



NEW YORK CITY COMPTROLLER
BRAD LANDER

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Audit of the Department of Housing Preservation and Development's Oversight of Its Contract with Rapid Reliable Testing NY LLC (aka DocGo)

MD24-062A | August 5, 2024





THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

August 5, 2024

To the Residents of the City of New York,

My office has audited the Department of Housing Preservation and Development (HPD) to determine whether it adequately monitored its contract with Rapid Reliable Testing NYC LLC (aka DocGo)—an outside vendor contracted to provide services to asylum seekers. The Office of the New York City Comptroller conducts audits such as this to ensure that City resources are used effectively and payments are properly substantiated.

The audit identified serious issues with HPD's oversight of its contract with DocGo. Auditors found that over \$11 million in costs claimed for May and June 2023 were either unallowable, or unsupported by appropriate documentation. The disallowable amounts include over \$2 million used to provide security above and beyond limits imposed by the contract, over \$1.6 million paid for vacant hotel rooms, and over \$500,000 in staffing for onsite medical appointments that were not pre-approved as required. Expenses totaling over \$6.3 million included hotel charges and staff costs that were not adequately supported by bills, invoices, and other required documentation.

The audit also found that HPD did not enforce contract staffing levels for caseworkers and social workers and did not adequately oversee any part of DocGo's subcontractor selection, bidding or reporting processes. Finally, the auditors visited hotel rooms used to house asylum seekers and found deficiencies in 152 rooms at 22 hotels, including 21 rooms with serious health or safety hazards, such as mold, peeling paint, and missing or damaged ceiling tiles.

The audit recommends that HPD recoup the unallowable expenses paid to DocGo; obtain appropriate supporting documentation for the claimed costs that were initially not supported; conduct second level reviews of all invoices paid to date to ensure compliance with contract terms; ensure all remaining invoices submitted are authorized, reasonable, and fully supported; retroactively review all subcontractors and conduct required vetting and approval; and conduct unannounced inspections of accommodations.

The results of the audit have been discussed with HPD officials, and their comments have been considered in preparing this report. Their complete written response is also 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
New York City Comptroller

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Audit Impact

Summary of Findings

The audit found many issues with HPD's oversight and monitoring of DocGo, including poor fiscal control. HPD did not hold DocGo to contract terms and conditions and did not require DocGo to provide appropriate documentation demonstrating that claimed costs were actually incurred, reasonable, and due and owing under the contract, prior to making payment. As a result, the audit found that nearly \$11 million of \$13.8 million paid to DocGo should be considered for recoupment.

This conclusion is based on a review of payments to DocGo for services purportedly provided during May and June of 2023. The documentation for these months became available to the auditors in October and November of 2023. The detailed review of invoices and supporting documentation was completed in April of 2024. Auditor concerns about the poor quality of invoice reviews were first shared with HPD at a meeting on April 15, 2024, providing HPD with the opportunity to make the improvements needed to hold DocGo accountable.

In addition to conducting invoice reviews, the auditors reviewed for broader contract compliance. HPD is required to pre-authorize any subcontractors used by DocGo to ensure that they meet City standards, but the agency provided no evidence that it did this. HPD also failed to ensure that subcontractor payments were properly documented in City databases. Of the \$13.8 million paid for services provided during May and June 2023, over \$9 million was intended for DocGo subcontractors that did not go through the pre-authorization process. This means that nearly 67% of the amount claimed by DocGo for this two-month period was used to pay unauthorized subcontractors.

The auditors also conducted physical observations of 23 hotels used by DocGo, both in New York City and the Upstate region, in December of 2023. The audit found that while hotel conditions and services provided were generally satisfactory, deficiencies existed in 152 of the 189 rooms inspected. Auditors also found a significant number of rooms were not equipped with a refrigerator and/or microwave as required, and 21 rooms with health and safety concerns including evidence of mold and other water damage were identified. HPD relied on reports from DocGo that these conditions were addressed, rather than seeking independent verification.

During auditors' visits to the hotels, survey questionnaires were distributed to asylum seekers, and a majority of the respondents indicated that they received services and were supplied with various amenities (e.g., towels, soap). Their biggest area of dissatisfaction was related to the meals provided.

Intended Benefits

Although the contract with DocGo to provide services in New York City ended as of May 4, 2024, DocGo continues to provide services in the Upstate region (and at other agencies), and significant fiscal risks remain. Based on a review of all documentation provided by HPD to date, the audit calls for nearly 80% of the amounts paid for services provided during May and June of 2023 to be recouped as unallowable and/or unsupported expenses. DocGo has been paid a further \$168.1

million for invoices it submitted to HPD as of June 12, 2024, and based on the total contract value, DocGo may still claim a further \$250.1 million for the period ending May 4, 2024.

The auditors call on HPD to recoup the identified overpayments from DocGo, and to improve its invoice review processes as recommended in this audit. In addition, if HPD will commit to recouping overpayments identified to date, and to any others identified, the Comptroller's Office will conduct a sample-based review of the remaining invoices (see Recommendations). Lastly, the auditors call on HPD to ensure that hotel conditions and services are provided as required.

Introduction

Background

The mission of HPD is to promote quality and affordability in New York City housing, and diversity and strength in the City’s neighborhoods. Providing temporary shelter and care to asylum seekers, and especially doing so outside of New York City, is outside of HPD’s core mission as prescribed in the City Charter. Nonetheless, HPD was one of several agencies tasked with responsibility for providing shelter and care to a rapidly increasing population of asylum seekers. According to the *Asylum Seeker Census* on the New York City Comptroller’s website, as of May 26, 2024, the City has provided shelter and care to over 199,900 asylum seekers, with over 65,600 still in the City’s care. The City spent \$1.47 billion on shelter and services for asylum seekers in the fiscal year ending in June 2023 and anticipates spending over \$3.76 billion in the current fiscal year (2024).

In May 2023, HPD entered into a one-year no-bid emergency contract with Rapid Reliable Testing NY LLC (also known as DocGo) to provide temporary housing and support services for asylum seekers, both inside and outside of New York City. A significant number of other providers are contracted to provide similar services within NYC, but DocGo was one of only a few contracted to provide these services outside of the five boroughs, which is unusual because the City does not have clear authority/jurisdiction outside of the City. DocGo is a medical services company, and a review of this vendor in PASSPort indicates that it had other contracts with City agencies including the Department of Homeless Services (DHS) for COVID-19 medical testing services, the Department of Health and Mental Hygiene (DOHMH) for mobile vaccinations, and New York City Emergency Management (NYCEM) for clinical staffing for COVID-19 vaccinations. According to information in PASSPort, this company was formed in May 2020.

DocGo lacks experience in providing any type of emergency housing. HPD’s Written Determination for the Emergency Procurement for Asylum Seeker Shelter and Services describes DocGo as a new provider of emergency housing services.¹ In September 2023, the Office of the Comptroller declined to approve the contract between HPD and DocGo, but City Hall chose to move forward with the contract over the Comptroller’s objections.²

The City uses HOST NYC—a centralized Salesforce system—to record intake data (e.g., demographics, household type, immigration information, etc.) and track asylum seekers in the City’s shelter system. The Office of Technology and Innovation (OTI) subcontracts with a vendor to monitor the HOST system. Several City agencies use this system, including HPD, Health + Hospitals (H+H), NYCEM, and the Department of Youth and Community Development.

The contract called for the vendor to provide hotel rooms, food service, laundry, shuttle services, medical services, and staffing. (The 32 hotels housing asylum seekers under the DocGo contract—16 located within the City and 16 located outside the City—are listed in Appendix I.) The

¹ The Written Determination was a letter from HPD’s Assistant Commissioner & Agency Chief Contracting Officer to the Comptroller’s Deputy Comptroller for Contracts and Procurement and outlined the basis for procuring emergency housing accommodations with DocGo.

²<https://comptroller.nyc.gov/reports/letter-on-return-of-rapid-reliable-testing-ny-llc-contract-20248801671/#:~:text=There%20is%20little%20evidence%20to,purported%20basis%20for%20vendor%20selection>

contract has a maximum contracted value of \$432 million and was effective from May 5, 2023 through May 4, 2024. The City announced that it would not renew the contract beyond May 4, 2024; however, DocGo will continue to contract with the City to serve asylum seekers in upstate facilities through December 2024. According to Checkbook NYC, as of June 12, 2024, HPD has paid DocGo \$181.9 million for services provided under this contract, as shown in Table I. Claims for payment will continue for services provided through December 2024.

Table I: Invoice Payments

Invoice Service Dates	Invoice ID	Invoice Creation Date	Approved by FMS Date	Disbursement Date	Amount Disbursed
5/1/2023-5/31/23	132633	10/13/23	10/19/23	10/20/23	\$2,424,935
6/1/2023-6/30/23	138248	11/13/23	11/16/23	11/16/23	\$8,676,931
	139803	11/21/23	11/22/23	11/24/23	\$2,679,438
7/1/23-07/31/23	139864	11/21/23	12/1/23	11/30/23	\$14,911,032*
	145239	12/21/23	12/21/23	12/21/23	\$4,246,651
	215963	4/30/24			\$0
	165213	2/9/24	3/1/24	3/4/24	\$243,106
8/1/23-8/31/23	142219	12/7/23	12/15/23	12/15/23	\$19,098,119
	159771	1/31/24	2/23/24	2/23/24	\$4,561,308
	180120	3/7/24	4/8/24	4/8/24	\$173,464
9/1/23-9/30/23	144231	12/15/23	12/27/23	12/28/23	\$5,449,710
	146228	12/28/23	12/28/23	12/28/23	\$5,995,518
	163502	2/5/24	2/15/24	2/16/24	\$1,137,147
	167109	2/16/24	2/23/24	2/23/24	\$3,094,193

Invoice Service Dates	Invoice ID	Invoice Creation Date	Approved by FMS Date	Disbursement Date	Amount Disbursed
9/1/23-9/30/23	177746	3/1/24	3/6/24	3/6/24	\$550,800
	180560	3/8/24	4/8/24	4/8/24	\$7,718,065
10/1/23-10/31/23	147458	1/4/24	1/12/24	1/12/24	\$10,788,975
	169719	2/22/24	2/23/24	2/23/24	\$7,056,176
	180110	3/7/24	5/10/24	5/10/24	\$6,249,271
11/1/23-11/30/23	158667	1/29/24	2/9/24	2/9/24	\$12,349,761
	216458	5/1/24	5/17/24	5/17/24	\$5,451,282
	169744	2/22/24	2/23/24	2/23/24	\$5,690,362
12/1/23-12/31/23	167314	2/16/24	2/20/24	2/20/24	\$16,396,653
	221223	5/10/24	6/12/24	6/12/24	\$4,618,142
1/1/24-1/31/24	167322	2/16/24	2/20/24	2/20/24	\$17,167,509
	226679	5/23/24			\$0
2/1/24- 2/29/24	222789	5/14/24	5/31/24	5/31/24	\$15,189,728
Grand Total					\$181,918,276

*PASSPort shows this invoice for \$14,911,032 as "scheduled to be paid;" however, according to Checkbook NYC this amount was disbursed. PASSPort also shows the July 2023 invoice submission dated 4/30/24 and the January 2024 invoice submission dated 5/23/24 as not yet approved.

In addition to the above-referenced contract, DocGo has entered into at least five other contracts with the City, totaling over \$930 million, to provide asylum seeker-related services. (Please see Appendix IV for a list of those contracts.)

Objective

The objective of this audit was to determine whether the Department of Housing Preservation and Development adequately monitored its contract with DocGo for asylum seeker services.

Discussion of Audit Results with HPD

The matters covered in this report were discussed with HPD officials during and at the conclusion of this audit. An Exit Conference Summary was sent to HPD and discussed with HPD officials at an exit conference held on May 21, 2024. On June 28, 2024, we submitted a Draft Report to HPD with a request for written comments. We received a written response from HPD on July 19, 2024. In its response, HPD agreed with two recommendations (#5 and #6), partially agreed with three recommendations (#1, #3, and #4), and disagreed with one recommendation (#2).

HPD also indicated in its response that many non-fiscal contract responsibilities described in the report have recently been delegated to the Mayor's Office of Housing Recovery Operations (HRO), and that HPD and HRO jointly prepared the responses to the recommendations. HRO agreed with the two remaining recommendations (#8 and #9).

HPD's written response has been fully considered and, where relevant, changes and comments have been added to the report.

The full text of HPD's response is included as an addendum to this report.

Detailed Findings

The audit found serious issues with HPD’s oversight over its contract with DocGo including a sizeable overpayment for inadequately supported and unallowable expenses, inadequate monitoring, deficient housing units, and understaffed hotels.

HPD paid DocGo almost \$13.8 million for costs claimed in its initial two invoices for providing hotel rooms, payroll, and other services during May and June of 2023. The auditors found that over \$11 million of this amount should not have been paid by HPD because the amounts claimed were either unallowable or unsupported by appropriate documentation.

The amounts disallowed include over \$2 million used to provide security above and beyond limits imposed by the contract without prior express written authorization. HPD issued a memo “authorizing” these expenses more than 8 months after the fact, after being questioned on the issue by auditors. The memo contains no limits on the number of staff, the conditions that must be present, or the period it applies to—leaving the City open to potentially excessive and unnecessary charges. HPD used the same mechanism to authorize over \$500,000 in staffing for on-site medical appointments that were not otherwise pre-approved as required by the contract.

