

## **NYS Office of the State Comptroller's Comments on Auditee Final Report Response**

**OSC Comment 1:** We acknowledge that the Division's response received March 12, 2026 contains two duplicate pages of its cover letter. However, we have attached the Division's response below exactly as the Division provided to us.

**OSC Comment 2:** The Division is mischaracterizing the nature of the finding when it states that OSC used, "minor findings to fashion a perception of a widespread problem..." and "The Final Report is an outcome that infers inappropriate payments where none were discovered." The report clearly states that the Division did not provide the documentation or information necessary for Division staff to ensure the charges on the Tidal Basin invoices were authorized or appropriate. Consequently, the Division certified to the Comptroller's Office that \$24.1 million in staffing and travel expenses were appropriate, without obtaining or reviewing sufficient, appropriate evidence to support these expenses. The Division agreed with the recommendations to strengthen its internal controls in its response to the preliminary audit findings and draft report.

**OSC Comment 3:** As explained to the Division's Director of Internal Audit on February 13, 2026, Executive Law Section 170 does not apply to this examination.

**OSC Comment 4:** The Division is mischaracterizing the nature of the finding. OSC did not form the basis of its findings from one consultant to question the entirety of the travel expenses. Rather, the report clearly states that the Division did not demonstrate it maintained or reviewed the consultants' home addresses and official stations prior to approving invoices. For the \$23,128 the Division paid Tidal Basin for one consultant's travel expenses, which was part of the \$1.6 million in travel expenses, OSC further concluded that the consultant was not in travel status and was therefore ineligible for travel expense reimbursement.

**OSC Comment 5:** The Division's response is erroneous. OSC did, in fact, contact Division leadership on several occasions to address the challenges faced with the Division's employee. Further, on June 6, 2024, OSC representatives met with the Division's leadership and discussed the issues encountered.



## Homeland Security and Emergency Services

**KATHY HOCHUL**  
Governor

**TERENCE O'LEARY**  
Acting Commissioner

Ms. Katie Mahoney  
Assistant Director of State Expenditures  
Office of the State Comptroller  
Bureau of State Expenditures  
110 State Street – 10<sup>th</sup> Floor  
Albany, New York 12207

Dear Ms. Mahoney:

Please see the attached comments from the New York State Division of Homeland Security and Emergency Services' (DHSES) regarding the Office of the State Comptroller's (OSC) Final Audit Report received on February 12, 2026. OSC examined and reported on payments paid by DHSES to Tidal Basin Government Consulting, LLC pursuant to contract C008311.

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Comment  
1

Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in cursive script that reads "Brian D. Jackson".

Brian D. Jackson  
Director Internal Audit

cc: Terence O'Leary  
Rayana Gonzales  
Elisha Tomko  
Clay Lodovice  
Alison Maura



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Brian D. Jackson  
Director Internal Audit

cc: Terence J. O'Leary  
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Alison Maura



**Homeland Security  
and Emergency Services**

**KATHY HOCHUL**  
Governor

**TERENCE O'LEARY**  
Acting Commissioner

March 12, 2026

Katie Mahoney, Assistant Director of State Expenditures  
Office of the State Comptroller  
Bureau of State Expenditures  
110 State Street – 10<sup>th</sup> Floor  
Albany, NY 12236

Re: Examination of Contract C000831 with  
Tidal Basin Government Consulting, LLC

Dear Assistant Director Mahoney:

The New York State Division of Homeland Security and Emergency Services (DHSES) reviewed the Office of the State Comptroller's (OSC) Final Report summarizing OSC's State Expenditures Unit's (auditors) examination of payments made by DHSES to Tidal Basin Government Consulting, LLC, pursuant to Contract C000831. At the request of the auditors, DHSES is now submitting a third thirty-day response in a nine-month period for what are essentially the same findings and recommendations.<sup>1</sup>

The auditors' recommendations, even when aggregated, do not identify substantiated instances of inappropriate payments that would support the generalized conclusions contained in the Final Report. The auditors use minor findings to fashion a perception of a widespread problem, when in fact the expenses paid by DHSES were just and appropriate. While the review covered approximately \$24.1 million in payments to a single vendor over a one-year period, the auditors' specific findings are linked only to approximately \$34,000 in payments. The Final Report is an outcome that infers inappropriate payments where none were discovered.

