

COUNTY OF SUFFOLK



OFFICE OF THE COUNTY COMPTROLLER

JOHN M. KENNEDY, JR.
Comptroller

September 17, 2018

Mr. Frank Amalfitano, President/CEO
United Veterans Beacon House, Inc.
1715 Union Blvd.
P.O. Box 621
Bay Shore, NY 11706

**Re: Report on the Homeless Housing Support Services Contracts
Assignment No. 2015-06A**

Dear Mr. Amalfitano:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V), a limited scope review was conducted of the Homeless Housing Support Services contract between United Veterans Beacon House, Inc. (Agency) and the County for each of the fiscal years ending September 30, 2013 and 2014 (County Contracts). The County Contracts were administered by the Suffolk County Department of Social Services (DSS). This correspondence contains the results of our review.

Background

The Agency is a community based not-for-profit corporation founded in New York State in 1994 to provide temporary and permanent residences for U.S. Military veterans. The Agency's administrative office is located at 1715 Union Boulevard, Bay Shore, New York.

The Agency entered into the County Contracts to provide permanent supportive housing to individuals and families who have been deemed hard to serve (i.e., chronically or repeatedly homeless) due to conditions such as chronic alcohol and substance abuse, severe mental health issues, as well as AIDS and related disabilities (Shelter Plus Care Program). In addition, the Agency is also required to provide these persons with comprehensive case management and support services.

The Shelter Plus Care Program is primarily funded by annual grants provided through the United States Department of Housing and Urban Development's (HUD)

Shelter Plus Care Sponsor-Based Rental Assistance program as well as through payments made by the program's clients who have been determined by the Agency to be financially capable of contributing a fixed % of their income toward the cost of services rendered. The Agency is responsible for collecting this contribution each month from the clients.

Pursuant to the County Contracts, the Agency leased, performed minor renovations and, with assistance from program clients, furnished eight (8) permanent rental units for use in the Shelter Plus Care Program. These rental units, which consisted of one, two and three bedroom apartments, were located in Bay Shore, Brentwood, Blue Point, Islip and Medford.

During the October 1, 2012 through September 30, 2013 period of review, the Agency reported to DSS \$177,604 of rent expense related to the Shelter Plus Care Program. Pursuant to the County Contracts, DSS reimbursed the Agency \$144,814 of the aforementioned rent expense as well as \$11,587 of administrative overhead costs necessary to administer the Shelter Plus Care Program, all of which was funded by HUD. In addition, \$32,790 of reported rent expense was funded through required client contributions.

During the October 1, 2013 through September 30, 2014 period of review, The Agency reported to DSS \$175,104 of rent expense related to the Shelter Plus Care Program. Pursuant to the County Contract, DSS reimbursed the Agency \$149,961 of the aforementioned rent expense as well as \$8,509 of administrative overhead costs necessary to administer the Shelter Plus Care Program, all of which was funded by HUD. In addition, \$24,942 of reported rent expense was funded through required client contributions.

Review Objective:

The objectives of our review were as follows:

- To determine if the rental payments reported by the Agency to DSS as well as the required client contributions toward the cost of rent represent legitimate payments that were made pursuant to the County Contracts.
- To determine if case management services were duly performed and documented by the Agency in accordance with the County Contracts and the clients' Individual Service Plans.
- To ensure that case management services were not provided by an employee of the Homeless Shelter Program.

Review Methodology:

To accomplish the objectives as stated above, we performed the following procedures:

- Examined the County Contracts, as well as applicable laws and regulations to determine the rules and regulations related to the audit objectives.
- Interviewed DSS personnel responsible for financial and programmatic oversight of the Shelter Plus Care Program to determine the procedures utilized by DSS relative to the receipt and processing of rental billings submitted by the Agency to DSS.
- Interviewed the Agency's pertinent personnel to determine job duties and to gain an understanding of the internal controls instituted by the Agency to ensure that reported rental payments were in compliance with the requirements of the County Contracts.
- Utilized the monthly billings submitted by the Agency to DSS to determine total rental payments that were reimbursed by DSS to the Agency for the provision of permanent supportive housing.
- Reconciled the Shelter Plus Care Program's rental payments recorded in the Agency's General Ledger to the rental payments reported by the Agency to DSS for reimbursement.
- Selected for testing, 100% of the Shelter Plus Care Program's clients for which the Agency reported rental payments during the period of audit. We reviewed supporting documentation contained in each client's case file to ensure that case management and necessary supportive services were duly performed and documented by the Agency in accordance with the County Contract and the client's Individual Service Plan and was not performed by an employee of the Homeless Shelter Program.

