



City of New York

OFFICE OF THE COMPTROLLER

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COMPTROLLER



MANAGEMENT AUDIT

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Deputy Comptroller for Audit

**Audit on the New York City
Department for the Aging's Controls
over Payments for Home Care
Services**

MD22-079A

June 27, 2022

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

June 27, 2022

To the Residents of the City of New York:

My office has audited the New York City Department for the Aging (DFTA) to determine whether the agency has adequate controls over its payments to Home Care Agencies (HCAs) for home care services. We perform audits such as this to ensure that agencies are accountable for City resources.

The audit found deficiencies in DFTA's controls over payments. For example, DFTA did not review time records supporting the hours of service provided to ensure that only hours actually provided were paid for. The audit also found that DFTA's processes for reconciling hours recorded in invoices with those recorded in DFTA's Senior Tracking Analysis and Reporting System (STARS), and for recording authorized hours in client service plans could be improved. Doing so would help ensure that New York City only paid for hours that were authorized and fully supported by documentation. Lastly, the audit found that DFTA did not ensure home care contracts for year-end were audited, for programmatic compliance or internally to verify year-end close-outs.

The audit makes nine recommendations that DFTA agreed to implement. We appreciate DFTA's efforts to improve their internal controls and to strengthen oversight over the home care program.

The results of the audit have been discussed with DFTA officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Lander".

Brad Lander

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CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit on the New York City Department for the Aging's Controls over Payments for Home Care Services

MD22-079A

EXECUTIVE SUMMARY

The Department for the Aging (DFTA) has contracts with hundreds of community-based organizations to provide a variety of services which are overseen by DFTA's Bureau of Social Services. DFTA contracts with Case Management Agencies (CMAs) and Home Care Agencies (HCAs) to assist older adults (clients) with daily living activities.

CMAs are responsible for recording the types of service to be provided and the number of authorized hours of service in the Senior Tracking Analysis and Reporting System (STARS), DFTA's system of record for tracking client information and hours of service provided. Clients can receive a maximum of 20 hours of services a week.

HCAs submit monthly invoices to DFTA that indicate the total number of hours provided and the requested reimbursement amount (which is based on the hours worked and the negotiated hourly rate).¹ The hours recorded in STARS should match those billed on the invoices. To monitor compliance with the contracts and the program, DFTA conducts an annual performance evaluation of each HCA. In addition, DFTA is required to perform a contract close-out audit and to arrange for a CPA firm through the Mayor's Office of Contract Services (MOCS) to conduct a programmatic audit at the end of each fiscal year.

The total amount paid to the HCAs during Fiscal Years 2020 and 2021 was \$67,000,158.

Audit Findings and Conclusion

The audit found that DFTA lacked an adequate review and reconciliation process to assess HCAs' reporting of services provided to clients and their invoicing of those services. DFTA did not review time records to verify that the payments rendered by DFTA were for service hours actually provided, and did not perform other compliance tests which would identify potential issues. These are addressed more fully below.

¹ DFTA reimburses the HCAs for each hour of service provided based on the rate outlined in each of their contracts.

The audit also found that DFTA ensured that the invoices paid to HCAs for services provided during Fiscal Years 2020 and 2021 were generally calculated correctly, that all paid invoices were approved, and that all advances provided to HCAs during Fiscal Years 2020 and 2021 were recouped. DFTA officials were responsive throughout the audit and receptive to the audit's recommendations.

Audit Recommendations

The audit makes several recommendations that aim to improve DFTA's controls over its payments to HCAs for home care services. These appear in the body of this report.

Agency Response

In its response, DFTA agreed to implement the audit's recommendations.

AUDIT REPORT

Background

DFTA's mission is to eliminate ageism and to ensure the dignity and quality of life of the approximately 1.64 million older adults living in New York City (City). To accomplish these goals, DFTA has contracts with hundreds of community-based organizations to provide a variety of services, including home care services, which are overseen by DFTA's Bureau of Social Services.

For home care services, DFTA contracts with CMAs and HCAs to assist older adults with daily living activities including household chores, preparing meals, being escorted to doctor's appointments, and assistance with walking, dressing, and personal hygiene.

Home care services are provided by four HCAs throughout the five boroughs: Personal Touch Home Care of NY (for Brooklyn and the Bronx); New York Foundation for Senior Citizens Home Attendant Services (for Manhattan); People Care (for Queens); and Richmond Home Need Services (for Staten Island). Clients can receive a maximum of 20 hours of services a week.

CMAs are responsible for determining eligibility for home care services, the types of service to be provided, and the number of authorized hours of service, as well as for recording that information in STARS.² CMAs are also responsible for referring eligible clients to the HCAs to administer the appropriate services. The focus of this audit was payments made to HCAs for administering these services.

