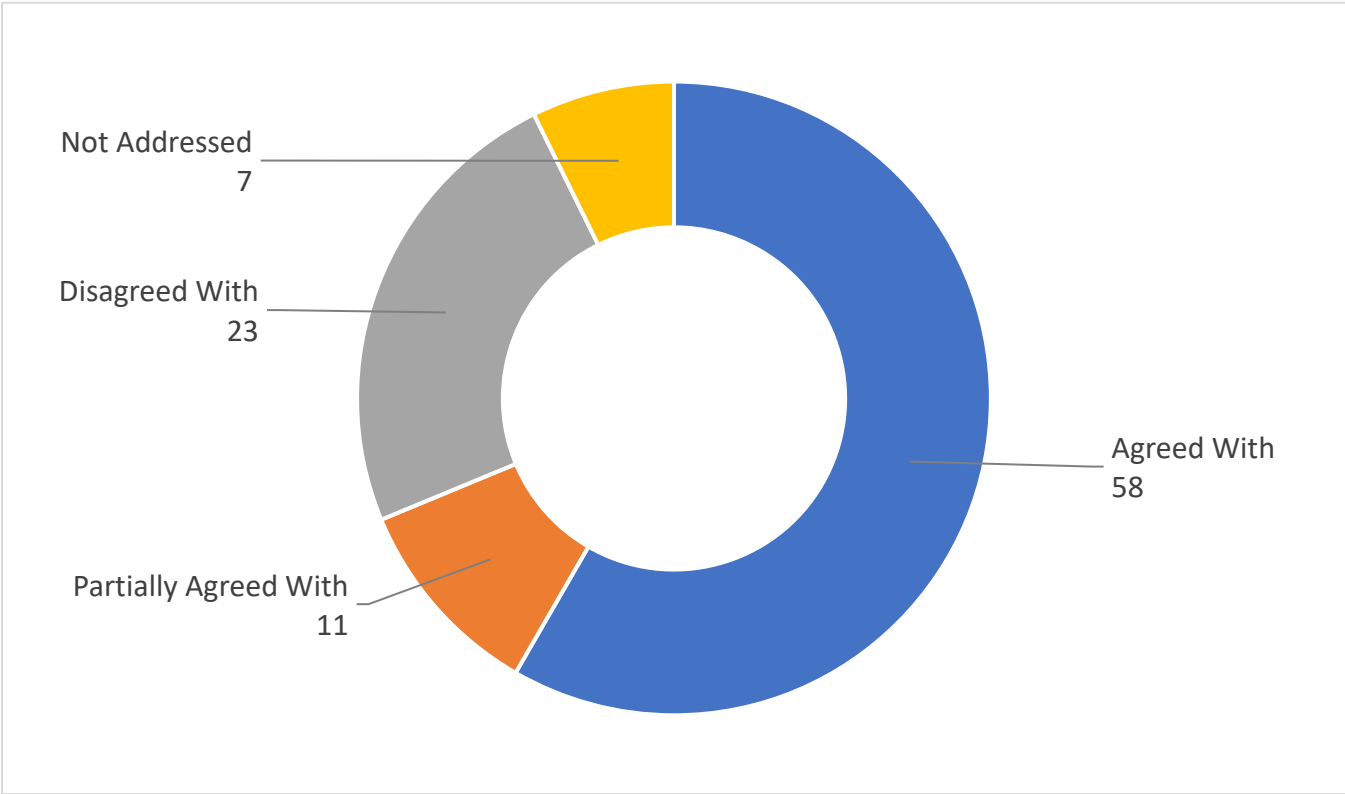
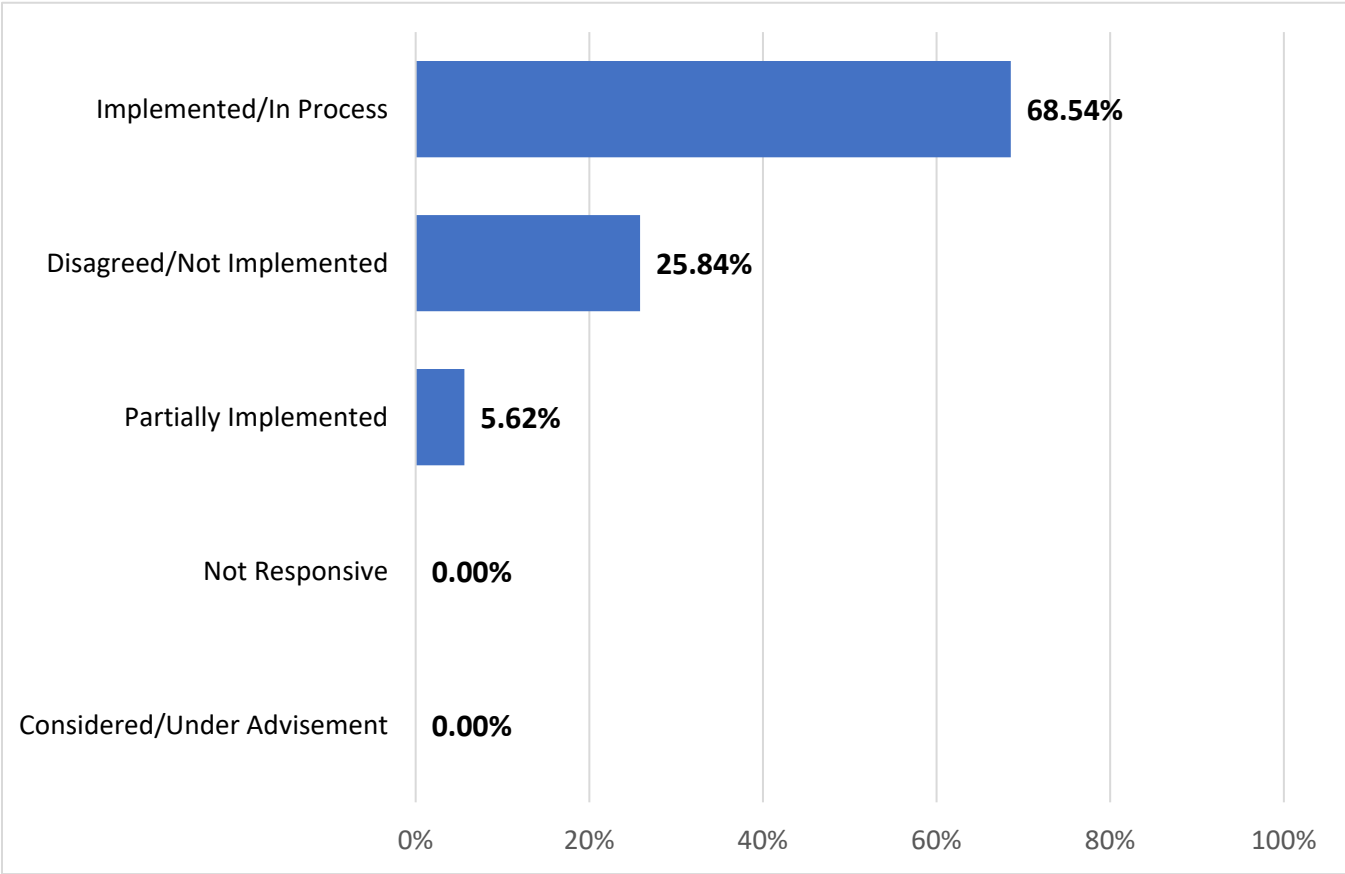


Chart II: Agency Responses by Percentage



Note: Agency agreement is captured at response.

Chart III: Agency Implemented Recommendations by Percentage



As agencies report changes in recommendations implementation, numbers are updated in our [Audit Recommendations Tracker](#).

Major Audits and Special Reports with Fiscal Outcomes

(Organized by agency)

Conflicts of Interest Board

Follow-up Audit Report on the Conflicts of Interest Board's Oversight over the Collection and Reporting of Enforcement Fines (FM22-091F)

Report At A Glance

What questions did the audit look at?

- ▶ Does the Conflicts of Interest Board (COIB) exercise adequate oversight over the collection and reporting of enforcement fines?
- ▶ Has COIB implemented the Comptroller's recommendations from the 2017 audit?

Why does it matter for New Yorkers?

COIB is responsible for enforcing the New York City Charter's conflicts of interest law. As part of this mandate, COIB collects fines related to enforcement and annual disclosures. In 2017, the Office of the Comptroller conducted an audit of COIB's oversight over its fine collection and reporting procedures. This audit found that COIB did not collect or deposit cash receipts in a timely manner or safeguard enforcement fines. We made six recommendations intended to strengthen these procedures.

The follow-up audit found that COIB implemented two recommendations and declined to implement one recommendation. One recommendation was no longer applicable, and auditors were unable to verify the status of the remaining two recommendations due to lack of evidence.

As an agency that investigates corruption and acts as a steward of good government, COIB performs an extremely important public service. We commend the agency for improving its controls over its collection of assessed fines, but we encourage it to implement our other recommendations.

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

- ▶ COIB procured a locked safe in which it keeps funds awaiting deposit.
- ▶ COIB is currently pursuing a total of \$41,500 in fines that it previously deemed uncollectable.

Audit Findings

- ✓ COIB secures funds in a locked safe.
- ✓ COIB is pursuing funds previously deemed uncollectable.
- ⚠ COIB did not deposit all cash receipts on at least a daily basis.
- ⚠ The status of two audit recommendations could not be verified.