The inadequately supported and unallowable payments identified during the audit represent 80% of the amounts paid to DocGo for the two months of invoices reviewed by the auditors. In addition to the \$13.8 million in the initial invoices reviewed by the audit team, DocGo has additionally claimed and been paid a further \$168.1 million for invoices it submitted to HPD for costs (purportedly) incurred through February 2024. Based on the total contract value of \$432 million, an additional \$250.1 million could still be claimed by DocGo for the remaining period of the contract, from October 2023 through May 2024.

The audit also found that HPD did not adequately oversee any part of DocGo’s subcontractor selection, bidding, or reporting processes. HPD is required to pre-authorize any subcontractors used by DocGo to ensure that they meet City standards, but the agency provided no evidence that it did this. It also did not ensure that payments were properly documented in City databases. Of the \$13.8 million paid for services provided during May and June 2023, over \$9 million was intended for DocGo subcontractors that did not go through the pre-authorization process. This means that nearly 67% of the amount claimed by DocGo for this two-month period was for paying unauthorized subcontractors.

Additional problems were found with HPD’s administration of the contract. For example, the contract called for DocGo to hire a Program Director at an annual cost of \$120,000 but did not delineate duties and responsibilities for this position. These were left to the discretion of DocGo, and records appear to show that the employee was paid to perform work not specifically related to the HPD contract.

HPD also failed to ensure DocGo staffed hotels with the number of caseworkers and social workers specified in the contract, raising the concern that asylum seekers may not have received services as needed, including those necessary to enable them to move toward self-sufficiency and stable housing, and therefore to leave the City’s care.

Finally, the audit found that HPD did not consistently ensure that all housing units used by asylum seekers were in satisfactory condition. During the audit, observations were conducted at 23 hotels

used by DocGo. Auditors conducted visits to hotel rooms supplied by DocGo in New York City and in some upstate locations and found that 80% had at least one deficiency—many of which related to missing amenities—and a small number that were serious enough to represent health and safety hazards. Though most asylum seekers expressed satisfaction with conditions in a questionnaire administered by the auditors, a significant portion of respondents raised issues with food provided, and a general lack of communication with DocGo staff paid to function as caseworkers.

Auditors identified several factors that hindered HPD’s ability to adequately oversee DocGo’s performance, including that (1) HPD did not conduct inspections of the hotels utilized by DocGo to ensure that they were in satisfactory condition; (2) HPD generally did not reconcile invoices received from DocGo with other supporting data available to HPD to ensure that expenditures were appropriate; (3) HPD did not review sufficient time records before rendering payment for staffing services; and (4) HPD did not establish any effective mechanism for assessing whether expenditures were allowable under the contract prior to approving payment.

These issues are discussed in more detail below.

Auditors Identified Over \$11 Million in Inadequately Supported Payments and Overpayments

In cost-based contracts of the type underpinning the provision of services by DocGo, vendors are entitled to claim actually incurred costs that are deemed reimbursable under the terms of the contract and that meet standards established in the contract, by the agency, and by the City. To be reimbursable, they must be allowable under City fiscal policy and comply with the terms and conditions stated in the contract. They must also be considered reasonable and fully supported by appropriate documentation.

Agencies overseeing vendor contracts are expected to ensure contract terms and conditions are met and adhered to, and to ensure that invoices are not approved for payment unless they are allowable and comply with all applicable standards. This includes documentation standards.

Invoice Review Standards Not Followed

According to HPD’s policies and procedures, all invoices and bills from respective subcontractors must be legible and contain the name and address where goods and/or services were provided. Any invoice without proper backup documentation will be disallowed until the contracted vendor (e.g., DocGo) provides adequate documentation supporting the payment for the expenditure.

According to the contract, all costs must be supported by properly executed payrolls, time records, invoices, vouchers, or other official documentation showing in proper detail the nature and propriety of the charges.³ The contract further states that for contracts involving building services, food services, or temporary services, the contracted vendor should submit copies of certified payroll records to HPD with every requisition for payment.

³ Article 9(c) of the contract.

However, HPD did not apply these standards when reviewing invoices prior to rendering payment. HPD did not effectively identify deviations from contract terms and conditions; did not ensure staffing levels consistent with limits provided in the contract were adhered to; did not ensure time records were reviewed before approving claimed hours; and did not ensure pre-authorization was in place before contractual limits were exceeded.

In its response HPD stated that for any instance where it paid an invoice, PASSPort-acceptable documentation existed and/or there was no question that the cost was incurred. While there were invoices in PASSPort, auditors found the invoices and supporting documents to be insufficient. As noted below, for example, unrelated hotels submitted backup in the exact same format, raising questions about the reliability of such documentation.

HPD also acknowledges, as stated in the report, that the contract with DocGo allows for “other official documentation showing in proper detail the nature and propriety of the charges.” However, HPD fails to acknowledge that the contract requires certified payroll records for temporary services, which were not provided. In addition, no payroll stubs and time records were provided by DocGo, as required. Auditors determined that DocGo did not provide official documentation showing in proper detail the nature and propriety of over \$2.1 million in staff costs.

In addition, HPD did not make use of information and data that were available to the agency, such as through the HOST system, to ensure that the correct services and goods were being billed, to verify the accuracy of room charges by hotels, and to determine the number of meals to be paid for under the contract.

80% of Expenses Paid for May and June 2023 Not Adequately Supported or Allowed Under Contract

A review of paid invoices for May and June of 2023 found that 80% of the \$13.8 million paid to DocGo should not have been paid, either because the amounts paid were not allowable under the contract or they were not adequately supported by documentation as required. If this error rate were applied across the \$168 million subsequently paid to DocGo for services as of June 12, 2024, the overpayment amount could reach \$134.5 million.

A breakdown of the overpayments identified by the auditors is shown below in Table II.

Over \$4.7 million of the total was found to be unallowable, including charges for food costs that exceeded allowable and reasonable limits, and goods and services provided at hotels which documentation shows were unoccupied at the time such costs were claimed.

Over \$6.3 million of the total was found to be inadequately supported by the documentation provided by DocGo. The type of supporting documentation that should have been provided varies by the nature of the claimed cost—this is explained further below, by category of disallowed cost—but in general must demonstrate that the claimed cost was actually incurred for the contract.

Table II: Total Overpayments

Category	Amount
Unallowable Expenses	
Unauthorized security staff	\$2,010,950
Vacant hotel rooms	\$1,678,580
Unauthorized on-site medical services	\$501,267
Unauthorized caseworkers	\$180,310
Excessive food costs	\$229,418
Additional expenses not pre-approved timely	\$92,016
Sales tax inappropriately paid	\$21,974
Goods/Services for unoccupied hotels	\$21,820
<u>Subtotal of Unallowable Expenses</u>	\$4,736,335
Inadequately Supported Expenses	
Hotel-generated documentation not provided as support	\$3,926,660
No time records to support claimed staff hours	\$2,146,020
Food invoices without indication of delivery location	\$217,104
Excess food delivered to Crossroads Hotel reportedly delivered to other hotels	\$11,202
<u>Subtotal of Inadequately Supported Expenses</u>	\$6,300,986
Grand Total	\$11,037,321

Unallowable Costs

DocGo Received Over \$2 Million for Additional Security Staff Above the Contracted Amount

Auditors identified 40,219 hours, charged at an hourly rate of \$50, for security above the generally allowable limit provided in the contract. This equates to over \$2 million in overpayments to DocGo,

including \$583,274 in profit, for security guards that were not authorized when the costs were incurred.⁴

The contract allowed DocGo to be reimbursed for the cost of providing one additional security guard to augment hotel staff, at the direction of HPD, when there were 50 or more Service Recipients at any single location.⁵ The contract Scope of Services (Section 5.B.) further allowed DocGo to recommend the hire of additional security guards but only allowed the reimbursement of such additional staffing with HPD's express written approval.

The auditors' review of May and June 2023 invoices submitted to DocGo by its security subcontractors found that DocGo received payments for security guards well above the coverage level stipulated in the contract.⁶ For example:

- At the Crossroads Hotel on May 12, 2023, DocGo claimed and was paid to supply 21 guards, for various shifts. The total cost to the City was \$9,525 (the security guard vendor which supplied the guards charged DocGo \$6,680) This exceeded the generally allowable two 12-hour shifts by \$8,325, including a profit to DocGo of \$2,479.
- At the Holiday Inn on June 18, 2023, DocGo claimed and was paid \$6,000 for supplying 10 guards, each performing a 12-hour shift. This exceeded the generally allowable two 12-hour shifts by \$4,800, of which \$1,560 represented profit for the vendor.

Auditors asked HPD on February 5, 2024, whether the agency had approved any requests from DocGo to increase the number of security guards at any of the hotels. The agency initially responded on February 23, 2024, that "DocGo's provision of security guards is covered in the Scope of Services (appendix B) of the agreement. There are no additional agreements between HPD and DocGo for the provision of security guards."

However, one day later—on February 24, 2024—HPD's Chief of Staff sent a memo to the Assistant Commissioner for the Division of Fiscal Affairs, purporting to *retroactively* authorize DocGo to provide additional security (as well as on-site medical teams) at various hotels named in the memo. This memo was issued more than eight months after the security services were provided. The memo contained no limits on the number of additional security guards that could be hired, did not specify the period or location(s) covered, and provided no details concerning conditions at hotels demonstrating the need for additional security guards. The memo simply stated that the authorization was "to respond to increased security and safety concerns."

At the exit conference, HPD officials disagreed with this characterization, arguing that the memo memorialized verbal approval that had been provided previously. Officials stated that there were contemporaneous communications with DocGo regarding security. However, HPD provided no evidence of DocGo requesting authorization to increase its use of security guards in the prior period, no evidence of contemporaneous communications between the agency and DocGo discussing this issue, and no evidence of instructions to agency personnel responsible for paying

⁴ This \$583,274 was calculated using the average of the hourly rates charged by the various security contractors during May which was \$36.03 and June which was \$35.38. Auditors then subtracted these amounts from the \$50 per hour charge which resulted in \$13.97 and \$14.63 respectively per hour in commissions.

⁵ The contract's Scope of Services C. i.

⁶ To determine the total amount of payments received by DocGo for May and June 2023, the auditors calculated the number of security guard hours billed for each day and subtracted 24 hours to account for the one authorized security guard allowed in the contract.

invoices informing them that the additional security staffing was approved. HPD provided no justification for the need for any additional security in any instance.

HPD stated in its written response that it often provided verbal permission or authorization for expenses, as it was not always possible to formally document such permission when the need was immediate, and that prior to his exit from the agency, the Chief of Staff created the memos to memorialize having provided contemporaneous verbal approval to DocGo. However, the contract terms required that HPD provide express written approval to the vendor. Without prior written approval there is no evidence that additional security staffing was authorized in each instance that the level stipulated in the contract was exceeded. Additionally, sending simple emails to verify the substance of conversations does not require much time and would have satisfied the requirement.

Consequently, auditors are unable to corroborate HPD's argument that the memo represents authorization previously provided for the additional costs incurred by DocGo.

In the absence of HPD's express prior written approval (as required by the contract), these costs were not authorized and must be disallowed in accordance with the contract terms. HPD is expected to hold the vendor to the contract terms and conditions to protect the fiscal interests of the City.

DocGo Claimed and Was Paid Almost \$1.7 Million for Vacant Hotel Rooms

According to the contract, DocGo was to provide hotel rooms at a flat rate of \$170 per room per night, regardless of the amount charged by the hotels for the rooms.⁷ According to HPD, the cost of rooms held by the City for asylum seekers was reimbursable at a flat rate regardless of whether the rooms were occupied, but this is not provided in the contract language and HPD provided no documentation to show that it requested hotel rooms to be blocked against potential use.

DocGo was paid almost \$1.7 million for vacant rooms in hotels with no occupancy during this two-month period. Of this amount, DocGo collected \$408,680 in commissions.

The breakdown of vacant hotel rooms was as follows:

- \$833,340 was paid for 4,902 vacant rooms at Armoni Hotel (Orangeburg, NY) for 61 nights (May 1–June 30, 2023). The amount charged by the hotel was \$490,200 (\$100 per night per room); DocGo collected an associated commission of \$343,140. HPD provided a link to the Town of Orangetown website which indicates that, on May 9, 2023, the Town of Orangetown obtained a temporary restraining order from the Supreme Court of Rockland County to prevent the use of the Armoni Hotel for long-term housing of individuals under the care of New York City. DocGo nonetheless continued to hold the rooms, through the end of June 2023, and received payment for the same.⁸

⁷ The contract's Scope of Services 2. B.

⁸ Based on a review of Department of State records, LexisNexis, Uniform Commercial Code filings, Department of Finance Property records, and Google searches, auditors determined that the Armoni Hotel is owned by a relative of DocGo's former Chairman, who was the Chair for the first 11 months of the contract term.

