



City of New York

OFFICE OF THE COMPTROLLER

Brad Lander

COMPTROLLER



MANAGEMENT AUDIT

Audit Report on the Department of Homeless Services' Determination of Temporary Housing Benefits for Families with Children

MG20-070A

February 9, 2022

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

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To the Residents of the City of New York:

My office has audited the Department of Homeless Services (DHS) to determine whether the agency has adequate controls over the determination of eligibility for temporary housing benefits for homeless families with children.

The audit found that DHS lacks adequate controls over critical aspects of its investigations to determine the eligibility of families with children for temporary housing assistance. Specifically, DHS did not ensure that its personnel complied with agency policy, guidelines and procedures, and with State Administrative Directives regarding actions it was required to take to verify applicants' two-year housing histories before finding them ineligible. The audit also found that DHS lacks clear written policies and procedures that adequately reflect the agency's current policies. This deficiency may have contributed, in part, to some of the weaknesses identified in the audit.

To address these issues, the audit makes five recommendations that DHS should: (1) ensure that it investigates all applicant families' housing histories and options in accordance with its guidelines and procedures; (2) revise its written guidelines and procedures to require that intake staff who interview applicants who report a hospital stay as part of the family's housing history assist the applicant in obtaining the required documentation from the hospital; (3) update its written guidelines and procedures to mandate that its staff to perform database research to verify applicants' two-year housing histories; (4) utilize additional investigative methods and resources to assist applicants in verifying their housing histories; and (5) ensure that its policies and procedures are updated regularly, distributed to staff, and followed in a consistent manner.

The results of the audit have been discussed with DHS officials throughout the audit, and their comments have been considered in preparing this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Lander".

Brad Lander

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
Audit Findings and Conclusion	2
Audit Recommendations.....	3
Agency Response	3
AUDIT REPORT	5
Background	5
Objective.....	7
Scope and Methodology Statement.....	7
Discussion of Audit Results with DHS	7
FINDINGS AND RECOMMENDATIONS.....	9
DHS Did Not Investigate Families’ Housing Histories in Accordance with Its Eligibility Determination Procedures	10
DHS Lacks Adequate, Clear and Updated Policies and Procedures.....	15
Recommendations	16
DETAILED SCOPE AND METHODOLOGY.....	20
ADDENDUM	

CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

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EXECUTIVE SUMMARY

The Department of Homeless Services' (DHS') mission is to prevent homelessness when possible, address street homelessness, provide safe temporary shelter, and connect New Yorkers experiencing homelessness to suitable housing.

Families with children seeking public shelter because they are homeless begin the process of obtaining temporary housing assistance by filing an application at DHS' Prevention Assistance and Temporary Housing (PATH) intake center.¹ There, families are subject to an eligibility verification process that includes an investigation through which DHS determines whether the families have an available, safe, and appropriate temporary or permanent housing option they could use rather than resorting to a public shelter. During the DHS interview, the family is asked about their two-year housing history and is required at that time or later to submit supporting documents from collateral or official sources—such as letters from landlords, eviction notices, medical reports, and school records—to support the narrative information they provide. DHS maintains applicants' information in its Client Assistance and Rehousing Enterprise System (CARES), the agency's electronic system of record.

DHS guidelines call for the agency to determine the applicant family's eligibility for temporary housing assistance within 10 days of the family's application. While that determination is pending, the family may receive conditional shelter placement and remains in the conditional shelter while DHS staff attempt to verify the housing histories provided by the family and ascertain whether housing options apart from DHS-provided shelter are available to the family.²

In addition to seeking information from the applicant, DHS is required, by New York State Administrative Directive 94 ADM-20, to assist applicants "in obtaining information or documentation relevant to the verification of eligibility." DHS' own Guidelines for Eligibility

¹ DHS defines a family as: (1) families with children younger than 21 years of age; (2) pregnant women; and (3) families with a pregnant woman.

² In accordance with State directives, when a family that DHS determines has another housing resource available reapplies for shelter within 30 days after having been denied, they must demonstrate an "immediate need" relating to new facts regarding prior housing conditions, prior housing history, or additional household members in order to receive a conditional shelter placement.

Investigations state, “The agency is required to make reasonable efforts to verify eligibility” including “through phone calls, interviews, [and] computer checks.” In that regard, DHS representatives stated that the agency uses three electronic information systems, the New York State Welfare Management System (WMS), Worker Connect, and Accurint/LexisNexis (third-party research), to assist applicants in compiling their housing histories and establishing eligibility for temporary housing assistance.³

Through its verification process, DHS determines that a family is eligible for DHS-provided shelter if PATH employees: (1) are able to verify, through field and/or phone investigations, that the family stayed at the residences listed in its two-year housing history; and (2) conclude that the family has no viable housing options at any of those residences. Families found eligible for temporary housing assistance remain in the shelter where they were conditionally placed, and DHS works with the family to make the transition to permanent housing.

This audit focused on the 46,200 applications from 20,095 families with children. Of those 46,200 applications, DHS determined that the applicants in 14,763 (32 percent) were eligible for DHS-provided shelter and that the applicants in 19,524 (42 percent) were ineligible. Of the 11,913 (26 percent) remaining applications, DHS disposed of 11,626 through other actions and determinations, including connecting the families with HRA programs, voluntary discontinuations of the DHS application process by the applicants, and placements of the families in domestic violence shelters. DHS had not recorded determinations for 287 (0.6 percent) of the applications, as of March 23, 2020.

Audit Findings and Conclusion

The audit found that DHS lacks adequate controls over critical aspects of its investigations to determine the eligibility of families with children for temporary housing assistance. Specifically, DHS did not ensure that its personnel complied with agency policy, guidelines and procedures, and with State Administrative Directives regarding actions it was required to take to verify applicants’ two-year housing histories before finding them ineligible. We found that DHS denied families’ applications—and multiple reapplications—despite the agency having failed to investigate one or more of the prior residences the applicants identified and without staff assisting the applicants, as DHS and State policy require, with efforts to obtain the necessary information.

The audit found that, in a sample of 50 applicant families, DHS deemed 33 applicant families ineligible due to their reported non-cooperation. However, DHS did not adequately attempt to assist 21 of those 33 families (64 percent) with efforts to obtain the information DHS needed for its investigations. Although DHS identified three electronic information systems—Accurint/LexisNexis, WMS, and Worker Connect—its staff can use to help identify and locate collateral sources of information that may not be in the possession of the applicants and otherwise assist applicant families in establishing verifiable housing histories, we found little evidence that DHS used those systems to assist the 21 families in our sample.

³ As provided by Social Services Law §21, WMS receives, maintains, and processes information relating to persons who have applied for or have been determined eligible for benefits under any program for which the State Department of Social Services has supervisory responsibilities. Accurint/LexisNexis is a locate-and-research tool available to government, law enforcement, and commercial customers. Worker Connect is a NYC data integration system that provides access to case file data for caseworkers and managers in accordance with all applicable laws and regulations. Thus, these electronic information systems contain information compiled from a broad array of sources, including public records, that might enable DHS to help applicants identify previous addresses and collateral sources such as property owners, primary tenants, and others, along with contact information for such sources that DHS, in turn could use to conduct the field and phone investigations it needs to complete to determine the applicants’ eligibility.

These 21 families filed multiple reapplications—an average of more than 15 applications each—during our 14-month audit scope period, and DHS ultimately found 14 of the families eligible, but only after denying anywhere from 1 to 38 of their previous applications. In that regard, of the 249 applications that the 21 families filed that DHS denied, DHS also failed to conduct or document one or more of the required field and/or phone investigations of the families' reported prior residences in 103 of the denied applications.