HCAs use three different methods to record and track times worked by the aides:

- An electronic visit verification call-in system (Sandata) where aides call in using the client's home or cell phone when they arrive at a client's home and call out when they leave. The calls are date and time stamped and the time worked is automatically calculated and stored in the Sandata system.
- A smartphone app—Sandata or HHAeXchange—with an Electronic Visit Verification feature used by aides to log-in when they arrive at a client's home and log-out when they leave. The apps use GPS technology to validate the aide's location for their log-in and log-out times. The log-in and log-out times are stored in their respective computer systems.
- In instances when aides are unable to use the client's phone (e.g., if the phone is not working) or the app is down, aides must complete a paper timesheet that is signed by the client. The hours recorded are then manually inputted by HCA staff into the Sandata or HHAeXchange system.

HCA program units are responsible for recording the hours reported in Sandata or HHAeXchange into STARS. This task is performed manually, rather than through a data transfer. HCA fiscal units are responsible for submitting an invoice to DFTA each month. HCAs are required to follow DFTA's *2005 Contract Agency Fiscal Management Manual* (Fiscal Manual), which describes the policies, procedures, and forms required by DFTA. As per the Fiscal Manual, invoices should indicate the total number of hours provided and the requested reimbursement amount. Occasionally, an adjustment is needed for a month that had already been invoiced because an

² STARS was not developed in-house but is an off-the-shelf software product developed by PeerPlace Networks LLC.

aide may submit a paper timesheet late. In such instances, the HCA prepares an adjustment letter claiming the additional hours worked in a previous month and submits it with the current month's invoice. The HCA must record the hours in STARS for the month to which they apply, and those hours should match those billed on the invoices.³

Beginning in July 2019 DFTA required that invoices and supporting documentation (Home Care Monthly Report and adjustment letters, if applicable) be submitted through the Health and Human Services Accelerator System (HHS Accelerator). DFTA's protocols call for all invoices received to be checked by an agency accountant for completeness (i.e., all required information—such as the contract number, budget amount, and invoice service start and end dates—is present) and accuracy (i.e., the correct contract rate is applied and the invoice total equals the hours of service multiplied by that rate).⁴ A DFTA supervisor then checks the accountant's review for accuracy and, unless there is a discrepancy, approves the invoice and payment.

To monitor compliance with the contracts and the program, DFTA conducts an annual performance evaluation of each HCA. In addition, DFTA is required to perform a contract close-out audit and to arrange for a CPA firm through MOCS to conduct a programmatic audit at the end of each fiscal year.

According to the data in HHS Accelerator, the total amount paid to the HCAs during Fiscal Years 2020 and 2021 was \$67,000,158. A breakdown by HCA is shown in Table I below.

Table I
Payments Made to the HCAs

HCA	Fiscal Year 2020	Fiscal Year 2021	Total
Personal Touch (Bronx)	\$7,846,259	\$7,446,786	\$15,293,045
Personal Touch (Brooklyn)	\$9,742,936	\$8,888,987	\$18,631,923
New York Foundation (Manhattan)	\$7,553,644	\$6,739,855	\$14,293,499
People Care (Queens)	\$8,392,849	\$7,270,513	\$15,663,362
Richmond Home Needs (Staten Island)	\$1,570,077	\$1,548,252	\$3,118,329
Total	\$35,105,765	\$31,894,393	\$67,000,158

Objective

To determine whether DFTA has adequate controls over its payments to HCAs for home care services.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

³ For example, if an adjustment is submitted in April for 100 hours that were worked in February, the 100 hours are recorded in STARS for February.

⁴ The Home Care Monthly Report includes a summary of hours claimed by the HCA, but documentation to support the hours claimed, such as timesheets or payroll records, is not provided. The review at this stage is therefore limited.

audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of this audit was July 1, 2019 through June 30, 2021.

Discussion of Audit Results with DFTA

The matters covered in this report were discussed with DFTA officials during and at the conclusion of this audit. A preliminary draft report was sent to DFTA on May 6, 2022 and discussed with DFTA officials at an exit conference held on May 17, 2022. On June 2, 2022, we submitted a draft report to DFTA with a request for written comments. We received a written response from DFTA on June 16, 2022. In its response, DFTA agreed with the audit's findings and recommendations and stated that they "are useful resources to improve on managing our programs and operations, and meeting the expectations of our clients. Thank you for performing this audit and the recommendations."

