



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Oversight of Selected Fiscal Aspects of Homeless Shelter Services

New York City Department of Social Services



Report 2016-N-1

October 2017

Executive Summary

Purpose

To determine whether the New York City Department of Homeless Services (DHS) has adequate controls over the contracted homeless shelter contract procurement and rate-setting processes, and whether current contracted shelter rates are reasonable. Our audit covered the period from July 1, 2013 through May 30, 2017.

Background

Governed by a “right to shelter” mandate, New York City (City) provides temporary emergency shelter to every eligible person who requests services. DHS is responsible for providing transitional housing and services for eligible homeless families and individuals in the City and for fiscal oversight of the homeless shelters.

DHS procures shelter spaces from private providers through competitive sealed proposals, open-ended Requests for Proposals (RFPs), and negotiated acquisitions. DHS is responsible for establishing the contract rates awarded to shelter providers. DHS uses a number of tools to guide its rate setting, including an annual Budget Construct spreadsheet that tracks contract rates and rate guides listing recommended rates based on shelter type and RFP-established amounts. To administer other aspects of its homeless shelter fiscal responsibilities, DHS uses its Client Assistance and Rehousing Enterprise System (CARES), an electronic case management system, as well as three citywide computer systems: the City’s Automated Procurement Tracking System (APT), the Financial Management System (FMS), and the HHS (Health and Human Services) Accelerator for contract management. For City fiscal year 2016, DHS housed a daily average of 58,000 individuals at 748 shelter locations, with a budget of greater than \$1.3 billion. As of March 2016, there were 126 private providers with 351 registered contracts providing homeless shelters for single adults and families.

In August 2016, following a comprehensive 90-Day Review of DHS Operations ordered by the Mayor, DHS and the New York City Human Resources Administration (HRA) began integrating into a single management structure, under which both agencies report to the Commissioner of the Department of Social Services (DSS). The goal of the review was to ensure New York City’s homeless services are delivered as efficiently as possible. Under this plan, homelessness prevention and homeless rehousing operations will transition from DHS to HRA while shelter system management will remain with DHS. The City’s 90-Day Review reforms also included a commitment to rationalizing shelter provider rates. We recognize that this audit was conducted while DHS was in the midst of implementing the structural and organizational changes that resulted from this operational review. As part of this reorganization, DSS officials advised us that they are reforming processes, work flows, policies, and procedures at every level of the agency and that its implementation is still ongoing.

Key Findings

- Several opportunities for improvement of controls over the shelter contract procurement and rate-setting process exist for DHS.
 - DHS does not have written policies and standard operating procedures (SOPs) for key aspects of the shelter contract procurement and rate-setting process, including standard rate guidelines for negotiating provider budgets.
 - Documentation for the entire DHS contract award process is not readily available nor maintained, as required by New York City Procurement Policy Board (PPB) regulations, DHS's default SOP.
- We could not determine whether the shelter rates are reasonable. Regardless of the guidance used (DHS Rate Guides, RFP Rate Guide, and similar shelter groupings), we found the rates are generally inconsistent among similar shelters, often exceeding the prescribed ranges.
- The various computer data systems utilized by DHS are not integrated with each other, and therefore the important data cannot be easily shared and combined to facilitate further analysis.

Key Recommendations

- Create, maintain, and implement DHS-specific SOPs for the shelter contract procurement and rate-setting process, as well as standard rate guidelines for negotiating provider budgets to ensure continuity in processes as DHS transitions through its integration into DSS.
- Ensure that contract negotiations, evaluations, and evidence of reasonableness are adequately documented in contract registration packets to comply with stated DHS contract and rate-setting practices, New York Codes, Rules and Regulations (Title 18, Part 900), and PPB rules.
- Improve controls over the rate-setting process so that rates are within DHS's outlined ranges. If contracts are awarded with rates that exceed those ranges, maintain adequate documentation for justification.
- Collaborate with related City agencies to integrate data systems so that DHS has the ability to perform data analytics on shelter data, and ensure that the integration has built-in controls to safeguard the data.

Other Related Audits/Reports of Interest

[Office of Temporary and Disability Assistance: Oversight of Homeless Shelters \(2015-S-23\)](#)

[Homeless Shelters and Homelessness in New York State – An Overview, Exclusive of New York City \(2016-D-3\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

October 10, 2017

Mr. Steven Banks
Commissioner
New York City Department of Social Services
150 Greenwich Street, 42nd Floor
New York, NY 10007

Dear Commissioner Banks:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report, entitled *Oversight of Selected Fiscal Aspects of Homeless Shelter Services*. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this draft report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

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State Government Accountability Contact Information:

Audit Director: Brian Reilly

Phone: (518) 474-3271

Email: StateGovernmentAccountability@osc.state.ny.us

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

Background

Governed by a “right to shelter” mandate, New York City (City) provides temporary emergency shelter to every eligible person who requests services. The New York City Department of Homeless Services (DHS) is the oversight authority, responsible for providing transitional housing and services for eligible homeless families and individuals in the City and for fiscal oversight of the homeless shelters. DHS contracts with public and private entities in its mission to: prevent homelessness when possible; provide temporary, emergency shelter when needed; and help individuals and families transition into permanent housing.

DHS classifies shelters into two basic categories: adult shelters (for single adults) and family shelters (for adult couples and families with children under 18). Although DHS directly owns and operates nine shelters, the majority of shelters are operated by private providers (for-profit and not-for-profit) through contracts with DHS. DHS procures shelter spaces from private providers using competitive sealed proposals, open-ended Requests for Proposals (RFPs), and negotiated acquisitions. Potential shelter providers begin the contracting process through the DHS online portal, completing a “packet” of information, which includes a budget proposal. Contract proposals go through a lengthy, multi-tier review and approval process (see Exhibit A) to ensure they meet certain qualifications, including reasonableness of budget as established by New York Codes, Rules and Regulations (NYCRR). Each contract proposal is supposed to contain documentation of key elements of the review as well as a Recommendation for Award (RFA) Narrative, where DHS outlines the consideration of price and documents the basis for the reasonableness of approved rates.

As the fiscal administrator, DHS is responsible for establishing the contract rates awarded to shelter providers. DHS uses a number of tools for rate setting, including: an annual Budget Construct, which is an Excel spreadsheet that tracks contract rates; rate guides listing recommended rates based on occupancy type (e.g., family vs. single adult) or RFP-established amounts; and the Client Assistance and Rehousing Enterprise System (CARES), an electronic case management system that, among other tasks, records provider-reported client shelter days. DHS also uses three citywide computer systems for administering other aspects of its homeless shelter fiscal responsibilities: the City’s Automated Procurement Tracking System (APT), the Financial Management System (FMS), and the HHS (Health and Human Services) Accelerator for contract management.

For City fiscal year 2016, DHS had an annual budget in excess of \$1.3 billion to house a daily average of 58,000 homeless. As of March 2016, there were 126 private providers with 351 registered contracts providing homeless shelters for single adults and families. The annual cost to DHS for adult and family shelter operations was \$1.1 billion, across 748 total contracted and non-contracted locations. Contracted shelters comprised approximately 49 percent of those locations, while non-contracted family cluster housing, hotel rooms, emergency shelters, drop-in centers, and City-operated shelter locations made up the other 51 percent.

In August 2016, following a comprehensive 90-Day Review of DHS Operations ordered by the Mayor, DHS and the New York City Human Resources Administration (HRA) began integrating

into a single management structure, under which both agencies report to the Commissioner of the Department of Social Services (DSS). The goal of the review was to ensure New York City's homeless services are delivered as efficiently as possible. Under this plan, homelessness prevention and homeless rehousing operations will transition from DHS to HRA while shelter system management will remain with DHS. The City's 90-Day Review reforms also included a commitment to rationalizing shelter provider rates. We recognize that this audit was conducted while DHS was in the midst of implementing the structural and organizational changes that resulted from this operational review. As part of this reorganization, DSS officials advised us that they are reforming processes, work flows, policies, and procedures at every level of the agency and that its implementation is still ongoing.

Audit Findings and Recommendations

We determined DHS has several opportunities for improvement over its shelter contract procurement and rate-setting processes. Key areas for improvement include:

- Develop DHS-specific operating procedures for putting policies into action;
- Ensure compliance with stated procurement practices; and
- Document support for variances from rate guides when awarding new and renewal shelter contracts.

Currently, there is no assurance that practices were applied consistently across all contract proposals received from providers; that all steps in the procurement process were followed, most notably regarding contract negotiations; and that the rates DHS granted were reasonable.

Furthermore, we found that the four computer systems DHS uses to manage shelter-related data are not integrated. Thus, despite the comprehensive data available, DHS is limited in how the data can be analyzed to facilitate achievement of its goals efficiently and effectively.

Particularly given the integration of DHS with DSS and the merging of certain operations with HRA, strong internal controls over policies and procedures – both manual and automated – are critical to mitigate risks that are inherent, especially during times of transition, and ensure continuity of processes.

Internal Controls and Compliance

Chapter 16, Section 389 of the New York City Charter requires heads of mayoral agencies, such as DHS, to maintain an internal control system that maximizes the effectiveness and integrity of agency operations and reduces the vulnerability to fraud, waste, abuse, error, conflict of interest, and corruption. Our review of DHS's internal controls regarding homeless shelter contract procurement and rate-setting processes identified areas that need improvement, including inadequate standard operating procedures (SOPs) and a lack of controls to ensure that employees are complying with all policies and procedures. DHS is also lacking evidence that it complied with its stated processes.