Finally, the audit found that DHS lacks clear written policies and procedures that adequately reflect the agency's current policies. Specifically, senior officials have not disseminated written agency procedures or otherwise clearly communicated expected procedures throughout the agency to ensure that line staff are correctly informed regarding the policies and procedures governing the process for determining families' eligibility for temporary housing assistance. This deficiency may have contributed, in part, to some of the weaknesses identified in this audit.

However, apart from the abovementioned issues, the audit found that DHS staff generally processed applicant families' applications for temporary housing assistance timely, including by conditionally placing the families in a shelter on the same day families applied. Nonetheless, as a result of the deficiencies noted above, it is questionable whether all of DHS' abovementioned denials of temporary housing assistance were appropriate. Consequently, DHS incurred a significant risk that families were delayed or denied temporary housing assistance for which they may have been eligible.

Audit Recommendations

To address the issues raised by this audit, we make the following five recommendations:

- DHS should ensure that it investigates all applicant families' housing histories and options in accordance with its guidelines and procedures, until each applicant family's housing history is properly investigated.
- DHS should revise its written guidelines and procedures to require that intake staff who interview applicants who report a hospital stay as part of the family's housing history assist the applicant in obtaining the required documentation from the hospital.
- DHS should update its written guidelines and procedures to include and mandate its staff to perform database research using tools and resources, such as Accurant/LexisNexis, WMS, Worker Connect, CARES, and other internet and web-based searches, to verify each applicant family's two-year housing history.
- DHS should identify and utilize additional investigative methods and resources as part of its effort to assist applicants in verifying their housing histories by contacting or visiting shelters where applicants report they resided and community-based programs and establishments they report having visited while homeless.
- DHS should ensure that its policies and procedures are clear, updated regularly, distributed to all of its employees in writing, and followed by all employees consistently.

Agency Response

In its response, DHS agreed to implement four of the audit's five recommendations (#s 1, 2, 3 and 5). DHS believed that it was already in compliance with one recommendation (#4 – to identify and utilize additional investigative resources to assist applicants in verifying their housing histories). However, that assertion is belied by our audit findings.

Additionally, DHS contends in its response that the report contains a number of inaccuracies and omissions. After carefully reviewing DHS' arguments, however, we found no basis to change any of the report's findings or conclusions.

AUDIT REPORT

Background

DHS' mission is to prevent homelessness when possible, address street homelessness, provide safe temporary shelter, and connect New Yorkers experiencing homelessness to suitable housing. Collaborating with other public agencies and non-profit organizations, DHS also works to assist New Yorkers residing in temporary shelters to transition into permanent housing.

Families with children seeking public shelter because they are homeless begin the process of obtaining temporary housing assistance by filing an application at DHS' PATH intake center. There, families are subject to an eligibility verification process that includes an investigation through which DHS determines whether the families have an available, safe, and appropriate temporary or permanent housing option they could use rather than resorting to a public shelter. Families are first interviewed by a Human Resources Administration (HRA) caseworker to determine whether they are eligible for other types of HRA programs and as a result, may not need to enter the shelter system. Families that do not qualify for alternative assistance through HRA continue with the DHS application process and are interviewed by a DHS family worker.

During the DHS interview, the family is asked about their two-year housing history and is required at that time or later to submit supporting documents from collateral or official sources—such as letters from landlords, eviction notices, medical reports, and school records—to support the narrative information they provide. DHS maintains applicants' information in CARES.

DHS guidelines call for the agency to determine the applicant family's eligibility for temporary housing assistance within 10 days of the family's application. While that determination is pending, the family may receive conditional shelter placement and remains in the conditional shelter while DHS staff attempt to verify the housing histories provided by the family and ascertain whether housing options apart from DHS-provided shelter are available to the family.

To verify an applicant family's self-reported housing history, DHS conducts field investigations within the City's five boroughs, assigning teams of two fraud investigators who visit the addresses the applicant provides and attempt to interview primary tenants⁴ and/or persons DHS refers to as collateral sources.⁵ Collateral sources may include current residents and neighbors at any addresses given by an applicant family. DHS also conducts investigations by phone with collateral sources, particularly including in its efforts to verify applicants' reported periods and places of residence outside the five boroughs.⁶

If DHS needs additional information beyond that reported by the applicant to investigate an element of an applicant family's housing history, such as an address where the family resided during a given time frame, and/or a primary tenant's name and phone number, DHS will request it from the applicant family. The agency makes that request by issuing an appointment notice to the applicant, either giving it to the applicant during the intake interview or leaving it under the door of the unit where the applicant is conditionally placed during the investigation period at a later time. The appointment notice refers to the address or time frame in question and requests

⁴ DHS refers to the principal occupant of a residence as the primary tenant.

⁵ DHS refers to the field investigators assigned to verify applicants' self-reported housing histories as fraud investigators.

⁶ Phone investigations can be conducted by family workers, fraud investigators, or team leaders at any time during an application.

that the applicant appear with additional contact information or supporting documents to facilitate DHS' investigation.⁷ If the applicant does not return with the requested information, DHS may find the applicant ineligible on the basis of non-cooperation.

In addition to seeking information from the applicant, DHS is required, by New York State Administrative Directive 94 ADM-20, to assist applicants "in obtaining information or documentation relevant to the verification of eligibility." DHS' own Guidelines for Eligibility Investigations state, "The agency is required to make reasonable efforts to verify eligibility" including "through phone calls, interviews, [and] computer checks." In that regard, DHS representatives stated that the agency uses three electronic information systems, WMS, Worker Connect, and Accurint/LexisNexis, to assist applicants in compiling their housing histories and establishing eligibility for temporary housing assistance.

Through its verification process, DHS determines that a family is eligible for DHS-provided shelter if PATH employees: (1) are able to verify, through field and/or phone investigations, that the family stayed at the residences listed in its two-year housing history; and (2) conclude that the family has no viable housing options at any of those residences. Families found eligible for temporary housing assistance remain in the shelter where they were conditionally placed, and DHS works with the family to make the transition to permanent housing.

However, DHS will determine that a family is ineligible for DHS-provided shelter if: (1) the family provided an unverifiable two-year housing history; or (2) the agency determines that other viable housing options are available to the family. Families found ineligible for further services are required to leave the conditional shelters upon notification of ineligibility. Ineligible families are also informed of their rights to a DHS Legal Conference, a State Fair Hearing, and to reapply for shelter at PATH.⁸

According to data obtained from CARES, during the period January 1, 2019 through March 10, 2020, DHS received 86,245 applications that 52,869 applicants filed during the same period. That total consisted of 46,200 applications filed by 20,095 families with children, of which 31,223 (68 percent) were reapplications; 31,294 applications filed by 31,169 single adults; and 8,751 applications filed by 2,659 adult families.⁹

This audit focused on the 46,200 applications from 20,095 families with children. Of those 46,200 applications, DHS determined that the applicants in 14,763 (32 percent) were eligible for DHS-provided shelter and that the applicants in 19,524 (42 percent) were ineligible. Of the 11,913 (26 percent) remaining applications (those that were not resolved by a determination of eligibility or ineligibility), DHS resolved 11,626 through other actions, including connecting the families with HRA programs, voluntary discontinuations of the DHS application process by the applicants, and placements of the families in domestic violence shelters. DHS had not recorded determinations for 287 (0.6 percent) of the applications, as of March 23, 2020.¹⁰

⁷ Time frame refers to periods in an applicant's housing history that are not associated with an address.