The full text of the DFTA response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The audit found several deficiencies in DFTA’s controls over payments to HCAs for home care services. DFTA lacked an adequate review and reconciliation process to assess HCAs’ reporting of services provided to clients and their invoicing of those services. Specifically, DFTA did not review time records supporting the hours of service provided—not in total or on a sample basis—to ensure that the payments rendered by DFTA were for service hours actually provided. Additionally, a review of STARS for sampled clients found that some were reported as receiving services while their services were recorded as “on-hold” (suspended). DFTA does not ensure that the hours recorded in invoices submitted by the HCAs reconcile with the hours recorded in STARS before remitting payment, does not ensure that authorized hours recorded in client service plans are accurate, nor does it have sufficient controls in place to ensure that it does not pay for hours of services that exceed the authorized amount. DFTA does not have adequate policies and procedures relating to the billing issues noted above. Lastly, the audit found that DFTA did not ensure that it referred home care contracts to MOCS for year-end audits or that it performed its own internal year-end close-outs of HCAs.

On a positive note, the audit found that DFTA ensured that the invoices paid to HCAs for services provided during Fiscal Years 2020 and 2021 were generally calculated correctly by using the appropriate contracted rate multiplied by the hours billed on the invoices. In addition, all invoices that were paid had evidence of an approval by a DFTA supervisor or director. The audit also found that DFTA recouped all advances provided to HCAs during Fiscal Years 2020 and 2021.⁵

DFTA officials were cooperative and responsive throughout the audit and receptive to the recommendations discussed with them.

Inadequate Reviews and Reconciliations of Services Provided and Billed

Reconciliation of Service Hours Reported in STARS with Time Records Not Performed

As per DFTA’s Fiscal Manual, DFTA is required to perform periodic on-site monitoring in the form of field audits. DFTA officials stated that due to insufficient staffing levels, this monitoring is conducted once a year rather than periodically throughout the year. As part of its annual performance evaluation for each contract, DFTA’s practice is for Program Officers to select a sample of 15-18 clients from each contract and compare the hours of service in Sandata/HHAeXchange with those in STARS, for one month of service, to determine whether hours billed by HCAs were performed. However, due to the COVID-19 pandemic, DFTA has not conducted any field visits since Fiscal Year 2019.

On March 12, 2020, the City’s Mayor issued Emergency Executive Order 98, whereby a declaration of a local state of emergency was implemented. In response to that order, DFTA employees began working from home. According to the Senior Director of Long-Term Care, staff were unable to visit the HCA sites to perform their reviews during the period from July 1, 2019 to

⁵ Only non-profit organizations receive advances; the non-profits contracted by DFTA were New York Foundation and Richmond Home Needs.

June 30, 2021, and the time record comparisons were not conducted. DFTA anticipates that it will resume field visits in the Spring of 2022.⁶

In lieu of conducting in-person field visits, DFTA implemented a procedure calling for its Program Officers to determine whether the average number of service hours provided to sampled clients broadly corresponded to the hours they were authorized to receive. DFTA stated that it used this method because it did not want HCAs to send the time records, which contain personal identifying information, via email. However, DFTA officials acknowledged that this procedure, intended as a compensating control, was insufficient in determining whether the hours billed were actually worked. Officials indicated they have had internal discussions to assess other options. As a possible solution going forward, if staff are again prevented from conducting field visits, DFTA stated that it will request from the HCAs read-only access to the Sandata/HHAExchange systems. If it is unable to obtain read-only access, DFTA will determine the feasibility of implementing a secure file sharing system as an alternative way of obtaining these records. In the absence of reviews, DFTA's ability to rely on STARS as an accurate record is diminished.

Evidence Supporting Time Record Reviews Not Maintained

According to Comptroller's Directive #1, Section 4.5, *Monitoring*, a sound internal control system must be supported by ongoing monitoring, should be performed continually, and should include comparisons and reconciliations. In addition, Section 4.3, *Control Activities*, states that internal controls include record reconciliations and the maintenance of related records that provide evidence of these activities.

DFTA does not require that Program Officers maintain supporting evidence (such as calculations or print outs of time records where exceptions are identified) to support the results of their time record reviews. According to the Senior Director of Long-Term Care, a check mark placed next to each sampled client's name is considered evidence that a review was conducted. Management's ability to ensure that staff are performing reviews in accordance with agency protocols is limited if no record of reviews is maintained.

STARS Data Shows "On-Hold" Clients Reportedly Receiving Services

Clients who do not require services for a limited period of time are placed "on-hold" in STARS to indicate that services are suspended until they notify the CMAs to resume.

Auditors randomly selected 50 clients who were recorded in STARS as having received services for the period July 1, 2019 to June 30, 2021 and reviewed "on hold notification" and "resume notification" statuses in STARS. This was done to determine whether hours were recorded in STARS for time periods during which clients were placed "on-hold." The auditors determined that 4 of the 50 sampled clients were recorded in STARS as receiving 809.5 hours of service, costing \$20,585 in total, while the clients remained "on-hold". Of this amount, auditors confirmed that DFTA paid out \$8,752 to HCAs. For the remaining \$11,833, the hours billed on the related invoices did not reconcile with the hours recorded in STARS so the extent to which the hours paid included

⁶ Since field visits are not conducted until late Spring of each year, the assessments for Fiscal Year 2021 would not be performed until late Spring of Fiscal Year 2022.

the hours claimed could not be determined.⁷ Please see Table II for a breakdown of the hours per client.

