# Department of Health

## Lead Service Line Replacement Program and Lead Service Line Inventory

Report 2024-S-9 | January 2026

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability

# Audit Highlights

## Objectives

To determine whether the Department of Health (DOH) is administering and monitoring the Lead Service Line Replacement Program to ensure funds are allocated properly and being used by municipalities effectively and only for allowed purposes, and whether the water utility inventory is completed accurately and on time. The audit covered the period from March 2018 through June 2025.

## About the Program

Lead service lines present a significant risk of lead contamination in drinking water. High levels of lead in drinking water can cause serious health effects in both adults and children, including damage to the brain and kidneys and an increased risk of high blood pressure, heart attack, stroke, and cancer. Children are at greatest risk for long-term health effects because their bodies and brains are still developing. To address these concerns, New York's Clean Water Infrastructure Act (Act) of 2017 added Section 1114 to the State Public Health Law (Law), requiring DOH to implement a Lead Service Line Replacement Program (Program) to provide municipalities with grants to replace lead drinking water service lines. The Law required DOH to allocate Program funds equitably among all regions of the State and prioritize funding to municipalities with a high percentage of elevated childhood blood lead levels. Under the Law, DOH was also required to consider whether the community was low income and the number of lead service lines in need of replacement when distributing awards. The Program received an initial $20 million allocation from the 2017 State budget and an additional $10 million through a budget agreement in 2018. DOH awarded the entire $30 million and the Program has not been allocated any additional funding since those initial allocations. However, DOH administers other initiatives that fund a wide range of water quality projects, including efforts to reduce lead in drinking water systems. DOH also has a role in administering the $369 million New York recently received through the federal Bipartisan Infrastructure Law for lead service line inventory and replacement projects.

In 2023, New York passed the Lead Pipe Right to Know Act, codifying the Environmental Protection Agency (EPA) lead service line inventory requirements into Section 1114-b of the Public Health Law. Under both the EPA requirements and the Law, covered water systems were to develop an initial service line material inventory by October 16, 2024 that includes the location and material composition (e.g., lead, galvanized requiring replacement, non-lead, or lead status unknown) for both the public and consumer portions of the service lines. Water systems containing service lines classified as anything other than non-lead must submit updated inventories at least annually. In October 2024, the EPA also issued the Lead and Copper Rule Improvements, which require all lead service lines to be replaced by December 1, 2037, which it estimates will cost New York State $2.5 billion.

## Key Findings

DOH did not implement sufficient controls to ensure the Program's effectiveness, which limited the ability to replace more lead service lines. Despite DOH efforts, including establishing a plan for Program implementation detailing estimated replacement costs, resources and techniques for identifying lead service lines, and guidance for evaluating progress and providing support to municipalities, we found that DOH's guidance and oversight were not sufficient to ensure that funds were always spent effectively, as follows:

- Of the $30 million allocated to the Program and awarded to municipalities, only about $23 million was spent. The unspent funds ($7 million) were returned to the Act's fund and were not redispersed to other municipalities that also qualified for the funding.
- While most of the $23 million spent by municipalities was used for costs directly related to replacing lead service lines, some municipalities used a significant portion of their award on investigative and administrative costs. For example, one municipality used 77% and another used 48% of its grant award on investigations. While we recognize that administrative and investigative activities are a necessary component of the Program, its primary purpose was to replace lead service lines.
- Amounts spent on lead service line replacements were sometimes significantly higher than expected. In its plan, DOH estimated a maximum cost of $11,000 to replace a typical lead service line. However, we identified 382 individual line replacements that cost over $11,000, with the highest single line replacement totaling $66,000. Overall, DOH reimbursed the municipalities about $1 million over the maximum expected cost of $11,000 for the 382 lead service lines.
- While DOH's funding methodology complied with the Law, the methodology at times left municipalities with high percentages of elevated childhood blood lead levels without an award in favor of ones with much lower percentages. After identifying eligible municipalities, DOH weighed its three scoring factors equally and, when there was a tie, used the number of houses built before 1939 as a tie-breaker. This means that municipalities with higher rates of childhood lead poisoning were sometimes passed over in favor of municipalities with lower rates of childhood lead poisoning, but more pre-1939 homes. For example, one municipality with 3.65% of children with elevated blood lead levels was awarded a grant, even though three other municipalities in the region had higher percentages, including one with a 7.16% rate of elevated childhood blood lead levels—nearly double the percentage.
- DOH miscalculated the median household income score (one of the three scoring factors used in its methodology for awarding grants) for one municipality, which resulted in it being incorrectly awarded $518,962. Although the municipality did not use any of its award, the funds were not redistributed by DOH. Consequently, six other municipalities actually had a higher score—one of which should have been offered the award over the municipality that was.

We also found that DOH did not ensure that all covered water systems submitted complete and accurate service line inventories in compliance with State and federal requirements, with 951 of 2,951 water systems (32%) covered by the initial inventory requirement missing the October 16, 2024 deadline. Compliance improved after DOH began to follow up; however, as of August 2025, 140 public water systems (5%) still had not submitted an inventory. Further, many inventories reported a high number of service lines composed of "unknown" material, and our testing showed significant accuracy issues, limiting the usefulness of the data. For example, we found errors with 105 of the 371 service lines (28%) we reviewed, all of which involved service lines that had been replaced through the Program but were still reported as being composed of "lead" or "unknown" material in the inventories.

## Key Recommendations

- Develop and implement enhanced controls and monitoring practices for grants administered by DOH. This may include, but not be limited to, developing policies and procedures and promoting enhanced participation in programs by providing clear guidelines and support to awardees to ensure funds are spent purposefully.
- Develop and implement formal procedures to ensure all covered water systems submit complete and accurate service line inventories, and provide annual updates when required. Take steps, such as providing additional support to help water systems accurately identify the material composition of service lines, to increase the number of service lines with known and verified materials.


*Explore interactive maps that show municipal eligibility for the Program (Map 1) and the percentage of children with elevated blood lead levels in each municipality (Map 2), as well as an interactive dashboard that presents key information on grant spending (Map 3).*

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

January 5, 2026

James V. McDonald, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower Building
Empire State Plaza
Albany, NY 12237

Dear Dr. McDonald:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the 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 of our audit entitled *Lead Service Line Replacement Program and Lead Service Line Inventory*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance 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 report, please feel free to contact us.