⁸ If the applicant disagrees with the decision, the applicant can request a DHS Legal Conference conducted by a DHS attorney or a State Fair Hearing, which is conducted by an Administrative Law Judge from the New York State Office of Temporary and Disability Assistance, Office of Administrative Hearings.

⁹ With respect to the 46,200 applications filed by families with children, after subtracting the 31,223 reapplications, the remaining 14,977 applications consisted of 12,185 new applications and 2,792 rollover applications in which an applicant returns to PATH after violating the curfew.

¹⁰ The 11,913 other types of determinations included 2,301 that were diverted (that is, where the applicants accepted HRA's assistance for other programs instead of continuing with the temporary housing assistance application process), 8,993 where the applicants voluntarily made other arrangements (MOA), 332 where the families were placed in domestic violence (DV) shelters, and 287 that remained undetermined at the end of the testing period.

Objective

To determine whether DHS has adequate controls over the determination of eligibility for temporary housing benefits for homeless families with children.

Scope and Methodology Statement

The audit scope is January 1, 2019 through March 10, 2020.¹¹

We conducted this 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

Discussion of Audit Results with DHS

The matters covered in this report were discussed with DHS officials during and at the conclusion of this audit. A preliminary draft report was sent to DHS and was discussed with DHS officials at an exit conference held on November 17, 2021. On December 10, 2021, we submitted a draft report to DHS with a request for comments. We received a written response from DHS on December 27, 2021.

In its response, DHS agreed to implement four of the audit's five recommendations (#s 1, 2, 3 and 5). With regard to the remaining recommendation (#4 – to identify and utilize additional investigative resources to assist applicants in verifying their housing histories), DHS contended that it was already in compliance. However, that assertion is belied by our audit findings.

Additionally, DHS contends in its response that the report contains a number of inaccuracies and omissions. DHS states,

Although we have repeatedly pointed this out to the auditors, the shelter eligibility process that currently exists does not resemble the process that existed during the pre-pandemic audit period because of the public health emergency modifications that we made beginning in March 2020. Non-audit staff in the Comptroller's office have been well-aware of these changes while the auditors are willfully ignoring them. To release a report without acknowledging the sea change is indefensible.

The public health changes referred to by DHS primarily relate to the agency waiving the requirements that (1) families that reapply for temporary housing assistance after being found ineligible to receive such assistance must nonetheless leave their conditional shelter placements and (2) documentation and discussions relating to such re-applications must be submitted or made in person at the PATH intake center. However, these changes were not in effect during the audit scope period, which covered the period January 1, 2019 through March 10, 2020. More importantly, the fact that DHS now allows families reapplying for assistance to stay in conditional placements, and does not require that they visit PATH during the reapplication process, has no

¹¹ January 1, 2019 through March 10, 2020 is the date range of the population data for families with children who applied for THA Benefits.

bearing on the audit's primary finding, which is that DHS did not ensure that its personnel complied with applicable procedures in verifying applicants' two-year housing histories before finding those applicants ineligible. Consequently, we find no merit in DHS' argument.

With regard to our finding that DHS did not ensure that staff followed State directives, the agency stated,

The auditors opine that the Agency is not following State eligibility directives. However, the State regulator has not taken that position. In fact, as the auditors have been advised, the State oversight agency has recently approved modifications to DHS's eligibility procedure to reflect the current practice. Again, the auditor's failure to acknowledge these objective facts and to opine to the contrary are indefensible.

DHS does not indicate when the State "recently approved" DHS' modifications to its eligibility procedures. Notably, DHS did not share this information with auditors during the course of the audit; the exit conference was the first instance in which DHS raised this argument. Further, although requested, DHS has declined to provide us with the updated guidelines that were purportedly approved by the State. In the absence of such evidence, we have no basis upon which to alter our finding.

Regarding sample selection, DHS stated,

The auditors' sample was highly non-random and focused on a very small number of families which were outliers in the reapplication process. ... Specifically, the report selects 10 families with the highest number of reapplications, combines these outliers with a small random sample, and presents results as though they be extrapolated to the full population. This is statistically misleading, especially because most of the reapplications in the report were drawn from the non-random outlier sample.

In contrast to DHS' claim of extrapolation, as noted in the Detailed Scope and Methodology Section of the report, our results are "not statistically projected to their respective populations." Generally accepted government auditing standards (GAGAS) do not require that audit sample results be statistically projected to the population from which the samples were drawn. To have done so in this case would have required a time-consumingly large sample. As per GAGAS, selecting a targeted sample is appropriate when risk factors have been identified to merit such a selection. For the purposes of this audit, the risk factor we identified was that persons may be inappropriately denied temporary housing assistance. Consequently, our sample consisted of 50 families that filed multiple applications (including 10 that had the highest number of reapplications) and we determined whether DHS complied with applicable eligibility determination procedures in processing their applications.

In its response, DHS also comments on a procedure that has no relation to the findings contained in the draft report submitted to the agency for comment. (That procedure was referenced in a preliminary document sent to DHS to help facilitate discussions at the exit conference.) Consequently, DHS' argument has no relevance to the issues discussed in this report.

After carefully reviewing DHS' arguments, we found no basis to change any of the report's findings or conclusions.

The full text of DHS' response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DHS lacks adequate controls over critical aspects of its investigations to determine the eligibility of families with children for temporary housing assistance. Specifically, DHS did not ensure that its personnel complied with agency policy, guidelines and procedures, or with State Administrative Directives regarding actions they should have taken to verify applicants' two-year housing histories before finding them ineligible. We found that staff denied families' applications, including multiple reapplications, without providing evidence of an investigation for one or more of the prior residences the families identified and without assisting them, as DHS and State policy require, with efforts to obtain the necessary information.

In a sample of 50 applicant families, DHS deemed 33 applicant families ineligible due to non-cooperation. Our review of applications filed by 21 of the 33 families revealed that DHS did not adequately attempt to assist these 21 families with efforts to obtain the information DHS needed for its investigations. Although DHS identified three electronic information systems—Accurint/LexisNexis, WMS, and Worker Connect—its staff can use to help obtain applicants' collateral contact information and otherwise assist them in establishing verifiable housing histories, we found little evidence that DHS used these systems to assist these families.

In addition, for many of the applications filed by all 21 families, DHS had no evidence that an investigation was conducted for one or more of the prior residences the applicants listed. These 21 families filed an average of more than 15 applications each during our 14-month audit scope period. DHS ultimately found 14 of the families eligible, but only after denying anywhere from 1 to 38 of their previous applications.

Apart from the abovementioned issues, we also found that DHS staff generally processed applicant families' applications for temporary housing assistance timely, including by conditionally placing the families in a shelter on the same day families applied.

Nonetheless, as a result of the deficiencies noted above, it is questionable whether all of the abovementioned temporary housing assistance denials were appropriate. Consequently, there is a significant risk that families were delayed or denied temporary housing assistance for which they may have been eligible.

In addition, the audit revealed a flawed system in which families with children repeatedly filed applications with DHS—68 percent of the applications DHS received from such families during our audit scope were reapplications. Among the families in our sample, DHS denied numerous applications and reapplications, citing the families' noncooperation. The families again reapplied, obtaining or maintaining conditional placement in a shelter with each application and reapplication. The cycle repeated, for a maximum of two years, at which point some of the families established a two-year housing history in conditional shelter, which DHS might then deem a verified housing history.