Table II
Service Provided While Clients Were “On-Hold”

Client ID	HCA	Month “On-Hold” Began	Months Client Received Services While “On-Hold”	Hours Recorded During These Months	\$ Value of Hours Recorded	# of Hours Confirmed as Paid to the HCAs ⁸	\$ Amount Paid to the HCAs
1500757007	People Care (Queens)	April 2020	May 2020 – June 2021	630.75	\$16,065	284.75	\$7,253
1023001392	Personal Touch (Brooklyn)	March 2021	April 2021- June 2021	120	\$3,020	Unable to Determine	Unable to Determine
1500677421	Personal Touch (Bronx)	October 2020	October 2020	46.75	\$1,201	46.75	\$1,201
1500260656	New York Foundation (Manhattan)	September 2020	October 2020	12	\$298	12	\$298
Total				809.5	\$20,585	343.5	\$8,752

DFTA does not have controls in place to ensure that HCAs are not billing for services delivered to clients who are placed “on-hold.” Discrepancies noted above may be data input errors or they may be service hours that HCAs reported but did not provide. Officials stated that the agency plans to modify its Home Care Assessment Tool (Assessment Tool)—a spreadsheet utilized by staff to record the results of their field visits—to include a review of cases put “on-hold” to ensure that HCAs are not billing for services delivered for such cases. DFTA indicated that the agency would investigate the possibility of automating this review.

Service Hours in Invoices Do Not Reconcile with Hours Recorded in STARS

According to DFTA, the hours of service billed through HHS Accelerator should reconcile with the hours of service recorded in STARS. A review of all 120 monthly invoices submitted by HCAs for Fiscal Years 2020 and 2021 found that the hours billed did not reconcile in 54 (45%) of the instances. This issue was found in invoices submitted by all HCAs except Personal Touch (Bronx). In the case of 41 invoices, the hours exceeded the hours reported in STARS. In the case of 13 invoices, the HCA claimed fewer hours than reported in STARS. These represent potential overpayments of \$82,980 and potential underpayments of \$43,396. Please see Table III for further detail.

⁷ The auditors were unable to definitively determine whether the hours delivered as per STARS were paid by DFTA because the invoices submitted by the HCAs (which only include the aggregate number of hours delivered each month) did not match the aggregate number of hours delivered as recorded in STARS for each month.

⁸ The auditor’s determination that the hours were paid by DFTA was based on whether the service hours billed as per the invoice matched the service hours recorded in STARS during the months services were provided while clients were “on-hold.”

Table III**Comparison of Service Hours in Invoices and in STARS**

Hours Billed More Than Hours Reported in STARS	# of Invoices	Total # of Hours	\$ Value
Between 1 and 10 hours	5	34.75	\$876.65
Greater than 10 and less than or equal to 30 hours	14	288.75	\$7,254.83
Greater than 30 and less than or equal to 50 hours	5	211.75	\$5,257.75
Greater than 50 and less than or equal to 100 hours	14	1,038.50	\$26,158
Greater than 100 and less than or equal to 500 hours	2	557.25	\$13,912.20
Over 1,000 hours	1	1,129.75	\$29,520.37
Total	41	3,260.75	\$82,979.80
Hours Billed Less Than Hours Reported in STARS	# of Invoices	Total # of Hours	\$ Value
Between 1 and 10 hours	3	24	\$608.81
Greater than 10 and less than or equal to 30 hours	3	38	\$948.64
Greater than 30 and less than or equal to 50 hours	2	76.25	\$1,908.33
Greater than 50 and less than or equal to 100 hours	3	189	\$4,774.53
Greater than 100 and less than or equal to 500 hours	1	221.75	\$5,647.97
Over 1,000 hours	1	1,129.25	\$29,507.30
Total	13	1,678.25	\$43,395.58

There is no coordination or reconciliation between HCAs' fiscal and program units to ensure the information in the invoices matches the information recorded in STARS, including when adjustment letters are submitted. In July 2021, DFTA implemented a policy to compare the hours in the adjustment letters submitted with each invoice to their corresponding months in STARS to ensure they were entered correctly. DFTA provided Excel spreadsheets as evidence that the reconciliations are being performed each month. A review of the invoiced totals, adjustment units, and STARS totals for one of the reconciliations showed that no discrepancies were identified. (Auditors did not review the physical invoices, adjustment letters, and updated STARS dataset supporting the numbers in the spreadsheets because this policy was implemented after the audit scope period.) DFTA officials stated that the agency will be implementing a new system, PASSPort, anticipated to replace HHS Accelerator in January 2023. Once implemented, DFTA anticipates that the two units will be able to coordinate their efforts to ensure that the number of hours delivered per the invoices matches the number of hours delivered per STARS.