- \$17,000 was paid for 100 vacant rooms at Knights Inn (Liberty, NY) for four nights (May 21–24, 2023). The amount charged by the hotel was \$10,000 (\$100 per night per room); DocGo collected an associated commission of \$7,000.
- \$96,900 was paid for 570 vacant rooms at the Crossroad Hotel (Newburgh, NY) for nine nights (May 1–9, 2023). The amount charged by the hotel was \$57,000 (\$100 per night per room); DocGo collected an associated commission of \$39,900.⁹
- \$78,540 was paid for 462 vacant rooms at the Imperial Hotel (Brooklyn, NY) for nine nights (May 21–29, 2023). The amount charged by the hotel was \$69,300 (\$150 per night per room); DocGo collected an associated commission of \$9,240.
- \$569,500 was paid for 3,350 vacant rooms at the Crowne Plaza JFK hotel (Jamaica, NY) for 10 nights (June 15–24, 2023). The amount charged by the hotel was \$552,750 (\$165 per night per room); DocGo collected an associated commission of \$16,750.
- \$30,600 was paid for 180 vacant rooms at the Gatsby Hotel (New York, NY) for four nights (June 11–14, 2023). The amount charged by the hotel was \$33,300 (\$185 per night per room); DocGo saw a loss of \$2,700.
- \$25,500 was paid for 150 vacant rooms at the Orchard Hotel (New York, NY) for three nights (June 11–13, 2023). The amount charged by the hotel was \$27,750 (\$185 per night per room); DocGo saw a loss of \$2,250.
- \$27,200 was paid for 160 vacant rooms at the Redford Hotel (New York, NY) for five nights (June 11–15, 2023). The amount charged by the hotel was \$29,600 (\$185 per night per room); DocGo saw a loss of \$2,400.

HPD made payments totaling \$1,678,580 to DocGo for unoccupied rooms. Though requested, HPD did not provide any documentation (e.g., letter, email) to show that it authorized DocGo to reserve these rooms. Cumulatively, the City paid for 9,874 unused hotel room nights in the two-month period under review.

In its response, HPD indicated that holding the rooms at the Armoni Hotel was not an oversight but rather recognition that the restraining order could be lifted at any time. However, HPD provided no evidence of an agreement between DocGo and the Armoni Hotel indicating a commitment to block and pay for rooms for the two-month period. Auditors also found that the Armoni Hotel is owned by a relative of DocGo’s former Chairman, which raises conflict of interest concerns.

HPD also argued in its response that the report incorrectly asserts that vacant hotel rooms and their associated costs were prohibited and that DocGo booked hotel rooms to create a state of readiness. However, HPD provided no evidence of agreements with hotels for the number of rooms to be blocked. The City paid for 9,874 unused hotel room nights at hotels with zero occupancy during May and June 2023. While auditors agree that a state of readiness needed to be maintained, appropriate documentation is essential to verify expenses are legitimate and to ensure fiscal accountability to the City, which DocGo failed to provide.

Unless HPD can show that it provided pre-authorization to hold and pay for unoccupied rooms, the claimed costs and associated profit paid to DocGo should be recouped.

⁹ Based on a review of Department of State records, LexisNexis, Uniform Commercial Code filings, Department of Finance Property records, and Google searches, auditors determined that the Crossroads Hotel is owned by a relative of DocGo’s former Chairman.

DocGo Claimed and Was Paid \$501,267 for Unauthorized Medical Staff

Auditors found that HPD also paid DocGo for on-site medical staff for which the written authorization was both undefined and issued well after the expense was incurred. As was the case with the additional security staff, the authorization was given months after the costs were incurred (the contract states that the approval must be granted before the expense is incurred), and only after auditors questioned the expenditure.

The contract provided HPD with the option to request that DocGo provide 12-hour or 24-hour on-site medical teams at any location, upon 30 days written notice to DocGo.¹⁰ The teams were to consist of an Advanced Practice Provider (a Nurse Practitioner or a Physician's Assistant), a Licensed Practical Nurse, and a Medical Administrator. The contract further provided that HPD's written approval was required for any on-site medical staffing provided by DocGo.

The auditors' review of invoices found that DocGo billed HPD \$38,408 for on-site medical services for May 2023 and \$462,859 for June 2023. In response to the auditors' request for documentation to show that these services were authorized, HPD initially responded on February 23, 2024, that "DocGo's provision of medical staff is covered in the Scope of Services (Appendix B) of the agreement. There are no additional agreements between HPD and DocGo for the provision of medical staff," indicating that there were no additional agreements between HPD and DocGo for these services. HPD later provided the above-mentioned interoffice memo (dated February 21, 2024).

The memo also lacked details regarding the medical services that were authorized. The authorization memo did not identify the staffing needed at the various locations or the number of hours of service (i.e., 12 hours or 24 hours) to be provided, as required by the contract.

Further, HPD provided only limited evidence of communications between the agency and DocGo indicating a need for such services. HPD provided two emails it received from DocGo regarding medical staffing: one acknowledging that the vendor was "instructed not to provide clinical staff on-site at the upstate locations" and the other in which the vendor recommended having a medical team at a Newburgh site for at least the first week. However, HPD provided no evidence that it gave written approval to DocGo authorizing the placement of a team at the site.

There is no documentation to justify the reasonableness or necessity of these expenditures and therefore they should have been disallowed.

DocGo Claimed and Was Paid More Than \$180K for Unallowable Caseworkers

The contract provided that DocGo would assign caseworkers and social workers to each participating hotel to assist asylum seekers.¹¹ During the day, the ratio of caseworkers to rooms was to equal 1:30; during night shifts, caseworker staffing levels were to be reduced by half, with a minimum of one overnight caseworker per site.

¹⁰ The contract's Scope of Services 3. B.

¹¹ The contract's Scope of Services 1. D.

A review of the *Caseworker (CW) Ratio Breakdowns* for May and June 2023 show that DocGo billed HPD for caseworkers at levels that exceeded the reduced ratio for night shifts.¹² For example, in instances where there were more than 30 and up to 60 rooms occupied, DocGo calculated the caseworker ratio as two with the billable caseworker hours as 48 hours (24 hours x 2); however, the terms of the contract for overnight shifts allowed only one caseworker for eight hours. DocGo received \$180,310 in related overpayments; this amount should be recouped.

DocGo Claimed and Was Paid \$229,418 More Than It Was Entitled for Supplying Food

According to the contract, DocGo was contracted to provide each asylum seeker with three meals per day, but the audit found the actual number of meals supplied and paid for far exceeded what the contract provided.¹³ This likely occurred because the invoices for food services were not reconciled against the census available to the agency through the HOST system.

HPD was billed and paid DocGo \$971,967 for the delivery of 259,961 meals during May and June 2023, but the census recorded in the *CW Ratio Breakdowns* for this period shows that only 160,431 were needed.¹⁴ This is based on the total number of individuals needing meals for all nights during May and June of 2023, multiplied by three meals each, based on corresponding food invoices with identified hotel locations. DocGo claimed and was paid \$216,188 for supplying 75,384 more meals than allowed, as shown in Table III below.

As also shown, two hotels—Crossroads Hotel and SureStay Plus Hotel—stand out for having the highest number of excess meals delivered and charged:

- On May 26, 2023, the Crossroads Hotel housed 97 asylum seekers which equates to 388 needed meals and snacks, at a total cost of \$987. DocGo charged the City for supplying 1,288 meals at a cost of \$3,276.
- On June 2, 2023, the SureStay Plus Hotel housed 24 asylum seekers which means 96 meals at a total cost of \$248 were needed. Instead, DocGo charged for supplying 1,200 meals at a cost of \$3,102.

Even allowing 20% overage—to account for spillage, extra meal requests, unexpected new arrivals, etc.—auditors calculate that 44,879 extra meals were delivered for an excess payment of \$129,983. It is also worth noting that such excess reflects an incredible amount of food waste, which has been a widely reported problem for the City.

The audit also found that DocGo exceeded the contracted rate for food costs provided by one of the vendors. According to the budget found in the contract, food was to be billed at an actual cost not to exceed \$11 per meal or \$33 per person per day. Season's Catering billed DocGo between \$11.67 and \$35 per meal for 14,320 meals in June 2023. In total, \$13,230 was spent above the allowable contracted rate. These expenses should be recouped.

¹² The *CW Ratio Breakdown* is a spreadsheet that DocGo submitted as part of the invoices that includes the number of contracted rooms, occupied rooms and guest count for each hotel for each day of the month. These figures are then used to calculate the caseworker ratios and the billable caseworker hours.

¹³ The contract's Scope of Services 2. D.

¹⁴ Meals consisted of breakfast, lunch, dinner, and, in some instances, a snack.

Table III: Excess Meals Delivered to Hotels

Hotel	No. of Days	No. of Meals Needed	No. of Meals Delivered	No. of Excess Meals	Amount Charged for Excess Meals*
Crossroads Hotel	48	24,320**	33,749	94,29	\$23,654
SureStay Plus Hotel	19	1,632	18,160	16,528	\$43,007
Imperial Hotel	25	17,668	23,025	5,357	\$13,062
The Red Roof Inn	37	10,916	14,572	3,656	\$8,912
Hotel RL	32	29,292	39,520	10,228	\$24,931
Gatsby	16	7,130	8,548	1,850	\$8,243
Orchard Hotel	17	7,632	12,400	4,768	\$21,009
Redford Hotel	15	4,150	7,220	3,070	\$13,662
Ardsley Acres Hotel	19	4,935	6,345	1,410	\$3,530
BK Way Hotel	25	14,428	18,480	4,052	\$9,877
Central Motel Courtyard	27	6,444	12,805	6,361	\$15,512
Best Western Hotel	6	2,412	3,540	1,128	\$12,408
Quality Inn JFK	21	20,344	23,875	3,795	\$9,235
TOTALS	343	160,431	235,119	75,384	\$216,188

*The amount of excess meals was calculated using the average cost of meals charged by the specific food vendor.

**This number includes meals that were reportedly delivered to the Ramada Inn and Red Roof Inn. HPD indicated that these hotels did not have refrigeration in place at the beginning of the contract, so the meals were delivered to Crossroads and then distributed to the other hotels.

HPD stated in its response that food purchase quantities were sometimes made in bulk and stored, and sometimes delivered to clearinghouse hotel sites and redistributed. In the one

instance where HPD was able to clearly identify that this occurred, the auditors adjusted the figures accordingly before issuing the Draft Report. HPD provided no other evidence (e.g., emails, invoices denoting deliveries for multiple hotels, etc.) to indicate that this had occurred in other instances. As such, auditors were unable to verify HPD's claims.

No Evidence that Pre-Approvals Were Obtained for Additional Expenses Totaling \$92,016

According to HPD, the agency must pre-approve any additional expenses not outlined in the contract. However, the audit found no evidence that approvals were granted for additional expenses incurred in May and June. HPD seems to have approved the additional expenditures in October of 2023, well after they were incurred.

DocGo was reimbursed \$92,016 in additional expenses for May and June 2023 that were not pre-approved, and some costs were inadequately supported, such as the Lyft rides for which purposes were not indicated. DocGo was also reimbursed \$219 for items that could not be identified because the receipt did not identify what was purchased. A breakdown of these expenses is as follows:

- \$58,157 paid for cribs, play yards, diapers, wipes, baby food, bottles, baby wash, baby lotion, and other sundries.
- \$24,657 paid for Lyft rides for asylum seekers, including a ride for an asylum seeker from Manhattan to Poughkeepsie costing \$396.
- \$196 for prescription and over the counter medications.
- \$432 for water.
- \$836 for bus tickets.
- \$1,700 for two refrigerators.
- \$275 for snacks, food, and water.
- \$5,544 for file cabinets, storage bins, ID printer cleaning kits and toner cartridges, iPhone chargers, paper, envelopes, extension cords, surge protectors, pads, pens, label maker, tablecloths, and other office supplies.
- \$219 for items that auditors were unable to determine.

DocGo Claimed and Was Paid \$21,820 for Supplying Goods and Services at Hotels without Guests

According to the *CW Ratio Breakdown*, HPD reimbursed DocGo for providing goods and services at hotels where no asylum seekers were lodging on the dates in question. Had HPD cross-checked these claims against the data showing occupied hotels, this likely would not have occurred.

The breakdown is as follows:

- Security guard services and food totaling \$3,930 billed for the Armoni Hotel (Orangeburg, NY) for May 2023.
- Security guard services and food totaling \$3,540 billed for the Crossroads Hotel (Newburgh, NY) for May 7–8, 2023.
- Food totaling \$2,700 for the Candlewood Hotel (Syracuse, NY), for May 7 and 9, 2023.

- Security guard services totaling \$4,050 billed for the Imperial Hotel (Brooklyn, NY) on May 29, 2023, and the Knights Inn (Liberty, NY) for May 21, 2023.
- Upstate shuttle services totaling \$7,600 for eight upstate shuttles to Syracuse on May 23 through 25; however, there were no asylum seekers in Syracuse hotels on these dates. According to DocGo, a temporary restraining order was issued preventing the contractor from moving asylum seekers to those hotels as previously arranged. DocGo indicated that there were cancellation fees that were billed to the City, but this figure does not represent cancellation fees; DocGo was paid for the full cost of providing shuttles, at \$950 per shuttle.

In total, the audit identified \$21,820 in payments relating to goods and services provided at these hotels. These expenses should be disallowed.

DocGo Claimed and Was Paid \$21,974 for Sales Tax

HPD inappropriately paid DocGo \$21,974 in sales tax, including \$20,236 relating to food purchases and \$1,738 relating to other purchases. According to the New York State Tax Law, governmental agencies are exempt from paying sales tax. These expenses should be disallowed.

Unsupported Costs

DocGo Was Paid \$3.9 Million, Including \$815,000 in Profit, for Inadequately Supported Hotel Charges

Under the terms of the contract, DocGo was reimbursed at a rate of \$170 per hotel room. In instances where the hotel room cost less, DocGo was entitled to the difference as profit. During May and June 2023, DocGo was reimbursed a total of \$6.8 million for hotel rooms. Of this amount, DocGo paid the hotels approximately \$5 million and claimed just over \$1.8 million in associated profit.