Respectfully submitted,

*Division of State Government Accountability*

# Contents

# Glossary of Terms

| Term | Description | Identifier |
|---|---|---|
| DOH | Department of Health | *Auditee* |
| | | |
| Act | New York's Clean Water Infrastructure Act | *Key Term* |
| EPA | United States Environmental Protection Agency | *Federal Agency* |
| Law | Public Health Law Section 1114 | *Law* |
| Plan | DOH's Statewide plan for lead service line replacement | *Key Term* |
| Program | Lead Service Line Replacement Program | *Key Term* |
| REDC | Regional Economic Development Council | *Key Term* |
| Revisions | EPA's Lead and Copper Rule Revisions | *Federal Law* |

# Background

According to the U.S. Environmental Protection Agency (EPA), drinking water contaminated with lead is a major source of lead exposure for children, along with lead in paint, dust, soil, air, and food. The EPA estimates that drinking water contaminated with lead can contribute up to 20% or more of a person's total exposure to lead and even higher (40–60%) for infants who consume mostly formula mixed with this water. High levels of lead in drinking water can cause serious health consequences for both adults and children. Lead exposure can, among other harms, cause damage to the brain and kidneys and interfere with the production of red blood cells that carry oxygen to all parts of the body. It can also raise blood pressure and the chances of having a heart attack or stroke and has been linked to cancer. Children are at the greatest risk for significant and potentially lifelong effects of lead because their bodies are still developing. According to the EPA's most recently published Drinking Water Infrastructure Needs Survey and Assessment, New York has the sixth highest number of lead service lines in the country, with an estimated 494,000 lead service lines as of April 2023.

The Department of Health (DOH) serves to protect, improve, and promote the health, productivity, and well-being of all New Yorkers. DOH oversees the delivery of public drinking water to ensure that it is suitable for people to drink. In New York, nearly 9,000 public water systems serve a population of over 19 million people (a public water system supplies water to at least five service line connections or serves at least 25 people for 60 days or more per year).

To address public health concerns, New York's Clean Water Infrastructure Act (Act) of 2017 added Section 1114 to the State Public Health Law (Law), requiring DOH to implement a Lead Service Line Replacement Program (Program) to provide municipalities (cities, villages, towns, or consolidated health districts) with grant funds to replace lead drinking water service lines. The Program aimed to replace the entire length of residential lead service lines, from the municipal water main to the residence, in an effort to reduce the amount of lead in drinking water. The Law required DOH to allocate funds appropriated to the Program equitably among all regions of the State and prioritize funding to municipalities within each region with a high percentage of elevated childhood blood lead levels (children ages 0–6). DOH was also required to consider whether the community was low income and the number of lead service lines in need of replacement when distributing awards.

The Law also required DOH to establish a statewide plan for lead service line replacement (Plan). According to the Law, the Plan should include, at a minimum, a report on Program implementation, resources and techniques for identifying lead service lines throughout the State, the cost of replacing these lines, recommendations for municipalities for evaluating the status of lead service lines present, and guidance on replacement. According to DOH's Plan, issued in August 2019, DOH used the following three data categories to evaluate potentially eligible municipalities:

- Number of children with elevated blood lead levels[1]
- Median household income
- Number of houses built before 1939

DOH used the number of houses built before 1939 as a proxy for the number of lead service lines in need of replacement because the actual number was unknown. Specifically, DOH considered a municipality eligible for Program funding if it met the following three criteria:

- At least 0.5% of children in the municipality had a blood lead level of 5.0 micrograms per deciliter or higher
- Median household income below 150% of the region's average median household income
- At least 500 or more homes constructed before 1939

DOH utilized the State's 10 Regional Economic Development Council (REDC) boundaries for the purpose of allocating funds equitably among all regions of the State. The Program offered grant funding of at least $500,000 to at least two municipalities per REDC region. With each region guaranteed a minimum allocation of $1 million, the remaining funds (approximately $20 million) were then distributed across the 10 REDC regions based on the regional population as a percentage of the total State population, utilizing 2016 U.S. Census data. After identifying the eligible municipalities, DOH assigned a score of 1 through 5 for each of the three data categories based on ranges decided by Program officials. Municipalities with the highest combined scores were offered a grant. Where municipalities' scoring tied, DOH officials used the number of houses built before 1939 as a tiebreaker. Municipalities that were awarded a grant entered into a contract agreement with DOH, which included budget and workplan documents, as well as a municipal spending plan.


*Explore interactive maps that show municipal eligibility for the Program and the percentage of children with elevated blood lead levels in each municipality.*

Per DOH's Plan, Program grants could be used to replace the entire length of residential lead service lines, from the municipal water main to a residence, or a portion of a line if only one section contained lead. Eligible costs included:

- Engineering fees (planning, design, and construction)
- Legal fees
- Municipal administration fees (personnel)
- Construction (materials, equipment, workforce)
- Site/property restoration

DOH's Plan included resources and techniques for identifying lead service lines, estimated replacement costs, and guidance for evaluating the status of lead service lines present. DOH also provided municipalities with tools to support participation,

1 DOH used Childhood Lead Poisoning Prevention Program data from 2011–2015.

such as hosting a conference to answer questions, publishing frequently asked questions, and providing templates for community outreach voucher submissions.

The Program received an initial $20 million allocation from the 2017 State budget and an additional $10 million was added by a budget agreement in 2018. While DOH awarded the entire $30 million[2] and the Program has not been allocated additional funding, as of September 2025, New York has been awarded federal funding totaling $369 million across three rounds for lead service line inventory and replacement projects through the federal Bipartisan Infrastructure Law. This funding, including lead service line replacement funding, is part of the Drinking Water State Revolving Fund authorized under Section 1452 of the Safe Drinking Water Act. While these programs fund a wide range of water quality projects, eligible uses include initiatives to reduce lead in drinking water systems. These programs are administered jointly by DOH and the Environmental Facilities Corporation, with DOH primarily responsible for public health oversight, setting technical drinking water standards, and prioritizing projects to ensure compliance with State and federal regulations.