Policies and Procedures

Documenting policies and procedures is critical to the daily operations of an organization, helping to ensure that management directives are carried out properly and consistently. In the absence of understanding by employees, conflict can occur and poor decisions can be made, causing serious harm to the organization's reputation, favoritism, etc.

For purposes of this audit, we requested DHS provide us with all of its fiscally related policies and procedures for review. In response, DHS supplied 23 SOPs. Based on our review of these documents, as well as interviews with DHS officials, we determined that DHS did not have any SOPs specific to the shelter contract procurement process.

In response to our findings, DHS officials stated they rely on other internal and external documents to guide their shelter contract procurement process, such as the DHS Human Service Providers Fiscal Manual (Fiscal Manual) and the New York City Procurement Policy Board (PPB) rules. These, along with staff who are experienced in their roles and the procedures tasked to them, suffice in place of DHS-specific SOPs. DHS officials provided us with 19 such documents. Based on our review, however, we concluded that these documents were inadequate for DHS purposes in that 15 did not cover any critical elements of DHS's procurement process (e.g., evidence of budget negotiation and assurance that costs were reasonable). Furthermore, of the four documents that did mention any critical elements, none included the necessary step-by-step detail needed to perform related tasks.

We acknowledge that some City agencies may have similar frameworks of operation, and for these, universal operational guidelines may be sufficient. However, DHS's actual processes are more involved and tailored and thus warrant customized SOPs. DHS-specific SOPs will strengthen quality control and allow for continuity in processes during times of transition – whether they be routine staff transitions or, more critically, DHS's integration with HRA under DSS.

In the absence of formal SOPs, for purposes of our audit, we created a flowchart of DHS's shelter contract procurement and rate-setting process based on interviews with DHS officials, which DHS representatives reviewed and confirmed for accuracy, presented in Exhibit A.

Compliance With Stated Practices

As Exhibit A illustrates, DHS's shelter contract procurement and rate-setting process includes a multipart system of requirements designed to ensure contracts are properly administered. Key components also mirror PPB rules, DHS's default SOP. For instance, both DHS and PPB rules require that: proposals be reviewed by at least three qualified reviewers; the contract be negotiated; and a vendor's cost be evaluated for reasonableness. Furthermore, the PPB rules require agencies to maintain files containing all required documentation pertaining to contract solicitation, award, and management; purchase orders; amendments; renewals; and change orders. As applied specifically to DHS's contract procurement process, we determined that contract files should contain the following five critical documents: the provider's line item proposed budget; DHS's proposal scoring evaluations; the approved budget; evidence of budget negotiations; and evidence of reasonableness of cost. The PPB rules also state that agencies should retain contract files for a minimum of seven years after the contract expires.

To determine whether DHS complied with its own and PPB rules regarding required documentation, we reviewed the contract registration packets (packets) for a judgmental sample of 40 shelter (18 single adult and 22 family) contracts from the population of 351 shelter contracts for City fiscal year 2016. The sample included 23 new award contracts and 17 renewal contracts, with budgets ranging from \$745,700 to \$68.5 million each (see Exhibit B). We found all 23 new award contracts were missing key elements that are needed to support that all steps in the procurement process were followed – most importantly, budget negotiations (see Table 1).¹

¹ We did not review the packets for the renewal contracts because only two of the five critical elements (approved budgets and evidence of reasonableness) are applicable to renewals.

Table 1 – Documentation in New Award Contract Packets

Critical Documents	Number of Contracts Without*
Provider's line item proposed budget	13
DHS proposal scoring evaluations	3
Approved budget	2
Evidence of budget negotiations	23
Evidence of reasonableness of costs	5

*Of 23 contracts reviewed.

We determined that DHS did not have adequate controls in place to ensure the required documentation was maintained. Furthermore, without such documentation, we have no evidence that DHS complied with its own stated practices and PPB rules, most notably in regard to contract negotiations.

DHS officials asserted that evidence of budget negotiations was not legally required to be in a procurement file, and that the multiple reviews and sign-offs on the forms in the packets served as proof that they negotiated with the contracted providers. We take exception to both assertions: our finding is not based on any legal criteria but rather DHS's own stated practices (as outlined in the agency-approved flowchart in Exhibit A); and at best, sign-offs are evidence only that a budget – negotiated or not – has been accepted.

Lacking evidence of negotiation, we sought to gain assurance through other means: for 16 contracts, we compared the provider's proposed budget (either from the form itself [10] or gleaned from other documents in the packet [6]) with the approved budget. One of the 16 contracts included two budgets covering two different programs, resulting in a review of 17 budgets. We found that only three of the 17 budgets' approved amount was lower than that proposed by the provider, suggesting the rates could have been negotiated. Of the remaining 14 budgets:

- Ten (59 percent) were approved for the same amount proposed by the provider, suggesting no negotiation occurred.
- Four (24 percent) were approved for a higher amount than what the provider proposed. In one case, the approved budget was increased to the maximum RFP Rate Guide amount, with no justification provided. For the other three cases, DHS officials explained the amount was increased due to projected changes in rent, a non-negotiable item.

In regard to the other critical documents (e.g., evidence of reasonableness of costs) missing from contract packets, DHS officials informed us that these are available electronically in APT. In addition, they noted that the contracts we reviewed were registered with the New York City Comptroller's office, indicating that this fact alone is evidence they followed all required steps in the procurement process. Following this disclosure, we reviewed APT files but could not find the majority of the critical documents that officials advised us were maintained in electronic form. Furthermore, while contract registration by the New York City Comptroller gives some indication

that certain procurement process steps were followed, without evidence for us to independently review, we cannot be assured that all steps of the procurement process were followed.

DHS officials agreed that they should maintain the required documentation in contract registration packets, including evidence of negotiations. Based on our finding, for current contract registrations and thereafter, officials have instructed staff to print the entire registration folder in the APT database as a hard copy backup.

Reasonableness of Rates

DHS is responsible for establishing the contract amounts awarded to shelter providers, which is the basis for shelter rates. According to NYCRR Title 18, Part 900, which is applicable to family shelters, shelter budgets should contain the costs that are reasonable and necessary to maintain the facility, consistent with each of the requirements of the operational plan. The reasonableness of such costs must be evaluated by DHS, taking into account factors including, but not limited to: a comparison of cost data from other facilities housing similar populations or incurring similar expenditures; and a comparison of costs incurred by other shelters utilizing similar operational structures or incurring similar expenditures. While NYCRR Title 18, Part 491, which is applicable to adult shelters, does not provide any criteria for “reasonableness,” DHS officials advised us that they follow the same practices as for family shelters.

Both family and adult shelter rates are negotiated using a per diem shelter rate comparison. A per diem shelter rate is used as the monthly basis of payment to providers operating shelters for families with children and adult families, and is determined by the approved budget prepared by the providers. Contracted adult shelter providers are reimbursed monthly based on expenditures in the approved budget while family shelter payments are based on CARE days. CARES is the Client Assistance and Rehousing Enterprise System, and CARE days equate to each day that a client stays in a shelter. Providers are required to submit a new budget on an annual basis for review and approval.

To determine whether the rates awarded by DHS were reasonable, we examined the previously noted judgmental sample of 40 shelter (18 single adult and 22 family) contracts from City fiscal year 2016. We found that the rates for the shelter contracts in our sample often exceeded DHS guidelines, and thus we have no assurance that shelter rates were reasonable.

Shelter Rates Versus Rate Guides

As DHS officials informed us early on in our audit, once a rate is calculated, it is compared to DHS’s “Guide for Negotiating Budgets for Singles” or “Family Guide Model for Negotiating Budgets” (Rate Guides), depending on shelter type. Per DHS officials, the Rate Guides are used to determine the reasonableness of the rate in comparison to those of similar-capacity shelters. DHS officials provided us with copies of the two Rate Guides, and we noted that in both the rates varied based on capacity.

For the sample of 40 contracts, we compared rates in DHS’s 2016 Budget Construct (the primary tool utilized by the DHS to track contract rates) with its Rate Guides, and found that 26 contracts (65 percent) – encompassing 20 family and 6 single adult shelters – were higher than the recommended rates, with 18 shelters exceeding the recommended rates by 10 percent in amounts ranging from 11 percent up to 215 percent greater (see Exhibit B). For example:

- One adult shelter contract with Acacia (Stadium; capacity: 445) had an approved rate of \$231.06, more than double the amount listed in the Rate Guide (\$104.41). Over a one-year period, and based on maximum capacity, the difference in cost using the approved rate and the amount listed in the Rate Guide is approximately \$20.6 million.
- A family shelter contract with Homes for the Homeless (Prospect Kelly; capacity: 106) had a rate of \$161.34, or 42 percent higher than the Rate Guide amount of \$113.61. Over a one-year period, and based on maximum capacity, the difference in cost using the approved rate and the amount listed in the Rate Guide is approximately \$1.5 million.

Shelter Rates Versus RFP Rate Guide

Although DHS officials originally presented the Rate Guides as the basis for their rate setting, during our closing conference, they clarified that these were just some of the “tools” they use, and that the tools are a work in progress and not finalized. They noted at this time that the RFP Rate Guide is also what they use as the basis for contract awards and rate setting. Under DHS’s RFP Rate Guide, the maximum per diem rates are \$73 for families with children and \$84 for single adults and adult families. The per diem rates outline the maximum operational costs (costs excluding rent under a lease or debt service for a purchase).

We then conducted an additional comparison analysis using the RFP Rate Guide, as well as information in the RFA Narrative, to test the reasonableness of the rates awarded at the time of procurement. Because the RFA Narrative didn’t include sufficient detail for the renewal contracts in our sample, our analysis was limited to the 23 new contract award packets. Of these, however, three did not have an RFA Narrative, further decreasing our sample to 20 (12 family and eight single adult shelters).