Initial Audit Recommendations		Status
1	Deposit all cash receipts on at least a daily basis.	NOT IMPLEMENTED
2	Accurately represent its internal control structure in its Directive #1 Checklist.	COULD NOT BE VERIFIED
3	Place restrictive endorsements on incoming checks and money orders as soon as they are received.	COULD NOT BE VERIFIED
4	Secure checks and money orders awaiting deposit in a locked safe which has a combination that is changed periodically and is known to few individuals.	IMPLEMENTED
5	Ensure that all fines are collected in accordance with Enforcement Dispositions.	IMPLEMENTED
6	Document its efforts to collect fines that are not paid in accordance with the Enforcement Dispositions.	NO LONGER APPLICABLE
Follow-up Audit Recommendations		Agency Response
1	Adhere to internal written policies regarding the depositing cash receipts on at least a weekly basis.	NOT AVAILABLE²
2	Maintain evidence that restrictive endorsements are placed on cash receipts as soon as they are received.	NOT AVAILABLE

Implementation Status

COIB reported that both audit recommendations have been implemented.

² COIB did not directly address the recommendations made in this follow-up audit report. However, the agency said that it would “continue all possible efforts, as it has done both during the audit period and throughout its history, to ensure the timely collection, restrictive endorsements, and deposit of all enforcement fines.”

Department of Citywide Administrative Services

COVID-19 Emergency Procurements of the New York City Department of Citywide Administrative Services (FK21-087S)

Report At A Glance

What questions did the review look at?

- ▶ Did the New York City Department of Citywide Administrative Services (DCAS) exercise sufficient oversight of COVID-19 emergency procurements?
- ▶ Were COVID-19 procurements adequately documented, consistent with City policy, and reasonably priced?
- ▶ What lessons can be applied to future crises?

Why does it matter for New Yorkers?

- ▶ One of DCAS' key responsibilities is buying and maintaining equipment stockpiles for the City—a function that proved critical during the COVID-19 pandemic. In spring 2020, as the pandemic intensified, DCAS was charged with procuring emergency goods and services, including personal protective equipment (PPE), ventilators, and other essential products. Between March 1 and June 30, 2020, DCAS entered into procurements of goods and services with an initial value totaling over \$1.5 billion.
- ▶ While DCAS should be applauded for quickly responding to the pandemic during a tumultuous time, our review found that the agency did not adequately document purchases or approvals, nor did it document background research to ensure that vendors were reliable, responsible, or cost-effective. As a result, DCAS paid inflated costs for some goods—in one case, the price of an order of face shields was over 250% higher than average. Several vendors provided defective goods, and some did not fulfill any orders at all.
- ▶ Taxpayers should feel confident that City agencies are doing everything possible to keep costs down, even in emergency situations. Unfortunately, DCAS did not always do this. In the future, the agency should strive to safeguard the fiscal interests of New York City by following all relevant procurement guidelines.

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

- ▶ DCAS generally disagreed with the review's findings and disagreed with all recommendations; however, agency officials said that they would follow City guidance and directives related to emergency procurements in the future.

Review Findings

- ✓ DCAS generally showed that purchases were necessary to respond to the COVID-19 emergency.
- ⚠ DCAS did not consistently document background checks of vendors to ensure that they were responsible and reliable.
- ⚠ DCAS did not adequately document price comparisons.
- ⚠ DCAS did not obtain or document approvals for prepayments.

	Recommendations	Agency Response
1	Ensure that staff perform and document responsibility reviews and appropriately consider and report results.	DISAGREED
2	Ensure that it documents price analyses, which are used to ensure that prices are reasonable and form the basis for vendor selection.	DISAGREED
3	Ensure that staff maintain supporting documentation in procurement files and systems of record.	DISAGREED
4	Determine whether City procurement rules should be changed to allow advance payments during emergencies, and, if so, establish rules and protocols to mitigate risks when advance payments might be necessary.	DISAGREED

Implementation Status

DCAS reported that it did not agree to adopt any of the audit recommendations. However, DCAS also stated that it did create a Warehouse Management System for maintaining procurement documents.

Department of Finance

Audit Report on the Department of Finance’s Inclusion of Cell Tower Revenue in the Assessment of Real Property Taxes (SR20-080A)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Department of Finance (DOF) ensure that property owners report revenue earned from leasing cellular equipment sites and appropriately tax them?

Why does it matter for New Yorkers?

- ▶ DOF records deeds, maintains documents, and collects taxes on all real estate in the five boroughs. In this capacity, DOF is responsible for collecting revenue statements from owners of income-producing property (e.g., rental units).
- ▶ One type of income taxed by DOF comes from cell sites—or, telecommunications equipment (such as cellular towers or antennae) that carriers install on building exteriors. Property owners rent this space to carriers and collect leasing fees, which the City considers taxable income. In 2017, the cell site income reported by property owners was \$126 million. In 2018, it was \$135 million.
- ▶ The audit found that DOF did not fully capture cell site tax revenue in 2017 and 2018. When we compared real estate tax statements filed by property owners to DOF records of properties which generate cell site income and DOB records of properties with cell site equipment, we found \$23.2 million in additional unreported income, with potential losses to the City totaling \$9.1 million. Essentially, this is money that DOF left on the table.
- ▶ As New York City’s primary taxation agency, DOF should ensure that all tax revenue—including cell site income—is accurately assessed and collected. It should use all tools at its disposal to achieve this goal.

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

- ▶ DOF agreed to earmark properties containing cell sites that are not included in the City’s tax rolls.
- ▶ DOF agreed to use additional methods (such as airborne photography, Department of Buildings [DOB] data, and field observations) to capture untaxed cell sites, and more frequently review City records.

Audit Findings

- ⚠️ DOF did not identify unreported cell site income or make adjustments to gross income totaling \$23.2 million, resulting in potential tax losses of \$9.1 million.
- ⚠️ DOF did not use available data to ensure that all property owners reported cell site income.

Audit Recommendations	Agency Response
1 Earmark properties that are not valued when DOF performs cell site add backs and review them during the change by notice period.	AGREED
2 Retroactively adjust reported income for all properties on which property owners failed to report cell site income and recoup to the extent possible.	DISAGREED
3 Use available tools—such as the DOB Cellular Antenna Filings Report, Pictometry (airborne photography), and field observations — to identify and verify the existence of cell sites and confirm with telecommunication companies whether those sites are in active use.	PARTIALLY AGREED³

Implementation Status

DOF reported that it implemented the recommendation to earmark properties containing cell sites and partially implemented the recommendation to identify and verify the existence of active cell sites. DOF stated that although it has added DOB’s Cellular Antennae Filings to its Cell Site Master List, it cannot be certain that these sites are active. DOF also continues to disagree with the recommendation to adjust reported income for all properties for which property owners failed to report site income.

³ DOF said that it put in place some of these methods—such as Pictometry and field observations. The agency agreed that reviewing the DOB Cellular Antenna Filings Report would be “instructive, but not a definitive source for cell site addbacks,” but that its resources hindered contacting telecommunications companies about every parcel.

Department of Health and Mental Hygiene

Audit of the Department of Health and Mental Hygiene's Emergency Contract with Executive Medical Services PC for COVID-19 Related Services (MJ22-085A)

Report At A Glance

What questions did the audit look at?

- ▶ Did the New York City Department of Health and Mental Hygiene (DOHMH) ensure that payments to the contractor Executive Medical Services PC (EMS PC) were legitimate and documented?
- ▶ Did DOHMH ensure that staffing levels at COVID-19 testing and vaccination sites were consistent with demand?
- ▶ Did DOHMH equitably set up sites?

Why does it matter for New Yorkers?

- ▶ In the early days of the COVID-19 pandemic, DOHMH entered an emergency contract with the vendor EMS PC to provide testing (and later, vaccination) services throughout New York City. The initial contract in May 2020 was for \$500,000, and the contract was extended multiple times. By March 15, 2023, DOHMH had paid EMS PC almost \$390 million.
- ▶ The audit found serious problems with DOHMH's oversight of the contract—namely, DOHMH's failure to implement an adequate monitoring plan to assess contractor performance. The agency instead relied on EMS PC to set staffing levels at sites. Costs ballooned as a result, with per-unit costs varying wildly from site to site (\$202–\$937 for tests; \$169–\$2,423 for vaccinations). Finally, EMS PC's work was marked by inefficiency, with the vendor administering fewer than one test per staff hour and one vaccination per every two staff hours.
- ▶ We acknowledge the unprecedented nature of the pandemic, and we commend DOHMH for its rapid response at a time when playbooks had yet to be written. However, effective cost-management should not be incompatible with DOHMH's mission, especially two years into the pandemic, when the contract had matured.
- ▶ In future contracts, DOHMH should safeguard the City's fiscal interests by implementing a strong, quantitative monitoring plan that assesses staffing levels and heeds costs, while complying with City procurement rules.

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

- ▶ DOHMH agreed to develop a standardized process for setting staffing levels at vendor sites.
- ▶ DOHMH agreed to conduct regular cost analyses of services provided by vendors.
- ▶ DOHMH agreed to complete vendor performance evaluations at least once per year.

Audit Findings

- ✓ DOHMH established testing and vaccination sites in communities most affected by COVID-19.
- ✓ Invoices submitted to DOHMH were generally supported by documentation.
- ⚠ DOHMH did not implement an effective monitoring plan, resulting in cost overruns.
- ⚠ The ratio of administered tests/vaccinations to staffing hours paid for by DOHMH was less than 1:1.
- ⚠ Costs varied significantly by site.
- ⚠ DOHMH did not submit required annual performance evaluations on time.

