

**Nassau County
Office of the Comptroller**



**Limited Review of the
Emergency Shelter Program**

GEORGE MARAGOS

Comptroller

February 6, 2013

NASSAU COUNTY
OFFICE OF THE COMPTROLLER

George Maragos
Comptroller

Jostyn Hernandez
Director of Communications

Christopher Leimone
Counsel to the Comptroller

Sergio Blanco
Counsel to the Comptroller

Review Staff

JoAnn Greene
Director of Field Audit

Vincent Abbatiello
Assistant Director of Field Audit

Louis Grimaldi
Senior Project Manager

Brian Fredericks
Field Auditor

Executive Summary

Introduction

Nassau County provides an estimated \$10 million per year to vendors who provide temporary shelter and emergency housing services to eligible individuals. Eligible individuals and families can be assisted with shelter and other items of need to help meet their emergency so they can once again have a stable, self-sufficient role in the community.

Purpose

The Nassau County Department of Social Services (“DSS”) requested that the Comptroller’s Office perform an audit of billings of homeless services vendors, because of poor record-keeping and duplicate billings by these vendors that were rejected by DSS.

The purpose of this review was to determine the extent of possible double billing by homeless shelter vendors during the audit period including the years 2010 and 2011, and to make recommendations that would reduce the likelihood of any double billings in the future.

Summary of Significant Findings:

Our review of all of the payments made in 2010 and 2011 to homeless shelter vendors for providing emergency shelter to homeless individuals and families found that sixteen vendors received almost \$65,000 in duplicate payments for providing shelter to the same individuals on the same dates as previously paid. We also found seven additional duplicate payments where clients received \$7,400 that was already paid to homeless shelter vendors.

In addition, we found that two of the shelters being used were on a Department of Social Services “Do Not Use” list for failing to meet safety and health standards, putting shelter residents at risk, and the County at risk for liability, if injury had resulted from unsafe conditions.

It was also noted that homeless shelter vendors were waiting an average of over 64 days to receive payment for shelter services and 92 payments took over a year increasing the risk of duplicate payments.

Summary of Significant Recommendations:

The Department of Social Services should:

- seek reimbursement from the 16 homeless shelter vendors and seven clients identified in this report who received duplicate payments in error;
- improve controls to identify and correct claims received from homeless shelters which include days already submitted by the homeless shelter and paid by DSS;
- improve controls to ensure that prior to making a payment directly to a homeless client, DSS verifies that the homeless shelter has not been paid and cannot be paid for the same timeframe;

Executive Summary

- implement a formal detection control process on a quarterly basis to identify and seek reimbursement for duplicate payments. This report should also be used to evaluate the effectiveness of its day to day controls;
- improve its claims processing to ensure that homeless shelters are paid on a timely basis. We believe this will also help to prevent duplicate payments; and
- determine why shelters on DSS's "Do Not Use" list are being used to house homeless clients on a temporary basis, and ensure that the homeless are only placed in shelters meeting safety and health standards.

The matters covered in this report have been discussed with officials of the Department of Social Services and the Emergency Housing Unit of the Office of Housing and Community Development during this review. On January 9, 2013, we submitted a draft report to the Department of Social Services for its comments. The Department of Social Services' comments and our responses to those comments are included as an Appendix to this report.

Table of Contents

	<u>Page</u>
INTRODUCTION.....	1
Background.....	1
Review Scope, Objectives, and Methodology	3
FINDINGS AND RECOMMENDATIONS	4
DSS Overpaid \$72,000 in Duplicate Claims in 2010 and 2011	4
Use of Unauthorized Shelters Jeopardizes the Safety of Residents and Increases the Likelihood of the County Being Held Liable	5
Claim Payment Delays (Some more than a Year) to Homeless Services Vendors Appear Systemic and Contribute to Duplicate Payments.....	6
Appendix – DSS Response and Auditor’s Follow-up	7

Introduction

Background

The Nassau County Department of Social Services (“DSS”) and the Office of Housing and Community Development (“OHCD”) have a joint program that provides shelter placement and assistance with emergency housing needs. OHCD is responsible for placing clients in shelters. DSS is responsible for paying vendors for homeless services provided based upon vouchers submitted by the homeless shelter vendors, and for ensuring that duplicate payments are not made.

Eligible individuals and families can, on an emergency, temporary basis, be assisted with shelter and other items of need to move them as quickly as possible to a stable self-sufficient role in the community. Also, if a family or individual is threatened with eviction or foreclosure, assistance may be available to save the current housing. These programs deliver emergency assistance to families and adults and provide emergency safety net assistance. These programs are designated to meet one-time non-recurrent emergency situations.