We determined that for six family shelter contracts and all eight single adult shelter contracts, the rates were below the maximum rates in the RFP Rate Guide. Our findings confirmed prominent notations made in the RFA Narrative referencing how the rate compared with the RFP Rate Guide, each clearly stating that the rate awarded falls within the RFP prescribed operating cost range.

For the six remaining family shelter contracts, per diem rates exceeded the maximum rates in the RFP Rate Guide (see Exhibit C). Notably, the contracted rate for these six also exceeded DHS’s Rate Guides. Based on maximum capacity, we calculated that over a one-year period the difference in cost using the approved rate and the amount provided in DHS guidance is approximately \$2.4 million for these six contracts. For example:

- Urban Strategies (Dean St.) and SEBCO (Freeman) had operational per diem rates of \$131.41 and \$103.13, respectively, while the maximum rate in the RFP Rate Guide for

both shelters was \$73 (exceeding the maximum rate by 80 percent and 41 percent, respectively).

- Furthermore, both shelters are City-owned and thus paid no rent, which according to DHS is a main cost driver and should a warrant lower per diem rate.

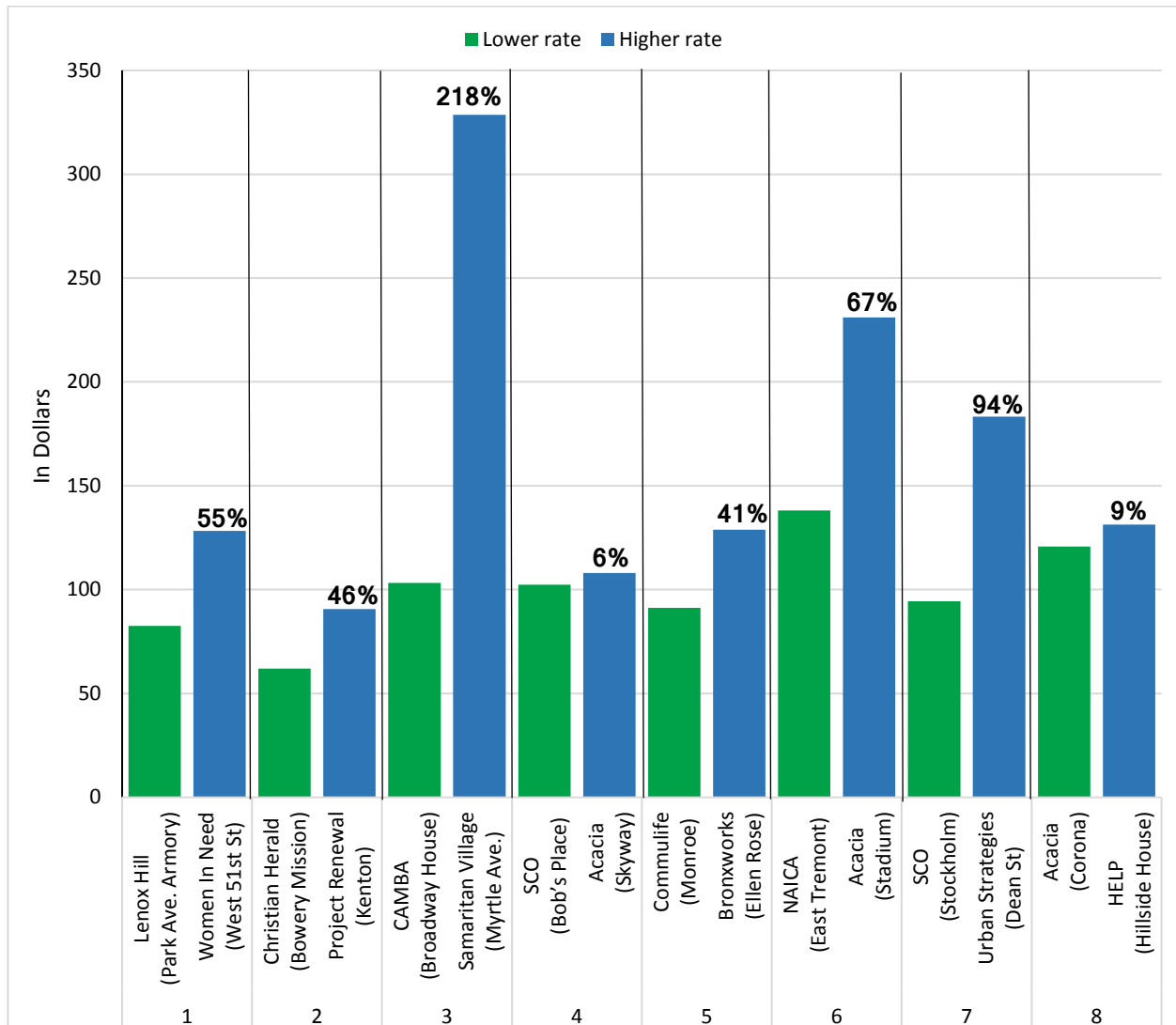
We also point out that, in these instances, the RFA Narrative did not contain a similar prominent notation referencing how the rate compared with the RFP Rate Guide. In fact, the RFA Narrative did not reference the maximum rates from the RFP Rate Guide at all.

In response to our finding of rates that exceeded the RFP maximum, DHS officials contend that shelter rents paid are generally higher than the market because the shelter sites are subject to greater wear and tear. We note, however, that rates are developed factoring in the reality of higher rents.

Rate Comparison in Groups of Similar Shelters

To further assess the reasonableness of contracted shelter rates, we compiled the sampled 40 contracts into 17 groups based on similarities. Our analysis identified within-group rate variations – some significant. For example, we found that contract rates for two adult shelters in Manhattan, with comparable client capacities and subprograms, varied by 55 percent: Lenox Hill (Park Ave. Armory), with a capacity of 80, had a rate of \$82.56, while Women in Need (West 51st St.), with 12 fewer beds, had a rate \$128.29.

To better understand why similar shelters had such differing rates, we attempted to compare their line item budgets. However, of our 17 groups, we could only fully compare eight groupings due to limited or missing budget data. Overall, we still found that the rates differed significantly (see Chart 1). For example, two comparable adult shelters in Brooklyn with similar capacities, CAMBA (Broadway House; capacity: 165) and Samaritan Village (Myrtle Ave.; capacity: 160), had rates that differed by 218 percent (\$103.19 and \$328.58, respectively).

Chart 1 – Rates for Eight Similar Shelter Groups With Fully Compared Contracts

In response to these findings, DHS officials advised us that rates are negotiated on a case-by-case basis, and that significant rate differences were due to site-specific costs, such as rent and security. In addition, each lease is negotiated through the provider and the landlord, so there is no standard rent rate, and DHS has no choice but to accept the cost. Furthermore, the lease costs for shelters are different than regular leases. DHS pays a premium since the shelter sites are subject to greater wear and tear. Moreover, officials advised us that they compare leases with other nearby shelter leases to determine reasonableness. DHS officials did not maintain evidence of lease reviews in their files, but said that they will do so going forward.

DHS officials also said that shelters with higher capacities have lower rates; however, we found this to be the case in only eight of the 17 (47 percent) similar contract groupings. For the other nine, higher-capacity shelters had higher rates. For example, in one grouping, Project Renewal (Kenton) had a higher capacity (108) as well as a higher rate (\$90.61) than Christian Herald (Bowery Mission), which had a capacity of 77 and a rate of \$62.01. We note that the higher rate was likely

due to security expenses, which were \$1.5 million at Project Renewal and \$0 at Christian Herald. Neither shelter was City-owned, so it's unclear why one did not have security expenses. We asked DHS for an explanation of these large expense variations, but officials did not respond.

Rate Summary

Overall, we could not determine whether shelter rates were reasonable. Regardless of the comparison method used (i.e., Rate Guides, RFP Rate Guide, or similar shelter groupings), we found the shelter rates were generally inconsistent among similar shelters, often exceeding the prescribed ranges. Without documentation supporting rate variances, there is no assurance that DHS adhered to its stated practices or that deviations were justified. Furthermore, DHS's claim that the Rate Guides have not been approved or finalized is irrelevant when they're being used by the agency as rate-setting "tools."

Moreover, DHS officials stated that the agency does not have an approved model budget for use in guiding shelter rates and advised us that, in collaboration with the City's Office of Management and Budget (OMB), a new model budget tool is in development.

In response to our draft report, officials advised us that in July 2017 (after the conclusion of our fieldwork) they developed and implemented a model budget tool to facilitate contract negotiations and rate setting, ensuring consistent and quality services that fall within prescribed guidelines.

Integrated Technology

In addition to its CARES system, DHS maintains critical provider information using three citywide computer systems – each with different functions, operating independent of the other, and "owned" by a different agency (see Table 2).

Table 2 – Computer Systems and Their Functions

System	Owner	Primary Functions
HHS Accelerator	Mayor's Office of Operations	General contract management Contract budget information (contract number, program type, budget codes/amounts)
CARES	DHS	General shelter/facility information Provider rate information Care days (reporting and invoice generation for rate-based contracts)
FMS	Financial Information Services Agency	Payment to providers and contractors Expenditure information by budget code
APT	Mayor's Office of Contract Services	Stores contract packet documents Creates unique identification number for each contract Links contract to DHS's payment system

Integrated citywide computer data systems allow agencies such as DHS to organize and analyze a comprehensive database of financial and statistical information. Cohesiveness among systems allows information to be shared and examined seamlessly, when needed. In the course of our audit, however, we found that the various computer data systems utilized by DHS were not integrated with each other, and therefore the important data cannot be easily shared and combined to facilitate deeper analysis. Furthermore, when computer systems are not integrated, there is an increased risk of discrepancies between systems, primarily originating from input errors and timing differences.