	Audit Recommendations	Agency Response
1	Develop and implement an effective and standardized process for assessing and setting appropriate staffing levels that are commensurate with demand and document the results of these efforts.	AGREED
2	Conduct regular cost analyses after the initial stage of contract implementation, including—when feasible—comparisons to other providers of the same services to continuously monitor and adjust for efficiency.	AGREED
3	Ensure that all verification documents (e.g., summary reports) include appropriate agency certification that the services claimed by the contractor were provided.	DISAGREED
4	Ensure that it formally documents key decisions regarding site selections, including reasons for opening a site, its duration, and the closing of a site.	DISAGREED
5	Ensure that required vendor performance evaluations are completed in PASSPort at least once annually.	AGREED

Implementation Status

DOHMH reported that one recommendation has been implemented, two recommendations are in process, and the remaining two are not applicable because DOHMH disagreed with the recommendation for formally documenting decisions for how testing and vaccination sites were selected. In addition, DOHMH believes that the recommendation that all verification documents include appropriate agency certification is already being done.

Educational Construction Fund

Audit Report on the New York City Educational Construction Fund's Oversight of Its Lease Agreements with the East 57th Street Project (FN21-078A)

Report At A Glance

What questions did the audit look at?

- ▶ Did the Educational Construction Fund (ECF) exercise adequate oversight over its development project at 250 East 57th Street?
- ▶ Did lessees pay ECF in accordance with the terms of the agreements?
- ▶ Did ECF properly assess and charge Payments in Lieu of Tax (PILOT) amounts?

Why does it matter for New Yorkers?

- ▶ ECF is a public benefit corporation charged with constructing mixed-use facilities for the New York City Department of Education (DOE) and finances projects through tax-exempt bonds. Rent and/or tax equivalency payments (PILOTs) from commercial and residential components of mixed-use projects will often be used to finance the construction of school facilities.
- ▶ In 2008, ECF entered into an agreement to replace school facilities located at 250 East 57th Street with a mixed-use development. The project would include a primary school, a high school, retail space, and a residential tower. In 2013, Snowplow LH LLC (Snowplow LH)—an affiliate of the developer—took over the ground lease, with ECF retaining ownership of the land.
- ▶ The audit found that ECF had adequate oversight over these lease agreements. The agency properly recorded payments, ensured that payment amounts were appropriate, collected required reports, and ensured that PILOT amounts were justified.
- ▶ However, ECF did not assess or collect \$30,346 in associated late fees for 43 condo sales whose payments were received 2 to 15 days late. ECF verbally extended payment deadlines to Snowplow LH and then did not enforce them. These fees were legitimately owed and ECF should have collected them.
- ▶ ECF disagreed with the audit's findings, claiming that its verbal agreement with its tenants waived such fees. But in doing so, ECF did not fully safeguard the City's financial interests. We encourage ECF to enforce all terms and conditions of its contracts and collect the \$30,346 from Snowplow LH.

Audit Findings

- ✓ ECF generally exercised adequate oversight over its lease agreements at 250 East 57th Street.
- ✓ ECF's lessees generally paid ECF in accordance with the lease terms.
- ⚠ EDC did not collect over \$30,000 in late fees owed by Snowplow LH.

Audit Recommendations	Agency Response
1 Enforce all terms and conditions in the interests of the City and collect \$30,346 in late fees from Snowplow LH.	DISAGREED

Implementation Status

ECF reported that it continues to disagree with the audit findings and does not intend to implement the audit recommendation.

Human Resources Administration

Audit of the Human Resources Administration/Department of Social Services' Career Pathways Program (ME22-069A)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Human Resources Administration (HRA) effectively oversee the Career Pathways program?
- ▶ How did the COVID-19 pandemic impact Career Pathways?

Why does it matter for New Yorkers?

HRA is the largest municipal social services agency in the country, providing access to benefits and cash assistance to more than 3 million New Yorkers. The agency provides professional development opportunities through a series of job training and placement programs, collectively called Career Pathways.

The audit found that HRA did not manage Career Pathways effectively. During the pandemic, the agency allowed costs to increase, even as the number of program participants plummeted, with per person expenditures rising from \$870 to \$7,544 between 2020 and 2022. Participation was made voluntary in March 2020, but HRA did not invite new clients to enroll until June 28, 2021—over 15 months later. Between 2020 and 2022, HRA paid its contractors a total of \$146.3 million.

HRA did not meet a key performance goal, which stated that, at the 180-day mark, 80% of clients will still be employed, or will have at least refrained from returning to cash assistance. Although the agency tracks clients who are still employed after one year, it has not set a performance goal based on this metric.

Career Pathways is an important program that provides New Yorkers with vital assistance. However, in its current form, it is not achieving its potential. HRA can improve the program by regulating costs, maximizing opportunities for clients, exercising proper oversight, and rigorously assessing client satisfaction.

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

- ▶ HRA agreed to set a one-year employment retention target for cash assistance clients it places in jobs.
- ▶ HRA agreed to review client surveys and pay closer attention to client satisfaction.

Audit Findings

- ✓ HRA appropriately reimbursed Career Pathways contractors for achieving performance milestones.
- ✓ HRA interacted with providers and monitored services provided to clients.
- ⚠ HRA did not effectively control costs during the COVID-19 pandemic.
- ⚠ HRA did not invite new clients to participate in Career Pathways for 15 months.
- ⚠ HRA did not meet its 180-day employment retention target of 80%.
- ⚠ HRA did not set a one-year employment retention target.

Audit Recommendations	Agency Response
1 HRA should ensure that it maximizes opportunities for all eligible clients to receive employment services.	DISAGREED
2 HRA should develop and formally document strategies for regulating and containing contract costs when emergencies impacting the performance of deliverables occur.	DISAGREED
3 HRA should establish performance targets for clients placed in jobs who stay employed, or at least do not return to cash assistance, within one year of employment.	AGREED
4 HRA should try to assess client satisfaction on a larger scale, review contractors' client satisfaction survey results, and consider the opinions of clients when making changes to the program.	AGREED

Implementation Status

HRA/Department of Social Services reported that it is in the process of implementing the recommendations with which it agreed: to re-evaluate current goals and to develop and implement a standard client satisfaction survey tool. HRA continues to disagree with the remaining two audit recommendations.

Union-Administered Benefit Funds

Analysis of the Financial and Operating Practices of Union-Administered Benefit Funds' Fiscal Year 2020 (FN22-088S)

Report At A Glance

What questions did the analysis look at?

- ▶ Do New York City's union-administered benefit funds exercise sound financial practices?
- ▶ Do benefit funds face certain financial risks?

Why does it matter for New Yorkers?

- ▶ Since 1947, New York City has provided basic health insurance benefits to its employees. As a result of collective bargaining agreements with the unions that represent City employees, the City established separate benefit funds administered by the unions themselves, to which the City contributes. Over 100 such funds exist, providing supplemental benefits to employees, retirees, and their dependents, including dental, vision, prescription drugs, and life insurance. Although the unions themselves manage these funds, agreements with the Office of Labor Relations require the funds to comply with Comptroller's Directive #12, which imposes uniform reporting and auditing standards for all benefit funds.
- ▶ The review examined the financial practices of these union-administered funds, providing a comparative analysis of the funds' operations. Fund managers are fiduciary agents and are thus required to provide optimum benefits to members, while keeping administrative costs to a minimum. A fund that accumulates excessive reserves or expends large amounts on administrative costs does not achieve this basic goal.
- ▶ The review identified 15 of 106 funds that had more than one potential risk. These risks fell into several categories: deficits; high administrative expenses; lower-than-average benefit expenses; and large operating surpluses (resulting in higher-than-average reserves).
- ▶ Additionally, the review identified 18 funds that received "qualified" opinions from their independent auditors, 51 funds that did not submit their required Directive #12 reports within the prescribed time frames, 57 funds that did not use a Certified Public Accountant (CPA) firm listed on the Comptroller's prequalified list, and one fund that delayed benefit eligibility to new members—a violation of its agreement with the City.
- ▶ In 2020, the City contributed almost \$1.5 billion to union-administered active and retiree welfare and annuity funds. These funds represent an enormous investment and provide essential benefits to its members. Although the review found that no funds were at risk of financial

insolvency, the financial risks discovered at certain funds raise troubling questions. They should be managed with care and attention.

Review Findings

- ✓ No union-administered benefit fund is at risk of financial insolvency.
- ⚠ The review identified 15 (of 106) funds with more than one potential area of concern.
- ⚠ 18 funds received "qualified" opinions from independent auditors.
- ⚠ 51 funds did not submit Directive #12 reports within the specified time frame.
- ⚠ 57 funds did not use a CPA firm listed on the Comptroller's prequalified list, as recommended by Directive #12.
- ⚠ One fund continues to delay benefit eligibility for new members, violating its agreement with the City.

Recommendations	
1	Trustees of funds with higher-than-average administrative costs as a percentage of total revenue should reduce administrative expenses and determine whether the savings can be redirected to increased benefits for members.
2	Trustees of funds with lower-than-average benefit expenses as a percentage of total revenues should determine whether their revenues can support increased benefits for members.
3	Trustees of the fund that maintains a low reserve level should take steps to ensure that the fund remains solvent. To accomplish that goal, the fund should seek to reduce administrative expenses. If that is not possible or does not provide sufficient funds to ensure solvency, the trustees should attempt to reduce costs associated with benefits.
4	Trustees of the fund that incurred an operating deficit and maintained a low level of reserve should ensure that anticipated benefits and administrative expenses will not exceed projected total revenue.
5	Trustees of funds with high reserve levels, particularly those whose funds spend less than average amounts of their revenue on benefits, should consider enhancing their members' benefits.
6	Trustees of funds are required to submit to the Comptroller's Office an annual report showing the fund's condition and affairs in accordance with Directive #12, and that submission must be filed within nine months after the close of a fund's fiscal year-end. Trustees should ensure that these filings are submitted timely in accordance with Directive #12.
7	Trustees of funds should consider contracting with CPAs that are listed on the Comptroller's prequalified list.