In addition, Nassau County maintains an emergency shelter hotline so that there is a warm bed available for those in need. By calling this hotline (1-866-927-6233, 1-866-WARM BED) a person will be referred to a shelter and then asked to report to DSS the next day to be screened for services and to be given assistance to find permanent housing. During working hours, those in need of housing report to DSS.

DSS paid in excess of \$10 million in years 2011 and 2010 to vendors who provided shelter and emergency housing services. The County is reimbursed for individuals that qualify. Reimbursement is 100% by the Federal government for the costs for clients that are receiving benefits under the Temporary Assistance for Needy Families program and the County is reimbursed 29% by New York State for clients receiving benefits under the Safety Net program.

The amounts paid by DSS in 2011 and 2010 for these programs are listed in the following chart:

Introduction

Vendor Name	2010	2011
Community Housing Innovation	\$ 2,733,246	\$ 2,903,909
Bethany House of NC Corp.	1,821,355	1,319,467
ADD/ADHD Housing Group	1,129,335	1,647,941
Edna Moran Inn	718,028	458,390
K. Patel DBA Randal House	640,560	354,301
Peace Valley Haven, Inc.	598,432	470,207
Rosa Parks Inn	517,510	392,409
Donald Axinn Inn	379,631	278,149
Madonna Heights Shelter	294,410	259,584
Angelo Amendolia	277,549	133,866
IMCI USA Inc.	269,273	102,175
Glory House Recovery Inc.	233,956	349,539
James Bowen	203,336	196,325
Eager to Serve	151,085	299,624
Mommas	137,283	259,090
Estell Myers	135,555	1,200
Long Island Women's Network	108,406	404,412
Regina Residence	80,554	94,839
Gospel of Peace International	71,891	76,112
Homeless Clients	7,848	4,764
Salvation Army Greater New York DI	6,412	31,663
Various *	650	18,440
Total Payments to All Vendors	\$ 10,516,305	\$ 10,056,407
* Represents immaterial payments to 11 small homeless shelter vendors.		

Individuals, married couples, and families seeking emergency shelter (“clients”) are referred to homeless shelters after their eligibility has been established by the Emergency Housing Unit. Clients are sent to the homeless shelter vendors with authorization from DSS, which lists the name of the client, the number of individuals, and the dates that homeless services are to be provided to the client.

On a daily basis, clients are required to sign DSS sign-in sheets verifying that they stayed at the shelter on the listed days. These sign-in sheets are signed by the vendor and then submitted to DSS by the vendors on a biweekly basis seeking payment. Vouchers are prepared by DSS and sent back to the vendors for their signature. Payments of \$67 per person per day are sent to the vendors after all documentation is received. Payments are made through the Welfare Management System. In certain instances, payments are also made directly to the homeless client.

Introduction

Review Scope, Objectives, and Methodology

The specific objectives of this review were to:

- identify double billing;
- make recommendations that would reduce the likelihood of any double billings in the future.

The audit period included the years 2010 and 2011.

We reviewed all payments made in 2010 and 2011 to house the homeless on a temporary basis to identify duplicate payments. In addition, we conducted tours of six homeless shelters to discuss billing processes with shelter management, observe conditions and verify capacity. We also examined several shelter inspection documents, and the “Do Not Use” lists. We believe our review provides a reasonable basis for the findings and recommendations contained herein.

Findings and Recommendations

Audit Finding (1):

DSS Overpaid \$72,000 in Duplicate Claims in 2010 and 2011

Our review found duplicate payments totaling \$64,600 as a result of overlapping dates paid on other claims and payments totaling \$7,400 that were incorrectly paid to both the client and the homeless shelter.

The Comptroller's Office examined all 8,952 payments totaling \$10,516M in 2010 and 8,871 payments totaling \$10,056M in 2011 to homeless shelter vendors and clients. We identified 161 (1.8%) duplicate payments in 2010 totaling \$53,000 that were paid to fifteen homeless shelters. Our review of the 2011 payments revealed 60 (.68%) duplicate payments to sixteen homeless shelters totaling \$11,500. The same homeless vendors were overpaid in both years, with one additional shelter paid in 2011. The \$64,600 of overpayments to homeless shelters for the two years were the result of DSS incorrectly processing claims containing overlapping dates that were paid on other claim vouchers.

We were informed by DSS that it was aware that duplicate payments had been made to homeless vendors and that DSS thought they had identified all of them. We presented DSS with our findings and were told that DSS would seek reimbursement.

Our review also revealed seven payments totaling \$7,400 that were made to both the client and the homeless shelter vendor. When these client payments were brought to DSS's attention, we were informed that the clients should not have been paid and the errors were due to improper coding by DSS. DSS is performing follow up to recoup the overpayments from the clients.