Findings and Recommendations:

This memorandum report outlines two weaknesses relating to the Agency's oversight of case management services provided to the Shelter Plus Care Program's clients as well as recommendations that we believe will remedy the weaknesses.

We appreciate the cooperation of your staff during our limited scope review. The following observations and recommendations are presented for your consideration:

Case management services required by the County Contracts were provided by an employee whose wages were fully funded by the Agency's Homeless Shelter Program during the October 1, 2012 through September 30, 2013 period of review. Our review disclosed that one full time employee of the Agency's Homeless Shelter Program, which is funded by the County, also provided case management services for six (6) of the eight (8) Shelter Plus Care Program's clients during the month of December 2012. Consequently, since \$1,920 of the employee's salary for the month was fully funded by both the Homeless Shelter Program as well as by a grant related to the Shelter

Plus Care Program, the Agency was reimbursed twice for these wages. Accordingly, the related Wages were disallowed in our audit of the Agency's Homeless Shelter Program (Assignment # 2015-06).

Recommendation 1

The Agency should ensure that the employee who provides case management services for the County Contract is not also providing services for and being funded by another program. If the employee is providing services for multiple programs, the Agency should ensure that the employee's salary is properly allocated to the respective programs.

The Agency did not maintain adequate documentation supporting case management services provided during each of the October 1, 2012 through September 30 and October 1, 2013 through September 30, 2014 periods of review. The Shelter Plus Care Program's Case Manager prepared, and retained in each client's case file, client case notes which summarized home visits and/or meetings between the Case Manager and the client. However, our review revealed that the client case notes did not always clearly state the name of the Case Manager who composed the detailed case notes on a specific date. In addition, since the case notes are perpetual, there were often multiple pages of case notes that did not include the name of the Case Manager. Therefore, on numerous occasions it was unclear as to which Case Manager was composing the case notes.

Recommendation 2

The Agency should establish written procedures for documenting case management services. Case management documentation should include, but not be limited to: pertinent information such as the client's name, the Case Manager's name (printed and signed), date of the meeting and purpose of the meeting.

Respectfully,



Frank Bayer, CPA
Executive Director of Auditing Services

FB/JP

cc: Hon. John M. Kennedy Jr., County Comptroller
Louis A. Necroto, Chief Deputy Comptroller
Stephen McMaster, Senior Investigative Auditor
Joseph S. Pecorella, Chief Auditor
Fred Brown, Controller, UVBH
Assignment File No. 15-06

APPENDIX A



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August 10, 2018

Mr. Frank Bayer, CPA
Executive Director of Auditing Services
Office of the County Comptroller
100 Veterans Memorial Highway
Hauppauge, NY 11788-0099

Dear Mr. Bayer:

RE: Response to Findings and Recommendations on Audit 2015-06

In response to your letter of July 11, 2018, please see our corrective actions given below.

Recommendation #1:

We are in agreement with your recommendation regarding proper allocation of wages of employees who work in multiple programs.

UVBH is in the process of implementing the following corrective actions:

We are upgrading our payroll tracking and payment system to include biometric tracking. We currently review all case manager assignments on a regular basis. We are confident that these steps will avoid any misallocation of personnel.

Recommendation #2:

We are in agreement with your recommendation regarding the establishment of written procedures for documenting case management services.

UVBH has implemented the following corrective actions:

We have completed an eight (8) week training course for all case managers. This coursework covered the issues of including pertinent information in case notes, i.e., client's name, case manager's name, date of meeting and purpose of meeting.

Case notes are now being written into the Homeless Management Information System (HMIS.) As your recommended actions are mandatory in the program, we are confident that your recommendations have been implemented.

Regards,


Frank Amalfitano
President and CEO

APPENDIX B

Comptroller Office's Comments on the Department's Response

Auditee: United Veterans Beacon House, Inc.

The Agency submitted a written response to the audit report (Appendix A, p. 5). In its response the Agency concurred with all of the audit findings and stated that it has or will take corrective action in response to our audit. Therefore, no modification of the audit report is warranted.