Recommendations

- | | |
|----|--|
| 8 | Trustees of funds that delay members' eligibility for benefits beyond their first day of employment must revise their fund's policy to comply with their union's welfare fund agreement with the City. |
| 9 | OLR should use the information in this report to ensure that the trustees of the relevant funds correct the conditions cited in qualified opinions received from their independent accountants. |
| 10 | OLR should consider withholding City contributions from all delinquent funds that failed to submit their Directive #12 reports to the Comptroller's Office, or fail to otherwise abide by the terms of that Directive and/or their welfare fund agreements with the City. |
| 11 | OLR should recover from the fund the portion of the City's contributions that corresponds to the number of employees whose coverage was delayed and the period of such delay, whenever a fund improperly delays the provision of benefits to members after their first day of City employment. |

Implementation Status

Follow-up will be conducted periodically to determine the implementation status of each recommendation contained in this report. Agency reported status updates are reported in the Audit Recommendations.

Major Audits and Special Reports with Operational Impact

(Organized by agency)

Department of Buildings

Follow-up Audit Report on the New York City Department of Buildings' Controls over Field Inspectors (MH22-062F)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Department of Buildings (DOB) have adequate controls over its field inspectors?
- ▶ Has DOB implemented the Comptroller's recommendations from the 2018 audit?

Why does it matter for New Yorkers?

- ▶ DOB regulates more than 1 million buildings and 40,000 active construction sites in New York City. As part of this mission, DOB's field inspectors enforce laws and rules, issuing violations when properties or construction projects are not in compliance.
- ▶ In 2018, the Office of the Comptroller conducted an audit of DOB's controls over its field inspectors and found that the agency was not in compliance with its inspections policy, its reporting system was incomplete and inaccurate, and its online inspections management tool lacked adequate processing controls.
- ▶ The audit made 13 recommendations intended to strengthen DOB's oversight. The agency agreed with one, partially agreed with nine, and disagreed with three. The follow-up audit found five recommendations are no longer applicable. Of the remaining eight, five have been implemented and two are in the process of being implemented.
- ▶ Despite these improvements, the follow-up found discrepancies in the Construction Safety Enforcement Unit's recordkeeping practices, with 22% of hardcopy reports not listed in the unit's "Inspection Stops" spreadsheet.
- ▶ The mandate of DOB is to ensure the safety of New York City's built environment by enforcing rules and regulations. Field inspectors play a critical role in this mission. We applaud DOB's efforts to strengthen its oversight mechanisms.

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

- ▶ DOB implemented five recommendations, partially implemented one, and is in the process of implementing two. The remaining five are no longer applicable.
- ▶ DOB said that it had changed its recordkeeping procedures and will formalize this new policy in writing in the future.

Audit Findings

- ✓ DOB implemented five audit recommendations, partially implemented one, and is in the process of implementing two.
- ⚠ DOB's recordkeeping practices demonstrated discrepancies.

	Initial Audit Recommendations	Status
1	Ensure that all inspectorial and supervisory staff are trained and well informed of the QA inspection requirements.	IMPLEMENTED
2	Ensure that required QA Trainings and Reviews are performed bi-monthly for all inspectors by reviewing and monitoring the QA Inspection database.	IMPLEMENTED
3	Ensure that its requirement that there is a minimum of five days between QA Trainings and Reviews for the same inspector is adhered to.	NO LONGER APPLICABLE
4	Ensure that QA GPS tracking reviews are conducted bi-monthly for all inspectors in accordance with DOB procedures.	IMPLEMENTED
5	Ensure that required QA In-House reviews of supervisors are performed and documented.	NO LONGER APPLICABLE
6	Modify the QA Inspection database and the QA Inspection forms so that required follow-up QA inspections are identified and can be tracked	IN PROGRESS
7	Ensure that required follow-ups of QA inspections rated as “unsatisfactory” and “needs improvement” are conducted and adequately documented and indicated.	IN PROGRESS
8	Ensure that the inspection data entered into the QA Inspection database is periodically reviewed for completeness and accuracy.	PARTIALLY IMPLEMENTED

Initial Audit Recommendations		Status
9	Ensure that all QA Inspection forms are maintained by the units that are not using DOB NOW and that all inspections are recorded in the QA Inspection database.	NO LONGER APPLICABLE
10	Ensure that hardcopy inspection reports/checklists are maintained for all inspections in accordance with procedures.	IMPLEMENTED
11	Ensure that the DOB NOW QA inspection reporting tool captures all relevant information for QA inspections.	IMPLEMENTED
12	Ensure that inspection results receive the required supervisory review before they are auto-finalized in DOB NOW.	NO LONGER APPLICABLE
13	Track the number of auto-finalized inspections to see whether there are any patterns.	NO LONGER APPLICABLE
Follow-up Audit Recommendations		Agency Response
1	Create a Dashboard (or some other mechanism) for tracking required Follow-up QA inspections for Inspectors who receive an “Unsatisfactory” or “Needs Improvement” rating.	AGREED
2	Identify all Follow-up QA Inspections in DOB NOW so that they can be properly tracked.	AGREED
3	Ensure that all required QA Inspection fields are completed in DOB NOW.	AGREED
4	Establish a written policy for recording inspections completed by the Construction Safety Enforcement Unit.	AGREED

Implementation Status

DOB reported that all audit recommendations have been implemented.

Department of Citywide Administrative Services

Audit of the New York City Department of Citywide Administrative Services' Compliance with Local Law 2 of 2016 Regarding the Nonpublic School Security Reimbursement Program (SZ21-054A)

Report At A Glance

What questions did the audit look at?

- ▶ Did the New York City Department of Citywide Administrative Services (DCAS) comply with Local Law 2 of 2016, governing the Nonpublic School Security Reimbursement (NPS) Program?

Why does it matter for New Yorkers?

The New York City Council enacted Local Law 2 of 2016, creating the NPS Program. The purpose of the program is to reimburse qualifying nonpublic schools for the costs of procuring security services. According to the law, the administering agency—DCAS—is responsible for providing schools with quarterly reimbursements for certain allowable costs, including wages for security guards and other expenses.

The audit found that DCAS generally complied with Local Law 2 and the NPS Rules, effectively administering the NPS program. However, we found weaknesses in DCAS' timesheet management procedures.

One vendor—Global Operations Security—did not complete or submit timesheets appropriately, with guards employed by the vendor consistently clocking in at multiple sites during the course of their shifts. Additionally, DCAS did not always follow City rules regarding the Qualified Provider List (QPL) or calculate reimbursement costs correctly.

The NPS Program allows schools outside the security purview of the Department of Education to ensure student safety. While DCAS has generally managed the program well, we encourage the agency to strengthen its review process, to ensure that City funds are not expended unnecessarily.

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

- ▶ DCAS agreed to conduct its own internal audits of schools to ensure proper timesheet management.
- ▶ DCAS agreed to abide by established QPL rules.
- ▶ DCAS agreed to add an additional level of review when calculating allowable costs that may be reimbursed.

Audit Findings

- ✓ DCAS generally complied with Local Law 2 and managed the NPS Program effectively.
- ⚠ DCAS did not exercise adequate oversight over one security vendor, allowing inaccurate timesheets to be submitted and reimbursed.
- ⚠ DCAS did not always follow NPS rules regarding the Qualified Provider List.
- ⚠ DCAS did not always calculate allowable reimbursement costs correctly.

Audit Recommendations	Agency Response
1 Perform an internal audit of the timekeeping practices of Global Operations Security and the schools identified in the audit. If DCAS determines that the vendor and schools knowingly misled DCAS, remove both the vendor and schools from the NPS Program.	PARTIALLY AGREED⁴
2 Ensure that it abides by its established rules regarding the QPL by publishing invitations to apply for inclusion in five consecutive editions of the City Record no less than twice per year.	AGREED
3 Improve vendor oversight by implementing (1) multi-level reviews of sign-in sheets to ensure accurate timesheet data; and implementing (2) policies to ensure guards receive overtime wages when working at two locations on the same day.	DISAGREED
4 Add an additional level of review of the reimbursement reconciliation spreadsheets specifically for the calculations that may have a significant impact on the final total amount of allowable costs.	ALREADY IN PRACTICE
5 Assign additional staff to implement any/all recommendations.	AGREED

Implementation Status

DCAS reported that three recommendations have been implemented, disagreed with the recommendation to improve vendor oversight, and is unable to implement the remaining recommendation to assign additional staff to implement the recommendations until the Office of Management and Budget (OMB) approves DCAS’ requests for additional headcounts.

⁴ DCAS stated that it does not perform audits of vendors but will “inform all security vendors and all the school(s) of this occurrence and advise them that this will be monitored, and the guards should log in at the time they arrive on site” and that it will “audit the schools to ensure that there is proper timesheet management.”

Department of Citywide Administrative Services

The New York City Department of Citywide Administrative Services' Compliance with Energy Efficiency Laws (SE20-100A)

Report At A Glance

What questions did the audit look at?

- ▶ Is the New York City Department of Citywide Administrative Services (DCAS) accurately reporting energy usage data?

Why does it matter for New Yorkers?