DHS officials acknowledged this issue, stating that one system may have information that cannot be entered into another. For instance, both HHS Accelerator and FMS use the unique contract number created by APT for identification/tracking purposes, while CARES uses a facility code identifier for tracking, which is not available in the other two systems. As a result, data in the systems cannot be merged and analyzed. Largely due to this incompatibility, DHS could not provide us with a complete set of data for all 748 shelter locations, including provider name, address, contract number, rate, capacity, and program type, as requested. Further, when we attempted to compile such a “database” ourselves (using data exported from CARES and Budget Constructs for City fiscal years 2016 and 2017), DHS was not able to verify its accuracy, clarify discrepancies, and fill in missing information.

DHS officials recognized the need to relate the data between the systems, noting that they are currently working on an interface that will result in FMS contract numbers being maintained in CARES, allowing CARES information to be linked to contracts in HHS Accelerator. DHS officials advised us that this is a challenge because the systems are managed by different City agencies. DHS officials also noted that they are creating a data “warehouse” that will be a central repository of integrated data from the various data sources. However, there is no timeline for the completion of this interface.

DHS officials also advised us that the Budget Construct (an Excel spreadsheet) is their primary tool for tracking contract rates, even with the four computer systems that are available. Thus, any analysis by DHS regarding its contract procurement and rate-setting process is largely limited to the information contained in that spreadsheet. Furthermore, officials also stated that they will continue to use the Budget Construct even after the integrated system interface has been created, because it’s the tool they use for tracking contract rates. We question whether this plan is optimal. The Budget Construct does not include all of the information contained in the various systems (e.g., individual budget line items, which are maintained in HHS Accelerator), and it lacks key fields that would allow for a complete document history. These shortcomings alone will make it difficult for DHS officials to generate a comprehensive report of shelter and financial data for planning, analyzing trends, and drawing important conclusions.

Recommendations

1. Create, maintain, and implement DHS-specific SOPs for the shelter contract procurement and rate-setting process, as well as standard rate guidelines for negotiating provider budgets to ensure continuity in processes as DHS transitions through its integration into DSS.

2. Improve controls over the rate-setting process so that rates are within DHS's outlined ranges. If contracts are awarded with rates that exceed those ranges, maintain adequate documentation for justification.
3. Ensure that contract negotiations, evaluations, and evidence of reasonableness are adequately documented in contract registration packets to comply with stated DHS contract and rate-setting practices, NYCRR Title 18, Part 900, and PPB rules.
4. Collaborate with related City agencies to integrate data systems so that DHS has the ability to perform data analytics on shelter data, and ensure that the integration has built-in controls to safeguard the data.

Audit Scope, Objectives, and Methodology

The purpose of this audit was to determine whether DSS has adequate controls over selected fiscal aspects of homeless shelter services, including the contract procurement and rate-setting processes, and whether current contracted shelter rates are reasonable. Our audit covered the period from July 1, 2013 through May 30, 2017.

To accomplish our objectives, we reviewed relevant laws and regulations that identify DHS's fiscal oversight responsibilities for contracted homeless shelters. We interviewed DHS officials and staff to gain an understanding of the homeless shelter contracting and rate-setting processes and the underlying controls. We reviewed standard operating procedures and guidelines, and created flowcharts for the process flows as described by DHS, which were subsequently reviewed and approved by DHS officials. In addition, we examined contract and rate-setting documents used by DHS to pay homeless shelter providers.

Furthermore, we selected a judgmental sample of 40 shelter contracts to determine if the processes and approval steps were followed. These 40 contracts were selected as representative of the contracts in the five boroughs, including both family and adult shelter types, differing shelter size, different types of subprograms, and the rates paid to providers. To further assess the reasonableness of contracted shelter rates, we grouped the 40 contracts by similarity, sorting them into 17 groups based on: shelter type, location, capacity, and specific subprogram. Shelters that were City-owned were grouped together. Because a single contract can cover more than one shelter location, these 40 contracts covered 72 different shelter locations. We reviewed the individual rates for these shelters to determine whether the rates/rate-setting process was fair and reasonable.

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

As is our practice, we notified DHS officials at the outset of the audit that we would be requesting a representation letter in which agency management provides assurances, to the best of its knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. Agency officials normally use the representation letter to assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. They affirm either that the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, officials at the DHS advised us that the New York City Mayor's Office of Operations had informed them that, as a matter of policy, mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from DHS officials that all relevant information was provided to us during the audit.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating threats to organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

Reporting Requirements

We provided a draft copy of this report to DSS officials for their review and formal comment. Their comments were considered in preparing this final report and are attached to it. In their response, DSS officials generally agreed with our recommendations and indicated that they have already taken steps to address them. Our rejoinder to certain DSS comments are included in the report's State Comptroller's Comments.

Within 90 days after final release of this report, we request that the Commissioner of the New York City Department of Social Services report to the State Comptroller, advising what steps were taken to implement the recommendations contained in this report, and if the recommendations were not implemented, the reasons why.

Contributors to This Report

Brian Reilly, CFE, CGFM, Audit Director
Stephen Lynch, Audit Manager
Saviya Crick, CPA, CFE, Audit Supervisor
Judy Grehl, CFE, Examiner-in-Charge
Julia Ibrahim, CPA, CIA, Examiner-in-Charge
Adele Banks, Senior Examiner
Samuel Carnicelli, Senior Examiner
Raymond Louie, Senior Examiner
Alexis Roth, Senior Examiner
Agnieszka Lewandowska, Staff Examiner
Natasha Singh, Staff Examiner
Michael McDonnell, Intern
Kevin Fung, Senior Editor

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller
518-474-4593, asanfilippo@osc.state.ny.us

Tina Kim, Deputy Comptroller
518-473-3596, tkim@osc.state.ny.us

Ken Shulman, Assistant Comptroller
518-473-0334, kshulman@osc.state.ny.us

Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Exhibit A

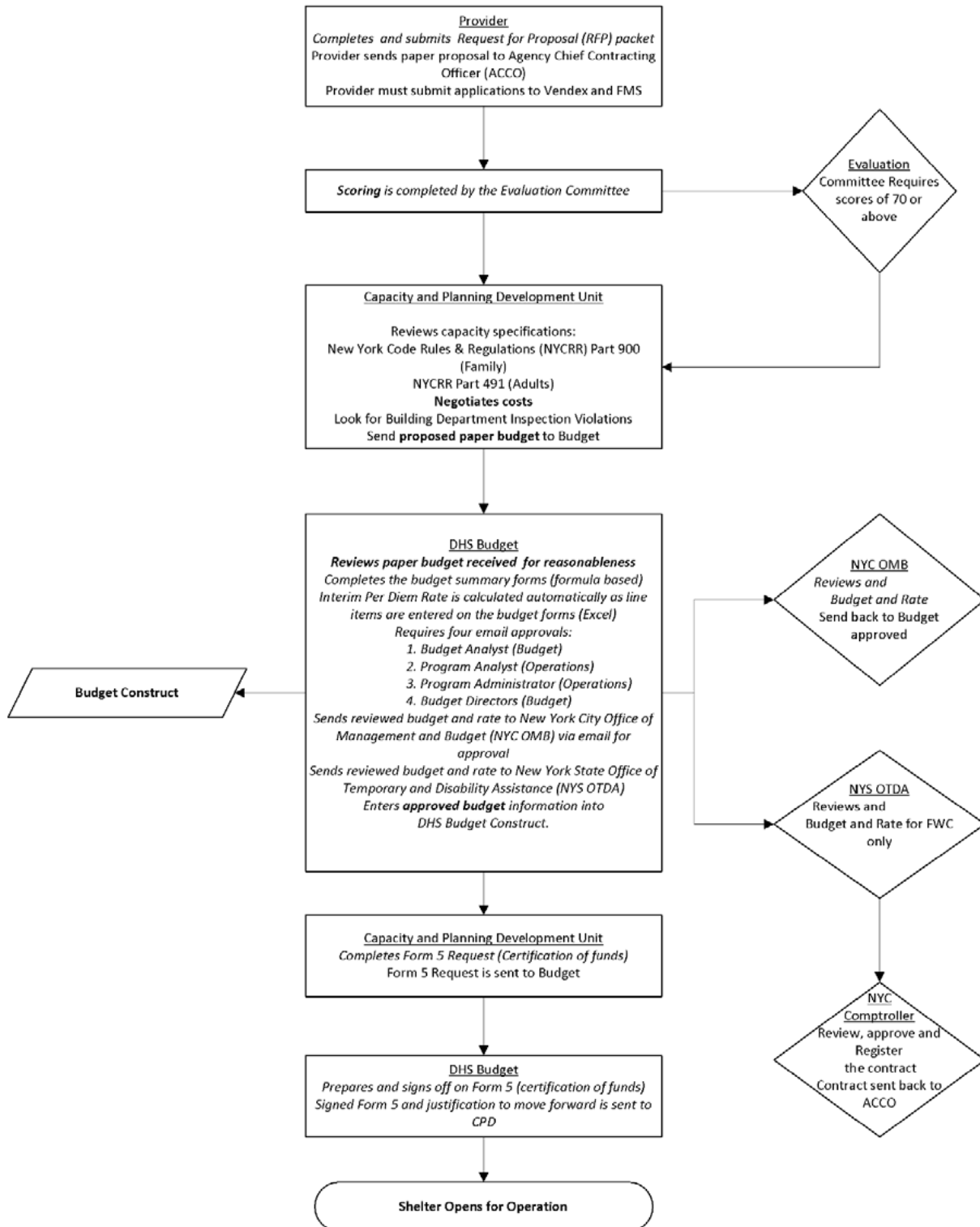


Exhibit B

Comparison of Actual and Recommended Contract Rates, per Rate Guide, for 40 Sampled Shelters