Finally, the audit found that DHS lacks clear procedures that adequately reflect the agency's current policies. Specifically, we found that senior officials have not clearly communicated agency procedures throughout the agency to ensure that line staff are correctly informed regarding the policies and procedures governing the process for determining families' eligibility for temporary housing assistance. This deficiency may have contributed, in part, to some of the weaknesses identified in this audit.

The details of these findings are discussed in the following sections of this report.

DHS Did Not Investigate Families' Housing Histories in Accordance with Its Eligibility Determination Procedures

Before DHS determines whether a family is eligible or ineligible for temporary housing assistance, it must investigate to ascertain whether other housing options, apart from DHS-provided shelter, are available to the family. Pursuant to DHS' Guidelines for Eligibility Investigations, "The agency is required to make reasonable efforts to verify eligibility" including "through phone calls, interviews, [and] computer checks." New York State Administrative Directive 94 ADM-20 also requires DHS to assist applicants "in obtaining information or documentation relevant to the verification of eligibility." In that regard, DHS told us on numerous occasions that, in cases where applicants cannot remember all the details of their two-year housing history, DHS will conduct computer-assisted searches, or third-party research, using information systems and applications available to it, specifically, WMS, Accurint/LexisNexis, and Worker Connect, and will interface with relevant HRA units in efforts to explore all avenues to aid with substantiating an applicant's two-year housing history.

Our audit found that, in a sample of 50 applicant families, DHS deemed 33 applicant families ineligible due to non-cooperation. However, DHS failed to conduct adequate investigations and failed to assist the applicants before finding 21 (64 percent) of the 33 applicant families ineligible. Those 21 families filed an average of 15 applications each—ranging from 1 to 39 applications—during our 14-month audit scope period.¹² In some cases, DHS conducted *no* investigations before deeming the applicant families ineligible for non-cooperation. Following repeated re-applications, DHS subsequently found 14 of these 21 families eligible for housing assistance, but only after denying anywhere from 1 to 38 of their previous applications.

According to DHS, the 21 applicant families were denied eligibility for housing assistance because they reportedly did not cooperate with DHS' investigations and did not provide the information DHS needed to investigate and verify their prior residences, such as the names, addresses, and contact numbers for individuals with whom they had resided throughout the two-year periods preceding their applications.

However, by not investigating the applicants' reported housing histories, DHS failed to adhere to its own requirements. Specifically, according to DHS, the agency "is required to explore all avenues to aid with substantiating an applicant's two-year housing history" and is required to complete WMS, Worker Connect, and Accurint/LexisNexis searches even if the applicant is unresponsive to the appointment notices DHS issues. In relation to that requirement, DHS claimed that "in all circumstances, DHS makes reasonable efforts in applications to verify [the] applicant's information" and confirmed that those efforts are required in *all* instances, regardless of whether the applicant shows up for an appointment. DHS also claimed that it "makes every effort to assist the applicants who respond to the appointment notice but cannot provide any additional information." However, our findings contradict DHS' claims, as detailed below.

DHS Did Not Utilize Its Resources during Investigations to Verify Housing Histories

For 21 sampled applicant families that DHS found ineligible due to non-cooperation, DHS lacked evidence that an adequate investigation had been conducted prior to that determination. For each of these 21 applicant families, DHS issued appointment notices stating that the agency needed

¹² Of the 50 applicants sampled, 33 involved families who applied two or more times for temporary housing assistance, ranging from 1 to 39 applications. Of the remaining 17 applicants sampled, 14 were deemed eligible during the first application, two families first made other arrangements (MOA) before they were found eligible, and one family applied for an add-on to the family composition and was subsequently found eligible.

additional information from them. However, DHS conducted timely searches for relevant information using Accurant/LexisNexis for only 3 (14 percent) of the 21 applicant families. (We considered the searches timely if DHS conducted them in response to the applicant family’s first or second application filed during our audit scope period.) Moreover, although DHS conducted timely searches for these three applicants, it neither followed up on the information it obtained through those searches nor documented its reasons for not doing so.

DHS’ records in CARES indicate that the agency also failed to provide adequate and timely assistance to the remaining 18 (86 percent) of the 21 applicant families for whom it lacked evidence of an adequate investigation. For 8 of the 21 applicant families, DHS made *no* effort (e.g., did not use Accurant/LexisNexis, did not conduct further interviews) to investigate their eligibility. For each of the remaining 10 applicant families, DHS conducted a search using Accurant/LexisNexis; however, it did not do so until each applicant family had filed multiple reapplications—ranging from 3 to 26 applications per family, as indicated in Table I below. Moreover, for 8 of the 10 families, DHS neither followed up on the information it obtained through the searches it conducted, nor documented its reasons for not doing so.

Table I

Stage in Application Process That
DHS Conducted Accurant/LexisNexis
Search

Applicant	First Time DHS Conducted LexisNexis Search During the Application Process ¹³
A	13 th Application
B	9 th Application
C	19 th Application
D	7 th Application
E	3 rd Application
F	13 th Application
G	18 th Application
H	19 th Application
I	26 th Application
J	9 th Application

As shown in the table above, DHS did not use its resources to assist these applicant families until they had submitted multiple (at least 3) applications—6 of the families each submitted 13 or more

¹³ To account for the review of when Accurant/LexisNexis searches were conducted for applicants, we began the count either from the beginning of an applicant’s chain of applications or from the last time the applicant was found eligible for DHS’ temporary housing assistance.

applications before DHS conducted an Accurint/LexisNexis search, with 1 family finally receiving assistance on their 26th application.

To determine whether DHS had sufficient information to conduct an investigation, we reviewed DHS' CARES records for the 21 applicant families and conducted our own online Google searches and through Accurint/LexisNexis to obtain information concerning their housing histories. Through our searches we found information pertaining to 20 of those families' prior living arrangements that DHS could have potentially utilized to conduct its investigations. Such information included possible prior addresses, criminal records, relatives, neighbors and associates. Had DHS more fully utilized its investigative resources in these cases, these 21 families may not have needed to apply and reapply as many times as they did, as DHS could likely have determined their eligibility based on substantive grounds, i.e., their verified housing histories and the availability or absence of viable housing alternatives, rather than by finding them ineligible for non-cooperation.

During the audit, we asked DHS several times to explain the methods it uses to obtain information necessary to investigate applicant families' two-year housing histories in instances where the applicants did not provide sufficient contact information. DHS stated that it "explores all avenues to assist the applicants" in such cases. However, DHS acknowledged that its investigative methods are limited to checking Accurint/LexisNexis, WMS, and Worker Connect to verify an applicant's claims. Notably, these methods are *not* utilized to obtain the contact information needed to complete the required field and/or phone investigations.

When asked why DHS does not use other search methods, DHS representatives responded in substance that only Accurint/LexisNexis, WMS, and Worker Connect yielded consistent and uniform results and that the agency *cannot* use methods, such as internet search engines, that might not provide consistent and uniform results for each applicant. However, pursuant to DHS' written guidelines, the agency has the option to utilize additional databases and resources to gather information; the guidelines do not even mention the three electronic systems the agency uses and do not provide its staff with direction or guidance in their use. Moreover, DHS' explanation for limiting its records searches to three sources—uniformity and consistency—is undercut by other statements DHS made during the audit, specifically, that each case is unique and should be evaluated on a case-by-case basis and that there were no "cookie-cutter" cases and solutions.

During the exit conference, as well as subsequently in a written response, DHS officials raised a number of arguments as to why they did not believe they should be conducting additional searches.