- ▶ As New York City begins to grapple with the consequences of prolonged climate change, the City government has struggled to limit its energy usage and improve efficiency.
- ▶ In response to a Comptroller's audit that found serious problems with the City's measuring of energy usage, the City Council enacted Local Law 45 in 2018. The law requires DCAS—the agency that manages most City properties—to track and report annual energy usage in City-owned or leased buildings, as well as the progress of efficiency improvements.
- ▶ Our most recent audit of DCAS' published reports found that DCAS generally complied with reporting requirements; however, we found multiple data errors, data collection and integrity weaknesses, and inadequate tracking of efficiency improvement projects. As a result, we determined that all four annual reports published by DCAS were unreliable. In one case, DCAS underreported fossil fuel usage in City buildings by as much as 29%.
- ▶ It is imperative that DCAS provide accurate and complete data. DCAS' annual reports are crucial components of the City's efforts to assess its own energy usage and carbon footprint; if the underlying data cannot be trusted, a comprehensive profile of the City's true energy usage remains out of reach.

While DCAS has acknowledged the mistakes in its four published reports, it should drastically overhaul its reporting practices to ensure that they are not repeated. New York City's ability to meet its ambitious efficiency benchmarks may very well depend on it.

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

- ▶ DCAS agreed to correct errors made in its annual energy efficiency reports, clearly identify revisions, and notify all stakeholders.

Audit Findings

- ⚠ DCAS published annual energy efficiency reports with distorted usage data.
- ⚠ DCAS miscategorized City facilities, thus skewing reporting.
- ⚠ DCAS' data on installation of real-time meters was inconsistent and incomplete.
- ⚠ DCAS' reporting on building envelope assessments and improvements was inconsistent and incomplete.
- ⚠ Some fossil fuel and steam usage data was two years out of date.
- ⚠ Some facility data that should have stayed consistent varied from year to year.

Audit Recommendations	Agency Response
1 Maintain accurate records of electricity usage, RTM installation status, fossil fuel and steam usage, and building envelope assessment and improvement status.	DISAGREED
2 Evaluate and revise its data collection, analysis, and review policies and procedures to prevent the data discrepancies and errors identified by the audit.	PARTIALLY AGREED
3 Improve its report preparation and review processes to ensure that all published information is complete and free of errors and inconsistencies.	PARTIALLY AGREED
4 Coordinate with all stakeholders and explore options for timely collection and verification of heating fuel oil usage information.	DISAGREED
5 Identify sources for complete reporting on building envelope assessment and envelope improvement status.	DISAGREED
6 Ensure data integrity of facility-level data, including ownership status and agency affiliation.	PARTIALLY AGREED
7 Evaluate the impact of inaccuracies in reported ownership status on other systems and critical tasks.	DISAGREED
8 Post the revised and corrected LL45 annual reports so that they can be easily found on the agency website, with clear indication of the corrections, and notify all stakeholders, as appropriate.	AGREED

Implementation Status

DCAS reported that it "has already fulfilled its Local Law 45 four-year reporting mandate and is no longer required to issue any additional reports." DCAS also stated that it had made all the necessary revisions and published the accompanying errors for all past reports. In addition, DCAS stated that no further action is required to implement the audit recommendations.

Department of Consumer and Worker Protection

Follow-up Audit Report on the Department of Consumer and Worker Protection's Enforcement of the New York City Earned Sick Time Act (MG22-067F)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Department of Consumer and Worker Protection (DCWP) adequately enforce the Earned Sick Time Act?
- ▶ Has DCWP implemented the Comptroller's recommendations from the 2019 audit?

Why does it matter for New Yorkers?

In 2014, New York City enacted the Earned Safe and Sick Time Act (ESSTA), which requires employers to provide safe and sick leave to employees. DCWP is responsible for enforcing ESSTA, as well as other workplace laws in New York City.

In 2019, the Office of the Comptroller conducted an audit of DCWP's enforcement of ESSTA. Auditors found numerous weaknesses in the agency's monitoring of restitution and fine payments, as well as its intake, investigation, and litigation processes. The audit also found that DCWP lacked a process by which complainants might provide feedback to the agency. The audit made 21 recommendations intended to strengthen DCWP's oversight, and DCWP agreed with 18 of them.

The follow-up audit found that DCWP had implemented 19 of 21 recommendations, with two recommendations no longer applicable. As a result, the agency has improved its ability to enforce New York City's Paid Sick Leave Law. According to DCWP datasets for Fiscal Years 2020 and 2021, the agency awarded 4,854 employees \$2,684,569 in damages, and employers were fined \$432,986 for violating ESSTA.

Paid Sick Leave is a lifeline for the working people of New York City, and we commend DCWP for its efforts to enforce this critical law.

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

- ▶ DCWP implemented 19 of 21 recommendations. The remaining two recommendations are no longer applicable.

Audit Findings

✓ DCWP implemented 19 of 21 audit recommendations.

	Initial Audit Recommendations	Status
1	Enhance its tracking abilities by developing a capacity to readily generate lists of restitution amounts ordered, paid, and past-due.	IMPLEMENTED
2	Take additional steps when there is evidence that fines have not been paid or that employees have not received the restitution payments.	IMPLEMENTED
3	Consider all available legal remedies in the event employers default or delay in honoring their stipulated payment obligations. Consider whether changes can be made to the language and form of its ESSTA consent orders.	IMPLEMENTED
4	Develop mechanisms to more effectively review employers' submissions of proofs of restitution payments.	IMPLEMENTED
5	Enforce the stipulations in its Consent Orders that impose late fees on employers.	IMPLEMENTED
6	Consider revising its procedures to ensure that late fees are consistently included in consent orders and that the late fees are commensurate with restitution or fine amounts.	IMPLEMENTED
7	Consider supplementing the restitution performance indicators.	NO LONGER APPLICABLE
8	Ensure that sufficient quality assurance reviews of its supporting data on restitution and fines are conducted.	IMPLEMENTED
9	Collect and maintain sufficient supporting data and documentation to fully support the performance indicator results	IMPLEMENTED
10	Revise its written procedures to ensure that they include all key time frames governing intake and investigative processes.	IMPLEMENTED
11	Develop mechanisms to more effectively track and manage its handling of complaints.	IMPLEMENTED
12	Date stamp its receipt of walk-in complaint documentation.	NO LONGER APPLICABLE

Initial Audit Recommendations		Status
13	Enhance its monitoring of the recording of investigative activities.	IMPLEMENTED
14	Specify in its written procedures the documents that need to be maintained in the case files.	IMPLEMENTED
15	Enhance its supervisory oversight to ensure that all key documentation is maintained in its electronic case files.	IMPLEMENTED
16	Revise its written procedures to ensure that they include guidelines regarding the compliance review process.	IMPLEMENTED
17	Enhance its monitoring efforts over the recording of key activities in the Activity Summary and the maintenance of key documentation during compliance reviews.	IMPLEMENTED
18	More closely monitor the accuracy and completeness of information contained in its systems.	IMPLEMENTED
19	Ensure that sufficient data quality reviews are conducted on an ongoing basis	IMPLEMENTED
20	Consider the inclusion of a feature in METS whereby intake records of an erroneous nature can be voided.	IMPLEMENTED
21	Periodically survey a sample of employees who have made paid sick leave complaints	IMPLEMENTED

Implementation Status

Follow-up was not applicable because there were no audit recommendations.

Department of Homeless Services

The Role of the New York City Department of Homeless Services in Homeless Encampment “Cleanups” (ME23-059A)

Report At A Glance

What questions did the audit look at?

- ▶ Does the Department of Homeless Services (DHS) accurately track and report the results of homeless encampment sweeps?
- ▶ How effective is DHS in directing homeless people at these sites to temporary shelter, permanent housing, and support services?

Why does it matter for New Yorkers?

In March 2022, the Mayor created an interagency task force to dismantle and remove homeless encampments in the five boroughs, and to provide people living in these encampments with housing, social services, and other assistance. DHS is responsible for coordinating the City’s response, answering service requests and assigning outreach teams before the encampments are actually dismantled. These operations are called “sweeps” (or “cleanups”).

According to DHS, between March 21 and November 30, 2022, the task force conducted over 2,000 sweeps. The audit found that DHS’ outreach attempts during this time met with limited success.

Of the 2,308 people that DHS reported interacting with during these sweeps, only 119 accepted temporary shelter, and only three were able to attain permanent housing. Of the people who went into shelter, many did not even spend one night. When the auditors visited a sampling of these sites in April 2023, they found that homeless activity had resumed at 31% of them. The audit also found that DHS did not track people who refused shelter placement, nor did it document the support services the outreach teams provided to those people.

This lack of data or documentation makes measuring the efficacy of DHS’ activities extremely difficult. However, the results of the audit suggest that DHS sweeps bear little tangible impact beyond disrupting the lives of homeless New Yorkers. In its mission to provide shelter and services to people living on the street—one of New York City’s most vulnerable populations—it appears that DHS is failing.

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

- ▶ DHS will “explore [the] feasibility” of updating its case management software to track encampment sweep reports.

Audit Findings

- ⚠ Only 119 people living in encampments accepted temporary shelter from DHS outreach teams.
- ⚠ Only three people attained permanent housing.
- ⚠ 31% of swept encampments saw homeless activity resume by April 2023.
- ⚠ DHS did not track homeless people who did not accept shelter placement.
- ⚠ DHS did not document the support services it provided to people living in encampments who did not accept shelter placement.
- ⚠ DHS did not adequately track placement referrals.