The discrepancies suggest that DFTA may be paying HCAs for services not provided or not paying HCAs for services that were provided. This issue is made more difficult by concerns regarding the reliability of STARS, as stated earlier in this report. In the absence of a reconciliation of STARS with time records, the extent to which STARS can be relied upon as an accurate representation of hours worked is questionable.

No Reconciliation of the Authorized Hours Recorded in Referral and Service Plan Modules

According to DFTA, the number of weekly hours that a client is entitled to receive (authorized hours) is recorded by CMAs in the “Comments” field in the Referral module in STARS. Officials stated that the number of authorized hours is also recorded by the CMAs in the “Quantity” field in the Service Plan module in STARS. According to a DFTA official, the hours recorded in these fields should match. With regard to the information in the Service Plan module, another official stated that the “Comments” field contains the more reliable information. (As stated above, the CMAs record the hours that clients are authorized to receive in STARS. DFTA officials stated that the agency does not receive any other documentation from the CMAs indicating the authorized hours.)

There is no reconciliation between the Referral and Service Plan modules to ensure that the authorized hours in both modules agree. Auditors identified 619 clients for which the number of hours of service provided exceeded the authorized hours as recorded in the Service Plan dataset provided by DFTA, for a total of 1,641 service months.⁹ DFTA performed a limited review for 22 of those clients and determined that the authorized hours in the Service Plan were incorrect for all 22 of them. Of the 22, DFTA found that 4 (18%) of the clients had hours of service that exceeded the hours authorized.

When this was discussed with DFTA, officials stated that Program Officers, when conducting their annual assessments, use the authorized hours in the Service Plan to determine whether the hours are appropriate based on the clients’ needs. DFTA has not conducted an analysis to ascertain the degree to which the authorized hours in the Service Plan module accurately reflect the authorized hours recorded in the Referral module. However, DFTA is aware that there are discrepancies between the two modules regarding the number of authorized hours and is hopeful that the action plan in response to this audit will address this issue.

No Ongoing Monitoring to Ensure that Hours of Service Do Not Exceed Hours Authorized

DFTA does not have an ongoing monitoring structure in place to ensure that the number of hours of service recorded in STARS by HCAs does not exceed the number of authorized hours for clients. DFTA indicated that it is unable to perform this review on an ongoing basis due to staffing issues. Instead, as part of DFTA’s annual performance evaluation for each contract, DFTA’s Program Officers compare the hours delivered to the number of authorized hours for a sample of 15-18 clients for one sampled month of service.¹⁰ However, DFTA’s Assessment Tool does not contain a step for assessing whether the service hours delivered exceeded the hours authorized. The Assessment Tool does include a column named “received authorized level of care,” but according to DFTA this column represents the comparison between the hours delivered per the timesheets and those recorded in STARS—not a comparison of delivered to authorized hours.

⁹ A “service month” represents one month of service for one client.

¹⁰ For the five home care contracts entered into by DFTA during Fiscal Years 2020 and 2021, HCAs served a total of 4,599 clients, averaging approximately 920 clients for each contract. For four of the contracts (Personal Touch BX, Personal Touch BK, People Care, and NYFSC Home Attendant Services), DFTA selected approximately 2% of the clients served for its annual review; for the remaining contract (Richmond Home Needs Inc.) it selected approximately 8% of the clients served.

According to officials, the reviews completed by DFTA during the audit scope period did not identify any instances in which service hours delivered exceeded authorized hours. The analysis conducted by the auditors using authorized hours of service as recorded in the Referral dataset from STARS, included a limited sample of 30 service months during Fiscal Years 2020 and 2021.¹¹ The auditors found that the Referral dataset did not indicate the number of authorized hours for clients in 4 of the 30 service months, and for the remaining 26 service months where authorized hours did appear in the Referral dataset, HCAs claimed more hours than were authorized in 8 months.

After discussing this issue with DFTA, officials stated that they will consider automating their review to determine whether hours delivered exceed authorized hours.

Recommendations

1. DFTA should perform time record reviews for Fiscal Years 2020 and 2021—the time period during which DFTA did not perform any time record reviews—to verify that the hours recorded in STARS were worked and should recoup unsupported payments where warranted. Reviews should be documented and periodically reviewed by supervisors to ensure compliance with internal protocols.

DFTA Response: “DFTA Program Staff will review the timesheets for those clients from FY2020 and FY2021 and compare them with STARS. If there are any discrepancies, we will follow up with the Home Care agencies.”

Auditor Comment: Thank you for agreeing to undertake further reviews. It would also be helpful to document the reviews and have them periodically reviewed by supervisors.