New York State passed the Lead Pipe Right to Know Act in 2023, adding Section 1114-b to the Public Health Law. The purpose of this legislation was to codify the EPA's lead service line inventory requirements into State law and make information about the number and location of lead pipes easily accessible to the public and decision-makers in order to both facilitate the securing of State and federal resources and to support local efforts to get the lead out of New York's drinking water by removing all lead pipes. On January 15, 2021, the EPA issued the Lead and Copper Rule Revisions (Revisions), requiring every federally defined water system to develop an initial service line inventory by October 16, 2024. The Revisions and Public Health Law Section 1114-b required every water system to develop an initial service line material inventory that includes all non-transient public water systems with at least 15 service connections, regardless of ownership, by October 16, 2024. Both the Revisions and the Law required the inventories to include the location and material composition (e.g., lead, galvanized requiring replacement, non-lead, or lead status unknown) for both the public and consumer portions of the service line. Water systems containing service lines classified as anything other than non-lead must submit updated inventories at least annually. In October 2024, the EPA issued the final Lead and Copper Rule Improvements, which required all lead service lines to be replaced by December 1, 2037, which it estimated will cost New York State $2.5 billion.

2 The exact amount awarded by DOH was $30,000,001; however, we used $30 million as a rounded estimate throughout the report.

# Audit Findings and Recommendations

DOH did not implement sufficient controls to ensure the Program's effectiveness, which limited the Program's ability to replace more lead service lines. To comply with statutory requirements, DOH established a Plan that included information on Program implementation, resources and techniques for identifying lead service lines throughout the State, estimated replacement costs, and guidance for evaluating the status of and progress with lead service line replacements. DOH also provided municipalities with tools to support participation, such as hosting a conference to answer questions, publishing frequently asked questions, and providing templates for community outreach voucher submissions.

Despite these efforts, we found that DOH's guidance and oversight were not sufficient to ensure that funds were always spent effectively. Of the $30 million allocated to the Program and awarded to municipalities, only $23 million was spent. In addition, while most of the $23 million spent by municipalities was used for costs directly related to replacing lead service lines, some municipalities used a significant portion of their award on investigative and administrative costs. For example, two recipients used 77% and 48% of their Program grant awards on investigations, respectively. While we recognize that administrative and investigative activities are a necessary component of the Program, its primary purpose was to replace lead service lines. In addition, where funds were used for service line replacements, the amounts spent were sometimes significantly higher than expected. In its Plan, DOH estimated a maximum cost of $11,000 to replace a typical lead service line. However, we identified 382 individual line replacements that cost over $11,000, totaling about $1 million over the maximum expected cost of $11,000 per line. These issues occurred, at least in part, because DOH did not establish sufficient policies, procedures, and guidance to ensure that municipalities fully spent their award in a timely and effective manner. As a result, municipalities were sometimes uncertain about eligible uses of the funds.

While DOH's funding methodology complied with the Law, the methodology at times left municipalities with high percentages of elevated childhood blood lead levels without an award in favor of ones within the same region with much lower percentages. After identifying the eligible municipalities, DOH weighed the three factors it selected for the scoring methodology equally and, when there was a tie, used the number of houses built before 1939 as a tiebreaker. This means that municipalities with higher rates of childhood lead poisoning were sometimes passed over in favor of municipalities with lower rates of childhood lead poisoning, but more pre-1939 homes. This approach may have reduced the Program's overall effectiveness in targeting areas of greatest risk.

We also found that DOH did not ensure that all covered water systems submitted complete and accurate service line inventories in compliance with both State and federal requirements. Of the 2,951 public water systems covered by the initial inventory requirement, 951 (32%) did not submit a service line inventory by the required deadline of October 16, 2024. Compliance with the submission requirement improved after DOH began to follow up; however, as of August 2025, 140 public water systems (5%) still had not submitted an inventory. Further, many inventories

reported a high number of service lines composed of “unknown” material, and our testing showed significant accuracy issues, limiting the usefulness of the data. For example, we found errors in 105 of the 371 service line inventories (28%) we reviewed, all of which involved service lines that had been replaced through the Program but were still reported as “lead” or “unknown.” Without complete and accurate data on the material composition of service lines, the public cannot assess their own personal health risks and the State cannot effectively prioritize replacement. In addition to the public health concerns, this severely jeopardizes DOH’s ability to ensure all lead service lines are replaced by the December 1, 2037 deadline set by the EPA.

# Lead Service Line Replacement Grant Program

## Unspent Funding

We found that, while DOH awarded the entire $30 million allocated to the Program to 44 different municipalities, only about $23 million (77%) was actually spent. Of the 44 municipalities awarded Program grants, four did not spend any of the funds and 25 did not spend their entire award. According to DOH, the unspent funds were returned to the Act fund. Table 1 shows the allocation and spending of funds by region.

**Table 1 – Program Awards and Spending by Region**

| Region | Amount Awarded | Amount Spent | Amount Unspent | Percentage of Unspent Funds |
|---|---|---|---|---|
| Capital Region | $2,646,539 | $2,300,427 | $346,112 | 13% |
| Central | 2,466,082 | 1,882,019 | 584,063 | 24% |
| Finger Lakes | 2,722,512 | 2,192,669 | 529,843 | 19% |
| Long Island | 3,700,106 | 1,729,443 | 1,970,663 | 53% |
| Mid-Hudson | 3,386,690 | 3,053,984 | 332,706 | 10% |
| Mohawk Valley | 2,290,880 | 1,805,927 | 484,953 | 21% |
| New York City | 5,323,904 | 5,323,904 | 0 | 0% |
| North Country | 2,253,182 | 1,605,095 | 648,087 | 29% |
| Southern Tier | 2,383,870 | 1,339,566 | 1,044,304 | 44% |
| Western NY | 2,826,236 | 1,733,860 | 1,092,376 | 39% |
| **Total** | **$30,000,001** | **$22,966,894** | **$7,033,107** | |

A portion of the Program funding may not have been fully utilized because DOH did not establish sufficient policies, procedures, and guidance to ensure that municipalities fully spent their award in a timely and effective manner. As a result, municipalities were sometimes uncertain about eligible uses of the funds. Although DOH communicated with many municipalities that were at risk of not spending their full awards by Program deadlines, DOH could have done more to assist municipalities experiencing issues or could have redirected unspent funding to municipalities with both the need and readiness to use them. For example, we contacted one municipality that, as of October 2024, had not spent any of its $535,000 award. The municipality informed us that it did not plan to use the funds because the Program outline it had submitted to DOH cited using contractors, but the

quotes it received were excessively high. When the municipality sought guidance, it stated that DOH's responses were unclear, with DOH staff at times confusing the Program with other programs and providing inconsistent answers to questions. After we asked about its planned use of the funds, the municipality contacted DOH again and was informed that Program funds could be used to reimburse work performed directly by the municipality, even though its approved Program outline had indicated it would use contractors. Following this clarification, the municipality submitted its first voucher on March 17, 2025—nearly 6 years after receiving the grant and shortly before the Program ended on May 31, 2025. In total, the municipality spent only about $187,000 of its $535,000 grant award. Had DOH established better policies, procedures, guidance, and monitoring practices, the municipality may have replaced more lines before the deadline.