Based on a review of invoices submitted by DocGo to support claimed hotel costs, the auditors determined that \$3.9 million of the \$6.8 million paid to DocGo for hotel room charges—including \$815,000 in profit—was inadequately supported and therefore should not have been paid.¹⁵

According to the contract, all costs should be supported by invoices, vouchers, or other official documentation.¹⁶ According to HPD, the support for payments relating to hotel billings should consist of invoices on appropriate letterhead or some other document indicating that it originated from the billing hotel.

However, 22 of the 28 hotel invoices submitted for May and June 2023—79% of those reviewed—did not meet this standard because the invoices submitted consisted of pictures or screenshots of invoices, or invoices that did not identify the rooms utilized. In some instances, the statements

¹⁵ See the Office of the Comptroller's comparison of staffing contracts for asylum seeker services: <https://comptroller.nyc.gov/wp-content/uploads/documents/Asylum-Seeker-Staffing-Contract-Comparison-and-Review.pdf>

¹⁶ Article 9 (c) of the contract.

submitted for different hotels had the same exact format, which raises questions about who created them.

None of the 28 hotel invoices included guest names, and 18 did not include room numbers. Invoices submitted for the Knights Inn hotel for May did not even include the amounts charged. Almost none of the submitted documentation consisted of hotel folios of the kind routinely used by commercial hotels to document that hotel rooms were occupied over certain check-in and check-out dates. Further, the documentation provided by DocGo lacked identifying information to prove that it was in fact created by the hotels.

Table IV below shows a breakdown of the hotels for which inadequate support was provided. Crossroads and Hotel RL stand out as the two hotels with the highest amount of inadequately supported billings. Crossroads also stands out as representing a significant portion of DocGo's associated profit. It accounts for \$357,000 of the \$815,000 in profit paid to DocGo for unsupported hotel charges.

Table IV: Hotels with Inadequate Support for Billings

Hotel	Total Amount Paid for Billings	Amount Inadequately Supported	Amount Billed by Hotel	Remaining Amount Paid to DocGo*
Ardsley Acres	\$130,900	\$130,900	\$127,050	\$3,850
Best Western Buffalo Airport	\$220,320	\$220,320	\$123,120	\$97,200
BK Way	\$269,620	\$269,620	\$261,690	\$7,930
Central Motel Courtyard	\$142,290	\$142,290	\$108,810	\$33,480
Crossroads	\$963,900	\$867,000	\$510,000	\$357,000
Crown Plaza JFK	\$911,200	\$341,700	\$331,650	\$10,050
Imperial	\$415,820	\$337,280	\$297,600	\$39,680
Holiday Inn Express	\$380,800	\$380,800	\$222,335	\$158,465
Hotel RL	\$428,400	\$428,400	\$378,000	\$50,400
Knights Inn	\$29,750	\$12,750	\$7,500	\$5,250
Orchard Street	\$170,000	\$144,500	\$157,250	(\$12,750)
Quality Inn JFK	\$285,430	\$285,430	\$268,640	\$16,790
Redford Hotel	\$108,800	\$81,600	\$88,800	(\$7,200)
SureStay	\$161,670	\$161,670	\$95,100	\$66,570
The Gatsby	\$153,000	\$122,400	\$133,200	(\$10,800)
Totals	\$4,771,900	\$3,926,660	\$3,110,745	\$815,915

*The difference between the contractual rate of \$170 a night per room minus the hotel rate charged by the hotel per room per night is commission earned by DocGo.

There is no evidence that HPD used other data and information at its disposal to verify the legitimacy of hotel bookings. DocGo is required to submit Intake Reports to HPD that are supposed to include, among other things, the asylum seeker's full name, unique identifying number assigned by the HOST system, hotel name and room number, check-in date, and check-out date (when applicable),¹⁷ but HPD officials informed auditors that these reports are not submitted to HPD.

Although vendors were instructed to input the data into the HOST system, HPD did not review the HOST system to reconcile census counts provided by DocGo with official tallies recorded in HOST. HPD stated that for some invoices it reviewed macro-level hotel data (e.g., number of rooms occupied at hotels) but not for every hotel or every period. HPD indicated that it is currently working on creating reports in HOST that can assist with reconciling this information.

DocGo Did Not Provide Adequate Support for \$2.1 Million in Staff Costs

According to HPD, invoices for payments to workers should be supported by payroll stubs and time records, but the audit found that HPD generally did not attempt to obtain time records before rendering payment.

Auditors obtained evidence in only one instance in which HPD requested time records; even though DocGo did not provide the documentation, payment of over \$69,000 was still approved.¹⁸

Of invoices totaling \$5,592,718 that DocGo submitted for May and June 2023 for staffing provided under the contract, invoices totaling \$2,146,020 (38%) were not adequately supported by time records. A breakdown of the worker categories is as follows:

- Caseworker payments totaling \$1,180,790.¹⁹
- Social worker payments totaling \$227,518.
- Security guard payments totaling \$737,712.²⁰

For example, the supporting documentation from Platinum Community Care, the largest provider of caseworkers and social workers, included only spreadsheets identifying staff names and the total hours worked for the various shifts in a pay period, without identifying the specific dates and hours worked. The supporting documents submitted by two security vendors included only the number of security guard hours provided per day multiplied by the hourly rate, with no indication of the names of the security guards or the number of hours each worked.

Without time records and payroll stubs to support the claimed costs, HPD cannot be assured that it is paying for the services of people who actually worked under this contract and for the hours

¹⁷ The contract's Scope of Services 7.A.

¹⁸ The DocGo invoice contained a note stating that it could not obtain the information because they were no longer working with the sub-contractor, Blue Eagle.

¹⁹ The dollar amount for the inadequately supported caseworker hours was reduced by the amount for unallowable caseworkers since recoupment of the unallowable amount was recommended.

²⁰ The dollar amount for the inadequately supported security hours was reduced by the additional security staff that was inadequately supported since recoupment was recommended for the additional security staffing.

being claimed. Unless such supporting documentation is provided, these amounts should be recouped as overpayments.

DocGo Claimed and Was Paid \$217,104 for Food Deliveries to Unidentified Hotels

According to HPD's policies and procedures, all invoices and bills from respective subcontractors must contain the name and address where goods and/or services were provided. The auditors found that Seasons Hospitality caterers submitted ten invoices with no hotel names or addresses for which the vendor received payments totaling \$217,104.²¹ Without proper hotel locations, HPD cannot confirm that food was delivered to hotels housing asylum seekers, and the associated payments should be recouped.

HPD Did Not Enforce Contract Staffing Levels for Hotel Caseworkers and Social Workers

The contract required DocGo to assign caseworkers and social workers to assist asylum seekers at each participating hotel. During the day, the ratio of caseworkers to rooms was supposed to be 1:30; during night shifts, caseworker staff was to be reduced by half, to a minimum of one overnight caseworker per site.²²

A review of the *CW Ratio Breakdowns* for May and June 2023 show that DocGo understaffed caseworkers by 1,670 hours for 82 days at 15 hotels, and understaffed supervisors (social workers) by 4,693 hours for 317 days at 18 hotels. As shown in Table V, there were 101 instances totaling 2,424 hours during which there was no supervisor present on site.

Caseworkers were expected to provide assistance to all service recipients by ensuring meals were delivered and laundry services were provided. According to the DocGo job description, caseworkers were also responsible for helping asylum seekers obtain outside services such as legal services and primary care, as well as helping with transportation needs and developing service plans.

According to HPD, social workers were expected to provide a higher level of services and expertise than caseworkers, including offering counseling and mental health crisis support.

Inadequate staffing of caseworkers and social workers raises serious concerns that DocGo failed to provide services to asylum seekers as needed.

Table V below shows a breakdown of the hotels that were understaffed.

²¹ Because locations were not included in the invoices, auditors were unable to test for 20% meal overages.

²² The contract budget did not include a rate for social workers, but HPD indicated that social workers fall under the Supervisor line in the contract budget.

Table V: Hotels that Did Not Have the Required Number of Caseworkers and Supervisors

Hotel	Insufficient No. of Caseworkers Assigned		No Social Worker Assigned		Insufficient No. of Social Workers Assigned	
	No. of instances	No. of hours	No. of instances	No. of hours	No. of instances	No. of hours
Ardsley Acres	1	7	9	216	10	94
BK Way	3	8	8	192	17	191
BW Buffalo	3	23	1	24	3	30
Central Motel Courtyard	1	16	8	192	6	61
Crossroads	----	----	----	----	9	111
Crowne Plaza JFK	4	190	----	----	3	75
Gatsby	1	9	2	48	12	142
Hotel RL	5	49	2	48	19	208
Holiday Inn DT Albany	10	112	10	240	6	84
Imperial	5	75	6	144	15	165
Knights Inn	----	----	----	----	2	12
Orchard Street	3	63	----	----	16	107
Quality Inn JFK	10	179	3	72	10	77
Ramada Plaza	26	814	3	72	29	358
Ramada Inn	6	74	10	240	35	354
Redford	1	8	14	336	----	----
Red Roof Inn	3	43	19	456	11	90
SureStay	----	----	6	144	13	110
TOTAL	82	1,670	101	2,424	216	2,269

HPD Exercised Little to No Control over DocGo’s Subcontractor Selection, Bidding, and Reporting Processes

The invoices reviewed for May and June 2023 show that DocGo used 41 subcontractors to provide a variety of services, including food, security, hotel accommodations, and medical services. Of the \$13,781,306 paid to DocGo for the above period, \$9,227,666 (67%) was for subcontracted services.

According to the *Procurement Policy Board (PPB) Rules*, contracting agencies must approve all subcontractors that prime contractors intend to use before they begin performing their work.²³ The approval process is intended to ensure that all City work is performed by parties with the necessary facilities, skill, integrity, experience, and financial resources to perform the required work.

To facilitate the approval, contractors are required to submit a Subcontractor Approval Form for each vendor they intend to use as a subcontractor. According to the contract, all subcontracts valued at \$25,000 must be procured through a competitive bidding process—DocGo was required to solicit and document at least three written estimates but provided no evidence that it obtained written bids.

For subcontractors approved to work on a contract, prime contractors are required to enter the subcontractor's name, maximum subcontract value, start and end date of the subcontract, and industry into the City's Financial Management Systems (FMS) Payment Information Portal (PIP). In addition, the PPB Rules require that all subcontracts be in writing. HPD's contract with DocGo requires DocGo to record all payments made to subcontractors in PIP.²⁴

The audit found that HPD did not adequately oversee DocGo's use of these vendors, as discussed below.

No Subcontractors Were Approved by HPD

DocGo submitted Subcontractor Approval Forms for only 12 of the 41 subcontractors that provided services during May and June 2023, and HPD did not sign off on any of them. Further, HPD could not provide the agreements with DocGo for 33 of the subcontractors. As a result, the auditors cannot be certain that HPD conducted the required vetting for any of the subcontractors, nor could they determine the total value of these contracts.

The subcontractor with the highest-value contract—Platinum Community Care—was among those for which no Subcontractor Approval Form was submitted, and HPD had no copy of the subcontract on file. The subcontract with DocGo is listed in PIP as having a maximum value of \$42 million.

No Written Bids for Subcontractors Selected

The dollar value of the nine subcontracts that were recorded in PIP ranged from \$800,000 to \$42 million, meaning that all were required to be selected through a competitive bidding process with written bids. However, HPD provided no evidence that written bids were solicited from potential subcontractors as required.

In response to our inquiries regarding this matter, DocGo forwarded *Vendor Selection Forms* to HPD filled out by the contractor on which the subcontractors were listed, along with their estimated fees. A review of these forms revealed that most of the forms were signed off by a DocGo official. However, most of them were not dated and none included contact information for any of the

²³ Section 4-13 of the PPB Rules.

²⁴ Appendix A of the contract.

vendors. This constrained HPD’s ability to verify that the prices recorded on the forms represented actual bids submitted by vendors able to perform the work.

Subcontractors Were Not Consistently Reported in PIP

Information for only 9 of the 41 subcontractors was entered in PIP as required, and none were approved in PIP by HPD—all nine were listed as “pending review” as of April 11, 2024. Among the subcontractors not entered in PIP were the 20 hotels utilized under the contract in May and June, which received \$4,962,425 (54%) of the \$9,227,666 in payments reportedly paid to subcontractors during May and June 2023. In addition, DocGo did not record any of the payments made to subcontractors in PIP as required.

HPD Did Not Ensure That DocGo Hired a Program Director to Perform Contract-Specific Responsibilities

The contract requires DocGo to supply a full-time Program Director at a cost of \$10,000 per month, which corresponds to an annual salary of \$120,000.

A review of the invoices submitted by DocGo for May and June 2023 shows that HPD paid DocGo \$20,000 for the person filling the Program Director position for the months of May and June 2023. As supporting documentation for this expenditure, HPD provided a payroll stub it received from DocGo, indicating a California address for the payee. However, based on the limited responsibilities listed for this position in the contract, it is unclear how this position could be effectively performed on a remote basis and in a different time zone.

HPD does not specify the tasks or responsibilities necessitating the need for a Program Director at a cost of \$10,000 per month in the contract; the contract merely states that the position calls for a “dedicated manager to serve as key liaison for [HPD], responsible for overseeing all services provided and ensuring ongoing successful provision thereof.” Therefore, it was left to DocGo’s discretion as to what the position’s day-to-day duties and responsibilities would be.

DocGo’s posting for the position mostly contains generic responsibilities that do not reflect anything specific to its contract with HPD, as shown below in Table VI.