2. DFTA should request read-only access from HCAs to Sandata/HHAeXchange or, as an alternative, obtain electronic timesheets in secure files from the HCAs so that it can reconcile hours billed by the HCAs with those recorded on the electronic timesheets when DFTA staff are unable to visit HCA sites.

DFTA Response: DFTA agreed with this recommendation.

3. DFTA should ensure that it modifies its Assessment Tool as planned to include a review of “on-hold” cases to ensure that it is not paying for services in these instances.

DFTA Response: DFTA agreed with this recommendation.

4. DFTA should consider modifying STARS to prevent HCAs from entering hours during periods of suspended service and/or over the authorized number of hours.

DFTA Response: DFTA agreed with this recommendation.

5. DFTA should require that HCAs reconcile the hours billed as per the invoice and adjustment letter to the hours of service recorded in STARS before submitting the invoices for payment and should perform its own review to ensure that the hours reconcile before rendering payment to the HCAs.

DFTA Response: DFTA agreed with this recommendation.

¹¹ The 30 service months were randomly selected from the previously mentioned 1,641 service months for which the hours of service received exceeded the authorized hours as recorded in the Service Plan dataset obtained from DFTA.

6. DFTA should ensure that the number of authorized hours is recorded in the Referral module for each client and that the number of hours recorded in the Service Plan module match those recorded in the Referral module.

DFTA Response: DFTA agreed with this recommendation.

7. DFTA should investigate the instances cited in this report of clients who appear to have received services while placed “on-hold” and/or in excess of the amount authorized and recoup payments where warranted.

DFTA Response: DFTA agreed with this recommendation.

Other Issues

Required Year-End Audits Are Not Being Performed

Programmatic Audits

According to DFTA’s Audit Guide, at the end of each fiscal year, each contract is required to undergo a programmatic audit to determine whether the contract agency has complied with the contract in providing required deliverables. Programmatic audits are conducted through external CPA firms that are contracted by the Mayor’s Office of Contract Services (MOCS). DFTA notifies MOCS each year which contracts should be audited. Once performed, DFTA’s policy calls for the audits to be reviewed to ensure there are no underlying financial issues that can prevent the organization from fulfilling its contractual obligation.

However, DFTA does not ensure that programmatic audits are performed annually as required. The last home care programmatic audit performed was for Fiscal Year 2015. DFTA has not prioritized or arranged for home care contracts to be audited. According to DFTA’s CFO, DFTA has over 300 contracts it reviews each year and senior center contracts are of a larger sum than home care contracts. In addition, home care contracts are rate-based (HCAs are paid based on an agreed upon hourly rate), while senior center contracts are line-item expense reimbursement contracts, which are more susceptible to issues. DFTA further stated that home care contract providers’ financial operations and staff are more experienced than DFTA’s senior center providers. As a result, DFTA has prioritized senior center contracts over home care contracts for referral to MOCS for programmatic audits. The auditors question this decision, given the crucial role home care plays in ensuring the health and safety of seniors living at home, and the \$67 million in expenditures for home care during the audit period.

Because home care programmatic audits are not performed at the close of each fiscal year, DFTA has limited assurance that HCAs have adequate controls over their financial reporting, have no underlying financial issues that can prevent them from fulfilling their contract obligations, and have complied with the terms of their contracts.

Close-out Audits

As per DFTA’s Fiscal Manual, “DFTA must recover surplus funds whenever revenues received exceed allowable expenses.” According to DFTA’s policy, to determine whether surplus funds need to be recouped, DFTA performs annual contract close-out audits. However, DFTA has not performed close-outs of the home care contracts for Fiscal Years 2020 and 2021. According to DFTA’s CFO, DFTA has been short on staff since the beginning of the pandemic. Two of the four individuals responsible for performing close-out audits were moved to another unit to work on

payments and budgets; DFTA has been unable to hire replacements. Without performing contract close-outs, DFTA is unable to determine whether funds paid to HCAs were fully justified.

No Written Procedures Governing Payment Verification Process

According to Directive #1, Section 5.0, *Internal Control Examples*, “Internal controls should be documented in management administrative policies or operating manuals.” However, DFTA has not formalized certain policies in written procedures that detail the following:

- Controls for verifying that the number of service hours delivered, as recorded in STARS on a monthly basis, is up-to-date and accurate, and specifying the staff responsible for that function;
- Controls for verifying that the hours billed by HCAs in invoices and recorded in STARS were actually delivered and specifying the staff responsible for that function;
- Controls to ensure that HCAs are not paid for services while clients are placed “on-hold” and specifying the staff responsible for that function; and
- Supervisory controls intended to verify that these functions are carried out.

Having formal procedures helps inform staff of their roles and responsibilities in their daily activities and allows individuals to be held accountable for their actions or failures to act. DFTA’s lack of formal, written procedures may have contributed, in part, to the weaknesses identified in the audit.