DOH officials said that they did not consider redistributing unspent funds to the other eligible municipalities. According to officials, the process of finding another municipality willing to accept the funds and to get another contract approved would be time consuming because not all municipalities want to participate in the Program. However, DOH could not provide any evidence that redistributing funds wasn't possible.

## Grant Spending

Most of the $23 million spent by municipalities was used for costs directly related to replacing 3,389 lead service lines. However, some municipalities used a significant portion of their award on investigative and administrative costs. For example, two recipients used 77% and 48%, respectively, of their Program grant award on investigations. While we recognize that administrative and investigative activities are a necessary component of the Program, its primary purpose was to replace lead service lines. See Table 2 for a regional breakdown of Program spending by category.

**Table 2 – Program Spending by Category**

| Region | Administrative Cost Spending (A) | | Investigation Spending (B) | | Line Replacement Spending (C) | | Total Spent (A+B+C) |
|---|---|---|---|---|---|---|---|
| | Dollars | Percent of Total Spent | Dollars | Percent of Total Spent | Dollars | Percent of Total Spent | |
| Capital Region | $77,528 | 3.37% | $189,572 | 8.24% | $2,033,327 | 88.39% | $2,300,427 |
| Central | 24,750 | 1.32% | 14,394 | 0.76% | 1,842,875 | 97.92% | 1,882,019 |
| Finger Lakes | 203,583 | 9.28% | 193,115 | 8.81% | 1,795,971 | 81.91% | 2,192,669 |
| Long Island | 188,294 | 10.89% | 96,283 | 5.57% | 1,444,866 | 83.55% | 1,729,443 |
| Mid-Hudson | 189,749 | 6.21% | 27,761 | 0.91% | 2,836,474 | 92.88% | 3,053,984 |
| Mohawk Valley | 60,965 | 3.38% | 79,768 | 4.42% | 1,665,194 | 92.21% | 1,805,927 |
| New York City | 116,639 | 2.19% | 109,150 | 2.05% | 5,098,115 | 95.76% | 5,323,904 |
| North Country | 89,490 | 5.58% | 803,112 | 50.04% | 712,493 | 44.39% | 1,605,095 |
| Southern Tier | 10,065 | 0.75% | 96,187 | 7.18% | 1,233,314 | 92.07% | 1,339,566 |
| Western NY | 14,343 | 0.83% | 12,800 | 0.74% | 1,706,717 | 98.43% | 1,733,860 |
| **Total** | **$975,406** | | **$1,622,142** | | **$20,369,346** | | **$22,966,894** |

These spending variations reflect DOH's lack of formal rules or guidelines on the amount of Program funds that municipalities could use for each type of eligible cost. Instead, DOH relied on informal guidance that was not consistently applied. For example, DOH told us that, as the Program evolved and officials noticed that some municipalities were spending a significant portion of grants on investigation, it implemented a rule to reimburse only up to 5% of the total grant award for costs related to investigations. Officials did not know the exact date they implemented this rule, but said it was in 2021—about 4 years after the Program was established—and municipalities were informed of the rule only when they submitted vouchers with relatively high investigation costs. Further, we found some instances where DOH reimbursed vouchers for investigation costs in excess of 5%, even after it informed a municipality of this rule. According to officials, they never denied any expenses submitted by municipalities related to investigation costs. Of the 44 municipalities that received an award, nine were reimbursed for investigation costs that exceeded 5% of their total grant award. In total, these nine municipalities had investigation costs totaling almost $1.1 million in excess of DOH's 5% threshold.

Feedback from a survey we sent to all grant recipients (44) in June 2024 supports these findings. Of the 33 recipients that responded, most did not identify any major issues with DOH's administration of the Program; however, eight municipalities responded that DOH did not provide much information about the Program and that clearer and more consistent guidance on eligible costs would have been helpful. One municipality noted that DOH's guidance was not very structured. Another municipality said that the spending guidelines were not clear and that DOH sometimes changed its answers on what expenses were allowed or not allowed. Without formal parameters, municipalities lacked the direction needed to prioritize spending in ways that maximized service line replacements and advanced the Program's primary public health objectives.

We also found that the amounts spent by municipalities on replacing lead service lines were sometimes much higher than expected. According to DOH's Plan, issued in August 2019, the estimated cost for a typical lead service line replacement by a municipal employee ranged from $1,500 to $4,000, and the estimated cost for work completed by an outside contractor ranged from $5,000 to $11,000. We found that amounts spent by municipalities on replacing lead service lines were sometimes much higher than these estimates. In addition, seven municipalities' average per-line costs exceeded $11,000. The municipality with the highest cost per line averaged over $26,000 to replace eight lead service lines. Another municipality spent an average of almost $19,000 per line, with one line costing about $48,000. We also identified 382 individual lines that cost over $11,000, with the highest single line replacement totaling $66,000. Overall, DOH reimbursed the municipalities a total of $5.3 million for the 382 lines, which was about $1 million over the maximum expected cost of $11,000 per line. According to officials, they never denied any expenses submitted by municipalities with lines that cost more than expected.


Explore the interactive dashboard (Map 3) that presents key information on grant spending and data for each region.

We also identified three instances where DOH reimbursed municipalities for inappropriate costs totaling $18,363.

- DOH reimbursed one town $9,296 to replace a full lead service line in one quarter and, 1 year later, reimbursed the town $1,100 for investigation costs at the same address.
- DOH reimbursed one city $14,967 twice for the same address. This error was self-identified by the city during an internal audit, and DOH has since recouped the payment.
- DOH reimbursed one city $2,296 twice for the same laptop on one voucher.

Similar to the issue we identified earlier, insufficient formal guidance, plus inadequate monitoring, likely contributed to some of these excessive costs per line. DOH didn't establish formal procedures to identify when municipalities exceeded a reasonable cost threshold. Additionally, although we found that DOH officials sometimes asked municipalities to justify higher costs on vouchers, they did not do so consistently and never denied any of the expenses. For example, DOH did not provide evidence that it requested supporting documentation or justification from the municipality before approving payment of a $66,000 voucher to replace a single line. In addition, DOH did not set standards for what would be considered acceptable reasons and documentation for higher-than-expected costs. Without clear guidance and monitoring, municipalities lacked accountability for unusually expensive lead service line replacements.