Table VI: Responsibilities for Program Director as Developed by DocGo

Responsibility*	Contract-specific	Not contract-specific
1. Serve as the primary contact and program lead for a given contracts/projects	X	
2. Collaborate with executive leadership to achieve performance targets and long-term operational plans		X
3. Manage the P&L for a given contract, including making necessary decisions to ensure budget is met	X	
4. Lead customer/contract negotiations to ensure company financial targets are achieved		X
5. Develop long-term operational strategies to improve efficiency, reduce costs, and increase customer satisfaction		X
6. Analyze current operational processes and performance, recommending and implementing solutions where necessary		X
7. Plan, monitor, and analyze key metrics for day-to-day operations		X
8. Manage and coordinate amongst a team of Directors, Managers, and Supervisors		X
9. Provide exceptional customer service to both internal and external customers		X
10. Promote and maintain a culture of trust and teamwork with the entire operational team and supporting departments		X
11. Possess a thorough understanding of the service area, current services, and contracted facilities		X
12. Mentor employees, conduct performance evaluations when applicable, counsel and provide disciplinary actions to assigned personnel with a goal of developing a team-oriented approach with positive results		X
TOTALS	2	10

*As stated in DocGo’s official posting for the position

Ten of the 12 responsibilities appear to primarily benefit DocGo’s overall operations rather than being specific to the oversight and administration of a particular contract. Only two specifically refer to contract-related responsibilities, but even they are general. DocGo makes no reference of the services being provided under the HPD contract, billing itself as a healthcare company “leading the proactive healthcare revolution [...] includ[ing] mobile health services, population

health, remote patient monitoring, and ambulance services.” It appears that DocGo sought to fill the position with someone who has experience in the healthcare industry.

Based on the rather generic duties and responsibilities listed for the position (and the remote-working arrangement), the extent to which the person provided actual services in support of the HPD contract appears to be minimal.

In response, DocGo stated that the person in question served as the Program Director from the start of the program until Fall 2023 and that her sole job duties and responsibilities were focused on the HPD contract. According to DocGo, the Program Director traveled to New York multiple times during the period. DocGo also stated that the job description posting that was provided was a general description for the role within the organization and not a specific job description tailored to the Program Director’s role in this contract. (DocGo did not provide a description of the duties specific to this contract.)

Unless HPD can fully substantiate the services provided by this director, can tie them specifically to this contract, and can demonstrate how duties could be provided remotely from California, the \$20,000 paid for the position during May and June 2023 should be recouped.

HPD Did Not Consistently Ensure That All Housing Units and Common Areas Were in Satisfactory Condition

HPD did not generally conduct inspections of the hotels used by DocGo to ensure that they were in satisfactory condition. HPD provided evidence of only one site visit at the Americana Inn in December 2023. The *Facility Walk Thru Checklist* focused on the Americana Inn’s overall conditions (e.g., elevators are operational, fire extinguishers available) and did not specify if any room was visited. None of the additional 14 hotels located in NYC received a visit from HPD, nor did the 13 hotels located outside of NYC. HPD relied on DocGo to ensure that the rooms being used to house asylum seekers were satisfactory and in good condition.

As noted above, DocGo was reimbursed by the City at a rate of \$170 per hotel, regardless of what the hotel was paid for the room. This provided DocGo with a financial incentive to acquire hotel rooms at the lowest rate possible. To address the potential conflict of interest inherent to DocGo’s selection of hotels, inspections conducted by HPD would have helped ensure that hotels were selected based on suitability for housing asylum seekers and not based on the opportunity to increase its profit.

The audit team conducted observations of 189 rooms at 23 hotels, with the results below (see Appendix II for a complete list of hotels visited).

80% of Rooms Observed Had Deficiencies, a Small Number with Serious Health and Safety Hazards

According to the *NYC Humanitarian Emergency Response and Relief Center General Policies and Protocols*, asylum seekers have a right to a safe, clean environment. Participating hotels used by DocGo to house asylum seekers were required to provide all necessary housekeeping and maintenance services. DocGo was also required to ensure that all rooms included a

refrigerator and a microwave oven. If the hotel did not provide these amenities, DocGo was required to furnish them.

Deficiencies were found in 152 (80%) rooms at 22 of the hotels. Twenty-one of the rooms had deficiencies that posed health or safety hazards. Auditors immediately sent HPD officials a letter to inform them of the most serious health or safety hazards. HPD later indicated that the cited conditions were corrected but did not provide details on the steps that were taken. Thirty-three of the rooms occupied by families with babies were missing cribs; 122 rooms were missing microwaves; and 67 rooms were missing refrigerators.

A breakdown of the conditions observed is shown in Table VII. (A more detailed breakdown by hotel is found in Appendix II.)

Table VII: Results of Auditors' Inspections of 189 Sampled Rooms

Category	Number of Rooms		Number of Hotels	
	Yes	No	Yes	No
Free from mold and other water-related issues*	181	10**	18	5
No peeling paint, ceiling intact (e.g., no missing or damage ceiling tiles)*	176	13	16	7
Refrigerator in room	122	67	15	8
Microwave in room	67	122	9	14
Crib in room, if appropriate***	37	33	10	13
Working heating system	187	2	21	2
Hot water	189	0	23	0
Free from excessive garbage	182	7	19	4
Toilet paper available	186	3	20	3
Total Number of Rooms and Hotels with at Least One Deficiency****		152		22
Total Number of Rooms and Hotels with at Least One Health or Safety Hazard***		21		9

*Health or safety hazard

**These two columns for number of rooms total to more than 189 because two adjoining rooms were observed to have mold conditions, but were in addition to the sample of 189.

***Families with infant children occupied 70 of the rooms inspected by auditors

****Some rooms and hotels had more than one type of deficiency

It is also important to note that auditors only accessed 189 of the 1,351 occupied rooms on the day of their visits.²⁵ As indicated earlier, 152 (80%) of the rooms inspected by auditors were found

²⁵ According to census data obtained from HPD.

to have at least one deficiency, of which 21 had deficiencies constituting a health or safety hazard. If the percentage of sampled rooms with problems was consistent with the percentage for the full population of rooms, auditors estimate that 1,081 (80%) of the 1,351 rooms contained at least one deficiency, of which 149 rooms could contain a health or safety hazard.

HPD stated in its response that 80% of hotel rooms with deficiencies is “a highly misleading statistic” and that the “vast majority of deficiencies, per the Comptroller’s table, are missing in-room microwaves or refrigerators,” which were readily available in common areas. However, the text and table clearly identify the types of deficiencies found, including missing microwaves and refrigerators and, per the contract, DocGo was required to furnish in-room microwaves and refrigerators.

Mold and Other Water-related Issues

Auditors found evidence of water-related issues (e.g., mold, drainage) at 10 of the sampled rooms inspected at the following hotels: SureStay Plus Best Western and Ramada Plaza in Albany; the Vybe Hotel in Brooklyn; Central Motel Courtyard in White Plains; Imperial Hotel in Brooklyn and the Red Roof Inn Plus in Amherst. Water-related issues were also found in the hallways of the Ramada Inn and Crossroad hotels in Newburgh.

According to the Centers for Disease Control, exposure to damp and moldy environments may cause a variety of health problems. Exposure to molds can lead to symptoms such as stuffy nose, wheezing, and red or itchy eyes or skin. Some people, such as those with allergies to molds or with asthma, may have more intense reactions.

Examples (including photos) of some of the conditions found are shown below.

SureStay Plus Best Western (Albany)

Figure 1: Room 130 had water damage on the ceiling in the bathroom.



Figure 2: Room 261 had a serious mold problem and the room had a bad smell. Water from condensation on the window was on the windowsill inside the room and the carpet was very wet near the window. Numerous mold spots were observed above the window.



Figure 3: Room 288 had mold, water damage, and a hole in the bathroom ceiling. This room also had water damage to the bedroom ceiling in two places.



Figure 4: Room 288 had a hole in the bathroom ceiling.

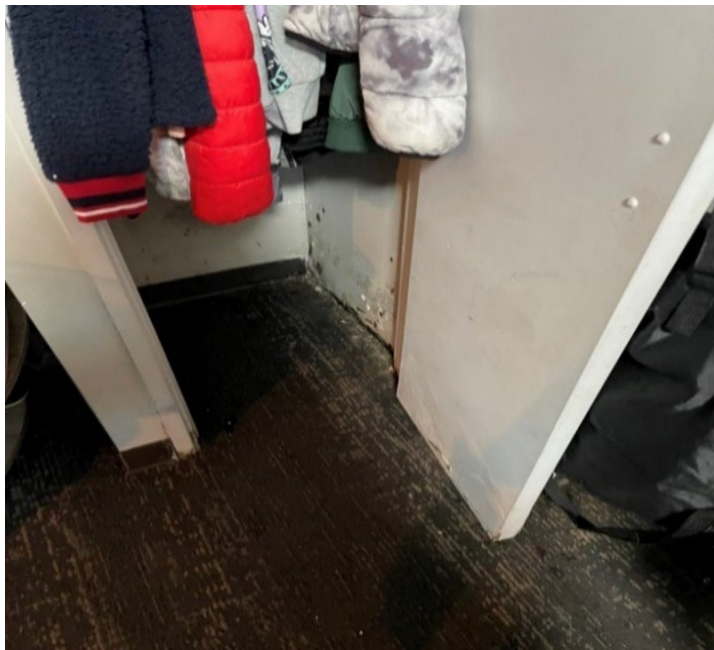


Figure 5: Room 288 had water damage on the bedroom ceiling in two places.



The Vybe Hotel (Brooklyn)

Figures 6 and 7: Room 601 smelled of mold and mildew from a leak in the ceiling above and inside the closet, and the carpet was saturated. Also, the heating unit was not working in this unit. The family of six assigned to this room and an adjoining room indicated that all six family members were sleeping in the adjoining room due to the conditions cited.



The Ramada Inn (Newburgh)



Peeling Paint, Damaged Ceilings, and Excessive Garbage

Auditors identified 13 rooms at seven hotels that had peeling paint or damaged ceiling tiles. The hotels in question were Red Rood Inn (Poughkeepsie), Imperial Hotel (Brooklyn), Central Motel Courtyard (White Plains), the Redford Hotel (Manhattan), the Crossroads Hotel (Newburgh), SureStay Plus Best Western (Albany), and Ramada Inn (Newburgh).

Figures 9 and 10: Room 115 at the Ramada Inn had ceiling tile damage.





Rooms Not Equipped with Microwaves and/or Refrigerators

According to the contract, DocGo is required to ensure that rooms in participating hotels include a refrigerator and a microwave oven; if a hotel does not provide either or both of these amenities, DocGo is required to furnish each hotel room with a refrigerator and/or a microwave oven as needed.²⁶

- Of the 189 rooms observed 122 (65%) did not have a microwave and 67 (35%) did not have a refrigerator. The hotels without microwaves and refrigerators were: Gatsby, El Rancho, Imperial Hotel, Redford Hotel, the Orchard Hotel, Hotel RL, Voyage Hotel, and the BK Way Hotel. In addition, there were no microwaves in the rooms observed at the Essence JFK, the Americana Inn, Holiday Inn Express Brooklyn, Sleep Inn, Vybe Hotel, and the Hotel Merit.
- Staff at some hotels indicated that microwaves were removed from the rooms because they were being used incorrectly (e.g., food was being cooked too long, aluminum foil was being put in microwaves, etc.)

HPD stated that it is not required for every hotel room to have a microwave and refrigerator, provided that the hotel has a common area with these appliances; however, HPD did not provide evidence of this contract modification.

Follow-up by HPD

A letter was sent by the Comptroller's Office to HPD on December 22, 2023, advising officials of the hazardous conditions relating to mold and water damage that auditors observed and asking to be apprised of any corrective actions taken.

Auditors received a response from HPD on February 16, 2024, stating that the conditions were corrected as of January 26, 2024. However, HPD did not specify the steps taken to remediate the

²⁶ The contract's Scope of Services 1. B.

conditions and did not indicate whether families in rooms with mold conditions were moved to new rooms.

Auditors sent a follow-up requesting this information but have not yet received a response. HPD indicated that it did not send staff to verify the corrections but instead relied on DocGo to ensure that the conditions were corrected.

Some Observed Hotels Had Leaks or Water Damage, Lacked Controlled Access to Hotel or Rooms, and Lacked Personal Hygiene Kits

To determine the conditions of the hotels being used to house asylum seekers, auditors visited 23 hotels on December 19, 2023. Generally, the exteriors of all 23 hotels visited, the hotel lobbies, and the food storage areas were in good condition, with some exceptions. Table VIII provides a breakdown of the results of the auditors’ examination of hotel grounds and services provided.

Table VIII: Results of Auditors’ Examination of Common Areas of Hotels and Review of Services Available

Category	Number of Hotels	
	Yes	No
Outside of hotel free from dirt, debris and graffiti.	23	0
Hotel Lobby free from dirt, debris, and graffiti.	23	0
Hotel hallways free from water leaks and other damage	21	2
No exterior barriers preventing entry	22	1
Food storage areas well kept	23	0
Translation services available	22	1
Baby formula, diapers, wipes available*	17	0
Controlled access (e.g., key, swipe card) to hotel and rooms	20	3
Personal Hygiene Kits (e.g., toothbrush, toothpaste, soap)	19	4

* Twenty of the 23 hotels visited had families with children

Auditors found water leaks in the hallways of two hotels—the Ramada Inn and Crossroads Hotel, both in Newburgh (see Figures 12, 13 and 14). One hotel, the Quality Inn JFK in Queens, had a barricade or other restriction inappropriately preventing entry into the hotel. Additionally, personal hygiene kits were not available for distribution as required at 4 of the 23 hotels: Orchard Street Hotel and Redford Hotel (both in Manhattan), Hotel RL in Brooklyn, and Red Roof Inn Plus in Poughkeepsie.