First, DHS argued that the burden is on the applicant to provide clear, accurate and verifiable information, and that it was not up to DHS to elicit those details from other sources. We do not disagree that the applicant has the primary burden of providing verifiable information. However, we do not agree with the argument that DHS has no obligation to provide assistance when the applicant is unable to do so.

Second, DHS argued that investigating possible addresses or interviewing individuals that were not provided by the applicant would be considered "extraordinary" efforts on its part and might violate client confidentiality or put families at risk by disclosing to third parties that a family is in a shelter. However, this argument is not persuasive, as DHS can obtain an applicant's consent, if it decides such consent is needed, before conducting additional searches or contacting individuals identified through such searches. Notably, DHS already contacts collateral sources at the

addresses applicants report without necessarily limiting those contacts to individuals the applicants identify.

Agency Comment: “It is neither practical nor advisable for DHS to reach out to find contacts that applicants did not list on the Temporary Housing Application. Reaching out to such contacts could violate the family’s privacy and, in some cases, put the families in danger. The auditing team suggests that DHS could reach out to possible contacts and then get permission from the clients, who did not give these contacts themselves. The suggestion that DHS would get this permission is questionable when the clients did not give these contacts themselves and would be burdensome to clients who have made the decision as to which of their contacts DHS should speak with about the client’s needs.”

Auditor’s Response: DHS appears to be making an assumption regarding the feasibility of obtaining applicants’ permission to contact possible contacts, while at the same time presuming that the applicants’ failure to list the contacts was intentional, rather than an oversight on the part of the applicants. Since DHS does not conduct such outreach, we question the basis of DHS’ argument that such outreach would impose a burden on the applicants. In addition, we are not suggesting that “DHS could reach out to possible contacts and then get permission from the clients”; rather, we suggest that DHS acquire such permission *prior* to reaching out to possible contacts.

Third, DHS argued that Accurint/LexisNexis searches may not always aid with the eligibility determination, citing cases where the search it conducted did not produce the information it needed. However, the fact that a search might not yield a positive result is not grounds for neglecting to conduct the search in the first place.

Finally, DHS argued that it cannot conduct searches in instances where it is missing an applicant’s housing history and where the prior housing address is unknown. However, that is precisely the situation under which Accurint/LexisNexis searches could be useful, for example, by helping an applicant locate or remember information that can be used to help DHS verify the applicant’s housing history. In the case of an unknown address, DHS’ searches might uncover other information, such as relatives, neighbors, and associates, who might then provide further information and assist with the eligibility process.

DHS Did Not Conduct Required Investigations to Verify Housing Histories

DHS is required to investigate each address the applicant lists as a place of residence in the family’s two-year housing history. Our review of the 249 applications filed by 21 families in which DHS found the families ineligible—on the ground that their non-cooperation resulted in an unverified two-year housing history—revealed that DHS did not perform all of the required field and/or phone investigations for 103 (41 percent) of them, pertaining to all 21 applicant families. Specifically, applicants reported 286 periods of residence on these 103 applications that required investigations, but DHS failed to investigate 151 of them.

We asked DHS why it did not investigate 151 periods of residence at the addresses applicants provided as its procedures required. Following are summaries of DHS’ responses, followed by auditors’ observations related to each response:

- For five periods of residence and associated addresses, DHS disputed our finding and stated that it had investigated those addresses in accordance with its procedures and requirements.

Auditors' observation: DHS neither identified nor provided evidence in CARES to support its claim.

- For 121 periods of residence and associated addresses, DHS stated that the reason it had not investigated them was that the applicant families had not responded to DHS' appointment notices requesting that they provide phone numbers for primary tenants or other information DHS needed for its investigations of their housing histories.

Auditors' observation: According to DHS, it is required to use all of its resources to assist the applicants in obtaining collateral contact information even if the applicant is unresponsive to the appointment notices DHS issues.

- For two periods of residence, applicants reported out-of-state addresses (a shelter and a housing complex). DHS stated that the investigative team (family workers, fraud investigators, and team leaders) is limited in its searches to Accurint/LexisNexis, WMS, and Worker Connect, all of which lacked sufficient contact information concerning the addresses in question to enable DHS personnel to conduct the investigations.

Auditors' observation: Through our own internet research, using the names of the shelter and the housing complex identified by the applicants, as well as the states where they are located, we were able to find the contact information needed to enable phone investigations.

- For 12 periods of residence and associated addresses, the applicants claimed to have stayed in City shelters *managed by DHS*. DHS claimed that its investigative team is limited in its searches to Accurint/LexisNexis, WMS, and Worker Connect and those systems lacked sufficient contact information about the addresses in question to enable DHS personnel to conduct the investigations.

Auditors' observation: We found evidence in CARES—DHS' own system of record—that a PATH team leader, in a different investigation, contacted a DHS shelter by phone in an attempt to verify an applicant's housing history. Consequently, it appears that DHS could have contacted the shelters to verify the applicant's length of stay. DHS has not explained why its staff failed in these 12 instances to call one of its shelters and verify the applicant's claim.

- For 11 periods of residence, the applicants claimed that they were admitted into hospitals during the periods in question. DHS stated that none of them had proper documentation (e.g., discharge papers) to verify their hospital stays and, as a result of the Health Insurance Portability and Accountability Act (HIPAA), hospitals will not share a patient's personal information (such as a hospital stay) with DHS.

Auditors' observation: HIPAA does not preclude DHS from asking the applicant to call the hospital during the intake interview to request that the hospital forward the necessary documentation to either the applicant or to DHS. Notwithstanding HIPAA laws, DHS is still able to assist the applicant in obtaining the required information by transmitting written requests electronically on the applicant's behalf from a DHS facility, with the assistance of a DHS family worker.

When DHS staff do not make *all* "reasonable efforts to verify eligibility" and investigate the housing histories provided by families "through phone calls, interviews, [and] computer checks," the agency potentially places undue burdens on families already burdened by having to seek temporary housing assistance. Without improving its controls over the investigatory phase of its eligibility determination process, DHS increases the risk of delaying or denying temporary housing assistance to eligible families.

In addition, with respect to our sample of 50 families with children, DHS' practice of denying numerous applications on the ground of the applicants' non-cooperation—without adequately investigating their housing histories—resulted in unnecessary reapplications, delays and uncertainty for 21 families. Those families were repeatedly denied assistance, repeatedly reapplied, and were repeatedly placed conditionally in shelter without DHS' either verifying their pre-shelter housing histories or determining whether viable housing alternatives were available to them. This cycle continued for up to two years in some cases, which is the time it took for four of the reportedly uncooperative families to establish verifiable two-year housing histories by default—through a series of conditional placements in DHS-provided shelter. In those four instances, and others, the repetitive cycle of reapplications and temporary shelter placements produced outcomes based largely on attrition rather than on the families' actual pre-application housing histories and the availability or unavailability of viable alternatives to DHS-provided shelter. The result was a seemingly wasteful allocation of resources in which DHS repeatedly processed and denied multiple applications for alleged non-cooperation, while it placed the affected families repeatedly in conditional shelter, rather than conducting effective investigations to enable fact-based eligibility determinations at the time of the families initial applications.

DHS Lacks Adequate, Clear, and Updated Policies and Procedures

According to New York City Comptroller's Directive #1, *Principles of Internal Control*, at Section 4.3, *Control Activities*, "Internal control activities help ensure that management's directives are carried out. They are, basically, the policies, procedures, techniques, and mechanisms used to enforce management's direction. They must be an integral part of an agency's planning, implementing, review and accountability for stewardship of its resources."