No.	Contract No.	Type	Provider	Borough	Shelter Type	FY16 Capacity per Budget	FY16 Rate per Budget	Rate per Rate Guide ^a	Percent Difference
1	20121403841	New	SCO (Bob's Place)	Queens	Adult	126	\$102.34	\$107.90	-5%
2	20121405266	New	Acacia (Stadium)	Bronx	Adult	445	\$231.06	\$104.41	121%
3	20121405268	New	Acacia (Skyway)	Queens	Adult	174	\$108.05	\$104.41	3%
4	20121419607	New	Samaritan Village (Van Siclen)	Brooklyn	Adult	320	\$99.11	\$104.41	-5%
5	20141400917	New	Samaritan Village (Myrtle Ave.)	Brooklyn	Adult	160	\$328.58	\$104.41	215%
6	20141401052	New	Women in Need (West 51st)	Manhattan	Adult	68	\$128.29	\$129.38	-1%
7	20151401081	New	Christian Herald (Bowery Mission) ^b	Manhattan	Adult	77	\$62.01	\$93.19	-33%
8	20160002198	New	Commulife (Monroe)	Bronx	Adult	42	\$91.21	\$129.38	-30%
9	20161406721	New	Bowery Resident Committee (85 Lexington) ^b	Bronx	Adult	103	\$60.77	\$75.30	-19%
10	20161418004	New	Project Renewal (Kenton) ^b	Manhattan	Adult	108	\$90.61	\$75.30	20%
11	20161423947	New	NAICA (East Tremont)	Bronx	Adult	170	\$138.16	\$104.41	32%
12	20130001127	New	Volunteers of America (Cromwell) ^b	Bronx	Family	74	\$79.03	\$67.42	17%
13	20130001727	New	SEBCO (Freeman) ^b	Bronx	Family	22	\$120.91	\$89.29	N/A ^c
14	20130001862	New	SEBCO (Seneca) ^b	Bronx	Family	74	\$77.65	\$67.42	15%
15	20141400468	New	Aguila (Fulton)	Bronx	Adult	101	\$137.03	\$113.61	21%
16	20141403410	New	Acacia Network Housing (Corona)	Queens	Family	54	\$120.79	\$118.15	2%
17	20141403661	New	Providence House (Church Street)	Brooklyn	Family	40	\$110.92	\$136.55	-19%
18	20141405317	New	SCO (Stockholm) ^b	Brooklyn	Family	26	\$94.41	\$89.29	6%
19	20150000946	New	Highland Park (Tildon Hall)	Brooklyn	Family	117	\$156.44	\$113.61	38%
20a	20150003256	New	Urban Strategies (Fannie Barnes) ^b	Brooklyn	Family	33	\$95.63	\$89.29	7%
20b	20150003256	New	Urban Strategies (Dean St.) ^b	Brooklyn	Family	12	\$183.31	\$89.29	N/A ^c
21	20150003393	New	South Bronx Overall (Samuel Procter) ^b	Manhattan	Adult	25	\$93.61	\$89.29	5%
22	20151425591	New	Women in Need (Westway)	Queens	Adult	121	\$149.58	\$113.61	32%
23	20161406938	New	HELP (Hillside)	Queens	Family	60	\$131.33	\$118.15	11%

No.	Contract No.	Type	Provider	Borough	Shelter Type	FY16 Capacity per Budget	FY16 Rate per Budget	Rate per Rate Guide ^a	Percent Difference
24	20130000331	Renewal	Project Hospitality (Drop-In)	Staten Island	Adult	60	\$69.94	\$129.38	-46%
25	20160002959	Renewal	Bronx Works (Ellen Rose)	Bronx	Adult	70	\$128.92	\$129.38	0%
26	20140000661	Renewal	Lenox Hill (Park Ave. Armory)	Manhattan	Adult	80	\$82.56	\$129.38	-36%
27	20120001201	Renewal	CAMBA (Park Slope) ^b	Brooklyn	Adult	100	\$76.29	\$75.30	1%
28	20120001849	Renewal	BEDCO (Eddie Harris)	Brooklyn	Adult	108	\$68.30	\$112.00	-39%
29	20140000272	Renewal	Salvation Army (Kingsboro) ^b	Brooklyn	Adult	143	\$67.30	\$81.26	-17%
30	20131415796	Renewal	CAMBA (Broadway House)	Brooklyn	Adult	165	\$103.19	\$104.41	-1%
31	20130000256	Renewal	Project Hospitality (Family Residence) ^b	Staten Island	Family	46	\$201.22	\$89.29	125%
32	20120001351	Renewal	Phipps (Sojourner)	Bronx	Family	62	\$71.95	\$67.42	7%
33	20140000741	Renewal	CAMBA (Kensington)	Brooklyn	Family	64	\$141.19	\$118.15	20%
34	20130000107	Renewal	Hope Community (Jennie Clark) ^b	Manhattan	Family	73	\$75.89	\$67.42	13%
35	20160001942	Renewal	Bronx Works (Willow)	Bronx	Family	103	\$147.21	\$113.61	30%
36	20160002961	Renewal	Samaritan Village (Gloria House)	Bronx	Family	106	\$128.18	\$113.61	13%
37	20161406940	Renewal	Homes for the Homeless (Prospect Kelly)	Bronx	Family	106	\$161.34	\$113.61	42%
38	20140000108	Renewal	HELP (Hamilton)	Manhattan	Family	155	\$118.22	\$108.68	9%
39	20160002960	Renewal	Housing Bridge (New Broadway)	Queens	Family	181	\$138.92	\$108.68	28%
40	20161406941	Renewal	Homes for the Homeless (Saratoga)	Queens	Family	255	\$142.28	\$108.68	31%

^a Refers to the applicable rate in the "Guide for Negotiating Budgets for Singles" (for adult shelters) and the "Family Guide Model for Negotiating Budgets" (for family shelters).

^b City-owned.

^c N/A = not applicable; because no model rate exists for lower-capacity (less than 25) family-type shelters, this shelter was excluded from analysis.

Exhibit C

Six Sampled Shelters Rates That Exceeded the RFP Rate Guidelines

No.	Contract No.	Provider Name	Borough	Capacity per Budget Construct	Operational Awarded Rate	Maximum Operational Rate per RFP	Percent Above Max RFP Rate	Excess Cost per Year	Excess Cost During Audit Scope	
1	20130001727	SEBCO (Freeman) ^a	Bronx	22	\$103.13	\$73.00	41%	\$217,752	\$871,009	
2	20141405317	SCO (Stockholm) ^a	Brooklyn	26	\$87.42	\$73.00	20%	\$123,163	\$369,489	
3	20150003256	Urban Strategies (Fannie Barnes) ^a	Brooklyn	33	\$78.90	\$73.00	8%	\$67,343	\$202,030	
4	20150003256	Urban Strategies (Dean St.) ^a	Brooklyn	12	\$131.41	\$73.00	80%	\$225,742	\$677,227	
5	20150003393	South Bronx Overall (Samuel Procter) ^a	Manhattan	25	\$91.90	\$84.00	9%	\$64,875	\$194,626	
6	20161406938	HELP (Hillside)	Queens	60	\$75.83	\$73.00	4%	\$58,955	\$117,909	
Totals									\$757,831	\$2,432,290

^a City-owned.

Agency Comments



**Department of
Social Services**

Human Resources
Administration

Department of
Homeless Services

W-2-570

**Office Of Audit &
Quality Assurance**

September 19, 2017

Steven Banks
Commissioner

Brian Reilly
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street - 11th Floor
Albany, NY 12236-0001

Saratu Gharthey
Chief Program
Accountability Officer

Maria Ciniglio
Deputy Commissioner

150 Greenwich Street
New York, NY 10007

929 221 7126

Re: Draft Audit Report Dated August
2017, NYC Department of Homeless
Services/Human Resources
Administration - Oversight of
Selected Aspects of Homeless
Shelter Services Audit 2016-N-01

Dear Mr. Reilly,

Thank you for sharing with us the draft report of your findings and recommendations pertaining to your audit of NYC Department of Homeless Services/Department of Social Services - Oversight of Selected Aspects of Homeless Shelter Services. We have reviewed the referenced report; our responses are below and enclosed.

As a threshold matter, we are concerned that the audit did not include an explicit acknowledgement of the context in which this audit took place. We ask that the Comptroller include, in the introduction to his report, language describing that context, specifically that this audit took place while Department of Homeless Services (DHS) was in the midst of a significant reorganization, and had undertaken a significant examination and reform of many of the very policies and processes at issue in this audit. Specifically, we think it is important for any reader of the report to know that DHS has been in the midst of a significant reorganization as a result of the decision by the Mayor to integrate DHS within the Department of Social Services (DSS), which now includes DHS and the New York City Human Resources Administration (HRA). Both agencies have Administrators who report to the Commissioner of the Department of Social Services. Many administrative functions for both agencies, including contracts and procurement, legal, and finance, have been consolidated and serve both agencies. This new structure was implemented following a comprehensive 90-Day Review of DHS operations ordered by Mayor de Blasio that concluded in April 2016. The goal of the review was to ensure New York City's homeless services are delivered as efficiently and effectively as possible in order to prevent, reduce and manage homelessness.