Audit Recommendations	Agency Response
1 In addition to tracking the referral of homeless individuals to temporary shelters as a result of sweeps, DHS should also consistently track its key activities and outcomes.	PARTIALLY AGREED
2 DHS should publicly report key indicators that provide transparency relating to the effectiveness of its outreach efforts in connection with homeless encampments and other homeless sites.	DISAGREED
3 DHS should re-assess how it engages with homeless individuals at the homeless encampment and pop-up sites to improve its success rate in encouraging temporary shelter.	DISAGREED
4 DHS should re-configure its systems so that the agency can readily capture all shelter entry and re-entry dates for each individual.	DISAGREED
5 DHS should consult with other localities and establish effectiveness best practices for engaging, and tracking and reporting encounters with, individuals living at homeless sites.	DISAGREED

Implementation Status

DHS reported that it has partially implemented the recommendation to track the referral of individuals to temporary shelters following “cleanups” and track its key activities and outcomes. DHS stated that it is exploring the feasibility and cost for upgrading its StreetSmart system which is used to record activities relating to its street outreach efforts to add reports of DHS’ work at clean-up sites.

Department of Small Business Services

Audit Report on the Department of Small Business Services' Administration of the New York City Employee Retention Grant Program (FK21-083A)

Report At A Glance

What questions did the audit look at?

- ▶ Did the Department of Small Business Services (SBS) have adequate controls over the grant award process and comply with relevant rules and regulations?

Why does it matter for New Yorkers?

- ▶ SBS implemented the NYC Employee Retention Grant Program at the height of the COVID-19 pandemic in the spring of 2020, when most non-essential businesses were shuttered. The program provided grants to small businesses to help them keep employees on payroll until federal funding became available.
- ▶ Businesses were eligible for a grant of up to \$27,000 to cover up to 40% of payroll for two months. Contracted analysts were responsible for reviewing applications and recommending awards, and SBS Managers were responsible for independent reviews and final determinations. The agency received 8,816 completed applications and awarded 3,411 applicants grants totaling \$24,919,920.
- ▶ Though we acknowledge the difficult circumstances and short turnaround time required of SBS, our audit found significant shortcomings in the implementation of the Grant Program.

The audit found that SBS' review process did not sufficiently ensure that businesses were eligible for grants. Additionally, SBS did not always calculate grant amounts correctly, nor did it use \$6.7 million allocated for the program. Finally, we found that grants were not distributed equitably across New York City, with most concentrated in Manhattan, leaving other boroughs underserved.

SBS' Grant Program provided relief to New York's small businesses before federal funds became available. However, the agency did not ensure that limited relief funds were appropriately and equitably distributed. We encourage SBS to exercise more judicious oversight over similar programs in the future.

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

SBS agreed to ensure that secondary reviewers follow procedures and independently review applications; require applicants to submit more comprehensive documentation; independently conduct public record searches; communicate changes to requirements to applicants; increase outreach to underserved areas; and distribute funds equitably.

Audit Findings

- ⚠ SBS made incorrect eligibility determinations in certain cases.
- ⚠ SBS did not always calculate grant amounts correctly.
- ⚠ SBS did not use \$6.7 million allocated for the program.
- ⚠ SBS did not distribute grants equitably across the five boroughs.

Audit Recommendations	Agency Response	
1	Ensure that secondary reviewers follow procedures and independently review applications and staff recommendations to make correct eligibility determinations.	AGREED
2	Require applicants to submit federal tax returns, New York State Quarterly Combined Withholding forms (including NYS-45 and NYS-45-ATT forms), NYC General Corporation or Unincorporated Business Tax Returns, and accounting records for programs with eligibility requirements which are based on business revenue, number of employees, or location.	AGREED
3	Independently obtain tax records from the Internal Revenue Service and New York State to verify financial information.	NOT AVAILABLE ⁵
4	Independently conduct public record searches or use third-party research tools to determine whether businesses have outstanding judgments or liens.	AGREED

⁵ SBS did not directly respond to the recommendation. The agency stated, “This has not yet been implemented. In our experience this is likely not feasible given our goal of disburse funds quickly and efficiently to recipients, but SBS is willing to reach out to federal and state partners to establish a way for the timely delivery of records. SBS is also open to other approaches from the Comptroller that would result in a timely delivery of records.”

	Audit Recommendations	Agency Response
5	Communicate changes to documentation requirements to prospective applicants.	AGREED
6	Increase outreach to underserved areas.	AGREED
7	Distribute funds to the public equitably within the context of the statutory parameters.	AGREED

Implementation Status

SBS reported that six recommendations have been implemented and the remaining recommendation to independently obtain records from the IRS and New York State was not implemented.

Department of Small Business Services

Audit Report on the Department of Small Business Services' Administration of the New York City Small Business Continuity Loan Fund Program (FK21-084A)

Report At A Glance

What questions did the audit look at?

- ▶ Did the Department of Small Business Services (SBS) have adequate controls over the loan award process and comply with relevant rules and regulations?

Why does it matter for New Yorkers?

SBS implemented the NYC Small Business Continuity Loan Program at the height of the COVID-19 pandemic in the spring of 2020. The program provided zero-interest loans of up to \$75,000 to small businesses to help them keep employees and ensure business continuity at a time when the public health crisis began to shutter most non-essential businesses.

Businesses were required to meet several requirements. SBS' contracted Account Managers were responsible for determining eligibility, while SBS' Loan Administrator determined whether businesses had the ability to repay loans. The agency received 12,044 applications and referred 1,032 applicants to the Loan Administrator, who approved 404 loans totaling \$22,872,149.

Though we acknowledge the difficult circumstances and short turnaround time required of SBS, our audit found significant shortcomings in the implementation of the Loan Program.

SBS' review process did not sufficiently ensure that businesses were eligible for loans, applicants were not notified of changes in eligibility requirements, and SBS did not effectively communicate with applicants who were denied loans. Moreover, we found that loans were not distributed equitably across New York City, with most concentrated in Manhattan, leaving other boroughs underserved.

SBS' Loan Program was created to provide relief to small businesses before federal funding became available. However, with tens of millions of dollars on the line, the agency could have done more to ensure that limited relief funds were appropriately and equitably distributed. We encourage SBS to exercise more judicious oversight over similar programs in the future.

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

For future financial assistance programs, SBS agreed to implement multi-level reviews; require applicants to submit more comprehensive documentation; independently conduct public record

searches; communicate changes to requirements to applicants; increase outreach to underserved areas; and distribute funds equitably.

Audit Findings

- ⚠ SBS made incorrect eligibility determinations in certain cases.
- ⚠ SBS did not require all applicants to submit supporting documentation or independently verify eligibility.
- ⚠ SBS did not consistently inform applicants of changes to requirements and application deficiencies.
- ⚠ SBS did not distribute loans equitably across the five boroughs.

Audit Recommendations	Agency Response
1 Implement multi-level reviews to ensure that staff reviewing applications follow procedures and make correct eligibility determinations.	AGREED
2 Require applicants to submit federal tax returns, New York State Quarterly Combined Withholding forms (including NYS-45 and NYS-45-ATT forms), NYC General Corporation or Unincorporated Business Tax Returns, and accounting records for programs with eligibility requirements which are based on business revenue, number of employees, or location.	AGREED
3 Independently obtain tax records from the Internal Revenue Service and New York State to verify financial information.	NOT AVAILABLE⁶
4 Independently conduct public record searches or use third-party research tools to determine whether businesses have outstanding judgments or liens.	AGREED
5 Communicate changes to documentation requirements to prospective applicants.	AGREED

⁶ SBS did not directly respond to the recommendation. The agency stated, “This has not yet been implemented. In our experience this is likely not feasible given our goal of disburse funds quickly and efficiently to recipients, but SBS is willing to reach out to federal and state partners to establish a way for the timely delivery of records. SBS is also open to other approaches from the Comptroller that would result in a timely delivery of records.”

Audit Recommendations		Agency Response
6	Increase outreach to underserved areas.	AGREED
7	Distribute funds to the public equitably within the context of the statutory parameters.	AGREED

Implementation Status

SBS reported that six recommendations have been implemented and the remaining recommendation to independently obtain records from IRS and the New York State was not implemented.

Department of Small Business Services

Analysis of the Financial and Operating Practices of Business Improvement Districts Fiscal Year 2020 (SR21-094S)

Report At A Glance

What questions did the analysis look at?

- ▶ What are the financial risks, concerns, and challenges faced by the City's business improvement districts (BID)?

Why does it matter for New Yorkers?

A BID is a commercial district made up of local stakeholders (e.g., property owners, commercial and residential tenants) formed for the purpose of promoting business development and improving the area's quality of life. They serve as liaisons between local businesses, stakeholders, and City government. As of 2020, there were 76 BIDs operating in New York City.

This analysis was initiated to assess the financial and operating practices of the City's BIDs. Because the size, funding, and needs of each BID vary, the auditors compared similar-sized BIDs based on total revenue categories, providing a baseline for comparison.

The auditors found that 12 of the 76 BIDs had more than one potential area of concern. These financial risks included: recurring deficits; low program service expenses; high administrative expenses; and high salaries and compensation to key employees. A BID that incurs recurring deficits, accumulates excessive surpluses, or expends low amounts on program services and high amounts on administrative expenses and salaries may not be providing the highest-quality services to its members.

In 2020, the analysis identified 61 BIDs (80.3%) with budget surpluses and 14 (18.4%) with deficits. Just one BID operated with a balanced budget.