Recommendations

8. DFTA should develop alternative means to ensure that programmatic audits and contract close-outs are performed at established intervals.

DFTA Response: “DFTA will work with the NYC Mayors Office of Contract Services (MOCS) to request audits [from] MOCS-contracted auditing firms. In addition, DFTA will be auditing these providers through its Audit Compliance Unit for the outstanding year.”

Auditor Comment: We appreciate DFTA’s efforts in this regard and trust that programmatic and contract close-out audits will continue to be performed at established intervals.

9. DFTA should formalize its unwritten policies and disseminate procedures regarding the responsibilities and duties of its staff in verifying that services were rendered before payment is remitted to HCAs.

DFTA Response: DFTA agreed with this recommendation.

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of the audit was from July 1, 2019 through June 30, 2021.

To evaluate DFTA's controls over its payments to HCAs for home care services, interviews were conducted with the Senior Director of the Bureau of Financial Services (BFS), Chief Financial Officer of BFS, Director of Payments of BFS, Senior Director of Long-Term Care, Senior Director Management Analysis and Planning of the Planning, Research, Evaluation and Training (PRET) unit, and the Coordinator of Home Based Services. To obtain an understanding of STARS, the auditors interviewed the Senior Director Management Analysis and Planning of PRET. To obtain an understanding of HHS, the auditors interviewed the Director of Payments of BFS. To obtain an understanding of the invoice review process, the auditors interviewed a DFTA accountant and their supervisor. To obtain an understanding of the contract close-out process, the auditors interviewed the Director of Audit.

To assess the adequacy of DFTA's internal controls as they related to the audit objective, the auditors reviewed and used as criteria the following:

- Comptroller's Directive #1, *Principles of Internal Control*;
- DFTA 2005 *Fiscal Management Manual*;
- DFTA *Home Care Standards* and an internal memo amending the maximum service hours authorized in the *Home Care Standards*;
- DFTA *Audit Guide*;
- DFTA Fiscal Year 2020 HCA assessment letters and forms;
- DFTA Fiscal Years 2020 and 2021 *Home Care Assessment Tool* checklists;
- STARS data; and
- Renewal contracts for Fiscal Years 2018 - 2020, 2021, and 2022 and amendatory agreements pertaining to each of the five contracts for home care services.

To assess the reliability of the STARS datasets for audit testing purposes, the auditors ran various sorts and queries on these datasets to identify potential anomalies, including duplicate client IDs and blank records.

To determine whether the invoices submitted by the HCAs during Fiscal Years 2020 and 2021 were calculated correctly, the auditors multiplied the hours billed on each invoice by the contracted hourly rate, and compared the result to the Invoice Total on each invoice.

To determine whether all invoices contained an indication of approval by a supervisor or director, the auditors reviewed the Comment History of each invoice.

To determine whether funding advances provided to HCAs were fully recouped, the auditors calculated the total number of hours billed on the invoices submitted by each non-profit HCA, and, based on the contracted hourly rate, calculated the total dollar value associated with these hours. Then, the auditors subtracted the amount that was advanced to the HCAs, and compared it to the total amount that DFTA paid for the invoices.

To determine whether services were delivered during times when clients were placed “on hold,” the auditors filtered for clients from the “Referral” dataset who had at least one “Service Requested” status of “on hold notification” and removed duplicate Client IDs. Then, the auditors cross-referenced the remaining Client IDs to the Client IDs from the “Service Plan” data that had no change in service (to keep only clients who had no service changes during the audit scope, resulting in 1,411 clients) and then used a sampling program (RAT-STATS) to randomly select a sample of 50 Client IDs. The auditors then calculated the hours each client was authorized to receive for the months during which they were placed “on hold”—either for part of the month or the full month—and compared those hours to the hours delivered as recorded in STARS.

To determine whether the hours delivered as recorded in STARS matched those claimed on the invoices, the auditors compared each month’s aggregate hours in STARS to each month’s corresponding invoice totals, while also taking into account the hours claimed on any adjustment letters that were submitted with those invoices.

To determine whether hours delivered exceeded hours authorized for each client, from the original “Service Plan” dataset of 8,517 records, the auditors removed (1) records of clients who had service changes during scope period, (2) records with blank “days of week” fields, and (3) records with a blank “Quantity” field. Then the auditors filtered, by “Service Start Date” and “Service End date,” for cases that were active during the entirety of each month during the audit scope, and compared the hours delivered as recorded in STARS for each month to those that were authorized for that month.

The auditors also determined whether hours delivered exceeded hours authorized using the “Referral” dataset. Using RAT-STATS, the auditors randomly selected 30 service months from the population of 1,641 service months for which clients received more hours than authorized based on the “Service Plan” dataset. Then the auditors compared the hours delivered as recorded in STARS for each month to those that were authorized for that month based on the “Referral” dataset.