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* See State Comptroller's Comments, page 41.

The structural reorganization is significant and is continuing to be implemented. As part of this reorganization DSS is reforming processes, work flows, policies and procedures at every level of the agency. Many of these policies and procedures under revision or already implemented relate directly to the issues discussed in the audit report.

Model Budget Tool

DSS has developed and implemented a model budget tool to facilitate contract negotiations and rate setting, ensuring consistent and quality services that fall within prescribed guidelines.

The City's 90-Day Review reforms included a commitment to rationalizing shelter provider rates for contracted sites. Working in conjunction with the shelter provider community and oversight agencies, DHS developed parameters for a **Shelter Budget Model tool** that delineates appropriate funding to provide consistent and sustained support for quality services at NYC shelters. The model reflects the ongoing priorities as defined by the work DHS and the New York State Office of Temporary and Disability Assistance (OTDA) have been engaged in regarding Shelter Repair and is reflective of state and local law, as appropriate.

The model provides staffing and funding for services adequate to meet all applicable state and local laws and directives.¹ The model budget templates are specific to Families with Children, Adult Families and Single Adult Shelters, as well for the different Adult Shelter types (Mental Health; Substance Use; Employment; Assessment; and General). The templates also vary by the site's capacity. The model budget template is attached as Appendix A

The Families with Children shelter model budget tool was informed by: 18 NYCRR Part 900, including Part 900.9 (Resident obligations/rights); Part 900.10 (Resident services); Part 900.11 (Supervision); Part 900.12 (Environmental standards); Part 900.13 (Nutrition); NYS Office of Temporary and Disability Assistance (OTDA) 2016 ADM-11 (Temporary Housing Assistance: Consolidation and Clarification of Policy); and OTDA 1994 ADM-20 (Preventing Homelessness and Providing Assistance to Homeless Persons).

The Adult Family and Single Adults shelter model budget tools were informed by: 18 NYCRR Part 491 requirements, including Part 491.7 (Resident rights); Part 491.8 (Resident services); Part 491.9 (Food services); Part 491.10 (Environmental standards); Part 491.11 (Disaster and Emergency Planning); NYS Office of Temporary and Disability Assistance (OTDA) 2016 ADM-11 (Temporary Housing Assistance: Consolidation and Clarification of Policy); and OTDA 1994 ADM-20 (Preventing Homelessness and Providing Assistance to Homeless Persons).

The model uses the site's capacity and costs for specific line-item categories to produce an overall site per diem that is translated to an annual budget. The model

¹ The attached model budget templates include notes that specify the corresponding regulation(s) for each line item in the budget (Appendix A).

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covers both staff costs (PS) and other costs (OTPS).² The model uses specific staff ratios consistent with service model and regulatory requirements and average salaries to produce a per diem for each PS category (administrative staff; direct care staff; social service staff; operations staff; maintenance staff; recreation staff). Certain categories are also dependent on site capacity. The model also uses service model and regulatory requirements and site capacity to determine the per diem for OTPS categories (maintenance; client supplies; food; transportation). The attached model budget templates include notes on the process by which DHS arrived at the specific ratios and per diems for each line item (Appendix A).

In July 2017, DHS began using the model budgets tools to analyze budgets and negotiate with providers proposing new shelter sites and amendments to existing shelter sites. Shelter providers submit a proposed budget to the DHS Shelter Program Budget Office using the OTDA format. DHS then uses the appropriate model budget template to compare the provider proposed budget to the model line-item and per diem costs for that specific shelter type. Based on consultation with internal DHS program staff for that particular shelter type, as well as subject matter experts where needed (Medical Office, Security staff, Maintenance and Repair division) DHS develops a recommended budget. DHS then uses the model budget template to negotiate with the provider.

The governing principle in negotiations is to establish a budget within the total model per diem for the particular shelter based on capacity and program type. DHS will ensure that the model is flexible enough that, with proper justification, providers may adjust specific line items to ensure the budget meets all necessary requirements and reflects the unique operation of that particular shelter. For example, a site may have social service staff funding slightly above the model and maintenance costs slightly below the model, allowing for the full budget to remain below the model as well as compliance with all regulations and policies. While flexibility is granted, **a site's budget cannot go above the total model per diem and the provider must meet all required standards and ratios.**

Once negotiations have concluded, the DHS Shelter Program Budget Office makes recommendations on new shelter budgets and amendment budgets to the DSS Finance Office and the NYC Office of Management and Budget (OMB). There may be concerns from Finance and/or OMB that require additional negotiation with the provider. OMB has final approval of all budgets for all new shelter budgets and budgets for amendments. These budgets are also reviewed by OTDA.

As evidence of all negotiations with the provider and of the approval process, the agency will document the model budget, the provider's initial proposed budget, all interim proposals, the DHS recommended budget, and the final approved budget with annotations. This documentation will be in the form of an excel document with tabs for each stage of the negotiation, including:

- Model Budget;

² Note there are items assessed outside of the model tool (i.e. security and rent), because they are site-specific and require individual assessment by the subject matter experts on staff at DSS/DHS. Utilities and insurance are covered at documented cost. More detail on the rent negotiation process is below.

- Provider Proposed Budget;
- Comparative analysis (Model Budget, Provider Proposed Budget, DHS Draft Recommendation)
- Negotiations;
- DHS Final Recommended Budget;
- Negotiations (if needed);
- Final Approved Budget.

The documentation includes an explanation of instances when the recommended or approved budget varies from the model.

The shelter rent negotiation process is done prior to the model budget process. The City is currently developing a specific rent evaluation tool that will help value proposed shelter rents. This tool is being developed in conjunction with DSS, DHS, OMB and the NYC Department of Housing Preservation and Development (HPD). This tool will help determine the fair market value for a building depending on its size, condition, and location within NYC. The tool will provide valuations based on square footage, small area fair market rent, as well as recent neighborhood comparisons.

SOPs for Shelter Procurement and IT Systems

The procurement office is now fully integrated and the SOPs already in existence for HRA procurements are being adapted for DHS procurements, with plans to further enhance and expand SOPs to account for changes in procurement law, changes to Citywide procurement systems, and the differences in shelter contract types. A consultant has been hired to assist in this process which we expect will be completed by December 31, 2017.

With respect to IT systems, as noted in the enclosed reform action plan, we have been developing new applications to address communications between certain internal systems, and the agency has committed to building a data warehouse to leverage all of the record level data from both City and DHS systems so that we can expand our analytical and reporting capabilities. The City is also expanding functionality in the City's existing procurement systems and developing new systems which, when fully implemented, will greatly improve the contract award process as well as work flow efficiency.

In addition to implementing the integration of DHS and HRA, we have had to continue the significant work that serves millions of vulnerable New Yorkers. Despite the challenges of the timing of this audit, we believe that the agency was fully responsive to the audit and we have provided information requested as comprehensively and timely as possible given the circumstances.

Again, we are concerned that the audit recommendations were made on evolving processes and do not reflect the end result of these re-engineering efforts. We would like to discuss with you further changes in the audit language to reflect these very material facts. For example, it is a disservice to the public's understanding of the audit to raise issues regarding the process for setting shelter rate-setting in a vacuum without reporting that we announced in April 2016 that we would reform the shelter

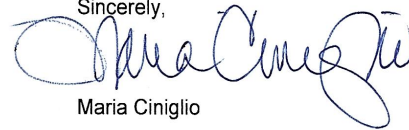
*
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rates, we funded a reformed model budgeting process in the City's FY18 budget, and we are actually implementing it now.

The agency remains committed to its mission of serving New York City's most vulnerable population in the most compassionate, efficient and effective manner, while adhering to all applicable rules, regulations and laws by which we are bound. We would like to express our sincere appreciation for the efforts that your office has invested in this audit to assist us in achieving our goals.

Should you have any questions, please contact Klara Shoumacker, Director of the DSS Bureau of Audit Coordination at 929-221-7063.

Sincerely,

A handwritten signature in blue ink, appearing to read "Maria Ciniglio". The signature is fluid and cursive, with a large initial "M" and "C".

Maria Ciniglio

Enclosures

NYC DEPARTMENT OF SOCIAL SERVICES
OFFICE OF AUDIT & QUALITY ASSURANCE
REFORM ACTION PLAN

Audit Name: OSC Audit of Selected Fiscal Aspects of DHS Homeless Shelter Services
Audit Number: 2016-N-1

Date: 09/17/2017

Auditor's Recommendations	Agency Response and Auditor's Comment	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 1: Improve controls over the rate-setting process so that rates are within DHS's outlined ranges. If contracts are awarded with rates that exceed those ranges, maintain adequate documentation for justification.</p>	<p>In July 2017, DHS began implementation of reforms to address this recommendation. Please see attached correspondence and Appendix A for a complete explanation.</p>	<p>DHS Budget, CPD, Family Services, Adult Services</p>	<p>Shelter Model Budget comparison tool has been implemented for negotiating new shelters.</p>	<p>Implementation began 7/1/2017. As shelter contract budgets come up for negotiation, the new process will be used.</p>
<p>Recommendation 2: Create, maintain, and implement DHS-specific SOPs for the shelter contract procurement and rate-setting process, as well as standard rate guidelines for negotiating provider budgets to ensure continuity in processes as DHS transitions through its integration into DSS.</p>	<p>DHS has already taken steps to address this recommendation. The model tools discussed in the correspondence provide guidelines for rate setting and a structured template to guide negotiations The Office of Contracts has existing standard operating procedures in place. The Office of Contracts is working on a plan to not only formally expand current standard operating procedures to DHS contracts, but to update the SOPs to take into account changes in procurement law, changes in systems, and the differences in shelter contracts. A consultant has been hired to assist in this process which we expect to be completed by December 31, 2017. At this time, the Department of Social Services' Office of Contracts is integrated, and all DHS program staff has been formally informed</p>	<p>ACCO</p>	<p>Update existing SOPs</p>	<p>Implementation for model budget tool began 7/1/2017 Will be implemented 12-31-17 for SOPs</p>