Figures 11 and 12: Ramada Inn, leak in second-floor hallway



Figure 13: Crossroads Hotel, leak in hallway



Survey Respondents Were Generally Satisfied with Accommodations, Though Reviews of Services Were Mixed

To determine how asylum seekers viewed the accommodations and services they received at the hotels, auditors conducted a survey of asylum seekers during their visits to the 23 hotels. Auditors distributed 1,064 survey questionnaires and QR codes to asylum seekers. The survey contained 27 questions, some of which asked respondents to rate their levels of satisfaction with services provided. Surveys were distributed in the following languages: English, Spanish, French, Portuguese, Arabic, Russian, Chinese, Georgian, Bengali, Polish, Korean, Turkish, Urdu, Wolof, and Haitian Creole.²⁷

Auditors received 252 responses (the number of questions answered varied among respondents). Responses received were anonymous. (The full survey results for questions in which respondents were asked to indicate whether they received certain services and to rate their levels of satisfaction with the services received are included in Appendix III.)

Key takeaways from the survey are as follows:

- 238 (98%) of 243 respondents indicated that they received periodic housekeeping, 196 (88%) of 224 received periodic laundry, and 217 (97%) of 223 received periodic garbage removal.
- 227 (98%) of 252 respondents indicated that their rooms were supplied with towels, soap, and toilet tissue.

²⁷ Surveys were distributed in hardcopy forms. In addition, QR codes were distributed by which people could access an online version of the survey.

- Food seemed to be one of the biggest areas of dissatisfaction, with 103 (41%) of 252 respondents unhappy with the meals provided.
- 134 (83%) of 162 respondents indicated they were satisfied or very satisfied with the medical services provided. Those dissatisfied cited issues including long waits for services and lack of translation services.
- 173 (80%) of 217 respondents indicated that a caseworker had not been in touch with them regarding next steps, such as work authorization, jobs, housing, school enrollment and medical appointments.²⁸
- Pests in some hotel rooms were also a concern, with a total of 74 reported instances, including 48 instances of roaches, six instances of mice/rats, 13 instances of bed bugs, and seven instances of ants.
- Only 33 (46%) of the families who indicated that they had babies or toddlers responded that they received a crib. Fifty-eight (82%) responded that they received diapers, 48 (68%) received wipes, 21 (30%) received ointment, 14 (20%) received baby powder, and 25 (35%) received baby formula/food.
- 112 (75%) respondents with school-aged children indicated that their children were enrolled in school. Some asylum seekers were not aware that they could enroll their children in school, and no signs were posted at the hotels informing them of this.

Comments were received from 96 of the respondents. Over one-third (36) of the comments expressed a favorable opinion of the accommodations and services received. However, other concerns were noted. Nineteen responses expressed concerns about being evicted from the hotels or concerns with obtaining other housing; 11 responses expressed concerns about lack of jobs/work permits, and nine expressed concerns about schooling or a desire for an education.

Inadequate Enforcement of Reporting Requirements

According to the contract, DocGo was supposed to immediately notify HPD of any incident that occurred at a participating hotel, and any incident which required a response from police, fire, and/or emergency medical services.²⁹ The contract required that incident reports include:

- Time, date, and location of the incident;
- A detailed description of the incident;
- Incident Follow Up Plan; and
- Name and contact information for DocGo employee creating the report.

According to HPD, the above information was to be entered by DocGo staff into the HOST system.

²⁸ Support for school enrollment not provided under the contract.

²⁹ The contract's Scope of Services 7. D.

HPD provided auditors with spreadsheet reports that contained monthly summary information pertaining to incidents that occurred during August 2023 through January 2024. For May and June 2023, HPD provided auditors with emails it received from DocGo documenting three incidents (one in May and two in June). However, the June incidents do not appear to have been recorded in the HOST system. A review of the summaries received for August through October 2023 revealed that they did not identify the persons who filed the respective incidents, nor did they contain information pertaining to incident follow-up plans.

HPD later provided individual incident reports that DocGo generated from the HOST system pertaining to 28 incidents that occurred during the three-month period. Although the reports included the names of the individuals who filed them, 18 of the 28 reports received still did not include follow-up plans. For example, in August 2023, an intoxicated hotel guest removed the fire alarm from the wall in the Holiday Inn and there was no indication that the guest faced any consequences. In October 2023, an incident noted that the police were called to investigate a sexual assault allegation; however, no other details were provided.

Auditors also found that eight of the incident reports were not reflected in the monthly summary reports previously submitted by HPD, and five of these incidents were not entered into HOST until 4 to 31 days after their occurrence. HPD also provided emails sent by DocGo relating to seven incidents—for which there were no incident reports filed nor were they included in the monthly summary reports auditors received from HPD. The failure to ensure that all incidents are appropriately documented and reported in the HOST system suggests that HPD was not effectively reviewing reported incidents and ensuring that follow-up action was taken.

The contract also required that DocGo provide (1) intake reports containing information on the recipients serviced (e.g., name, NYC arrival date, hotel name, check-in date) and (2) detailed weekly progress reports containing information on the services provided (e.g., service dates, service provider, difficulties encountered in providing the services).

However, HPD did not hold DocGo to these requirements. Auditors requested copies of intake reports and progress reports submitted by DocGo for the period covering May through November 2023. HPD officials claimed that DocGo inputted the required intake reports in the HOST system. However, officials acknowledged that their staff have not viewed any of the reports, and auditors' attempts to obtain the required reports from NYCEM and OTI—the agencies responsible for managing the system—were unsuccessful.

In lieu of the weekly progress reports, HPD provided an "Asylee Flex Housing Dashboard," which contains general information inputted by DocGo of the services provided at the hotels (e.g., food, security, laundry); however, the dashboard did not include the specifics required for the progress reports, such as the recipients serviced, the services provided, and dates of service.

Without these reports, HPD was unable to reconcile census counts recorded in DocGo's invoices with official tallies recorded in the HOST system to ensure that the number of rooms billed, and the support services provided were commensurate with the actual number of guests and that the case worker ratios were sufficient to provide the needed services.

Recommendations

To address the abovementioned findings, the auditors propose that HPD should:

1. Recoup \$4.7 million in unallowable expenses claimed by and paid to DocGo.

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

Auditor Comment: The auditors deemed these expenses unallowable because they lacked timely, properly detailed documentation, approving these expenditures (e.g., unauthorized security staff, medical staff and additional expenses). Auditors urge HPD to hold DocGo to the contract terms and conditions and protect the fiscal interests of the City through recoupment of unallowable expenses.

2. Obtain appropriate documentation to substantiate the over \$6.3 million in claimed costs that were not appropriately supported by documentation. Where not provided, recoup all unsupported payments to DocGo.

HPD Response: HPD disagreed with this recommendation, stating the agency "does not concur with the characterization of any expenses being 'unsupported.'"

Auditor Comment: The audit found that DocGo did not provide documentation showing in proper detail the nature and propriety of over \$6.3 million in claimed costs. In some cases, the source of documentation could not be verified. Auditors urge HPD to obtain appropriate documentation to substantiate these costs and recoup any unsupported payments.

3. Undertake second level reviews of all invoices paid to date (totaling \$168.1 million as of June 12, 2024) and hold DocGo to contract terms and conditions, agency, and City fiscal policy. HPD should recoup all unallowable and/or inadequately supported payments identified during this review. Alternatively, if HPD will agree to seek recoupment based on our review, the Office of the Comptroller will conduct sample based reviews of additional invoices.

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

Auditor Comment: Auditors are pleased that HPD will conduct another round of invoice reviews paid to date and recoup as necessary.

4. Hold back a minimum of 15% of the total contract value from DocGo until all second level invoice reviews are completed, and the extent of total overpayments identified, to ensure the City's capacity to recoup.

HPD Response: HPD partially agreed with this recommendation, stating that the agency "agrees with holding back a minimum of 15% of the invoiced amount approved for payment for *invoices not yet paid as of July 2024 through the end of the contract term* (not 15% of

the total contract value) until additional reviews are completed and any overpayments are identified and recouped where appropriate (per Recommendation 3).”

Auditor Comment: Fifteen percent of the total value of the contract is approximately \$65 million. DocGo could still claim up to \$250 million in invoices that remain outstanding, and further, HPD has committed to conduct further reviews of invoices it has already authorized payment for. HPD should withhold sufficient funds to ensure the City’s ability to recoup. HPD proposes to withhold \$37.5 million, an amount that is substantially less than recommended.

5. Hold DocGo to the terms of the contract and enforce agency and fiscal policy to ensure all invoices submitted for the remaining period of the contract are authorized, reasonable, and fully supported by appropriate documentation, before approving payment.

HPD Response: HPD agreed with this recommendation.

6. Retroactively review all subcontractors in use by DocGo and conduct required vetting and approval. Ensure that all subcontractor agreements are documented in writing, and that all payments to these subcontractors are entered in PIP.

HPD Response: HPD agreed with this recommendation.

7. Ensure that vendors provide all activity and performance reports required under the contract and utilize them when reviewing invoices submitted by the contractor to ensure that the goods and services for which the contractor is seeking payment are commensurate with the information being reported.

HRO Response: HRO, as “the newly accountable party for these activities,” agreed with this recommendation.

8. Conduct unannounced inspections of accommodations (both within and outside of the City) used in connection with contracts of this nature to ascertain whether contractors are ensuring that accommodations are in acceptable condition and have the required amenities.

HRO Response: HRO, as “the newly accountable party for these activities,” agreed with this recommendation.

Recommendations Follow-up

Follow-up will be conducted periodically to determine the implementation status of each recommendation contained in this report. Agency reported status updates are included in the Audit Recommendations Tracker available here: <https://comptroller.nyc.gov/services/for-the-public/audit/audit-recommendations-tracker/>

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions within the context of our audit objective(s). 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 May 5, 2023 through March 29, 2024.

To obtain a general understanding of the reasons for contracting with DocGo and the oversight of the contract, the auditors conducted interviews with HPD's Deputy Commissioner of the Office of Finance & Administration, Deputy Commissioner of Legal Affairs, Assistant Commissioner of Property Management & Client Services, Deputy Chief of Staff, Commissioner's Office, Director of Operations, Property Management & Client Services, and the Executive Director of Accounts Payable.

To obtain an understanding of HPD's Property Management and Client Services, the auditors conducted an interview with the Assistant Commissioner, the Associate Commissioner, and the Director of Operations. To obtain an understanding of HPD's Relocation & Pre-Audit unit, the auditors conducted an interview with the Relocation Unit Supervisor, Director of Payment Operations and a Pre-Auditor.

To determine HPD's responsibilities with regard to oversight of its contract with DocGo, the auditors reviewed and, where applicable, used as audit criteria the following documents:

- HPD and DocGo Human Services Standard Contract
- NYC Humanitarian Emergency Response and Relief Center General Policies and Protocols
- New York City Food Standards
- Policies and procedures provided by HPD including *Contract Scope of Services*, *Performance Improvement Plan*, and *Asylee Seeker Payment Procedures*
- *Relocation Unit Asylum Checklist*
- Information provided by HPD on the computer systems used in recording and tracking information related to HPD's administration of the contract including *HOST NYC System*, *DocGo Tracker*, and the *PASSPort System*
- Incident reports
- An Office of Temporary and Disability Assistance Report on hotel visits dated October 10, 2023
- Daily Snapshot Reports
- Job descriptions

Auditors requested a list of hotels with addresses where asylum seekers were being housed under the DocGo contract.

Auditors requested evidence of any observations conducted by HPD staff at the hotels and any checklists used by HPD.

Auditors prepared an observation checklist to be completed by each team conducting hotel observations.

Auditors prepared a survey to be completed by asylum seekers being housed under the DocGo contract and had the survey translated into various languages spoken by asylum seekers including Spanish, Portuguese, Arabic, Russian, Georgian, Wolof, Turkish, and French.

The auditors also requested the creation of a sheet with an introduction regarding the survey and multiple QR codes with links to the survey in the following languages: English, Spanish, Chinese, Portuguese, Russian, Georgian, Arabic, Bengali, French, Polish, Korean, Turkish, Urdu, Wolof, and Haitian Creole.

On December 19, 2023, auditors visited 23 of the 28 hotels housing asylum seekers. They did not visit 5 hotels (Best Western Inn in Cheektowaga, Holiday Inn in Rochester, Quality Inn in Cheektowaga, Red Roof Inn Plus in Amherst, and Super 8 by Wyndham in Schenectady) due to their distance from the City. A team of two auditors visited each hotel and completed an Observation Checklist documenting the overall conditions at the hotels. While at the hotels, the audit teams attempted to obtain a listing of rooms occupied by asylum seekers. Auditors knocked on hotel room doors and attempted to observe room conditions. Auditors also distributed hardcopy surveys or QR sheets with a link to the survey in the multiple languages. In some instances, auditors obtained completed hardcopy surveys from asylum seekers while on site. The auditors attempted to observe between five to 10 rooms and when permitted access, completed a Condition of Rooms checklist.