Although DHS has created eligibility guidelines that its staff are required to follow when determining whether a family is eligible for temporary housing assistance, DHS management has not demonstrated that updates to those guidelines are effectively documented and disseminated to staff. As indicated below, during our audit, we found several areas where DHS' practices were either inconsistent with its written policies or where its written policies did not document the processes its representatives described as agency policy or practice.

- During the audit, DHS officials told us that the agency uses Accurint/LexisNexis, WMS, and Worker Connect to obtain the addresses and contact information needed to complete the required field and/or phone investigations. However, the agency's written guidelines make no mention of these systems and do not identify the circumstances under which such online searches should be conducted or the follow-up actions agency staff are supposed to take to use and further develop the information they uncover through the searches.
- DHS' written guidelines refer to "reasonable efforts" DHS should make to verify applicants' eligibility and state that DHS staff should conduct an "adequate investigation," but they provide no specific parameters or further guidance on what "reasonable efforts" consist of or what constitutes an "adequate investigation." Instead, the adequacy of such investigations is left up to the interpretation of each DHS employee processing a case.
- With regard to applicants classified as "street homeless," fraud investigators at PATH told us that they interview people at places where the applicants may have been known, such

as fast food establishments, places of worship, and food banks.¹⁴ However, during the exit conference, DHS contradicted these statements and claimed that the steps that agency investigators described to us are not practical and cannot be done. Notably, the guidelines are silent regarding the steps that fraud investigators *should* take to verify the eligibility of “street homeless” applicants who are unable to provide the addresses of specific residences.

- At the conclusion of our audit, DHS officials disputed the audit criteria we had applied to the applicants who had reapplied within the 45- and 30-day time periods. The officials claimed for the first time, contrary to the agency’s previous statements, that the 45- and 30-day time periods requiring new field and phone investigations, respectively, did not apply in cases where applicants were deemed ineligible due to non-cooperation but only to cases where applicants were deemed ineligible due to the availability of other viable housing options. However, not only was that claim inconsistent with the information DHS had previously provided and confirmed in writing on numerous occasions during the audit, including in responses to our questions, but we also found no support for it in DHS’ written policies and procedures. With respect to the 30- and 45-day periods, DHS’ written policies and procedures make no clear or obvious distinction between applicants who are deemed ineligible due to non-cooperation or those deemed ineligible due to the availability of other viable housing options.

At best, the above gaps and inconsistencies affecting DHS’ written policies, procedures, and statements illustrates that senior officials have not clearly communicated agency procedures throughout the agency to ensure that line staff are correctly informed regarding the policies and procedures governing the process for determining families’ eligibility for temporary housing assistance.

During the exit conference, DHS officials acknowledged that its policies and procedures could be “tightened” but stated that the policies were clear to DHS staff processing the applications. However, that claim is belied by the fact that we received one set of responses from DHS employees and officials during the course of the audit and contradictory information at the conclusion of the audit. In addition, DHS has no clear time frame for updating its guidelines, which contain outdated procedures and terminology that is no longer used by the agency. In December 2020, DHS told us it was in the process of updating its guidelines but gave us no date of completion. In May 2021, DHS gave us a target date of September 2021, which it later changed to January 2022.

DHS’ failure to update, implement, and follow uniform, consistent, and effective investigative procedures appears to be a contributing factor to the deficiencies found in the audit. By not ensuring that rules, policies, and procedures are updated and conveyed to—and followed by—all staff responsible for carrying out the process of determining applicants’ eligibility, DHS increases the risk that cases will be processed incorrectly.

Recommendations

1. DHS should ensure that it investigates all applicant families’ housing histories and options in accordance with its guidelines and procedures, until each applicant family’s housing history is properly investigated.

DHS Response: DHS believes it is already in compliance with the recommendation; nevertheless, it agreed to implement the recommendation.

¹⁴ Street homelessness is defined as the situation when someone lives on the streets, with nowhere to sleep at night.

DHS stated that it “already investigates all applicant families’ housing histories and options in accordance with guidelines and procedures.”

“Following State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures that impact PATH. This work includes updating and conducting refresher trainings for PATH staff. The first procedure and training that is part of this effort was published on November 30, 2021, and trainings began on December 8, 2021.”

Auditor Comment: DHS’ claim that it investigates all applicants’ housing histories and options in accordance with guidelines and procedures is contradicted by our audit findings, which found that for applications filed by 21 out of 33 sampled families, DHS did not adequately attempt to assist them by obtaining the information needed by the agency.

Nonetheless, we are encouraged that DHS is updating its written guidelines and procedures and that it will provide refresher training to its staff. Part of that update should include guidelines on ensuring that each applicant family’s housing history is properly investigated.

2. DHS should revise its written guidelines and procedures to require that intake staff who interview applicants who report a hospital stay as part of the family’s housing history assist the applicant in obtaining the required documentation from the hospital.

DHS Response: DHS agreed to implement the recommendation, stating that “[f]ollowing State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures to require DHS intake staff to provide additional assistance to applicants who report a hospital stay but do not have documentation readily available.

DHS clarifying steps staff should take including assisting applicants with accessing the newly developed hospital portals and assisting applicants with uploading identification into these portals for hospital stay documentation to support their shelter application.”

3. DHS should update its written guidelines and procedures to include and mandate its staff to perform database research using tools and resources, such as Accurint/LexisNexis, WMS, Worker Connect, CARES, and other internet and web-based searches, to verify each applicant family’s two-year housing history.

DHS Response: “The recommendation ignores DHS’s policies and practices, including its adherence to the directives of the State regulatory oversight agency.

DHS does not agree that staff should be mandated to perform searches in Accurint/LexisNexis, WMS, Worker Connect, CARES, and other internet and web-based searches, to verify **EVERY** applicant family’s two-year housing history because these searches are not useful in all circumstances. For example, CARES would only be used to verify the two-year housing history if the applicant family claimed to have resided in shelter during the two-year period. If there has been no United States residence, Accurint Lexis Nexis would not be useful, and with no New York State residence, WMS would not be useful. Another example would be if the applicant was incarcerated for the entire two-year period. In that case, DHS would utilize the DOCS system. We explained to the auditors that each case is unique, and each applicant family brings their own individual set of circumstances,

therefore decisions about which tools to use as part of the investigation must also be individualized. [Emphasis in original]

However, DHS understands the value of these tools and, following State approval of modifications to its overall eligibility procedures, DHS believes a more nuanced approach is warranted. As such, DHS intends to update its written guidelines and procedures to clarify when each database research tool may be helpful and require that staff use such tools in specific circumstances.”

Auditor Comment: In its response, DHS discusses at length the instances in which certain tools would not be useful, apparently disregarding the intent of this recommendation. We are not recommending that the same set of tools be utilized for each investigation; we acknowledge that each case is unique to the circumstances surrounding it. However, as stated in this report, we found no clear guidance for staff regarding when these tools can and should be utilized. In addition, as indicated in the report, we conducted our Google and Accurant/LexisNexis searches for 21 families and found information pertaining to 20 of them that DHS could have potentially utilized to conduct its investigations had the agency conducted its own searches. Nonetheless, we are encouraged that DHS acknowledges the overall merits of this recommendation and has agreed to implement it.

4. DHS should identify and utilize additional investigative methods and resources as part of its effort to assist applicants in verifying their housing histories, by contacting or visiting shelters where applicants report they resided and community-based programs and establishments.

