

Westchester County Department of Social Services

Contract Monitoring

MAY 2018



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

Contents

- Report Highlights 1**

- Contract Monitoring 2**
 - What Is an Effective Contract Monitoring Process? 2
 - Department Officials Did Not Adequately Monitor One of Nine
Community-Based Agency Contracts Reviewed. 2
 - What Do We Recommend? 3

- Appendix A – Response From Department Officials 5**

- Appendix B – Audit Methodology and Standards 7**

- Appendix C – Resources and Services. 8**

Report Highlights

Westchester County Department of Social Services

Audit Objective

Determine whether Department officials monitored community-based agencies to ensure that services provided and payments made were in accordance with contractual agreements.

Key Findings

- For eight of nine contracts reviewed, Department officials obtained and reviewed backup documentation to verify that services were performed as required before authorizing payments.
- Department officials did not obtain and review backup documentation for one contract with payments totaling \$1.7 million during the audit period. The contract agreement with this agency did not have clear guidelines for actions to take upon the agency's failure to perform as agreed.

Key Recommendations

- Review performance reports and backup documentation to ensure that services were provided as required before authorizing payments.
- Include clear provisions in service agreements detailing required performance measures and implications for failure to provide services as agreed.

County officials agreed with our recommendations and indicated they plan to initiate corrective action.

Background

Westchester County (County) is governed by its 17-member Board of Legislators (Board). The elected County Executive is the chief executive officer and is responsible for oversight of operations. The County provides a wide range of services through more than 40 specialized departments to its residents, including public safety, employment assistance, health care and temporary assistance to individuals and families.

The Department of Social Services (Department) is responsible for providing temporary help to eligible individuals and families with social service and financial needs to assist them with leading safe, healthy and independent lives. The appointed Commissioner oversees the Department along with program managers and division directors whose responsibilities include monitoring the performance of contracted services by community-based agencies (agencies). The County Finance Department is responsible for making payments to agencies subsequent to Department review of claims submitted by the agencies.

Quick Facts

County Population	Approximately 1 million
Square Miles	431
2016 Department Budget Without Medicaid	\$321.9 million
2017 Department Budget Without Medicaid	\$323.5 million

Audit Period

January 1, 2016 – July 26, 2017

Contract Monitoring

What Is an Effective Contract Monitoring Process?

The Department provides and manages a wide range of social welfare programs. To accomplish its mission, it enters into agreements with agencies to provide services that enhance families' ability to live together, enable individuals to remain in their homes, minimize the risk of abuse or neglect and provide for specialized care in residential settings when necessary. Department officials are responsible for monitoring agencies' performance to ensure that all services are provided in accordance with the agreements.

Obtaining and reviewing periodic reports on performance measurement indicators (PMIs) is essential to ensure that services are provided in accordance with contractual agreements. The Department should monitor and require the agencies to follow contract terms. For example, it should require that agencies remit agreed-upon reports and adequate supporting documentation to provide assurance that the contracted services were delivered. Department personnel responsible for overseeing these services should verify the validity and accuracy of program statistics supplied in the reports.

PMIs or targets are established for each agency in their respective contracts. Agencies are required to submit monthly or quarterly reports detailing and validating achievement or lack of achievement of goals in terms of PMIs.

Department Officials Did Not Adequately Monitor One of Nine Community-Based Agency Contracts Reviewed

We reviewed 10 contracts with budgets totaling approximately \$16 million during the audit period, nine of which were required to submit performance reports. All nine agencies submitted the reports, and eight met all requirements. However, the remaining agency – responsible for providing training, education, technical assistance and applied research services to individuals with disabilities and their families – did not submit verification backup. This agency received approximately \$1.4 million in 2016 and \$347,718 in the first quarter of 2017. Because Department officials did not obtain and review the supporting documentation, they could not be assured that reported numbers were legitimate or the agency performed as contracted. An official told us that the Department asked the agency to keep the backup documentation and to provide it upon request.

The agency was required to report on 18 PMIs in the following areas: training and technical assistance, support and services, information dissemination, and research and demonstration. At our request, the Department obtained supporting documentation from the agency for our review. We found that the agency had not properly reported on two PMIs as required in the agreement (Figure 1).

Figure 1: Goals vs. Reported Outcome

Performance Measure Indicator	Goal	Reported Outcome
Training and Technical Assistance		
Provide Technical Assistance	5,500 individuals	250 schools and agencies (no indication of number of individuals)
Provide Education Courses	50 students	19 courses (no indication of number of students)
Information Dissemination		
Provide Information on New Products To Be Developed	100 products	27 products

In both cases, it was not clear how the agency met the performance goal. The former First Deputy Commissioner,¹ who oversees and approves payments to this agency, did not respond to our inquiry on how he determined this agency met its goals. Subsequent to the release of our draft report to County officials, Department officials obtained additional backup which they provided at the exit conference. This documentation showed that the agency had met its performance goals. However, when the performance reports are not reviewed with supporting documentation, officials and residents cannot be assured that the services paid for were provided as agreed.