In response to our findings, DOH said that, overall, the average cost per lead service line fell within its expected cost range and that pandemic-related inflation contributed to higher costs. While we acknowledge that inflation likely increased costs, focusing on the statewide average obscures significant outliers at the local level, where the high costs reduced the number of lead service lines replaced and limited the Program's impact. DOH cited a 20% increase by the U.S. Bureau of Labor Statistics' Consumer Price Index during our scope. To estimate the impact of this increase, we applied the 20% inflation percentage cited by DOH to its average maximum estimated cost per line, calculating an upper estimate of $13,200 per line. We then applied $13,200 to all lines replaced throughout the whole Program, regardless of whether a line was replaced by a municipality or contractor, or at what point it was replaced (i.e., whether before or after inflation should have applied). Even with this conservative approach, we still found that municipalities were reimbursed a total of $531,000 on 97 lines in excess of the expected $13,200 per line.

## Grant Award Methodology

DOH initially identified 393 municipalities that met all three of its eligibility criteria for the percentage of children with elevated blood lead levels, median household income, and number of houses built before 1939. For the 393 eligible municipalities, DOH assigned a score of 1 through 5 for each of the three data categories. Municipalities with the highest combined scores were then contacted by DOH to determine their interest in participating in the Program. In cases where the combined

score was tied, DOH used the number of houses older than 1939 as the tiebreaker. If a municipality declined the grant, DOH would reach out to the municipality with the next highest score, continuing this process until one accepted. Municipalities that agreed to participate then entered into a grant contract with DOH. In total, DOH awarded 44 municipalities Program grants totaling $30 million across two rounds of funding. The first round, announced in November 2017, allocated $20 million to 26 municipalities for the contract period March 2018 through February 2024. The second round, announced in July 2019, provided another $10 million to 18 additional municipalities for the contract period from June 2019 through May 2025.

While DOH's funding methodology complied with the Law, the methodology at times left municipalities with high percentages of elevated childhood blood lead levels without an award in favor of ones with much lower percentages. As explained above, after identifying the eligible municipalities, DOH then weighed the three factors it selected for the scoring methodology equally and, when there was a tie, used the number of houses built before 1939. This means that municipalities with higher rates of childhood lead poisoning were sometimes passed over in favor of municipalities with lower rates of childhood lead poisoning, but more pre-1939 homes. For example, in one region, a municipality with 3.65% of children with elevated blood lead levels was awarded a grant, even though three other municipalities had higher percentages, including one with 7.16%—nearly double the percentage.

***The department shall allocate appropriated funds equitably among regions of the state. Within each region, the department shall give priority to municipalities that have a high percentage of elevated childhood blood lead levels, based on the most recent available data. In distributing the awards allocated for each region to such priority municipalities, the department shall also consider whether the community is low income and the number of lead service lines in need of replacement. – NYS Public Health Law Section 1114***


Explore a map (Map 2) that displays the percentage of children with elevated blood lead levels within each eligible municipality and identifies which municipalities received a Program award.

Further, housing age is an indirect way to estimate the risk of lead service lines because, while older homes are more likely to have lead service lines, not every pre-1939 home contains lead and some newer homes or renovations may still have lead service lines. New York City did not ban lead pipes until 1961, and a federal ban was not placed on lead pipes until 1986. In contrast, the percentage of children with elevated blood lead levels measures actual health outcomes.

We examined how the municipalities would have been ranked had DOH used the percentage of elevated childhood blood levels as a tiebreaker instead of the number of pre-1939 homes, identifying seven municipalities that received funding, even though they had a lower percentage of elevated childhood blood lead levels within the same region.

DOH officials strongly disagreed that their award methodology could have been better designed to prioritize funding to municipalities with higher percentages of elevated childhood blood lead levels. DOH officials said they chose to use the number of pre-1939 homes as the tiebreaker because smaller communities may have fewer children overall, but still show a higher percentage with elevated blood lead levels. Given the limited size of the grants and the relatively small number of service lines replaced, the distinction between percentages in small and large communities likely did not change how many children were ultimately protected. However, DOH did not provide any evidence that this methodology resulted in protecting more children at risk.

We also reviewed DOH's scoring calculations and found that DOH miscalculated the median household income score for one municipality, which resulted in that municipality being incorrectly awarded funds. Six other municipalities should have had a higher score, one of which should have been offered the award over the municipality that was. Further, the municipality that was awarded funding in error did not spend any of the $518,962 in Program funds it was awarded.

## Service Line Inventories

According to DOH, 2,951 public water systems serving about 95% of the State's population were covered by the Revisions and the requirement in the Public Health Law Section 1114-b to develop an initial service line inventory by October 16, 2024. Consistent with the Public Health Law, DOH created a standardized service line inventory submission format and also developed an electronic system to receive inventories. DOH also provided guidance for preparing the inventories on its website. However, we found that 951 of the covered water systems (32%) did not submit a service line inventory by the required deadline. Compliance with the submission requirement improved after DOH began to follow up, and DOH also contracted with the New York Rural Water Association to provide the non-compliant municipalities with on-site, in-person technical assistance to water systems. However, as of August 2025, 140 public water systems (5%) still had not submitted an inventory.

We also found that many of the initial inventories submitted listed "unknown" materials for a large number of service lines. We reviewed the inventories submitted by the 44 municipalities that received Program funding and found that 19 of 44 municipalities listed over 50% of their service lines as made of unknown material. Seven of those municipalities listed over 85% of their service lines as unknown. Both the Revisions and Public Health Law require the inventories to include the location and material composition (e.g., lead, galvanized requiring replacement, non-lead, or lead status unknown) for both the public and customer portions of the service

line. While DOH and the EPA allow an "unknown" designation, the EPA discouraged systems from submitting inventories with all unknowns. According to EPA guidance, if all service line materials are lead status unknown, states should consider asking water systems to conduct investigations, as the large proportion of "unknowns" limits the inventories' usefulness.

Further, when we tested the accuracy of the service line inventories, we found many cases where lines had been replaced through the Program, but the material was still listed as "unknown" or "lead." To test for accuracy, we reviewed the service line inventories submitted by the 44 municipalities awarded grants through the Program. We found that 105 of the 371 addresses (28%) that had all or part of a lead service line replaced through the Program were still listed as "unknown" or "lead." This indicates that inventory records are not always accurate, even when both the municipality and DOH have the necessary information to accurately report the correct material. During our review, we also found instances where inventories didn't fully comply with DOH requirements, including two instances where required contact information was not present, eight instances where the report was not certified by a municipal official, and 10 instances where the report was undated.