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<p>Recommendation 3: Ensure that contract negotiations, evaluations, and evidence of reasonableness are adequately documented in contract registration packets to comply with stated DHS contract and rate-setting practices, NYCRR Title 18, Part 900, and PPB rules.</p>	<p>that the existing SOPs apply. DHS has already taken steps to address this recommendation. The model budget tool not only provides guidelines as to reasonableness but documents negotiations. It will be maintained in the DHS Budget Office. Moreover, the Justification memorandum, a high-level memorandum discussing the negotiations and the pricing, will be sent to the ACCO as part of the award process and will be made part of the award package, as well as the registration package.</p>	<p>ACCO, COD, DHS Budget</p>	<p>Finalize high-level memorandum template</p>	<p>Implementation began 7-1-17 As shelter contract budgets come up for negotiation, the new process will be used. DHS is in the process of implementing the new negotiation procedure.</p>
<p>Recommendation 4: Collaborate with related City agencies to integrate data systems so that DHS has the ability to perform data analytics on shelter data, and ensure that the integration has built-in controls to safeguard the data.</p>	<p>DHS partially agrees with this recommendation. The audit findings pertain to four systems used by DHS for establishing contracts with providers, issuing payments, and monitoring budgets. Those systems are: <ul style="list-style-type: none"> • HHS Accelerator • Financial Management System (FMS) • APT • CARES CARES is the department's case management application in which client records and shelter stays are tracked, and sheltering locations</p>	<p>DSS Office of Informatics and Information Technology</p>	<p>System integration</p>	<p>Will be implemented 6/30/2018</p>

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	<p>are identified. The other systems are Citywide applications managed by agencies outside of DHS.</p> <p>Of these systems, there is a high degree of integration between the first three, with Accelerator being the system hub that links data records and transactions between the systems. The integration issue encountered was that clear data linkages and audit trails did not exist between CARES and Accelerator (and APT and FMS as a result).</p> <p>As noted in the report, CARES is structured around the shelter. The shelter identifies where a client is housed, the activities performed on behalf of a client, and the care-day based advances due to a provider. The integration challenge was that while CARES tracked this activity by shelter, Accelerator and the other systems did not. Instead, the tracking was by contract number, and there was not a clear mapping instantiated in any system of shelters to contract numbers.</p> <p>The agency is currently developing an application that will bridge the CARES shelter level data with the contract data in Accelerator and other systems. This application will not only maintain the mapping of shelters to contracts, but will also enable the automated interfacing of CARES-calculated advances to Accelerator and the upload of information about contracts and payments made to shelters.</p>			

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	<p>The new application (Accelerator Interface) will track by shelter the FMS Contract ID, the Accelerator Contract ID and Budget ID, and the APT ePIN number. With this association, it will be possible to associate data across all four systems and perform the reporting and analysis suggested in the audit findings.</p> <p>As mentioned, the Accelerator Interface application will also enable the automated interfacing of advance payments into Accelerator, removing what is otherwise a manual step of transcribing the invoice amount into Accelerator, and then entering the resulting payment information back to CARES.</p> <p>The new application will identify any shelter that is lacking a contract, and any contracts defined in CARES that do not have a corresponding match in Accelerator, and vice versa. This will enable the agency to confirm that the contract mappings are complete, and will also provide ready reporting of shelters for which a contract has not been finalized.</p> <p>Looking beyond the application that will link CARES with Accelerator, the agency is also establishing a data warehouse that will hold atomic level (record level) data from CARES and the Accelerator Interface. The agency will also load into this database the detailed payment and contract information currently made</p>			

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Date: 09/17/2017

Auditor's Recommendations	Agency Response and Auditor's Comment	Responsible Unit	Agency Corrective Action	Target Date
	<p>available from FMS. Also loaded to this database will be the full set of export files available from Accelerator, which define in great detail contracts, disbursements made against the contracts, provider expenses, and outstanding contract balances. Finally, the agency will upload available APT data into the warehouse. Due to the mapping in Accelerator Interface of the CARES facility codes with Accelerator Contract and Budget ID, FMS Contract IDs, and the APT ePIN, the agency will be in a position to perform deep analysis and reporting combining data from all four systems.</p>			

All site types - Administration Staff	Sites under 50 Units	50 - 99 Units	100 - 149 Units	Over 150 Units
Program Director	1	1	1	1
Assistant Program Director	1	1	1	2
Director of Program Operations	0.5	1	1	1
Administrative Assistant	0.5	1	2	2

All Site types - Social Service Staff	All capacity
Case Manager	1:25
Housing Specialist	1:40
Case Manager Supervisor	1 to 125

FWC Direct Care Staff	All capacity
Team Leader (LMSW)	1 per shelter
Social Worker	1:25
Peer Specialist	1:50

Adult Mental Health Direct Care Staff	All Capacity
Team Leader (LMSW)	1 per shelter
Psychiatrist	1 to 100
Social Worker	1:50
Peer Specialist	1:50

Adult Substance Use Direct Care Staff	All Capacity
CASAC	1:25

Adult Employment Direct Care Staff	All Capacity
Employment Specialist	1:50

Adult Assessment Direct Care Staff	All Capacity
CASAC	1 to 100
Care Coordinator	1 to 200
Social Worker	1:50

Adult Family Direct Care Staff	All Capacity
CASAC	1:25
Peer Specialist	1:50

Families with Children

SAMPLE MODEL			
Shelter Capacity	150		
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	900.9 (Resident obligations/rights); 900.10 (Resident services); 900.11 (Supervision)
Direct Care Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Team Leader LMSW (1:6 supervision ratio)	1		900.10.a (Resident services - all facilities); 900.10.b (Resident services -tier I needs determination); 900.10.c (Resident services - tier II services); 900.10.d (Resident services - pregnant women)
Social Worker (1:25)	6		900.10.a (Resident services - all facilities); 900.10.b (Resident services -tier I needs determination); 900.10.c (Resident services - tier II services); 900.10.d (Resident services - pregnant women)
Peer Specialist (1:50)	3		900.10.a (Resident services - all facilities); 900.10.b (Resident services -tier I needs determination); 900.10.c (Resident services - tier II services); 900.10.d (Resident services - pregnant women)
Total Direct Care Staff	10	\$ -	
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)	6		900.10.a (Resident services -tier I needs determination); 900.10.c (Resident services - tier II services); 900.10.d (Resident services - pregnant women)
Housing Specialist (1:40)	4		900.10.c.2 (Resident services - preparation for permanent housing); 900.10.d.3(Resident services - pregnant women, preparation for permanent housing)
Case Manager Supervisor (1:125)	2		
Total Social Service Counseling Staff	12	\$ -	
Child Care			Child care is not addressed in the model budget. Specific proposals will be evaluated based on NYC and NYS child care regulations.
Child Care Staff	N/A		900.10.c.5 (Resident services - child care) and NYC Health Code Article 47
Total Child Care Staff		\$ -	
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:75)	1	\$ 1.10	900.10.c.3 (Resident services - recreation)
Total Recreation Staff	1	\$ 1.10	
Fringe (26%)			26% Fringe rate based on agency standard policy
		Proposed Per Diem	
Utilities	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment	\$ 3.00		Per diem derived by applying a uniform increase to current system averages. 900.12.e (Environmental Standards - furnishing and equipment)
Professional Costs	N/A		Professional costs will be evaluated on a case by case basis. May be used for compliance with 900.10.a.2 (health services); 900.10.d.1 (pregnant women, health services)
Kitchen Staff/Food	N/A		Kitchen/food costs will be evaluated on a case by case basis. 900.12.g (Environmental Standards - kitchens, sanitation); 900.13 (Nutrition).
Maintenance	Per diem to maintain adequate health and safety standards		Standard per diem guideline was derived in consultation with NYC Department of Housing Preservation and Development (HPD), based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards.900.12.a-f (Environmental standards).
Transportation	\$ 1.00		Per diem derived based on system averages
Overhead (10%)			10% Admin Overhead rate based on city-wide standard policy
Rent	N/A		Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)	N/A		Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. Part 900.11 (Supervision).

Adult Mental Health

SAMPLE MODEL			
Shelter Capacity	75		
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	491.7 (Resident rights); 491.8 (Resident services); 491.11 (Disaster and emergency planning)
Direct Care Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Team Leader LMSW (1:6 supervision ratio)	1		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Psychiatrist (1:100)	1		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Social Worker (1:50)	2		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Peer Specialist (1:50)	2		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Total Direct Care Staff	6		
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)	3		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Housing Specialist (1:40)	2		491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)
Case Manager Supervisor (1:125)	1		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Social Service Counseling Staff	6		
Operations Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Shift Supervisors/Residential Aide (1:25)	3	\$ 2.96	491.8.c-f (Resident services - social rehabilitation needs/benefits; resident services - supervision); 491.9 (Food service); 491.10 (Environmental standards)
Total Operations Staff	3	\$ 2.96	
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:150)	1	\$ 1.10	491.8 (Resident services)
Total Recreation Staff	1	\$ 1.10	
Fringe (26%)			26% Fringe rate based on agency standard policy
		Proposed Per Diem	
Utilities	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment		\$ 3.30	Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)
Professional Costs	N/A		Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);
Kitchen Staff/Food	Average food service per diem		Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service. 491.9 (Food service)
Maintenance	Per diem to maintain adequate health and safety standards		Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)
Transportation		\$ 1.50	Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)
Overhead (10%)			10% Admin Overhead rate based on city-wide standard policy
Rent	N/A		Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)	N/A		Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision.)