DHS Response: DHS believes it is already in compliance with the recommendation, stating that “DHS intake staff already contact shelters if CARES does not verify a claimed shelter stay, and the family was recently logged out of shelter. DHS intake staff also contact community-based programs and establishments when applicants provide specific contact information.”

Auditor Comment: As indicated in the report, we identified 12 instances (pertaining to four sampled families) where DHS staff failed to contact City shelters managed by DHS at which the families reportedly stayed for a period of time, in conflict with the agency’s assertion that its staff contacts shelters. Accordingly, we urge DHS to ensure that its staff fully implement this recommendation.

5. DHS needs to ensure that its policies and procedures are clear, updated regularly, distributed to all of its employees in writing, and followed by all employees consistently.

DHS Response: DHS believes it is already in compliance with the recommendation; nevertheless, it agreed to implement the recommendation. DHS stated that it “has systems in place to ensure that its policies and procedures are clear, distributed to all of its employees in writing, and followed by all employees consistently. Following State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures that impact PATH.

This work includes updating and conducting refresher trainings for PATH staff. The first procedure and training that is part of this effort was published on November 30, 2021, and trainings began on December 8, 2021.”

Auditor Comment: Despite DHS’ assertion of compliance, as indicated in prior sections of the report, DHS lacks clear written policies and procedures that adequately reflect the agency’s current policies. Specifically, the audit found several instances where senior officials did not disseminate written agency procedures and failed to clearly communicate expected procedures throughout the agency. Nevertheless, we are encouraged that DHS is intending to update its written guidelines and procedures and provide refresher training to its staff.

DETAILED SCOPE AND METHODOLOGY

We conducted this 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of this audit was January 1, 2019 through March 10, 2020.

To obtain an understanding of the policies that govern the eligibility determination process for temporary housing assistance for families with children, we reviewed the following:

- New York State Administrative Directive 16-ADM-11 Temporary Housing Assistance - Consolidation and Clarification of Policy;
- New York State Administrative Directive 94 ADM-20 Preventing Homelessness and Providing Assistance to Homeless Persons;
- DHS Procedure 06-500 Review of Re-applications for Temporary Housing Assistance; and
- DHS Guidelines for Eligibility Investigations.

Additionally, to obtain an understanding of the overall eligibility and placement process, we met with DHS' PATH Assistant Commissioner; PATH Associate Commissioner; and two PATH Directors. To identify the security measures used to store the applicant's information into CARES, we met with the IT Advisor to the DHS Administrator, the HRA Office of Planning and Program Management (OPPM) Assistant Deputy Commissioner, and the OPPM Director.

To obtain an understanding of the intake and housing history investigations, we met with the DHS PATH Family Workers, PATH Team Leaders, and DHS PATH Fraud Investigators. We observed two Family Workers interviewing the applicants for temporary housing assistance and we interviewed a Team Leader about the final eligibility determination steps.

To determine whether DHS complied with applicable eligibility determination procedures, we selected a targeted sample of 10 applicants from the period of January 1, 2019 through March 10, 2020, with the most number of applications (25 to 39 applications) during this time period, and then selected an additional sample of 40 randomly selected applicants out of 16,637 applicants, for a total sample size of 50 applicants who applied for temporary housing assistance from the period of January 1, 2019 through March 10, 2020. The 50 applicants applied for temporary housing assistance 413 times within our scope period. We reviewed the following pages and documents in CARES that are vital during the eligibility determination process for temporary housing assistance:

- Intake Questionnaire pages—information provided by the applicant family at the time of application.
- Case Outcome page—compilation of the information in CARES used by the reviewer to make an eligibility determination. It also contains the final determination made by the review and any evidence of secondary review.

- Housing History tab—contains applicant’s housing history information.
- Investigations tab—contains field investigation report and phone investigation notes for the addresses that were investigated.
- Document Repository—applicant identification documents and documents related to housing history investigations.
- Client Worksheet—a document filled out by the applicant with their two-year housing history information. This document is uploaded into the Document Repository.

To determine whether applicants were processed timely, we compared the application time and date to the “intake complete – awaiting assignment” time and date on the applicant’s home page in CARES. We then compared the application time and date to the conditional assignment complete time and date. To determine whether the applicants’ housing history was investigated by DHS staff and in accordance with Procedure 06-500, we identified the addresses and time frames from the Case Outcome pages for 21 applicants who were deemed ineligible on the basis of non-cooperation. We looked up these addresses in the CARES investigation tabs to determine whether the addresses were investigated prior to the final eligibility determination. In addition, we reviewed the document repository tab for any documentation relating to the addresses and time frames in question.

To determine whether DHS used all reasonable avenues of verification to assist the applicant families, we reviewed Case Outcome and Case Notes for evidence of Accurint/LexisNexis, WMS, and Worker Connect searches for the 21 applicants. In addition, we used the applicants’ personal information in CARES and conducted Accurint/LexisNexis searches to locate collateral information. In instances where DHS could not verify an applicant’s housing history, we looked for appointment notices in the applicant files in CARES.

The results of the above tests, while not statistically projected to their respective populations, provided a reasonable basis for us to assess whether DHS has adequate controls to ensure that eligibility determinations are assigned in accordance with the agency’s procedures and guidelines.



**Department of
Social Services**

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Administration

Department of
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December 27, 2021

Ms. Marjorie Landa
Office of the City Comptroller
1 Centre Street, Room 1100
New York, NY 10007

Re: Agency Response to the Draft Audit Report on DHS' Determination of Temporary Housing Benefits for Families with Children MG20-070A

Dear Ms. Landa,

Thank you for sharing the draft report for the New York City Comptroller Office's Audit of DHS' Determination of Temporary Housing Benefits for Families with Children (MG20-07A).

Please find enclosed our response to address in detail the issues noted in your report. The response identifies a number of inaccuracies and omissions in the draft report that will mislead the public if they are not corrected. We ask that the final report be revised accordingly. Areas of particular concern include:

- Although we have repeatedly pointed this out to the auditors, the shelter eligibility process that currently exists does not resemble the process that existed during the pre-pandemic audit period because of the public health emergency modifications that we made beginning in March 2020. Non-audit staff in the Comptroller's office have been well-aware of these changes while the auditors are willfully ignoring them. To release a report without acknowledging the sea change is indefensible.
- The auditors opine that the Agency is not following State eligibility directives. However, the State regulator has not taken that position. In fact, as the auditors have been advised, the State oversight agency has recently approved modifications to DHS's eligibility procedure to reflect the current practice. Again, the auditor's failure to acknowledge these objective facts and to opine to the contrary are indefensible.
- Moreover, the auditors' sample was highly non-random and focused on a very small number of families which were outliers in the reapplication process, a process the auditors did not seem to understand, despite numerous attempts made by DHS to clarify. Specifically, the report selects 10 families with the highest number of reapplications, combines these outliers with a small random sample, and presents results as though they be extrapolated to the full population. This is statistically misleading, especially because most of the reapplications in the report were drawn from the non-random outlier sample. For context, 20,095 families submitted

applications during the pre-pandemic period when the auditors reviewed a now outdated process.

- Contrary to the auditors' unsupported assertions, and in accordance with the pre-pandemic guidance and procedures that the auditors were given, DHS does investigate all applicant families' housing histories. However, it is neither practical nor advisable for DHS to reach out to find contacts that applicants did not list on the Temporary Housing Application. Reaching out to such contacts could violate the family's privacy and, in some cases, put the families in danger. The auditing team suggests that DHS could reach out to possible contacts and then get permission from the clients, who did not give these contacts themselves. The suggestion that DHS would get this permission is questionable when the clients did not give these contacts themselves and would be burdensome to clients who have made the decision as to which of their contacts DHS should speak with about the client's needs. The auditors are proposing a highly intrusive requirement for clients.
- The report also misunderstands, misconstrues, and misapplies Procedure 05-600, despite DHS's efforts to clarify its application. This rule only applies to applications that are found ineligible for other housing to determine if a change in circumstances at an available housing resource would lead the Agency to conclude the housing resource is no longer available.