Without complete and accurate data on the material composition of service lines, the public cannot assess their own personal health risks and the State cannot effectively prioritize replacement. In addition to the public health concerns, this severely jeopardizes DOH's ability to ensure all lead service lines will be replaced by the December 1, 2037 deadline set by the EPA.

DOH officials cited a lack of sufficient staffing as the main reason they were unable to identify and address the late submissions, as well as completeness and accuracy issues with the inventories. According to DOH officials, ensuring compliance with this requirement with no additional resources was a monumental task. DOH indicated that it submitted an official request to the Division of the Budget for five additional full-time equivalent positions to conduct this work; however, no funding was provided.

## Recommendations

1. Develop and implement enhanced controls and monitoring practices for grants administered by DOH. This may include, but not be limited to, developing policies and procedures and promoting enhanced participation in programs by providing clear guidelines and support to awardees to ensure funds are spent purposefully.
2. Develop and implement formal procedures to ensure all covered water systems submit complete and accurate service line inventories and provide annual updates when required. Take steps, such as providing additional support to help water systems accurately identify the material composition of service lines, to increase the number of service lines with known and verified materials.

# Audit Objective, Scope, and Methodology

The objectives of our audit were to determine whether DOH is administering and monitoring the Program to ensure funds are allocated properly and being used by municipalities effectively and only for allowed purposes, and whether the water utility inventory is completed accurately and on time. The audit covered the period from March 2018 through June 2025.

To accomplish our audit objectives and to assess internal controls over DOH's oversight and monitoring of the Program and water utility inventories, we reviewed relevant laws and regulations, DOH policies and procedures, and Program documentation. We also reviewed and analyzed the inventory summaries, reports, and maps on DOH's website. We reviewed all 44 municipalities that received grant funding through the Program to determine if they met Program eligibility requirements. Additionally, we sent a survey to all 44 municipalities that received funding.

We used a non-statistical sampling approach to provide conclusions on our audit objectives and to test internal controls and compliance. We selected one random sample. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations. Our sample, which is discussed in detail in the body of our report, was:

- A random sample of 371 addresses to test the accuracy of the service line inventories. A random sample of 10 lines from each of the 34 municipalities that replaced at least 10 lines, plus all lines from each of the five municipalities that replaced fewer than 10 lines for a total of 371 lines to test the accuracy of the service line inventories.

We obtained data from DOH's voucher tracking spreadsheet and from inventory reports and summaries from the DOH website and assessed the reliability of that data by interviewing officials knowledgeable about the systems and tracing to and from source data. We determined that the data from DOH's voucher tracking spreadsheet was sufficiently reliable for the purposes of this report. However, the data from inventory reports and summaries from the DOH website was not sufficiently reliable, as discussed in the body of this report.

As part of audit procedures, the audit team used Geographic Information Systems (GIS) software for geographic analysis. As part of the geographic analysis, we developed visualizations, both within this report and as part of an external interactive map, to improve understanding of our report. Colors were selected from https://colorbrewer2.org/ by Cynthia A. Brewer, Geography, Pennsylvania State University.

# Statutory Requirements

## 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 II, Section 8 of the State Finance Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of DOH's oversight of the Lead Service Line Replacement Program and water utility inventories.

## Reporting Requirements

We provided a draft copy of this report to DOH officials for their review and comment. We considered their response in preparing this final report and have included it in its entirety at the end of the report. Although DOH officials disagreed with certain aspects of the report and offered explanations in response, they generally agreed with the recommendations. We have embedded State Comptroller's Comments to address the areas where they disagree.

Within 180 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where the recommendation was not implemented, the reasons why.

NEW YORK STATE | Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

December 3, 2025

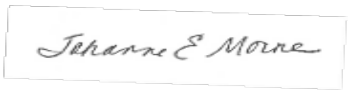
Nadine Morrell, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Nadine Morrell:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2024-S-9 entitled, "Lead Service Line Replacement Program and Lead Service Line Inventory."

Thank you for the opportunity to comment.

Sincerely,



Johanne E. Morne, M.S.
Executive Deputy Commissioner

Enclosure

cc: Melissa Fiore

**Department of Health**
**Comments on the**
**Office of the State Comptroller's**
**Draft Audit Report 2024-S-9 entitled, "Lead Service Line Replacement Program and Lead Service Line Inventory."**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2024-S-9 entitled, "Lead Service Line Replacement Program and Lead Service Line Inventory."

**Executive Summary**

The Department welcomes the opportunity to coordinate with OSC on this audit but remains concerned about the audit findings and conclusions. The Report appears to be based on the premise that it is entirely within the Department's power to "ensure" effective lead service line inventory and development, such that any issues must by definition reflect deficiencies in the Department's monitoring and controls. In fact, the Department does not have direct control over municipal spending and project management capacity for both lead service inventories as well as lead service line replacement projects, and success of these projects depends not only on how robust the Department's guidance is but also on the public water supplier's review and compliance.

Although the Department acknowledges the importance of its guidance, monitoring and controls, removing lead service lines is not the responsibility of a single entity, but rather a cooperative effort across multiple levels of government. In addition, a successful lead service line replacement program requires support from the public. Because portions of lead service lines are on private property, coordination between property owners, municipal staff, and contractors to allow access to their property is essential. In addition, property owners are routinely asked to self-report their service line material. Without the public's support and assistance, lead service lines will remain.

**State Comptroller's Comment** – At no point did we state that the Program's effectiveness was solely DOH's responsibility. While any grant requires cooperation among parties, DOH was responsible for providing guidance and oversight in various areas to promote Program effectiveness.

The Lead Service Line Replacement Program (LSLRP) was an opportunity for the Department to learn about the challenges communities face when starting a local program to replace lead service lines. These lessons learned have informed current programs and were a critical part of providing technical support for lead service line inventories.

The Department always welcomes constructive feedback and concrete suggestions to

improve the effectiveness of its monitoring and controls. But the Department views the lead service line inventory project as a resounding success completed on an extremely tight timeline with existing personnel and no budget for information technology services. As the report acknowledges, the program achieved 90% compliance rate within months of the due date, which indicates high quality guidance was provided by the Department. The presence of unknowns exemplifies the challenges public water suppliers face when attempting to locate and identify lead service lines, particularly when records are not accurate and property owner reporting is poor.