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Comment  
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Consistent with the preliminary audit findings and draft report, the Final Report makes recommendations across four subject areas: staffing and travel plans; questionable and inappropriate travel status; non-compliant travel expenses; and unreconciled vouchers. Most of the recommendations instruct DHSES through its Office of Disaster Recovery Program (DRP) to enhance internal controls to further ensure necessary documentation

<sup>1</sup> On July 7, 2025, OSC provided DHSES with preliminary audit findings. DHSES responded to the preliminary audit findings on August 18, 2025. Thereafter, on October 7, 2025, OSC provided DHSES with a draft report. DHSES responded to the draft report on November 7, 2025. OSC then issued the Final Report on February 12, 2026, stating within the cover letter that OSC would appreciate a response by March 12, 2026. With minor exceptions, the preliminary, draft, and final OSC documents contain the same findings and recommendations. The request for a third thirty-day response is not consistent with Executive Law section 170 which provides that the audited agency report upon implementation, or not, of OSC's recommendations for corrective action within one hundred eighty (180) days after receipt of a final report.

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Comment  
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is received, reviewed, and appropriately processed for the payment of invoices and travel expenses. As detailed in the responses submitted to the preliminary audit findings and the draft report, DHSES implemented and strengthened several internal controls and procedures for reviewing and paying contractor invoices – many of which were implemented prior to receipt of the preliminary audit findings. Collectively, these internal controls address the concerns raised by the auditors. DHSES will continue to work with OSC to ensure payments to this vendor are properly documented and appropriate.

In addition to the internal control type recommendations, three of the Final Report's recommendations cite specific monetary amounts for additional review and, if appropriate, recovery by DHSES.

*OSC Recommendation (Questionable and Inappropriate Travel Status, Final Report p.14): Review the \$1.6 million in travel expenses paid Tidal Basin for consultants' travel to determine, based upon sufficient and appropriate evidence, if the consultants were in travel status and eligible for travel expenses. Recover payments as appropriate.*

DHSES addressed this specific recommendation within DHSES' response to the preliminary audit findings. Respectfully, DHSES disagrees with the auditors' use of the purported circa 2024 home address of one consultant to speculate that this same home address was the consultant's during the audit period covering July 2022 to June 2023. For this period, this consultant's travel vouchers amounted to approximately \$22,000. The auditors then rely upon the questioning of a single consultant's home address to conclude that \$1.6 million in travel expenses collectively paid to other individuals must be inherently flawed. This recommendation is disproportionate to the underlying findings. Although DHSES disagrees with this recommendation, DRP strengthened its internal controls to document all consultant home addresses and official workstations which are to be referenced when reviewing travel expense invoices moving forward.

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Comment  
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*OSC Recommendation (Non-Complaint Travel Expenses, Final Report p.16): Review and recovery as appropriate the \$11,968 the Division paid Tidal Basin for vehicle rental expenses in excess of the OGS contract amount and unsubstantiated miscellaneous fees, airline and train expenses that did not comport with documentation requirements.*

This specific recommendation was addressed by DHSES within the responses to the preliminary audit findings and to the draft report. Accordingly, DHSES disagrees with this recommendation and determined no further steps are necessary.

*OSC Recommendation (Unreconciled Vouchers, Final Report p.18): Review the \$170,427 paid to determine if the expenses are just, true,*



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*and correct and appropriate to pay. Recover any overpayments identified, as appropriate.*

This specific recommendation was addressed by DHSES within the responses to the preliminary audit findings and to the draft report. DHSES disagrees with the statement that DHSES is unable to reconcile these expenses. Documents demonstrating the reconciliation of these payments were identified and remain available to OSC. Prior to conclusion of this audit, DRP eliminated the process permitting the payment of multiple invoices in one voucher, thereby addressing a core concern raised by the auditors tied to this amount. Accordingly, DHSES disagrees with this recommendation and determined no further steps are necessary.

The Final Report additionally recommends that DHSES review travel expenses paid to Tidal Basin outside of the examination period and recover improper payments, as appropriate. With this sweeping recommendation, DHSES is asked to re-validate the full scope of any and all travel expenses paid to Tidal Basin despite the auditors' de minimis findings specific to the review period. While DHSES will take this recommendation under advisement, DHSES must also consider the expected limited recovery and costs associated with undertaking such a review.

While the Final Report asserts that actions of a DHSES representative caused delays, OSC did not contact the employee's supervisor, thereby not providing DHSES with an opportunity to address accordingly. We encourage OSC to reach out to the appropriate supervisory staff or Agency leadership should a need arise in any future engagement.

DHSES remains dedicated to maintaining transparency and cooperation in any future reviews.

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Comment
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