The auditors also identified 20 BIDs with substantially higher administrative expenses when compared with the category average of similarly sized BIDs. Some BIDs also paid unusually high salaries to key employees. For example, the auditors found 70 total BID officers or employees whose salaries and compensation exceeded \$100,000—including four individuals who received compensation from more than one BID.

The basic goal of a BID is to supplement City services with sanitation, maintenance, public safety, capital improvements, streetscaping, and other services. This is an important mission, and BIDs should consider the risks identified in this report and evaluate whether their resources might be used more effectively to achieve it.

Analysis Findings

- ⚠ 12 of 76 BIDs had more than one potential financial risk.
- ⚠ 61 BIDs had budget surpluses and 14 had budget deficits. Just one broke even.
- ⚠ 20 BIDs had substantially higher administrative expenses.
- ⚠ 70 BID employees citywide had salaries exceeding \$100,000.

Analysis Recommendations	
1	Directors of BIDs with operating deficits should determine whether administrative costs or program services can be reduced, or additional sources of revenue can be found to ensure that deficits do not continue from year to year.
2	Directors of BIDs with lower-than-average program services expenses as a percentage of total revenue should determine whether their revenue can support increased services for members.
3	Directors of BIDs with higher-than-average administrative expenses as a percentage of total revenue should reduce administrative costs and determine whether the savings can be redirected to increased services for members.
4	Directors of BIDs should review proposed salary and compensation increases for officers or key employees thoroughly, especially in cases where (1) the hourly compensations are already significantly higher than other BIDs in the same revenue category, and/or (2) officers or key employees receive compensation from more than one BID.
5	SBS should use the information in this report to ensure at each of the relevant BIDs that BID management and Board of Directors address the conditions cited.
6	SBS should implement a uniform method of reporting, such as using the audited financial statements which are in conformity with GAAP, for all BIDs when submitting their annual self-reported financial information.

Implementation Status

Follow-up with the BIDs to assess implementation was not conducted.

Department of Transportation

Audit Report on the New York City Department Transportation's Controls over Street Marking Refurbishments (MH22-074A)

Report At A Glance

What questions did the audit look at?

- ▶ How does the New York City Department of Transportation (DOT) identify streets in need of marking refurbishment?
- ▶ Does DOT complete refurbishment jobs in a timely and equitable manner?

Why does it matter for New Yorkers?

DOT is responsible for installing, maintaining, and refurbishing over 350 million linear feet of street markings on New York City's roads and highways, from crosswalks to bike lanes. Street markings are critical tools in urban transportation infrastructure, indicating local regulations, directing the flow of traffic, and conveying important safety information.

The audit found that DOT effectively identified streets in need of refurbishment, placing them on a "Prioritization List." In general, DOT performed this work efficiently and equitably.

However, in 2021, the agency failed to actually inspect 32% of the locations included on the Prioritization List. Of the sites DOT identified, it did not complete necessary work at 10% of them. The refurbishment process was also beset with delays, with more than half (58%) of past due work orders remaining open for longer than 30 days past their estimated completion dates.

Faded or defaced street markings endanger the lives of drivers, cyclists, and pedestrians alike. DOT has a responsibility to ensure that these street markings are refurbished, and it must improve its ability to track work orders, completion dates, and street marking datasets.

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

- ▶ DOT will develop the capability to generate accurate quantity estimates for work orders.
- ▶ DOT will hire engineers and review policies surrounding refurbishment deadlines.
- ▶ DOT will maintain documentation for all generated work orders when it rolls out its new database software in 2025.

Audit Findings

- ✓ DOT adequately and equitably identified locations that required street marking refurbishment.
- ✓ DOT completed 90% of refurbishment work orders created in 2021.
- ⚠ DOT did not actually inspect 32% of locations included on its Prioritization List.
- ⚠ DOT did not complete refurbishment work at 10% of identified locations.
- ⚠ DOT did not complete 35% of work orders by deadline.
- ⚠ DOT left 58% of past due work orders open for longer than 30 days past deadline.

Audit Recommendations	Agency Response
1 Continue to develop the capability to generate accurate quantity estimates for Work Orders and establish a Markings Management System (MMS) that would allow it to develop more suitable target completion dates.	PARTIALLY AGREED
2 Consider updating target completion times set by DOT inspectors after contractors have been assigned and assessed actual refurbishment needs.	PARTIALLY AGREED
3 Maintain documentation to account for all work orders generated, including those created and not issued to the contractor; those issued to the contractor and still outstanding; and those that are later determined to be no longer necessary.	AGREED
4 Periodically reconcile its Prioritization List and work order database to help identify inaccuracies in its street marking datasets.	DISAGREED

Implementation Status

DOT reported that three recommendations are in the process of being implemented and are expected to be completed by Calendar Year 2025. DOT continues to disagree with the remaining recommendation.

Department of Youth and Community Development

Follow-up Audit Report on the New York City Department of Youth and Community Development's Oversight and Monitoring of Its Crisis Shelters (MH22-073F)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Department of Youth and Community Development (DYCD) exercise adequate oversight over its system of crisis shelters?
- ▶ Has DYCD implemented the Comptroller's recommendations from the 2019 audit?

Why does it matter for New Yorkers?

- ▶ DYCD's mission is to invest in a network of community-based programs to alleviate the effects of poverty and provide opportunities for New Yorkers and communities to flourish. As part of this work, it manages a system of emergency shelter and crisis intervention services for young people. These shelters are voluntary, short-term residential programs aimed at reuniting young people with their families, or, if family reunification is not possible, arranging for appropriate transitional and long-term placement.
- ▶ In 2019, the Office of the Comptroller conducted an audit of DYCD's shelter services and determined that the agency did not have adequate controls for the agency's monitoring of the program. Most notably, the audit found that DYCD lacked adequate supervisory reviews of program managers' site visit reports. In some instances, required background checks for shelter employees were completed after employees' start dates.
- ▶ The audit made seven recommendations to strengthen DYCD's monitoring apparatus, and the agency agreed with all of them. The follow-up found that DYCD has implemented almost all our recommendations. However, we also discovered new issues related to the Runaway and Homeless Youth Unit.

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

- ▶ DYCD has implemented 5 of 7 recommendations; the other two are partially implemented.
- ▶ DYCD agreed to implement the audit's three new recommendations.
- ▶ DYCD agreed to improve its reporting process and fill in gaps in its site visit guide.

Audit Findings

✓ DYCD implemented 5 of 7 audit recommendations and partially implemented the remaining two.

⚠ Auditors found weaknesses in the Runaway and Homeless Youth Unit's site visit guide.

Initial Audit Recommendations		Status
1	Ensure that proper and timely supervision of program manager site visit results are complete and that they accurately reflect service provider performance.	IMPLEMENTED
2	Ensure that complete and accurate site visit results are communicated timely with the service providers.	IMPLEMENTED
3	Revise procedures to establish criteria for the selection of and the minimum number of personnel and youth files to be sampled during the site visits.	IMPLEMENTED
4	Require program managers to provide more detailed documentation on personnel and youth files reviewed during site visits.	PARTIALLY IMPLEMENTED
5	Remind the Crisis Shelter service providers to obtain SCR clearances, and the fingerprint and SEL clearances (where required) for all prospective employees before the employees' start dates.	IMPLEMENTED
6	Adequately review service providers' records to confirm that the required clearances are obtained timely and maintained in the employees' files, and that providers have taken appropriate steps to ensure that employees do not have unsupervised contact with youths until such clearances are obtained.	PARTIALLY IMPLEMENTED
7	Review service providers' records to confirm that the employees receive the appropriate training and take corrective action if it is determined that the required training was not obtained.	IMPLEMENTED
Follow-up Audit Recommendations		Agency Response
1	Make all reasonable efforts to confirm that the evaluation reports contain all necessary information, such as the total number of personnel or youth at each location site and the number of files that were reviewed during a visit. In addition, the program manager should make all reasonable efforts to ensure that the information for the personnel cited in the SAPs matches the	AGREED

	information reflected in the evaluation and the corresponding checklists.	
2	Make all reasonable efforts to ensure that providers have taken appropriate steps to safeguard against employees having unsupervised contact with youths until the required clearances have been obtained.	AGREED
3	Enhance the RHY site visit guide to provide more detailed instructions on how administrative and case management reviews are to be conducted and documented.	AGREED

Implementation Status

DYCD reported that all three audit recommendations have been implemented.

Human Resources Administration

Audit Report on the New York City Human Resources Administration's Provision of Language Access Services (SZ23-062A)

Report At A Glance

What questions did the audit look at?

- ▶ Does the New York City Human Resources Administration (HRA) comply with language access laws and guidelines?
- ▶ Do HRA's language access services meet the needs of the Non-English Language Preference (NELP) population?
- ▶ Does the NELP population have access to the same range of services as the English-speaking population?

Why does it matter for New Yorkers?

According to the New York City Department of City Planning, almost half of all New Yorkers speak a language other than English at home, and almost 25% are not proficient in English. Since 2003, the City has worked to enhance language access through laws, executive orders, and guidelines.

HRA is the largest municipal social services agency in the country, providing access to benefits and cash assistance to more than 3 million New Yorkers. According to the agency, approximately 30% of its clients identify as NELP. For this reason, language access is an absolute priority for the agency.

The audit found that HRA has done a commendable job providing language access services, with one exception. The agency generally complied with translation standards and guidelines and ensured that NELP clients have the same access to services as those who speak English. A survey we conducted found that most NELP clients were satisfied with the level of language access HRA provided.

