



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

July 26, 2024

Barbara C. Guinn  
Commissioner  
Office of Temporary and Disability Assistance  
40 North Pearl Street  
Albany, NY 12243

Re: Reimbursement of Homeless Shelter  
Providers – Rescue Mission Alliance  
of Syracuse  
Report 2024-F-2

Dear Commissioner Guinn:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Temporary and Disability Assistance to implement the recommendations contained in our initial audit report, *Reimbursement of Homeless Shelter Providers – Rescue Mission Alliance of Syracuse* (Report [2021-S-34](#)).

**Background, Scope, and Objective**

The Office of Temporary and Disability Assistance (OTDA) administers programs for the State's low-income residents and provides support, supervision, and guidance to local departments of social services (Local Districts), including those that serve the homeless. As of January 2024, OTDA oversees a network of 589 emergency homeless shelters across the State. According to the U.S. Department of Housing and Urban Development point-in-time count for New York State, for a specific day in January 2023, there were 103,200 homeless individuals.

OTDA's funding of shelter services is administered through the Local Districts, comprising the New York City Department of Homeless Services and 57 county offices throughout the rest of the State. Local Districts' annual claim submission to OTDA for homeless housing was \$2 billion or more for calendar years 2019 through 2022.

The Onondaga County Department of Social Services (OCDSS) contracted with the not-for-profit Rescue Mission Alliance of Syracuse (Rescue Mission) to provide homeless services. Rescue Mission is one of the largest providers of homeless services in Onondaga County, with a 192-bed capacity for emergency shelter services.

In order to effectively evaluate whether costs are eligible for reimbursement, OTDA requires Local Districts that reimburse shelter providers outside of New York City to submit the shelter's operating budget annually by January 1. According to State regulations, OTDA will reimburse Local Districts, such as OCDSS, for the calendar year's approved costs, which are adjusted based on their shelters' actual costs.

OTDA, pursuant to its Administrative Manual, is responsible for reviewing each shelter's operating budget, working with the Local Districts to ensure that all required documents have been included, and assessing budgeted operating costs to verify that they are reasonable and necessary.

Upon making payments to their providers, Local Districts submit monthly claim packages to OTDA for reimbursement. Local Districts' claim submissions must comply with OTDA's Fiscal Reference Manual, which provides guidance on costs that are eligible for reimbursement.

The objective of our initial audit, issued on October 26, 2022, was to determine if OTDA adequately monitored and appropriately reimbursed claims for homeless shelter providers, such as the Rescue Mission. Our audit covered the period from January 2020 through December 2020. Overall, the audit found that, outside of OTDA's oversight processes for the review and approval of shelter budgets, OTDA had not taken any action thereafter to ensure that shelters' actual costs claimed for reimbursement, as submitted by the Local Districts, complied with the approved budget, State laws and regulations, or OTDA's own policies, as required. Further, OTDA had not provided Local Districts with the guidance needed to effectively identify non-allowable and unsupported expenses and prevent improper reimbursements. For calendar year 2020, we identified \$26,123 in costs claimed by Rescue Mission that were improperly reimbursed.

The objective of our follow-up was to assess the extent of implementation, as of June 2024, of the four recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

OTDA officials made some progress in addressing the issues we identified in the initial audit report. Of the initial report's four audit recommendations, two were implemented, one was partially implemented, and one was not implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Review and recover, as appropriate, the \$22,277 in personal service costs and \$3,846 in OTPS [other than personal service] costs improperly reimbursed to Rescue Mission.*

Status – Partially Implemented

Agency Action – OCDSS advised us it deducted the amount deemed improperly reimbursed from the December 2023 reimbursement claim. According to OTDA, it processed the claim in March 2024, recovering the overpayment 17 months after we issued our original audit report. However, despite multiple requests, supporting documentation for the amount recovered was not provided.

## **Recommendation 2**

*Establish a system of monitoring controls to improve oversight of Local Districts' reimbursement to providers to ensure that expenses are allowable, allocable, reasonable, and consistent with approved budgeted costs and the contract.*

Status – Implemented

Agency Action – Since our initial audit, OTDA has established a system of monitoring controls to improve oversight of Local Districts' reimbursement to providers to ensure that expenses are allowable, allocable, reasonable, and consistent with approved budgeted costs and the contract. Beginning in 2022, OTDA began to review the expenses that the Local Districts submitted for reimbursement, along with the Local Districts' oversight of shelter providers. In addition to conducting audits of the shelter providers, OTDA now also conducts audits of the Local Districts. OTDA's audit process now includes selecting a quarter of the expenses for a fiscal year to determine if the expenses are reasonable, allowable, and allocable as defined in the federal Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). If issues are identified, the scope is expanded to include additional quarters in an effort to identify the cause of the issues. Since the release of our audit, OTDA has engaged five audits of the Local Districts, for which we have reviewed the engagement letters. According to OTDA, two audits are in the draft report phase.

## **Recommendation 3**

*Ensure that the OCDSS is appropriately approving reimbursed expenses submitted by providers.*

Status – Not Implemented

Agency Action – OTDA has made efforts to ensure that Local Districts are appropriately approving reimbursed expenses submitted by providers. As part of this effort, in 2022, OTDA shifted from performing audits of shelter providers to performing audits of Local Districts. However, despite its efforts, OTDA still has not ensured that OCDSS is appropriately approving reimbursed expenses submitted by providers, as OTDA has not included OCDSS in its Local District audits thus far. As a result, there remains a risk that expenses are being improperly reimbursed.

## **Recommendation 4**

*Issue guidance and provide support to Local Districts on reimbursable shelter costs to ensure costs are allowable, allocated appropriately, and compliant with relevant regulations and guidelines.*

Status – Implemented

Agency Action – OTDA has taken actions to issue guidance and provide support to Local Districts on reimbursable shelter costs to ensure costs are allowable, allocated appropriately, and compliant with relevant regulations and guidelines. In July 2023, OTDA issued a Directive to all Local Districts on reimbursable shelter costs with the intent to ensure costs are allowable and compliant with relevant regulations and

guidelines. The Directive and accompanying attachments (guidance) provide instructions regarding shelter budget submission deadlines, required accounting procedures, payment rates, definitions of expenditure categories, and reporting guidelines for personal service and OTPS costs. The guidance also provides a broad overview of the Uniform Guidance's requirements that OTDA has chosen to apply to State spending for emergency shelters. Further, the guidance provides a list of examples of non-allowable costs.

Additionally, the Division of Shelter Oversight and Compliance (DSOC) staff provide Local Districts and providers with guidance on shelter budgets. According to OTDA, DSOC staff speak daily with Local Districts and/or providers regarding shelter budgets and the Directive's requirements. OTDA also conducts scheduled calls with Local Districts and providers, one of which is a standing monthly call with DSOC and the New York City Department of Homeless Services staff where training, guidance, and budget issues are discussed. According to OTDA, while it has always provided support to Local Districts and providers who have asked questions or needed assistance, there has been an increase in those meetings and calls since it issued the Directive.

Major contributors to this report were Chris Herald, CIA, CGAP; Christi Duncan; Christina Frisone; and Joseph Southworth.

OTDA officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of OTDA for the courtesies and cooperation extended to our auditors during this follow-up.

Very truly yours,

Bob Mainello, CPA  
Audit Manager

cc: Rajni Chawla, Office of Temporary and Disability Assistance  
Tom Cooper, Office of Temporary and Disability Assistance