The agency remains committed to its mission of serving New York City's most vulnerable families and individuals in the most efficient and effective manner, while adhering to all applicable rules, regulations, and laws by which we are bound. We urge the Comptroller's office to refrain from issuing this flawed draft audit and to instead consider our suggestions for revisions so that it reflects the actual facts in this matter.

Nevertheless, we are confident that our progress and our response to this audit demonstrates the agency's commitment to continually improving our operations. Should you have any questions regarding the enclosed, please contact Victoria Arzu, Assistant Director, DSS Bureau of Audit Coordination at 929-221-7067.

Thank you for your consideration.

Yours sincerely,

Christine Maloney

Christine Maloney
Deputy Commissioner, Office of Audit & Quality Assurance Services

Enclosures

**NYC DEPARTMENT OF SOCIAL SERVICES
OFFICE OF AUDIT SERVICES
CORRECTIVE ACTION PLAN**



Audit Name: Draft Audit Report on the DHS' Determination of Temporary Housing Benefits for Families with Children
Audit Number: MG20-070A

Date: 12/27/2021

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 1:</p> <p>DHS should ensure that it investigates all applicant families' housing histories and options in accordance with its guidelines and procedures, until each applicant family's housing history is properly investigated.</p>	<p>The recommendation ignores DHS's policies and practices, including its adherence to the directives of the State regulatory oversight agency.</p> <p>DHS already investigates all applicant families' housing histories and options in accordance with guidelines and procedures.</p> <p>Also note that following State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures that impact PATH. This work includes updating and conducting refresher trainings for PATH staff. The first procedure and training that is part of this effort was published on November 30, 2021, and trainings began on December 8, 2021.</p>	<p>DHS Program – FWC</p> <p>OPPT</p> <p>OPDI</p>	<p>Any outdated Agency guidelines will be updated to reflect current practice, and associated trainings will be conducted.</p>	<p>Update guidelines and begin training by 1/31/22</p>
<p>Recommendation 2:</p> <p>DHS should revise its written guidelines and procedures to require that intake staff who interview applicants who report a hospital stay as part of the family's housing history assist the applicant in obtaining the required documentation from the hospital.</p>	<p>The recommendation ignores DHS's policies and practices, including its adherence to the directives of the State regulatory oversight agency.</p> <p>Following State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures to require DHS intake staff to provide additional assistance to applicants who report a hospital stay but do not have documentation readily available.</p> <p>DHS clarifying steps staff should take including assisting applicants with accessing the newly developed hospital portals</p>	<p>DHS Program – FWC</p> <p>OPPT</p> <p>OPDI</p>	<p>DHS will train staff to use the newly developed hospital portals to assist applicants in obtaining documentation related to hospitalizations.</p>	<p>February 2022/Ongoing</p>

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Date: 12/27/2021

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	and assisting applicants with uploading identification into these portals for hospital stay documentation to support their shelter application.			
<p>Recommendation 3:</p> <p>DHS should update its written guidelines and procedures to include and mandate its staff to perform database research using tools and resources, such as Accurant/LexisNexis, WMS, Worker Connect, CARES, and other internet and web-based searches, to verify each applicant family's two-year housing history.</p>	<p>The recommendation ignores DHS's policies and practices, including its adherence to the directives of the State regulatory oversight agency.</p> <p>DHS does not agree that staff should be mandated to perform searches in Accurant/LexisNexis, WMS, Worker Connect, CARES, and other internet and web-based searches, to verify <u>EVERY</u> applicant family's two-year housing history because these searches are not useful in all circumstances. For example, CARES would only be used to verify the two-year housing history if the applicant family claimed to have resided in shelter during the two-year period. If there has been no United States residence, Accurant Lexis Nexis would not be useful, and with no New York State residence, WMS would not be useful. Another example would be if the applicant was incarcerated for the entire two-year period. In that case, DHS would utilize the DOCS system. We explained to the auditors that each case is unique, and each applicant family brings their own individual set of circumstances, therefore decisions about which tools to use as part of the investigation must also be individualized.</p>	<p>DHS Program – FWC OPPT OPDI</p>	<p>Any outdated Agency guidelines will be updated to reflect current practice, and associated trainings will be conducted.</p>	<p>Update guidelines and begin training by 1/31/22</p>

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Date:12/27/2021

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 4: DHS should identify and utilize additional investigative methods and resources as part of its effort to assist applicants in verifying their housing histories, by contacting or visiting shelters where applicants report they resided and community-based programs and establishments.</p>	<p>However, DHS understands the value of these tools and, following State approval of modifications to its overall eligibility procedures, DHS believes a more nuanced approach is warranted. As such, DHS intends to update its written guidelines and procedures to clarify when each database research tool may be helpful and require that staff use such tools in specific circumstances.</p>			
<p>Recommendation 4: DHS should identify and utilize additional investigative methods and resources as part of its effort to assist applicants in verifying their housing histories, by contacting or visiting shelters where applicants report they resided and community-based programs and establishments.</p>	<p>The recommendation ignores DHS's policies and practices, including its adherence to the directives of the State regulatory oversight agency. DHS intake staff already contact shelters if CARES does not verify a claimed shelter stay, and the family was recently logged out of shelter. DHS intake staff also contact community-based programs and establishments when applicants provide specific contact information. These contacts are made by telephone since field investigations are reserved for residential locations to determine whether the location is a viable housing option. Such a visit is not necessary for shelter or community-based programs.</p>	<p>DHS Program – FWC OPPT OPDI</p>	<p>Any outdated Agency guidelines will be updated to reflect current practice, and associated trainings will be conducted.</p>	<p>Update guidelines and begin training by 1/31/22</p>

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OFFICE OF AUDIT SERVICES
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Date: 12/27/2021

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 5:</p> <p>DHS needs to ensure that its policies and procedures are clear, updated regularly, distributed to all of its employees in writing, and followed by all employees consistently.</p>	<p>Where an applicant does not provide specific information, DHS is unable to follow up. This is because it is impossible to contact a contact that was not provided by the applicant, and it is neither practical nor advisable for DHS to investigate possible contacts that were not provided by the applicant – which could result in disclosing confidential client information and potentially endanger the client.</p>			
<p>Recommendation 5:</p> <p>DHS needs to ensure that its policies and procedures are clear, updated regularly, distributed to all of its employees in writing, and followed by all employees consistently.</p>	<p>The recommendation ignores DHS's policies and practices, including its adherence to the directives of the State regulatory oversight agency.</p> <p>DHS has systems in place to ensure that its policies and procedures are clear, distributed to all of its employees in writing, and followed by all employees consistently. Following State approval of modifications to its overall eligibility procedures, DHS is updating written guidelines and procedures that impact PATH.</p> <p>This work includes updating and conducting refresher trainings for PATH staff. The first procedure and training that is part of this effort was published on November 30, 2021, and trainings began on December 8, 2021.</p>	<p>DHS Program – FWC OPPT OPDI</p>	<p>Any outdated Agency guidelines will be updated to reflect current practice, and associated trainings will be conducted.</p>	<p>Update guidelines and begin training by 1/31/22</p>