Audit Recommendations:

We recommend that DSS should:

- a) seek reimbursement from the sixteen homeless shelter vendors and seven clients who received duplicate payments in error in 2010 and 2011;
- b) reimburse the federal and state grants to the extent that the overpayments were covered by federal or state funds;
- c) enhance procedures and controls to:
 1. identify claims received from homeless shelters which include overlapping days and correct the claims prior to processing the payment;
 2. ensure that prior to making a payment directly to a homeless client, DSS verifies the coding is correct and the homeless shelter has not already been paid. A procedure should also be implemented to ensure that a duplicate claim subsequently submitted by the homeless shelter for the same timeframe would be rejected; and
- d) develop regularly scheduled exception control report(s) to identify and seek reimbursement for duplicate payments that were not caught by the preventative controls.

Findings and Recommendations

Such a report should also be used to evaluate the effectiveness of the preventative controls.

Audit Finding (2):

Use of Unauthorized Shelters Jeopardizes the Safety of Residents and Increases the Likelihood of the County Being Held Liable

Our review identified homeless clients who, according to DSS's "Do Not Use" list, were placed in unsafe environments. Such placements increase the risk that residents could be harmed and the County may be held liable.

The "Do Not Use" list is in the form of a DSS departmental memo and includes the furnished rooms, apartments or shelters that were not to be used due to safety violations. We were advised that it is created as a result of health and safety inspections performed by DSS inspectors of permanent housing and shelters. Housing inspects the locations for various safety conditions such as:

- electrical hazards, ventilation, smoke detectors, fire exits and fire extinguishers;
- bathrooms, stairs, halls, windows, walls, the roof and floor conditions; and
- food preparation space and refuse disposal.

The Comptroller's Office was provided with a DSS Departmental Memo dated May 10, 2012 from the Housing Field Supervisor. This list included all the furnished rooms or apartments that were NOT to be used due to violations dating back to 2009.

The auditors identified two shelters being used by DSS during the audit period that were on the "Do Not Use" list. OHCD utilized these homes for homeless clients in spite of the fact that they failed to pass health and safety inspections.

- One shelter was on the list from May 7, 2009 to May 10, 2012 and clients were placed at this shelter throughout this period. It should be noted that this shelter had actually passed inspection on November 2, 2011 and should have been removed from the "Do Not Use" list as of this date.
- The other shelter was placed on the list on October 21, 2010 and payments were made to this vendor by the County through December 21, 2011. As of August 27, 2012 the shelter remains on the "Do Not Use" list.

Audit Recommendations:

OHCD should stop the practice of using shelters on DSS's "Do Not Use" list.

Procedures and controls should be developed to ensure that the "Do Not Use" list is updated on a timely basis. Shelters should be removed from the "Do Not Use" list only after the issues have been documented as resolved through inspection.

Findings and Recommendations

Audit Finding (3):

Claim Payment Delays (Some more than a Year) to Homeless Services Vendors Appear Systemic and Contribute to Duplicate Payments

Our review of the 8,871 payments to vendors in 2011 determined that an average of 64 days passed from the date of service to the time that DSS issued checks and for 92 of the 8,871 payments, the duration was over one year. DSS explained that the delays are due to lack of staff.

Delayed payments, especially payments made over one year, make accounting for service dates and payments more difficult for both DSS and the vendors. It also increases the likelihood of vendors submitting a second request, and DSS making duplicate payments.

In meetings with the management of five of the shelter vendors to discuss the billing process, management mentioned the difficulty of monitoring payments made so long after the service dates. In fact, an analysis of duplicate payments in 2011 and 2010 found that the average number of days from the date of service to the date of the check issue to be 81 days in 2011 and 104 days in 2010.

Audit Recommendations:

DSS should review its homeless shelter claims processing to determine the causes of the delays and develop procedures to improve the timeliness of payments to vendors in order to decrease the number of duplicate payments.

Appendix – DSS Response and Auditor’s Follow-up

EDWARD P. MANGANO
COUNTY EXECUTIVE



JOHN E. IMHOF, PhD
COMMISSIONER

NASSAU COUNTY
DEPARTMENT OF SOCIAL SERVICES
60 CHARLES LINDBERGH BLVD., SUITE 160
UNIONDALE, NEW YORK 11553-3686

Response to Limited Review of the Emergency Shelter Program

January 23, 2013

John E. Imhof, PhD
Commissioner

Paul Broderick
Deputy Commissioner

Review Staff

Mary Mitchell
Director of Temporary Assistance

Brendan Roche
Director of Accounts

Deborah Grohosky
Assistant Director of DSS Housing

**Nassau County Department of Social Services Response to Nassau County Office of the
Comptroller’s Limited Review of the Emergency Shelter Program
January 23, 2013**

Nassau County Comptroller’s Finding (1):

DSS overpaid \$72,000 in duplicate claims in 2010 and 2011 of \$20,572,000 claims processed.