**State Comptroller's Comment** – While DOH was successful in obtaining 90% of initial service line inventories within months of the due date, this figure measures participation rather than the completeness or accuracy of the data submitted. As stated on page 11 of our report, many inventories reported a high number of service lines composed of "unknown" material. Additionally, our testing revealed significant accuracy issues, which limited the usefulness of the data. For example, we found errors with 105 of the 371 service lines (28%) we reviewed, all of which involved service lines that had been replaced through the Program but were still reported as being composed of "lead" or "unknown" material in the inventories.

**General Comments:**

Audit Highlights, Page 2, 1st Bullet

*Of the $30 million allocated to the Program and awarded to municipalities, only about $23 million was spent. The unspent funds ($7 million) were returned to the Act's fund and were not redispersed to other municipalities that also qualified for the funding.*

Audit Findings and Recommendations, Page 10, 2nd Paragraph

*Of the $30 million allocated to the Program and awarded to municipalities, only about $23 million was spent.*

Lead Services Line Replacement Grant Program, Unspent Funding, Page 11, 1st Paragraph

*We found that, while DOH awarded the entire $30 million allocated to the Program to 44 different municipalities, only about $23 million (77%) was actually spent. Of the 44 municipalities awarded Program grants, four did not spend any of the funds and 25 did not spend their entire award. According to DOH, the unspent funds were returned to the Act fund.*

**Department Response**

The Department had fully executed contracts with all but two of the municipalities awarded LSLRP funds (Two communities were awarded $561,880 and $528,750 respectively for a total of $1,090,630, however, contracts effectuating these awards were not executed). Although the Department conducted significant outreach and guidance, these two communities were unable to move the program forward at the local

level.

The Department has limited flexibility to rescind funds to communities who have fully executed contractual agreements, so claiming the Department could have redistributed $7M million in unspent funds is misleading, as only $1.1 M was not under contract. The Department was in communication with contracted municipalities regarding their lead service line replacement spending, encouraging those with unspent funds to replace more lead service lines. However, it was not until the contracts ended in May 2025, that the Department knew for certain that not all contracted funds would be spent. Therefore, the Department was unable to redistribute those funds. While the Department could have attempted to redistribute the funds not under contract to other communities, there was insufficient time for new additional communities to implement and successfully execute a local lead service line replacement program.

**State Comptroller's Comment** – While DOH officials stated in their response that they had limited flexibility to rescind funds, this contradicts Program officials' statements throughout the audit. Program officials told us they had the ability to rescind funds but chose to follow through with the projects as initially awarded and never attempted to rescind them and redistribute any of the funds.

Again, the audit report puts the sole responsibility for lead service line replacement on the Department to develop policies, procedures, and guidance to ensure that municipalities fully spent their award in a timely and effective manner. Any policy the Department could have created doesn't address the fact that these communities may not have known where the lead service lines were at the time the of the program and were also starting a local lead service line replacement program from scratch. The LSLRP program was first initiated in 2017. Service line inventories were not required to be submitted until October 2024, under a federal rule that was promulgated in 2021. Unfortunately, communities did not know where lead service lines were located when they were trying to spend the LSLRP money. Communities are continuing to update their service line inventories at least annually as they identify formerly "unknown" status to lead or non-lead.

**State Comptroller's Comment** – At no point did we state that the Program's effectiveness was solely DOH's responsibility. While any grant requires cooperation among parties, DOH was responsible for providing guidance and oversight in various areas to promote Program effectiveness.

Key Findings, Page 2, 2nd Bullet & Audit Findings and Recommendations, Page 10, 2nd Paragraph

*While most of the $23 million spent by municipalities was used for costs directly related to replacing lead service lines, some municipalities used a significant portion of their award on investigative and administrative costs. For example, one municipality used 77% and another used 48% of its grant award on investigations.*

Lead Service Line Replacement Grant Program, Grant Spending, Page 12, 1st

Paragraph

*Most of the $23 million spent by municipalities was used for costs directly related to replacing lead service lines. However, some municipalities used a significant portion of their award on investigative and administrative costs. For example, two recipients used 77% and 48%, respectively, of their Program grant award on investigations*

**Department Response**

The report makes several references to one municipality using 77% of their award for investigative and administrative costs. The initial award was $607,629 and the community was reimbursed for $218,939 or 36% of the total award. In order for 77% of their grant award to be used for administrative work, the Department would have had to reimburse at least $467,874 to the community. As a result, it is unclear how the 77% was calculated.

**State Comptroller's Comment** – DOH may be confusing two municipalities in this statement. The municipality we referred to was awarded $607,629 and, per our review of all vouchers it submitted, spent $469,894 (77.33%) on investigations. In our preliminary report, we cited these exact numbers and DOH did not indicate any issues in its earlier responses.

Key Findings, Page 2, 3rd Bullet

*Amounts spent on lead service line replacements were sometimes significantly higher than expected. In its plan, DOH estimated a maximum cost of $11,000 to replace a typical lead service line. However, we identified 382 individual line replacements that cost over $11,000, with the highest single line replacement totaling $66,000. Overall, DOH reimbursed the municipalities about $1 million over the maximum expected cost of $11,000 for the 382 lead service lines.*

Audit Findings and Recommendations, Page 10, 2nd Paragraph

*In addition, where funds were used for service line replacements, the amount spent were sometimes significantly higher than expected. In its Plan, DOH estimated a maximum cost of $11,000 to replace a typical lead service line. However, we identified 382 individual line replacements that cost over $11,000, totaling about $1 million over the maximum expected cost of $11,000 per line.*

Lead Service Line Replacement Grant Program, Grant Spending, Page 13, 1st Paragraph

*We also found that the amounts spent by municipalities on replacing lead service lines were sometimes much higher than expected. According to DOH's Plan, issued in August 2019, the estimated cost for a typical lead service line replacement by a municipal employee ranged from $1,500 to $4,000, and the estimated cost for work completed by an outside contractor ranged from $5,000 to $11,000. We found that*

*amounts spent by municipalities on replacing lead service lines were sometimes much higher than these estimates. In addition, seven municipalities' average per-line costs exceeded $11,000. The municipality with the highest cost per line averaged over $26,000 to replace eight lead service lines. Another municipality spent an average of $18,000 per line, with one line costing about $48,000. We also identified 382 individual lines that cost over $11,000, with the highest single line replacement totaling $66,000. Overall, DOH reimbursed the municipalities a total of $5.3 million for the 382 lines, which was about $1 million over the maximum expected cost of $11,000 per line.*

**Department Response**

The report makes several references to the cost of individual LSL replacements being significantly higher than the per LSL cost estimate from the August 2019 Statewide Plan for LSL Replacement[1]. The estimated costs in that report were based on limited LSLRP voucher data and were not intended to represent a maximum allowable cost. In fact, the report states "As the LSLRP moves forward, additional cost data will become available, allowing the Department to refine estimated LSL replacement costs." In total the LSLRP replaced 3,574 LSL at a cost of $22,724,211, for a per LSL cost of $6,358 which is in line with the August 2019 report. Each lead service line replacement is an individual construction project, with differing site conditions and different costs.