To determine whether HPD adequately reviewed invoices and ensured adequate supporting documentation was provided, auditors downloaded from PASSPort and reviewed the DocGo invoice submissions for May and June 2023. To ensure that billing was in line with the contract, auditors reviewed the Scope of Services and the Budget from the contract with the dollar amounts invoiced for hotels, goods and services. To determine whether hotel rooms were billed for rooms that were used and staffing ratios were in line with the contract, auditors compared the number of occupied rooms and guest counts from the *CW Ratio Breakdown* provided by DocGo for May and June with the hotel, food, caseworker, social worker, and security invoices. In addition, auditors reviewed the billed caseworker and social worker hours to ensure that DocGo provided required staffing levels at the hotels.

Auditors also reviewed invoices to determine whether hotel names/delivery locations were listed, sales taxes were paid, and services were actually provided for the HPD DocGo Asylee Flex contract and not for services provided by DocGo for its contract with Health+Hospitals.

To ensure the accuracy of the occupied rooms and guest counts in the *CW Ratio Breakdown*, auditors requested a sample of SnapShot reports for HPD for a total of 11 days in May and June and compared the total number of guests and number of rooms occupied.

Auditors reviewed emails documenting incidents at hotels for May and June 2023, as well as monthly incident summaries provided for August through October 2023 to determine whether the required information was recorded for each incident. Auditors also reviewed individual incident reports provided from the HOST system and compared the information with the individual reports

to determine whether all required information was provided, including follow-up plans and to determine whether all reports were reflected in the monthly summary reports.

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, provide a reasonable basis for the assessment of HPD's oversight and monitoring of its DocGo contract for asylum seeker services.

Appendix I

Complete List of Hotels Utilized by DocGo to House Asylum Seekers

Name	Location	Family Types Served
Americana Inn	New York	Adult Families, Families with Children
Ardsley Acres Hotel Court	Ardsley	Adult Families, Families with Children, Single Adults
Best Western Inn Buffalo Airport*	Cheektowaga	Adult Families, Single Adults
Best Western Plus**	Cheektowaga	
BK Way	Brooklyn	Adult Families, Families with Children, Single Adults
Candlewood Suites**	Syracuse	
Central Motel Courtyard	White Plains	Adult Families, Families with Children, Single Adults
Crown Plaza JFK**	Queens	
El Rancho Motel	Bronx	Families with Children, Single Adults
Holiday Inn*	Rochester	Families with Children, Single Adults
Holiday Inn Express Albany Downtown	Albany	Adult Families, Families with Children, Single Adults
Holiday Inn Express Brooklyn	Brooklyn	Adult Families, Families with Children, Single Adults
Hotel Merit	New York	Adult Families, Families with Children
Hotel RL (Non-Union)	Brooklyn	Adult Families, Families with Children, Single Adults
Imperial Hotel	Brooklyn	Adult Families, Families with Children, Single Adults
Knights Inn**	Liberty	
Orchard Hotel	New York	Adult Families, Families with Children, Single Adults
Quality Inn Buffalo Airport*	Cheektowaga	Adult Families, Families with Children, Single Adults
Quality Inn JFK	Queens	Adult Families, Families with Children
Redford Hotel	New York	Adult Families, Families with Children, Single Adults
Red Roof Inn Plus	Poughkeepsie	Adult Families, Single Adults
Red Roof Inn PLUS Amherst*	Amherst	Adult Families, Families with Children, Single Adults
Sleep Inn	Brooklyn	Families with Children, Single Adults
Super 8 by Wyndham Schenectady*	Schenectady	Adult Families, Families with Children, Single Adults
SureStay Plus Best Western	Albany	Adult Families, Families with Children, Single Adults

Name	Location	Family Types Served
The Crossroads Hotel	Newburgh	Adult Families, Single Adults
The Essence JFK	Jamaica	Families with Children, Single Adults
The Gatsby Hotel	New York	Adult Families, Families with Children
The Ramada Inn	Newburgh	Single Adults
The Ramada Plaza - Albany	Albany	Adult Families, Families with Children, Single Adults
The Vybe Brooklyn	Brooklyn	Adult Families, Families with Children, Single Adults
Voyage Hotel	Queens	Adult Families, Families with Children
Total Number of Hotels:	32	

*Observations were not conducted at these hotels.

**These hotels were not active as of the date of the observations and when HPD provided a list of hotels that were active at any time during the contract, the list did not include family types served.

Appendix II

Breakdown of Conditions Found by Auditors During Observations Conducted on December 19, 2023 at 23 Hotels

Hotel	Number of Occupied Rooms	Total # of rooms inspected	Number of Rooms with the Following Conditions				
			Water Damage/ Mold	Peeling Paint	Excessive Garbage	No Refrigerator	No Micro-wave
Americana Inn	63	5	0	0	0	0	5
Ardsley Acres Hotel Court	35	10	0	0	0	0	0
BK Way	59	10	0	0	0	10	10
Central Motel Courtyard	30	6	1	1	0	0	0
El Racho Motel	22	8	0	0	0	7	8
Gatsby	45	10	0	0	0	10	10
Holiday Inn Express, Brooklyn	89	10	0	0	0	0	10
Holiday Inn Express, Albany	127	10	0	0	0	0	0
Hotel Merit	23	2	0	0	0	0	2
Imperial Hotel	59	10	1	1	2	10	10
Quality Inn JFK	72	8	0	0	0	0	1

Hotel	Number of Occupied Rooms	Total # of rooms inspected	Number of Rooms with the Following Conditions				
			Water Damage/ Mold	Peeling Paint	Excessive Garbage	No Refrigerator	No Microwave
Red Roof Inn Plus	43	5	1	1	0	0	0
Hotel RL	69	8	0	0	0	2	8
Sleep Inn	55	10	0	0	0	0	10
SureStay Plus Best Western (now known as Albany Airport Inn)	72	7	4	1	0	0	0
The Crossroads	82	10	0	5	0	0	0
The Essence JFK	56	10	0	0	0	0	10
The Orchard Street Hotel	48	10	0	0	0	10	10
The Ramada Inn	40	5	0	3	1	0	0
The Ramada Plaza Albany	100	7	1	0	0	0	0
The Redford Hotel	32	9	0	1	3	9	9
Voyage Hotel	56	9	0	0	1	9	9
Vybe Hotel	74	10	2	0	0	0	10
Totals	1,351	189 ³⁰	10	13	7	67	122

³⁰ Totals will equal more than 189 since some rooms have multiple deficiencies.

Appendix III

The following is a breakdown of the questions/topics presented to asylum seekers residing at hotels procured under the DocGo contract and results.

Country or Origin:		
Venezuela	113	47%
Ecuador	33	14%
Colombia	16	7%
Mauritania	12	5%
Senegal	10	4%
Other*	55	23%
Total	239	100%

* Other includes Mexico, as well as countries in the Caribbean, South America, Eastern Europe, and Africa.

What was first point of entry into the United States?		
Texas	134	57%
California	36	15%
Arizona	20	9%
Other*	45	19%
Total	235	100%

* Other includes NY, etc.

Date of arrival at the hotel:

May 2023	40	18%
June 2023	36	16%
July 2023	50	22%
August 2023	11	5%
Other*	86	39%
Total	223	100%

* Other includes September to December 2023.

For how long were you informed you will be able to stay in this hotel?

1 month	2	1%
2 months	37	15%
3 months	15	6%
6 months	24	10%
Longer than 6 months	29	12%
Not given a time frame	133	55%
Total	240	100%

For those staying outside of NYC: were you given a choice about leaving NYC?

Yes	92	38%
No	75	31%
Not applicable	72	30%
Total	239	100%

If you were offered an incentive to go to a hotel outside of NYC, what types of incentive(s) was offered?

Not offered an incentive	155	62%
No Response and Contradictory Responses	28	11%
A work permit	23	27%
Access to jobs	15	
A nicer/larger hotel room	31	
Other (Food and money)	7	
Total	259	100%

Has anyone in the hotel (security or anyone else) prevented you from receiving or speaking to any of the following? (Check all that apply)

Press/media	8	4%
Advocates	9	4%
Lawyers	2	1%
Other	5	2%
I have not been prevented from speaking to anyone	195	89%
Total	219	100%

ROOM QUESTIONS

Do you have the following features in your room?

Feature	Is there one in your room?		If yes, is it working?
	Yes	No	
Microwave	120	118	1

Refrigerator	181	58	0
Toilet	213	17	2
Shower/bathtub	239	4	1
Sink	220	15	0
Door Locks	237	3	2
Window Locks	215	22	2
Heating System	238	5	2
Hot Water	244	1	0

How often do you receive the following:

Feature	Daily	Every 2 days	Once a week	Less than once a week	Never
Housekeeping services	62	139	37	2	3
Garbage removal	110	92	15	3	3
Laundry services	21	36	139	7	21

Have you seen any of the following in your room? (Check all that apply)*

Roaches	48
Mice/Rats	6
Bedbugs	13
Ants	7
Total	74

* Some rooms reported more than one condition.

Does your room have any signs of mold?

Yes	21	9%
No	184	79%
Unsure	29	12%
Total	234	100%

Is your room supplied with towels, soap, and toilet tissue?

Yes	227	90%
No	4	2%
Blank	21	8%
Total	252	100%

Food

Are you receiving your meals?

Once a day	19	8%
Two times a day	189	13%
Three times a day	30	79%
Total	238	100%

How satisfied are you with the meals being provided?

Very satisfied	39	16%
Satisfied	62	26%
Dissatisfied	64	27%
Very dissatisfied	32	13%

Neither satisfied or dissatisfied	42	18%
Total	239	100%

If dissatisfied or very dissatisfied, why? (Check all that apply)

No response given regarding whether they were dissatisfied or very dissatisfied with the food	141	56%
Positive remarks regarding the food	8	3%
Improper temperature	34	41%
Food is spoiled	38	
Portion sizes are too small	22	
Unhealthy food options	54	
Other*	26	
Total		100%

* Other Includes same food options/no variety, food allergies, bad taste, other concerns.

Case Management and Medical Services

Has a caseworker been in touch with you regarding next steps for any of the following? (Check all that apply)

No caseworker has been in touch regarding the next steps	173	80%
Housing	19	20%
Jobs	35	
Other services*	9	
Total		100%

* Other services include legal process, medical insurance, school, and other concerns.

If you received medical services, how satisfied are you with the medical care that was provided?

Very satisfied	65	28%
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Satisfied	69	29%
Dissatisfied	10	4%
Very dissatisfied	7	3%
Neither satisfied or dissatisfied	11	5%
Did not receive medical services	73	31%
Total		100%

If dissatisfied or very dissatisfied, why? (Check all that apply)

Satisfied with medical services	4	7%
Waited too long for services	17	93%
Provider did not listen to my concerns	11	
Provider did not speak my language	17	
My conditions did not improve	9	
Other*	9	
Total		100%

* Other includes health insurance coverage, access to medical provider and other concerns.

Legal Services

What, if any, services have you received from a legal representative? (Check all that apply)

Have not received legal services	100	48%
Wish not to disclose that information	19	9%
Contradictory and invalid response	6	3%
Child services (separated at the border)	2	40%
Reunification with family	6	
Do not wish to provide information	19	
Other*	2	
Immigration services	77	
Total		100%

* Other includes responses different from legal services.

Have you had an appointment at the Asylum Application Help Center at the Red Cross office in NYC?

Yes	71	95%
No	168	
No response given	13	5%
Total		100%

Miscellaneous

How satisfied are you with the translation services provided as a part of this program?

Very satisfied	72	92%
Satisfied	112	
Dissatisfied	8	

Very dissatisfied	8	
Neither satisfied or dissatisfied	31	
No response given	21	8%
Total		100%

What kind of transportation do you have access to?

Public transportation buses	84	90%
Public transportation trains	50	
Bus service provided by DocGo	19	
Cab/car service	50	
Other*	1	
No access to transportation	32	
No response given	24	10%
Total		100%

* Other includes responses different from transportation access.

Families with Children

Supplies

If you have a baby or toddler, were you provided with any of the following? (Check all that apply)

Diapers	58	28%
Baby wipes	48	
Ointment	21	
Baby powder	14	
Crib	33	
Baby formula/baby food	25	

No response given	181	72%
Total		100%

Education

If you have children between the ages of 5 and 18, are they enrolled in school?

Yes	112	60%
No	38	
No response given	102	40%
Total		100%

If NOT enrolled in school, what were the reasons?

No signs posted at the hotel notifying asylum seekers of school enrollment at the hotel	3	4%
The child will be enrolled for the next school year, starting January 2024	2	
Child is too young to enroll for school	2	
No response from DOE about school enrollment	2	
Not at the hotel when DOE was enrolling children	1	
No response given	239	95%
Child is not in the USA/ Don't have children	3	1%
Total		100%

Appendix IV

Other DocGo Contracts with the City for Asylum Seeker Related Services

Contracting Agency	Contract Value	Contract Term	Contract Description
HPD	\$40.9 million	September 5, 2023 to September 4, 2024	Operate a HERRC to house asylum seekers in Queens
H+H	\$310.58 million*	October 26, 2022 to March 26, 2024	Provide administrative work, case work, and medical services at various HERRC locations and the Arrival Center at the Roosevelt Hotel.
H+H	\$211.3	Contract pending**	To provide clinical staffing at HERRC locations
H+H	\$192 million	Contract pending**	To provide administrative staffing at HERRC locations
H+H	\$176.8 million	Contract pending**	To provide case management at HERRC locations

*H+H is in the process of executing an amendment to extend this contract until the pending contracts are approved.

**H+H indicated that a Request for Proposal (RFP) was issued for three separate contracts to provide the same staffing services as the original contract, at the same HERRC locations, and that DocGo was preliminarily selected as the vendor to provide the services.