Adult Substance Use

SAMPLE MODEL			
Shelter Capacity		75	
	FTE	Proposed Per Diem	
Administration Staff			
Total Administration Staff		\$	7.92
Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.			
Direct Care Staff			
Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.			
CASAC (1:25)	3		
Total Direct Care Staff			3
491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)			
Social Service Counseling			
Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.			
Case Manager (1:25)	3		
Housing Specialist (1:40)	2		
Case Manager Supervisor (1:125)	1		
Total Social Service Counseling Staff			6
491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)			
491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)			
491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)			
Operations Staff			
Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.			
Shift Supervisors/Residential Aide (1:25)	3	\$	2.96
Total Operations Staff		\$	2.96
491.8.c-f (Resident services - social rehabilitation needs/benefits; resident services - supervision); 491.9 (Food service); 491.10 (Environmental standards)			
Recreation			
Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.			
Recreation Staff (1:150)	1	\$	1.10
Total Recreation Staff		\$	1.10
491.8 (Resident services)			
Fringe (26%)			
26% Fringe rate based on agency standard policy			
Proposed Per Diem			
Utilities	Documented Actuals/Comps		
Will establish appropriate funding level based on documentation of building expenses or comps.			
Insurance	Documented Actuals/Comps		
Will establish appropriate funding level based on documentation of building expenses or comps.			
Client Supplies/Office Equipment		\$	3.30
Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)			
Professional Costs	N/A		
Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);			
Kitchen Staff/Food	Average food service per diem		
Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service. 491.9 (Food service)			
Maintenance	Per diem to maintain adequate health and safety standards		
Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)			
Transportation		\$	1.50
Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)			
Overhead (10%)			
10% Admin Overhead rate based on city-wide standard policy			
Rent	N/A		
Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.			
Security (PS + Contracted)	N/A		
Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision.)			

Adult Employment

SAMPLE MODEL			
Shelter Capacity	75		
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	491.7 (Resident rights); 491.8 (Resident services); 491.11 (Disaster and emergency planning)
Direct Care Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Employment Specialist (1:50)	2		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Total Direct Care Staff	2		
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)	3		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Housing Specialist (1:40)	2		491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)
Case Manager Supervisor (1:125)	1		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Social Service Counseling Staff	6		
Operations Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Shift Supervisors/Residential Aide (1:25)	3	\$ 2.96	491.8.c-f (Resident services - social rehabilitation needs/benefits; resident services - supervision); 491.9 (Food service); 491.10 (Environmental standards)
Total Operations Staff	3	\$ 2.96	
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:150)	1	\$ 1.10	491.8 (Resident services)
Total Recreation Staff	1	\$ 1.10	
Fringe (26%)			26% Fringe rate based on agency standard policy
		Proposed Per Diem	
Utilities	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment		\$ 3.30	Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)
Professional Costs	N/A		Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);
Kitchen Staff/Food	Average food service per diem		Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service. 491.9 (Food service)
Maintenance	Per diem to maintain adequate health and safety standards		Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)
Transportation		\$ 1.50	Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)
Overhead (10%)			10% Admin Overhead rate based on city-wide standard policy
Rent	N/A		Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)	N/A		Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision.)

Adult Assessment

SAMPLE MODEL			
Shelter Capacity	75		
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	
Direct Care Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
CASAC (1:100)	1		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Care Coordinator (1:200)	1		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Social Worker (1:50)	2		491.8.b-d (Resident services - special population needs); 491.8.e (Resident services - social rehabilitation needs/benefits/case management)
Total Direct Care Staff	4	\$ -	
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)	3		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Housing Specialist (1:40)	2		491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)
Case Manager Supervisor (1:125)	1		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Social Service Counseling Staff	6		
Operations Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Shift Supervisors/Residential Aide (1:25)	3	\$ 2.96	491.8.c-f (Resident services - social rehabilitation needs/benefits; resident services - supervision); 491.9 (Food service); 491.10 (Environmental standards)
Total Operations Staff	3	\$ 2.96	
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:150)	1	\$ 1.10	491.8 (Resident services)
Total Recreation Staff	1	\$ 1.10	
Fringe (26%)			26% Fringe rate based on agency standard policy
		Proposed Per Diem	
Utilities		Documented Actuals/Comps	Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance		Documented Actuals/Comps	Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment		\$ 3.30	Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)
Professional Costs		N/A	Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);
Kitchen Staff/Food		Average food service per diem	Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service.491.9 (Food service)
Maintenance		Per diem to maintain adequate health and safety standards	Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)
Transportation		\$ 1.50	Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)
Rent		N/A	Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)		N/A	Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision).

Adult General

SAMPLE MODEL			
Shelter Capacity	75		
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	491.7 (Resident rights); 491.8 (Resident services); 491.11 (Disaster and emergency planning)
Direct Care Staff			
NA	NA	NA	
Total Direct Care Staff	NA	NA	
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)	3		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Housing Specialist (1:40)	2		491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)
Case Manager Supervisor (1:125)	1		491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Social Service Counseling Staff	6		
Operations Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Shift Supervisors/Residential Aide (1:25)	3	\$ 2.96	491.8.c-f (Resident services - social rehabilitation needs/benefits; resident services - supervision); 491.9 (Food service); 491.10 (Environmental standards)
Total Operations Staff	3	\$ 2.96	
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:150)	1	\$ 1.10	491.8 (Resident services)
Total Recreation Staff	1	\$ 1.10	
Fringe (26%)			26% Fringe rate based on agency standard policy
		Proposed Per Diem	
Utilities	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance	Documented Actuals/Comps		Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment		\$ 3.30	Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)
Professional Costs	N/A		Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);
Kitchen Staff/Food	Average food service per diem		Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service. 491.9 (Food service)
Maintenance	Per diem to maintain adequate health and safety standards		Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)
Transportation		\$ 1.50	Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)
Overhead (10%)			10% Admin Overhead rate based on city-wide standard policy
Rent	N/A		Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)	N/A		Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision).

Adult Families

SAMPLE MODEL			
Shelter Capacity		75	
	FTE	Proposed Per Diem	
Administration Staff			Per diem derived by developing a standard complement of staff and averages salaries. Staffing and compensation were increased for larger facilities. Providers have flexibility to propose alternative staffing plan based on their specific operation and organizational structure. See Staff ratio tab for staffing assumptions.
Total Administration Staff		\$ 7.92	491.7 (Resident rights); 491.8 (Resident services); 491.11 (Disaster and emergency planning)
Direct Care Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
CASAC (1:12.5)		6	491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Peer Specialist (1:25)		3	491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Direct Care Staff		9	\$ -
Social Service Counseling			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Case Manager (1:25)		3	491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Housing Specialist (1:40)		2	491.8.c-e.iii (Resident services - social rehabilitation needs/benefits, housing)
Case Manager Supervisor (1:125)		1	491.8.c-e (Resident services - social rehabilitation needs/benefits); 491.8.g (Resident services - information and referral services)
Total Social Service Counseling Staff		6	
Operations Staff			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Shift Supervisors/Residential Aide (1:25)		3	\$ 2.96
Total Operations Staff		3	\$ 2.96
Recreation			Staffing based client to staff ratios as established by Agency policy in compliance with appropriate regulation.
Recreation Staff (1:150)		1	\$ 1.10
Total Recreation Staff		1	\$ 1.10
Fringe (26%)			26% Fringe rate based on agency standard policy
			Proposed Per Diem
Utilities		Documented Actuals/Comps	Will establish appropriate funding level based on documentation of building expenses or comps.
Insurance		Documented Actuals/Comps	Will establish appropriate funding level based on documentation of building expenses or comps.
Client Supplies/Office Equipment		\$ 3.30	Per diem derived by applying a uniform increase to current system averages. 491.10.j,m (Environmental standards - furnishings and equipment/housekeeping)
Professional Costs		N/A	Professional costs will be evaluated on a case by case basis. 491.7 (Resident rights); 491.8 (Resident services);
Kitchen Staff/Food		Average food service per diem	Kitchen staff/food costs per diem based on current average. Provider can choose to provide food service with personnel or through a contracted food service. 491.9 (Food service)
Maintenance		Per diem to maintain adequate health and safety standards	Standard per diem guideline was derived in consultation with Housing Preservation and Development, based on best practice. Proposals will be evaluated by DHS Maintenance and Repair division and governed by established agency maintenance standards. 491.10 (Environmental standards)
Transportation		\$ 1.50	Standard per diem derived based on system averages. 491.8.e.vii (Resident services - social rehabilitation needs/benefits/transportation); 491.8.f.4 (Resident services -supervision/transportation)
Overhead (10%)			10% Admin Overhead rate based on city-wide standard policy
Rent		N/A	Rent per diem is evaluated based on documentation of building expenses. New proposals will be evaluated on a case by case basis using a methodology developed by HPD, DHS, DSS and OMB.
Security (PS + Contracted)		N/A	Security will be evaluated on a case by case basis through an onsite security assessment and consultation with NYPD. 491.8.f (Resident services -supervision).

State Comptroller's Comments

1. We revised our report to include additional background information that gives greater context that DHS was in the midst of a significant reorganization while the audit was being performed.
2. At the conclusion of our fieldwork, DHS officials advised us that the model budget tool was still in development and had not yet been finalized. We commend DHS for taking steps to finalize and implement this tool in July 2017.