**State Comptroller's Comment** – As DOH indicates, its initial estimates were based on limited voucher data, and each project has differing site conditions and costs. We reported on the wide range of individual line replacement costs and used a conservative method of estimating overages by using the highest end of the estimate provided by DOH. While some costs were close to the estimate, others were significantly higher. However, as noted on page 14 of our report, DOH didn't establish formal procedures to identify when municipalities exceeded a reasonable cost threshold. Additionally, although we found that DOH officials sometimes asked municipalities to justify higher costs on vouchers, they did not do so consistently. Without clear guidance and monitoring, municipalities lacked accountability for unusually expensive lead service line replacements.

Lead Service Line Replacement Grant Program, Unspent Funding, Last Paragraph Page 11 & Top of Page 12

*For example, we contacted one municipality that, as of October 2024, had not spent any of its $535,000 award. The municipality informed us that it did not plan to use the funds because the Program outline it had submitted to DOH cited using contractors, but the quotes it received were excessively high. When the municipality sought guidance, it stated that DOH's responses were unclear, with DOH staff at times confusing the Program with other programs and providing inconsistent answers to questions. After we asked about its planned use of the funds, the municipality contacted DOH again and was informed that Program funds could be used to reimburse work performed directly by the municipality, even though its approved Program outline had indicated it would use contractors. Following this clarification, the municipality submitted its first voucher*

[1] https://www.health.ny.gov/environmental/water/drinking/lslrp/docs/lslrpreportfinal.pdf

*on March 17, 2025—nearly 6 years after receiving the grant and shortly before the Program ended on May 31, 2025. In total, the municipality spent only about $187,000 of its $535,000 grant award. Had DOH established better policies, procedures, guidance, and monitoring practices, the municipality may have replaced more lines before the deadline.*

**Department Response**

OSC discusses their outreach to a municipality that hadn't spent any of their money as of October 2024 and felt our guidance was unclear when they asked for assistance. The Department reviewed communication with this community to determine where improvements could be made in our engagements with the awardees. For the duration of the program, this community had one person working on lead service line replacement. As a result, getting revisions to the required program documents took time. Almost five years after their award, the community bid the project and received only one bid with estimated costs of approximately $20K per lead service line replacement. The community chose not to award the bid due to the high cost per replacement. The OSC report states, "Had DOH established better policies, procedures, guidance, and monitoring practices, the municipality may have replaced more lines before the deadline." This doesn't reflect the effort the Department put in to assisting this community and all other LSLRP awarded communities throughout the duration of this program. The Department has no control over the bidding process, does not manage municipal resources committed to lead service line replacement projects, and cannot excavate service lines to determine material on behalf of municipalities.

**State Comptroller's Comment** – Our report indicates the various ways DOH assisted awardees throughout the process. However, as noted on pages 11 to 12 of the report, the municipality we spoke with explained that the Program outline submitted to DOH cited the use of contractors, but the quotes it received were excessively high. Ultimately, after auditors questioned the municipality about its planned use of the funds, it contacted DOH again and was informed that Program funds could be used to reimburse work performed directly by the municipality, even though its approved Program outline had indicated it would use contractors, and it submitted its first voucher. Had DOH clearly communicated alternatives on how to spend the funds when contractor bids were excessive, the municipality may have been able to spend the funds and replace more lead service lines.

**Audit Recommendation Responses:**

**Recommendation #1**

Develop and implement enhanced controls and monitoring practices for grants administered by DOH. This may include, but not be limited to, developing policies and procedures and promoting enhanced participation in programs by providing clear guidelines and support to awardees to ensure funds are spent purposefully.

**Response #1**

The Lead Service Line Replacement Program has sunset with the second round of contracts expiring on March 31, 2025. All current lead service line funding is administered jointly with the New York State Environmental Facilities Corporation within long-standing funding programs with robust technical assistance capacity and guidance This program has internal controls and is subject to routine auditing as required by federal law.

**State Comptroller's Comment** – As DOH indicated in the opening remarks of this response, "The Lead Service Line Replacement Program (LSLRP) was an opportunity for the Department to learn about the challenges communities face when starting a local program to replace lead service lines. These lessons learned have informed current programs and were a critical part of providing technical support for lead service line inventories." We encourage DOH to use all feedback, including the information provided in our report, to continue to learn and improve programs moving forward.

**Recommendation #2**

Develop and implement formal procedures to ensure all covered water systems submit complete and accurate service line inventories and provide annual updates when required. Take steps, such as providing additional support to help water systems accurately identify the material composition of service lines, to increase the number of service lines with known and verified materials.

**Response #2**

The Department will continue to prepare and modify existing guidance and templates based on the feedback from water suppliers. Water suppliers are required by regulation to identify service line materials and replace all lead service lines by 2037. Lead service line inventory compliance is a joint process executed by both the Department and the United States Environmental Protection Agency and requires close coordination with federal regulators. Enforcement and implementation of the lead and copper rule improvements are developed as part of the primacy process executed with the United States Environmental Protection Agency. These procedures are under development.

The Department necessarily must rely on public water systems conducting record review and assessments including private property owners to accurately report their inventories, as the Department does not have the capacity or expertise to excavate or pothole service lines to determine material composition for the nearly 3,000 public water systems required to comply with the lead service line inventory requirements. The Department does several quality checks to ensure the inventory information can be uploaded to health.data.ny. The Department has identified several public water systems that have submitted inventories with all unknowns and also public water supplies that have reported a number of service connections that is inconsistent with the data in the Safe Drinking Water Information System. Service line inventories are living documents. As public water systems continue to obtain additional information, inventory quality will improve with time.

# Contributors to Report

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