Further, the contract agreement with this agency did not have clear guidelines for actions to take upon the agency’s failure to perform as agreed. For example, the agreement included a provision for the Department’s right to audit the agency and withhold payment for cause found during the audit. However, the agreement did not include specific language regarding what such cause would entail. Without detailed contract language, the Department could have difficulty imposing financial penalties on the agency for failure to fulfill contract terms.

What Do We Recommend?

Department officials should:

1. Obtain and review the supporting documentation from service providers to verify that the agency met the performance goals before authorizing payments.

¹ The First Deputy Commissioner during the audit period left. There is a new First Deputy Commissioner.

-
2. Verify that the agency reported on PMIs as indicated in the service agreement.
 3. Include clear provisions in service agreements detailing required performance measures and implications for failure to provide services as agreed.

Appendix A: Response From Department Officials



George Latimer
County Executive

Department of Social Services

Kevin M. McGuire
Commissioner

May 8, 2018

Tenneh Blamah
Chief Examiner
Newburgh Regional Office
New York State Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Chief Examiner Blamah:

Per your letter of April 10, 2018, and Contract Monitoring Examination 2018M-035 of the Westchester County Department of Social Services, we appreciated the opportunity to meet with your team on May 3, 2018, to review the draft report. Both [REDACTED] and his colleague were very courteous, professional, and helpful in their review of their findings. We were pleased to find many strengths in our contracting process, with findings in only one of ten contracts reviewed regarding program backup. The required program information/backup was subsequently obtained, and provided to your team by e-mail and in person. We are therefore prepared to respond with appropriate corrective actions to your following recommendations:

Audit Recommendation

Obtain and review the supporting documentation from service providers to verify that the agency met the performance goals before authorizing payments.

Implementation Plan of Action: Per general practice in the Department, program performance information/backup will be provided and reviewed prior to authorizing payment for service contracts.

Implementation Date: 6/1/18 (policy reminder memo)

Person Responsible for Implementation: Hema Pendikatla, Manager of Fiscal Operations

Audit Recommendation

Verify that the agency reported on PMIs as indicated in the service agreement.

Implementation Plan of Action: Per general practice in the Department, all PMIs will be reviewed against established measures and goals in service agreements.

Implementation Date: 6/1/18 (policy reminder memo)

Person Responsible for Implementation: Hema Pendikatla, Manager of Fiscal Operations

112 East Post Road, White Plains, New York 10601



Audit Recommendation

Include clear provisions in service agreements detailing required performance measures and implications for failure to provide services as agreed.

Implementation Plan of Action: Current standard contract provisions allow for remedies including and up to contract termination for non-compliance with contract terms, including performance. The Department will also review and identify possible performance based contracting provisions for applicable service contracts in 2019.

Implementation Date: 1/1/19

Person Responsible for Implementation: Phil Goldstein, Associate Commissioner & Hema Pendikatla, Manager of Fiscal Operations

Thank you again for you and your team's time and attention to these important program and fiscal matters. Please do not hesitate to contact me at (914) 995-5686 if you have questions regarding this response.

Sincerely,

John R. Befus
First Deputy Commissioner

cc: Kevin M. McGuire, Commissioner
Ann Marie Berg, Commissioner of Finance
Phil Goldstein, Associate Commissioner
Hema Pendikatla, Manager of Fiscal Operations
[REDACTED]

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed key officials to learn the process for contracting with community-based agencies and to gain an understanding of the components of a typical Department contract.
- We obtained a list of 106 contracts from five program areas along with payment histories to vendors coded to the Department to verify the list's completeness. Within each program area, we sorted the contracts according to the highest dollar value. We then selected the top two agencies from each area totaling 10 contracts as the sample for testing.
- We compared, when available, the reports on performance measurement indicators (PMI) from agencies with terms and provisions of related contracts to determine whether the services were provided in accordance with the agreements.
- We compared, when available, reports on PMIs from agencies with backup documentation to determine whether the numbers reported were supported by facts.
- We reviewed the claims for payment submitted by the agencies and verified that the vouchers were signed by appropriate personnel; financial reports/budget status reports were filed per Schedule B of the contracts; all required supporting documentation was provided; and expenditures stayed within the budget.

We conducted this performance audit in accordance with GAGAS (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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

NEWBURGH REGIONAL OFFICE – Tenneh Blamah, Chief Examiner

33 Airport Center Drive, Suite 103, New Windsor, New York, 12553-4725

Tel: (845) 567-0858 • Fax: (845) 567-0080 • Email: Muni-Newburgh@osc.ny.gov

Serving: Columbia, Dutchess, Greene, Orange, Putnam, Rockland, Ulster, Westchester counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)