



Office of Temporary and Disability Assistance

KATHY HOCHUL
Governor

DANIEL W. TIETZ
Commissioner

BARBARA C. GUINN
Executive Deputy Commissioner

September 7, 2022

Ms. Nadine Morrell
Audit Director
Office of the State Comptroller
110 State Street
Albany, NY 12236

Re: Reimbursement of Homeless Shelter Providers –
Westhab Inc.'s Coachman Family Center,
2020-S-56

Dear Ms. Morrell:

The New York State Office of Temporary and Disability Assistance (OTDA) respectfully submits this 180-day response to the Office of the State Comptroller's (OSC) final report regarding the reimbursement of Homeless Shelter Providers - WestHab Inc.'s Coachman Family Center (Report 2020-S-56 (March 2022)). The purpose of this letter is to update OSC as to the efforts undertaken by OTDA to implement the recommendations made by OSC. Copies of this response will be sent separately to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees as required. This letter shall constitute compliance with Section 170 of the Executive Law.

In response to the specific recommendations in OSC's report, OTDA responds as follows:

Recommendation 1

Review and recover, as appropriate, the identified overpayments totaling \$1,304,695, including: \$751,273 in personal service costs, \$509,920 in overstated depreciation from WCDSS, \$40,162 in indirect costs, and \$3,340 in OTPS costs from Westhab.

Response: OTDA is implementing this recommendation. Westchester County Department of Social Services (WCDSS) has submitted adjusted claims that accurately state the depreciation charge it may properly claim and OTDA has recouped the amount that was overpaid. OTDA has emphasized to WCDSS, and will continue to emphasize, that WCDSS must comply with the claiming policies set forth in OTDA's Fiscal Reference Manual. OTDA has also enhanced its emphasis on accurate depreciation costs claimed as it reviews claims for reimbursement made by all districts.

OTDA is reevaluating WCDSS claims and will recoup reimbursement provided for unallowable personal service expenses paid by CFC, ineligible holiday and discretionary bonuses paid by CFC, and unallowable indirect costs and OTPS costs paid by CFC.

Recommendation 2

Conduct a formal risk assessment regarding homeless funding and take steps to mitigate the risks identified.

Response: OTDA is undertaking a formal risk assessment of homeless funding to identify and mitigate risks.

Recommendation 3

Establish additional monitoring controls and improve oversight to ensure that Westhab claims only actual expenses and that those expenses are allowable, allocable, reasonable, supported, and consistent with the Uniform Guidance, Fiscal Manual, and contract.

Response: OTDA has implemented this recommendation and has enhanced our subrecipient monitoring activities as necessary.

Recommendation 4

Implement measures for cost savings such as monitoring and capturing actual costs reimbursed to shelter providers and include this in the budget approval process to ensure appropriate reimbursement of the program and future funding.

Response: OTDA has not implemented this recommendation. OTDA reviews each proposed budget to assess whether budgeted expenditures are reasonable and necessary. OTDA continues to disagree that under-spending in one year necessarily means that an operating budget should be reduced in the next year. Moreover, the implementation of a timely budget review process, as recommended by OSC, would preclude OTDA's ability to compare actual costs to a proposed budget because actual expenditures in a given fiscal year would not be complete in sufficient time for the next year's budget approval.

Recommendation 5

Implement a budget process that is timely so that intended spending controls are meaningful and effective.

Response: OTDA is implementing this recommendation and has taken steps to help ensure that the budget process is completed on a more timely basis.

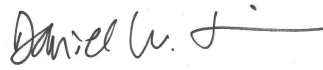
Recommendation 6

Issue guidance and provide support, such as training, to Local Districts on reimbursable shelter costs to ensure costs are allowable and compliant with relevant regulations and guidelines.

Response: OTDA is implementing this recommendation. OTDA has issued detailed guidance to districts regarding the development of shelter budgets and is working on enhanced guidance addressing reimbursement of shelter providers by districts.

If you have questions or comments concerning this letter, please contact Thomas Cooper at (518) 473-4601 or Thomas.Cooper@otda.ny.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel W. Tietz", with a stylized flourish at the end.

Daniel W. Tietz
Commissioner

cc: Barbara C. Guinn