Nassau County Department of Social Services Response:

- Nassau County DSS does not agree with the total amount of overpayments found by the Comptroller’s Office. As stated by the auditors, overlapping payment dates were used by them as their primary indicator of duplicate payments. To date, a review of the duplicate claims identified, indicates that there are instances where payments attached to a single case number would legitimately have multiple payments with overlapping or identical dates. The most obvious and frequent example is a case where there is a large family who had to be placed in more than one room.
- The department has already identified \$7160.00 in identified overpayments that are not actually overpayments. However, DSS also acknowledges that many of the overpayments identified in the audit are, in fact, duplicate payments that must be recovered.

To the extent of the above, Nassau County DSS agrees with the audit recommendations re: this first finding.

- a. Reimbursement will be requested as soon as practicable from the shelter vendors and clients that DSS was unable to eliminate from the overpayments list. Letters will be sent to the vendors identifying service periods, clients paid for, and amounts. The vendors will be advised that if they cannot substantiate the payments, they can remit a check in the amount due or the funds will be recovered via vendor intercept.

If the NCOC would provide copies of all supporting documentation used to determine overpayments identified this would greatly assist DSS in implementing and concluding this recovery project.

- b. The DSS Accounting Department will reimburse federal and state grants to the extent that the overpayments were covered by federal or state funds.
- c. Enhance procedures and controls to identify duplicate claims prior to processing. Please note that emergency shelter placement and payment system received a major overhaul in 2011 designed to reduce and hopefully eliminate many of these issues. Most of the errors identified by the audit pre-dated development of these new procedures.

Appendix – DSS Response and Auditor’s Follow-up

Some of the controls the department implemented in 2011 are as follows:

1. a computerized reservations system that records all placements including number of family members placed, number of rooms authorized, number of nights authorized.
2. a daily sign-in sheet that the heads of household must sign attesting to nights used, rooms used and family composition.
3. a time limit before which a vendor may not submit a second claim alleging non-payment. This claim must be clearly annotated as a second submission of a prior claim.
4. DSS requested approval from NCOG for use of an electronic certification on all billing claims. A decision from the Nassau County Attorney’s Office is still pending. Nassau County Department of Social Services feels the electronic signature will go a long way toward ensuring the integrity of claims submitted.
5. Finally, a comments section was added to each sign-in sheet to explain anomalies.

Auditor’s Follow-up:

We concur with the steps taken by DSS in response to the Comptroller’s audit, and the controls implemented in 2011.

Nassau County Comptroller’s Finding (2):

Use of unauthorized shelters jeopardizes the safety of residents and increases liability to the County.

Nassau County Department of Social Services Response:

NCOHCD agreed to review the “Do Not Use” list as received from DSS Housing to ensure that unsafe properties are not utilized to house homeless individuals and families. As the second part of this recommendation requires improved communication between DSS and NCOHCD, this issue will be included as a regular agenda item for bi-weekly meetings of the Housing and Intergovernmental Affairs committee. This should ensure that facilities on the “Do Not Use” list that have since passed inspection will be removed in a timely fashion. These status updates will also help to maintain an adequate supply of emergency housing.

Auditor’s Follow-up:

We agree with the step taken by DSS to review the “Do Not Use” list received from Housing to ensure that unsafe properties are not utilized to house homeless individuals and families.

Nassau County Comptroller’s Finding (3):

Claim payment delays to homeless services vendors appear systemic and contribute to duplicate payments.

Nassau County Department of Social Services Response:

Nassau County Department of Social Services does not disagree that delayed payments to vendors increases the likelihood of vendors submitting second requests resulting in duplicate payments. This should be avoided at all costs. However, the review period found only 92 of 8,871 payments that were delayed more than one year. The review did not elaborate on the causes of these delays. Most often they are claims that are rejected for payment because the vendor failed to submit required documentation necessary to process the claims. At the end of the year, most vendors review their books and re-submit requests for these payments. In short, failure on the part of vendors to submit complete claims also contributes to claim processing delays. The Comptroller’s office must then review all claims and sign-off prior to check issuance. This process also adds days to processing time.

Nassau County DSS will implement this recommendation to review causes of the delays, particularly staffing, as the DSS Housing Support unit currently has only one social welfare examiner to make payments.

Auditor’s Follow-up:

We agree with DSS’s decision to implement the Comptroller’s recommendation to review the causes of the delays in payments to vendors, and develop procedures to improve the timeliness of payments, in order to decrease the number of duplicate payments.