July 19, 2024

Maura Hayes-Chaffe
Deputy Comptroller for Audit
Office of the City Comptroller
David Dinkins Municipal Building
1 Centre Street
New York, NY 10007

Re: Audit of HPD's Oversight of Its Contract with Rapid Reliable Testing NY LLC (aka DocGo) – MD24-062A

Dear Maura,

Thank you for the opportunity to respond to your Audit Report. The Agency takes seriously its compassionate commitment to unhoused migrants, as it does for all New Yorkers who need safe, stable housing.

We appreciate the report's acknowledgement that HPD took on a significant volume of mission-adjacent work in order to care for individuals and families in immediate need. However, the report seems to exclude a number of descriptions and explanations of how HPD and its partners worked together to achieve the best results for people in crisis. HPD presented this information regularly and specifically to the audit team prior to the report's completion, and we believe its inclusion in the report would have mitigated certain findings or, in many cases, rendered them moot. In our response, we provide an accounting of some, but not all, of these explanations.

This said, HPD will continue improving its efforts to serve migrant individuals and families. We agree or partially agree with many of the recommendations, most of which HPD had implemented, or was in the process of implementing, prior to or in the course of the audit work.

Once again, thank you for providing the opportunity to comment on the Audit Report, and for recognizing the Agency's critical efforts at a critical moment.

Sincerely,



Adolfo Carrión, Jr.

Agency Response:
New York City Department of Housing Preservation & Development
(HPD) to the Office of the New York City Comptroller
Audit of HPD’s Oversight of Its Contract with Rapid Reliable Testing NY LLC
(aka DocGo) – MD24-062A
Date of Response: July 19, 2024

Overview

The New York City Department of Housing Preservation and Development (HPD, or the Agency) is providing comments to the Office of the New York City Comptroller (Comptroller). These comments respond to the Comptroller’s audit to determine whether HPD adequately monitored its contract with Rapid Reliable Testing NY LLC (“DocGo”), per a draft audit report (“the report”) issued to HPD on June 28, 2024.

HPD’s mission involves creating and sustaining housing affordability, residential safety, and community strength. The Comptroller’s report begins by noting that “[p]roviding temporary shelter and care to asylum-seekers, and especially doing so outside of New York City, is outside of HPD’s core mission as prescribed in the City Charter. Nonetheless, HPD was one of several agencies tasked with responsibility for providing shelter and care to a rapidly increasing influx of asylum-seekers.”

HPD appreciates the Comptroller’s acknowledgement of the Agency’s critical efforts at a critical moment and encourages the readers of this report to view the Comptroller’s findings with this context in mind: **During an unprecedented international humanitarian crisis, HPD was called upon to perform significant mission-adjacent work, operationalized using only existing agency resources. Agency staff did this work tirelessly, in constant collaboration with numerous City agencies and stakeholders, and while continuing their full commitment to mission-direct work.**

At all hours of day and night, on spontaneous team phone calls and in consistent scheduled meetings, HPD and its partners were ensuring that the thousands of people suddenly on the city’s doorstep (and in other locations throughout the state) were safe, sheltered, and fed. When HPD made decisions quickly, it made them compassionately; when procedures didn’t yet exist, HPD exercised good judgment rather than insisting on bureaucratic steps; when HPD could not create or obtain documentation in the moment, its verbal permission from knowledgeable persons in authority ensured protection and care for vulnerable individuals and families.

Moreover:

- While the Agency will not refute every point made in the report, it maintains that many instances and actions have been exaggerated or described inaccurately; HPD brought these items to the Comptroller’s attention prior to the report’s issuance and requested their removal or correction, but they remain included. A selection of these items appears in the Responses to Detailed Findings, below.
- The report documents the period at the very start of this contract, which is now over a year ago. With greater experience, and in coordination with experienced partners, HPD has further

developed and strengthened its practices with regard to contract management and oversight for programs serving migrants. Most recently, many non-fiscal contract responsibilities described in the report have been delegated to the Mayor's Office of Housing Recovery Operations (HRO). HPD and HRO jointly prepared the Responses to Recommendations, below.

Responses to Detailed Findings

There are numerous instances in the report where HPD provided careful explanations for the issues described, which the Agency believes would have mitigated certain findings or rendered them moot. For brevity, HPD will not describe or enumerate all instances in which the Agency's explanations did not appear or are not articulated fully in the report's Detailed Findings; however, these examples serve to demonstrate an imbalanced weighing of evidence against HPD in various circumstances.

1) The report fails to acknowledge legitimate forms of expense authorization, and egregiously mischaracterizes HPD-internal memos.

It is not the case that these memos were authorizing expenses after the fact, nor were they created in response to the audit.

A significant portion of this report is devoted to describing instances in which HPD could not document its having provided DocGo with pre-approval or authorization for expenses. However, as explained to the auditors, HPD often provided such permission verbally (such as on a phone call or in a live meeting), as it was not always possible to formally document such permission when the need was immediate; such permission was issued by HPD's Chief of Staff. Relatedly, the report repeatedly cites memos from HPD that the City Comptroller's auditors characterize as "attempting to retroactively 'authorize' expenses, seemingly in response to the audit."

As explained to the auditors, HPD's Chief of Staff, prior to his exit from the agency, created the memos to memorialize, in two documents, the fact of HPD having provided contemporaneous verbal approval to DocGo for additional services and additional staffing in various instances. Often, in these instances, HPD was giving permission for the contractor to address urgent needs or to provide support for individuals and families in crisis. As examples, \$2M for additional security staff, \$500K for on-site medical services, and \$92K for such items as water and baby supplies, are expenses for which verbal approval was issued; they are therefore not "unauthorized," and HPD does not intend to request recoupment.

2) The report incorrectly asserts that vacant hotel rooms (and their associated costs) were prohibited.

DocGo booked hotel rooms to create a state of readiness; the alternative, being short of rooms when the need for human care expanded, was not an acceptable choice.

As explained to the auditors, HPD recognized that unit vacancy rates could fluctuate in response to the crisis, and the contract with DocGo did not stipulate that payment would be based on unit occupancy, nor did it require DocGo to provide guest names/details as part of the invoice package. Specifically, on any given day or night, it was not possible for HPD or the City to be certain of how many migrants would require accommodation.

As an example, the report cites situation in Orangeburg, NY, where DocGo held rooms at the Armoni Hotel though the Supreme Court of Rockland County had issued a restraining order against housing migrants in hotels; that the rooms were held nonetheless was not an oversight, but a recognition that the restraining order could be lifted at any time, and the housing need would then be instantaneous and significant.

Any amount incurred for vacant hotel rooms (as well as such costs as food and security at unoccupied hotels) was therefore not “poor monitoring” but planned insurance against risk to human harm, and HPD does not intend to request recoupment.

3) The report includes a highly misleading statistic, describing 80% of hotel rooms as having “deficiencies”.

The vast majority of deficiencies, per the Comptroller’s table, are missing in-room microwaves or refrigerators; both resources were confirmed readily available in common areas for all migrant guests.

Moreover, these and most of the other “deficiencies” were point-in-time issues addressed through regular maintenance, and not a reflection of comprehensive issues across the portfolio. Additionally, the overwhelming satisfaction with hotel conditions that migrant guests expressed on the Comptroller’s survey (88%, 97%, 98%, and 98% satisfaction on laundry, garbage removal, housekeeping, and bath supplies, respectively) provides a strong indication of the quality of accommodations at the hotels.

4) The report excludes key details regarding HPD’s fiscal management and contract negotiation processes.

- Regarding DocGo’s “financial incentive to acquire hotel rooms at the lowest rate possible”: The auditors mention that DocGo claims the difference between the bargained rate and the actual rate “as profit” and not “as profit or loss”, *the latter of which is correct*. Under its agreement with HPD, DocGo bears the risk of rate fluctuation, which did not guarantee profit; indeed, on pages 12-13, the report makes clear that in certain instances, DocGo saw a loss. A \$170 nightly rate a flat rate prudently allowed the City to hedge against seasonal rate increases and the possibility of rates increasing with demand. HPD does not view the choice to set a flat rate as a “conflict of interest,” but as a means of ensuring a stable rate if rooms became scarce and/or more expensive. As such, HPD does not intend to request recoupment for this “unsupported” cost.
- Regarding the statement that “DocGo claimed and was paid \$229,418 more than it was entitled for supplying food”: As discussed with the auditors regularly, the overall quantity of meals, meal components, and snacks resulted in total spending of less than \$33 per guest per day, which was the budgeted amount for food. Purchase quantities were sometimes made in bulk and stored, and were sometimes delivered to clearinghouse hotel sites and redistributed. By calculating food costs in a specific narrow period and/or as associated with a specific location, the auditors applied a misleading point-in-time analysis to a more complex system that ensured thousands of individuals and families would be fed unspoiled food within budget. As such, HPD does not intend to request recoupment for this “unsupported” cost.
- Regarding various statements that “invoice review standards were not followed”, etc.: For any instance in which HPD paid an invoice, PASSPort-acceptable documentation existed and/or there was no question that the cost was incurred. Moreover, in a provision noted in the Comptroller’s report, the contract with DocGo allows for “other official documentation showing in proper detail the nature and propriety of the charges” (Article 9(c) of the CDBG Rider; see also Section C, Paragraph 10 of the Uniform Federal Contracts Provisions Rider). In all applicable cases, HPD

shared with the auditors the official documents that substantiate payments made; to the extent that not every document comported with ideal standards, HPD prioritized prompt service to migrants in need. As such, HPD does not intend to request recoupment for most additional expenses considered “unsupported” alongside those already addressed above.

Responses to Recommendations

Notwithstanding the points reiterated in the previous section, HPD is always seeking to improve its approach toward the goal of serving migrants, and all NYC residents, as empathically and efficiently as possible. To that end, the Agency and HRO propose the following with regard to the report's Recommendations.

Recommendation 1: Recoup \$4.7 million in unallowable expenses claimed by and paid to DocGo.

HPD partially agrees with this recommendation, insofar as it will complete a review of supporting documents and recoup, as appropriate, expenses related specifically to unauthorized caseworkers and payment of sales tax. As described in the previous section, HPD disagrees with the characterization of various other expenses as "unauthorized," and therefore does not intend to request recoupment.

Recommendation 2: Obtain appropriate documentation to substantiate the over \$6.3 million in claimed costs that were not appropriately supported by documentation. Where not provided, recoup all unsupported payments to DocGo.

HPD disagrees with this recommendation, insofar as it does not concur with the characterization of any expenses as being "unsupported." See Item 4 in the Responses to Findings section for detail.

Recommendation 3: Undertake second level review all invoices paid to date (totaling \$168.1 million as of June 12, 2024) and hold DocGo to contract terms and conditions, agency, and City fiscal policy. HPD should recoup all unallowable and/or inadequately supported payments identified during this review. Alternatively, if HPD will agree to seek recoupment based on our review, the Office of the Comptroller will conduct sampled based reviews of additional invoices.

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

Recommendation 4: Hold back a minimum of 15% of the total contract value from DocGo until all second level invoice reviews are completed, and the extent of total overpayments identified, to ensure the City's capacity to recoup.

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

Recommendation 5: Hold DocGo to the terms of the contract and enforce agency and fiscal policy to ensure all invoices submitted for the remaining period of the contract are authorized, reasonable, and fully supported by appropriate documentation, before approving payment.

HPD agrees with this recommendation; however, the Agency currently comports with this recommendation and would have continued to do so as a regular order of business regardless of the outcome of the audit.

Recommendation 6: Retroactively review all subcontractors in use by DocGo and conduct required vetting and approval. Ensure that all subcontractors agreements are documented in writing, and that all payments to these subcontractors are entered in PIP.

HPD agrees with the recommendation and is in progress of completing all required steps for subcontractor compliance. The Agency has conducted the required vetting and preliminary approvals for subcontractors, and is continuing to work with the vendor to confirm that subcontract agreements are documented in writing and that all required subcontractors are listed in PIP. While there are still subcontractors pending final Agency approval, HPD is actively working with DocGo to ensure that they complete the necessary disclosures in the PASSPort system pursuant to PPB 2-08(e). Upon completion, HPD can give final approval to the remaining subcontractors in PIP.

Recommendation 7: Ensure that vendors provide all activity and performance reports required under the contract and utilize them when reviewing invoices submitted by the contractor to ensure that the goods and services for which the contractor is seeking payment are commensurate with the information being reported.

As the newly accountable party for these activities, HRO agrees with this recommendation, with the caveat that not all reports required under the contract are provided as reports from the vendor; as an example, certain data are now entered and captured in live systems (such as the HOST system). HRO has already implemented various practices accordingly, including: a) codified invoice review processes, b) regularly-issued reminders to vendors of reporting obligations based on current systems and processes, c) weekly meetings with vendors, d) training and support programs for invoice-reviewing staff, and e) HRO review of invoice-applicable data in live systems and/or reports.

Recommendation 8: Conduct unannounced inspections of accommodations (both within and outside of the City) used in connection with contracts of this nature to ascertain whether contractors are ensuring that accommodations are in acceptable condition and have the required amenities.

As the newly accountable party for these activities, HRO agrees with this recommendation, and has already implemented various systems accordingly, including: a) an ongoing unannounced inspection schedule, b) a comprehensive inspection checklist for evaluating accommodations and amenities, c) a template for the preparation of detailed reports following inspections (including recommendations for corrective actions), d) a process for following up on identified deficiencies, and e) a feedback system for providers to contact HRO with concerns or challenges in maintaining standards.





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