To determine whether the required year-end audits were conducted, auditors requested the programmatic and close-out audits for Fiscal Years 2020 and 2021.

Although the results of sampling tests were not statistically projected to their respective populations, these results, together with the results of other audit procedures and tests, provided a reasonable basis to determine whether DFTA has adequate controls over payments to HCAs for home care services.



Lorraine Cortés-Vázquez
Commissioner

June 16, 2022

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New York, NY 10007

212.AGING NYC
212.244.6469

Maura Hayes-Chaffe
Deputy Comptroller for Audit
New York City Comptroller
1 Centre Street
New York New York, 10007

Dear Maura Hayes-Chaffe,

I would like to thank your staff for performing an audit of the Department for the Aging's (DFTA) Home Care Services Contracted Agencies (HCA). We have reviewed your draft report and have the following comments on the recommendation. Although we acknowledge there is a need to strengthen our contract management process, we believe NYC older adults are receiving the critical services they need through this program.

Recommendations

- DFTA should perform time record reviews for Fiscal Years 2020 and 2021—the time period during which DFTA did not perform any time record reviews—to verify that the hours recorded in STARS were worked and should recoup unsupported payments where warranted. Reviews should be documented and periodically reviewed by supervisors to ensure compliance with internal protocols.
 - DFTA Program Staff will review the timesheets for those clients from FY2020 and FY2021 and compare them with STARS. If there are any discrepancies, we will follow up with the Home Care agencies.

- DFTA should request read-only access from HCAs to Sandata/HHAExchange or, as an alternative, obtain electronic timesheets in secure files from the HCAs so that it can reconcile hours billed by the HCAs with those recorded on the electronic timesheets when DFTA staff are unable to visit HCA sites.
 - DFTA will seek read-only access to these records or have the Home Care provider submit documentation to a secure site where DFTA staff can review as part of the reconciliation process.

- DFTA should ensure that it modifies its Assessment Tool as planned to include a review of "on-hold" cases to ensure that it is not paying for services in these instances.
 - DFTA will incorporate this suggestion into the Assessment Tool.

- DFTA should consider modifying STARS to prevent HCAs from entering hours during periods of suspended service and/or over the authorized number of hours.
 - DFTA will be working with the PeerPlace, developer of the STARS system, to see if this request is possible.



- DFTA should require that HCAs reconcile the hours billed as per the invoice and adjustment letter to the hours of service recorded in STARS before submitting the invoices for payment and should perform its own review to ensure that the hours reconcile before rendering payment to the HCAs.
 - DFTA will be sending out communication to the HCA's informing them of this requirement and will be assigning additional staff to perform this reconciliation.

- DFTA should ensure that the number of authorized hours is recorded in the Referral module for each client and that the number of hours recorded in the Service Plan module match those recorded in the Referral module.
 - DFTA will reinforce with Case Management Agencies (CMAs) that the Service Plan needs to match the authorized hours referred to the HCA. DFTA will be assigning additional staff to assist with the reconciliation of STARS and the invoices submitted for FY 2023.

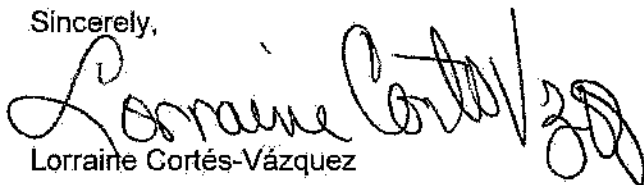
- DFTA should investigate the instances cited in this report of clients who appear to have received services while placed "on-hold" and/or in excess of the amount authorized and recoup payments where warranted.
 - DFTA is reviewing the instances cited in the report and will follow up with the HCAs.

- DFTA should develop alternative means to ensure that programmatic audits and contract close-outs are performed at established intervals.
 - DFTA will work with the NYC Mayors Office of Contract Services (MOCS) to request audits MOCS-contracted auditing firms. In addition, DFTA will be auditing these providers through its Audit Compliance Unit for the outstanding year.

- DFTA should formalize its unwritten policies and disseminate procedures regarding the responsibilities and duties of its staff in verifying that services were rendered before payment is remitted to HCAs.
 - DFTA will update its policy and procedures as well as the task and standards to formalize practices and procedures as suggested.

This audits results and recommendations are useful resources to improve on managing our programs and operations, and meeting the expectations of our clients. Thank you for performing this audit and the recommendations. If you have any questions on the responses, please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "Lorraine Cortés-Vázquez". The signature is written in a cursive, flowing style. Below the signature, the name "Lorraine Cortés-Vázquez" is printed in a clean, sans-serif font.

Lorraine Cortés-Vázquez