However, the audit did find problems with the translation feature on the ACCESS HRA website—a public platform that allows clients to apply and recertify for Supplemental Nutrition Assistance Program (SNAP) and other cash assistance programs. The website is accessible in just 6 of 10 designated NELP languages, with four (Bengali, Urdu, French, and Polish) unavailable. To ensure equitable access for all New Yorkers, HRA should correct this flaw.

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

- ▶ HRA agreed to update the translation feature on its ACCESS HRA website to include four languages that were previously omitted.

Audit Findings

- ✓ HRA provides adequate language access to NELP clients.
- ✓ NELP clients expressed satisfaction with HRA's language access services.
- ⚠ The ACCESS HRA website has limited translation features.

Audit Recommendation	Agency Response
1 Update the default translation feature on its ACCESS HRA website to include Bengali, Urdu, French, and Polish, to ensure the top 10 designated NYC NELP languages are available.	AGREED

Implementation Status

The Department of Social Services (DSS) reported that the audit recommendation is in the process of being implemented.

New York City Emergency Management

Audit on New York City Emergency Management's Oversight of Its Agreement with SLSCO LP for Property Management Services at COVID-19 Vaccination Sites (FP22-082A)

Report At A Glance

What questions did the audit look at?

- ▶ Did New York City Emergency Management (NYCEM) adequately monitor the performance of its vendor, SLSCO LP, in managing COVID-19 vaccination sites?
- ▶ Were SLSCO LP's invoices properly reviewed and approved?

Why does it matter for New Yorkers?

In early 2021, New York City was engaged in a largescale push to vaccinate as many residents as possible against COVID-19. As part of this effort, NYCEM entered into a contract with SLSCO LP to manage vaccination services at both fixed and pop-up/mobile sites. The term of the initial contract was from March 3 to December 31, 2021, with a maximum reimbursable amount of \$100 million. The agreement was amended several times, extending to December 2022, with the maximum reimbursable amount rising to \$401 million.

The audit found that NYCEM monitored the contract adequately, with consistent communication between the agency and the vendor and regularly updated work orders. However, we also found that NYCEM did not always ensure SLSCO's compliance with performance standards and overpaid the vendor.

NYCEM could not verify whether site visits were conducted by agency staff, seemingly relying on the vendor's word to monitor program performance. Additionally, NYCEM did not properly document the review and approval of all subcontractors in writing, instead giving verbal approval. Finally, a review of SLSCO's invoices found instances of double billing, calculation errors, and uses of incorrect rates, resulting in over \$136,000 in overpayments and almost \$24,000 in unsupported payments.

We acknowledge the difficult circumstances under which NYCEM was operating, and we applaud NYCEM for its work in the vaccine rollout. But emergency situations should not preclude basic fiscal responsibility, and we encourage the agency to improve its oversight of vendor contracts in the future.

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

- ▶ NYCEM said that it would work to include “all feedback in future emergency response and recovery efforts.”

Audit Findings

- ✓ NYCEM maintained consistent communication with SLSCO.
- ✓ SLSCO regularly updated work orders for each vaccination site.
- ⚠ NYCEM did not maintain documentation that conformed to the Vaccine Command Center's monitoring plan.
- ⚠ NYCEM did not indicate whether its staff conducted regular, independent site visits.
- ⚠ NYCEM did not review and approve SLSCO's subcontractors in writing, instead giving verbal approval.
- ⚠ NYCEM overpaid SLSCO by \$136,468, and additional payments totaling \$23,861 were unsupported.

Audit Recommendations	Agency Response
1 Ensure that all invoices are properly calculated and supported.	PARTIALLY AGREED ⁷
2 Arrange for VCC and/or NYCEM staff to conduct vaccination site visits and document them accordingly.	PARTIALLY AGREED
3 Properly document the review and approval of all subcontractors in writing.	PARTIALLY AGREED

Implementation Status

NYCEM reported that all audit recommendations have been implemented.

⁷ Although NYCEM did not directly state whether it agrees or disagrees with the audit recommendations, the agency stated that it will “work to include all feedback in future emergency response and recovery efforts.”

New York City Housing Authority

Observations of Building Doors in NYCHA Developments (FK23-069S)

Report At A Glance

What questions did the observations look at?

- ▶ Were New York City Housing Authority (NYCHA) entrance doors in public housing complexes secured?

Why does it matter for New Yorkers?

NYCHA is the biggest landlord in New York City, providing housing to hundreds of thousands of New Yorkers. As part of its mandate, NYCHA provides security for its residents.

In 2018, the Audit Bureau conducted a review of NYCHA's exterior doorways and found that security was largely inadequate. The auditors observed numerous unlocked doors and damaged locks.

Following complaints from residents, a 2022 follow-up review found that NYCHA did not implement prior report recommendations, and the overall percentage of residential building entrance doors which were open and/or had broken door locks increased dramatically from 23.5% in 2018 to 57.9% in 2022.

Auditors visited 262 NYCHA developments and found that 36.8% of building entrance doors were open and 40.1% of entrance door locks were broken. Similarly, 37.5% of rear or side doors were open, and 28.5% of rear or side door locks were broken. In all five boroughs, the percentage of broken locks increased between 2018 and 2022—with increases ranging from 20.1% to 32.2%.

Some residents informed the auditors that doors were propped open because intercoms, locks, keys, and door release buttons did not work. In one instance, a resident said that their building's intercom had been broken for 10 years. Additionally, residents said that replacements for lost keys are expensive.

We recommend that NYCHA repair or replace damaged and missing exterior doors, conduct regular inspections to ensure doors and locks are in good working order, and conduct a top-to-bottom review of its security and maintenance systems and procedures.

We acknowledge that NYCHA has many urgent repair and maintenance needs. However, ensuring the security of residents should be a high priority.

Observation Findings

- ⚠️ 36.8% of residential entrance doors in NYCHA developments were open and 40.1% of locks were broken.
- ⚠️ 37.5% of rear/side doors were open and 28.5% of locks were broken.
- ⚠️ The number of open doors/broken locks significantly increased across the board between 2018 and 2022.

Recommendations	
1	Repair or replace damaged and missing exterior doors and equip them with sturdy, functional hardware.
2	Repair or replace damaged and missing door-closer mechanisms, door release buttons, intercoms, locks, and keys.
3	Engage with NYCHA residents and authorized visitors and NYCHA employees and contractors and communicate the importance of securing exterior doors.
4	Regularly inspect all exterior doors and maintain all doors and locks in good working order.
5	Conduct a top-to-bottom review of its security and maintenance systems and procedures to ensure that when exterior doors are obstructed and unsecured, maintenance staff are made immediately aware of the conditions, and the doors are promptly fixed.

Implementation Status

NYCHA reported that all recommendations have been implemented.

New York City Housing Authority

Letter Report on the Review of the New York City Housing Authority's Calculation of Rent Increases for Public Housing Tenants at the Red Hook East and Red Hook West Developments (FN23-066S)

Report At A Glance

What questions did the review look at?

- ▶ The goal of the review was to determine whether the New York City Housing Authority (NYCHA) accurately calculated rent increases for more than 850 tenants in the Red Hook East and Red Hook West public housing developments.
- ▶ The review examined and clarified NYCHA's annual recertification process, during which the agency calculates tenants' rents.

Why does it matter for New Yorkers?

- ▶ NYCHA is the biggest landlord in New York City, managing the apartments of almost 340,000 public housing residents—a population greater than that of the entire city of Anaheim, CA. Each year, NYCHA calculates the rent for each household in this “city within a city.”
- ▶ Following a tenant complaint, we examined rent increases at the Red Hook East and Red Hook West developments. Between October 2021 and October 2022, 853 households in these buildings saw rent hikes. Our review found that NYCHA miscalculated 1 in 5. Most of these miscalculations were, in fact, understated; but others were overstated by as much as 57%.
- ▶ According to NYCHA, the average gross income of its tenants is about \$24,500, with 42% of families living on fixed incomes. For many of these residents, any inflated cost—no matter how minor—could be devastating to their household finances. NYCHA must balance its fiscal responsibilities with its commitment to housing affordability for the hundreds of thousands of tenants it serves.

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

- ▶ NYCHA will review miscalculated rents in the Red Hook developments and act accordingly.
- ▶ NYCHA will provide regular training to its staff to ensure that they are correctly following agency policy when recertifying tenants.
- ▶ NYCHA will test rent calculations across the system after every recertification and review its data management platform.

Review Findings

- ⚠️ NYCHA miscalculated 1 in 5 (19%) rent increases in the Red Hook East and Red Hook West public housing developments in 2022.
- ⚠️ NYCHA's data management platform generated incorrect public assistance amounts on public notices.

Recommendations	Agency Response
1 Review the rent calculation for the apartments that were either overstated or understated and determine if corrective action should be taken.	AGREED
2 Provide periodic training to its staff to ensure adherence to the Management Manual, so that staff are able to (1) accurately verify and input household incomes and deductions for Siebel [NYCHA's data management platform] to calculate the monthly rent amount; and (2) generate the EIV [Enterprise Income Verification] report and confirm the tenants' incomes through independent sources.	AGREED
3 Test rent calculations across the system after every recertification.	AGREED
4 Conduct a system review of Siebel to ensure that it properly generates the correct amount on Rent Notices for Public Assistance Income for each qualified household member.	AGREED

Implementation Status

NYCHA reported that two recommendations have been implemented, one recommendation is in the process of being implemented, and the remaining recommendation has been partially implemented. NYCHA stated that it has identified a solution to ensure that the correct income amounts are generated on Rent Notices. This recommendation should be implemented during the First Quarter of 2024.

NYCHA also stated that it partially implemented the recommendation to correct the discrepancies in the rent calculation at the Red Hook East and West developments.





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