

**Nassau County**  
**Office of the Comptroller**



**Limited Review of the**  
**Office of Housing and Community Development / Department of Social Services**  
**Homeless Shelter Inspections**

**GEORGE MARAGOS**

*Comptroller*

**January 6, 2016**

**NASSAU COUNTY**  
**OFFICE OF THE COMPTROLLER**

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## Executive Summary

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### **Introduction:**

The Nassau County Office of Housing and Community Development (“OHCD”) and the Nassau County Department of Social Services (“DSS”) have a joint venture to provide shelter placement and assistance with emergency housing needs. The Memorandum of Understanding between OHCD and DSS (“MOU-OHCD/DSS”) gives them joint responsibility for providing supportive services designed to stabilize households and prevent homelessness, and also to facilitate the transition for those that are homeless to permanent housing.

The Comptroller’s Office was requested to perform a review of a particular homeless shelter to determine if there were any outstanding safety issues with that shelter.

The request was made because on January 8, 2014, News 12 Long Island<sup>1</sup> reported that the residents of a homeless shelter had no heat overnight and a picture taken by a resident inside the shelter showed the thermostat reading at 50 degrees. News 12 also reported that the residents claimed the fire alarms, electric and plumbing systems did not work. News 12 also stated that a “DSS representative visited the shelter today and everything is fine.”

During a recent Living Wage review the auditors requested inspection reports for the shelter for 2012-2014 from OHCD and found that there was confusion between DSS and OHCD as to who was responsible for maintenance of these records. It was only after numerous email exchanges that OHCD finally was able to provide two of the three reports. However, due to the confusion we experienced, we expanded our testing to include a review of all 27 shelter inspections, and motel<sup>2</sup> certifications for all emergency shelters for the period 2012 through 2014.

### **Key Findings:**

- OHCD/DSS did not conduct annual inspections on most shelters as required by Federal Housing Standards. For the period 2012 through 2014, OHCD could not provide any inspection reports for the 26 of the 27 dwellings.
- OHCD does not maintain a control log of client complaints. Without written records, there is no evidence of the number of complaints, if any corrective actions were taken, and if there are shelters that receive frequent complaints.
- DSS and OHCD do not verify that non-profit shelters file IRS Form 990 as required by the County Memorandum of Understanding (“MOU”) with the shelters. County vendors must comply with all laws in order to maintain their contracts with the County. The IRS form 990 is also useful when evaluating whether or not to enter into and/or renew an MOU with a particular shelter.

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<sup>1</sup> News 12 Long Island is a Local Cable News Channel.

<sup>2</sup> Designated motels are used, particularly in the winter months, to accommodate for the increase in the homeless population.

## Executive Summary

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- OHCD/DSS does not verify that motel units meet legal shelter standards as required by the MOU between OHCD and DSS. This MOU requires that individual motel owner certifications be kept on file. OHCD did not have these certifications for each of the eight motels that were used as emergency shelters during the audit period.

### **Key Recommendations:**

We recommend that OHCD/DSS:

- perform regular and follow-up shelter inspections in order to monitor and evaluate compliance with the MOU with each Shelter;
- maintain proper documentation of each inspection;
- redesign Shelter Inspection Forms to capture the attributes of the Federal Housing Quality Standards as noted in the County MOU with Shelters, and add a section for the inspector and the supervisor to print, sign and date the form;
- ensure that someone other than the inspector performs the supervisory review;
- prepare written inspection procedures so that all inspectors follow a prescribed standard;
- develop a complaint handling process, including a log of the date and details of the complaint, when an inspector was sent, and the corrective action to be taken;
- implement a process to monitor whether non-profit shelters used by the County to provide emergency housing are in compliance with IRS regulations and the terms of the MOU with the County; and
- obtain current Permits to Operate a Temporary Residence for all motels being used. They should be retained on file by OHCD as required by the OHCD/DSS MOU.

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The matters covered in this report have been discussed with the officials of OHCD/DSS Departments. On October 15, 2015 we submitted a draft report to the OHCD/DSS Departments for their review. The OHCD/DSS Departments provided their response on October 29, 2015. Their response and our follow up to their response are included as an Appendix to this report.

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## **Introduction**

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### **Background**

OHCD and DSS have a joint venture to provide shelter placement and assistance with emergency housing needs. The Memorandum of Understanding between OHCD and DSS (“MOU-OHCD/DSS”) gives them joint responsibility for providing supportive services designed to stabilize households and prevent homelessness and to also facilitate the transition from those that are homeless to permanent housing.

OHCD collaborates with DSS to procure and enter into agreements<sup>3</sup> with shelters within Nassau County to provide sufficient temporary/emergency housing services to eligible homeless families and individuals.

Staffing at OHCD includes a Deputy Director of Emergency Housing, full-time Case Managers and Housing Inspectors. In addition, one Program Supervisor and two Program Coordinators for the Employment Assistance Resource Network (“EARN”) serve clients whose housing situations would be improved by steady employment. EARN conducts Job Readiness workshops, and makes individual client appointments to focus on resume preparation, internet job searches, etc. Eligible clients include clients referred by DSS and clients of OHCD programs<sup>4</sup>. The EARN Program Supervisor reports to the Deputy Director of Emergency Housing and oversee the EARN Program Coordinators.

DSS determines eligibility for public assistance benefits and refers all eligible clients to OHCD staff for appropriate emergency housing services. DSS advises OHCD when families and individuals are no longer eligible for Temporary Housing Assistance. As prescribed in the joint MOU-OHCD/DSS, DSS receives and processes vouchers for payment for eligible clients from all shelters. These vouchers are verified and approved by OHCD prior to payment. In addition, DSS provides desk and filing space for OHCD staff at the DSS Office building.

### **Homeless Shelter Daily Rates and Procedures**

The County pays the Shelters predetermined daily rates to provide Family or Single Adult Shelter Facilities in accordance with the New York State regulations and any policies set forth by the County. Shelter residents are required to sign in and out on a daily basis indicating whether they are single or for families, and the number of family members with them. When the Shelters are at maximum capacity, particularly in the winter months, DSS places the homeless clients in

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<sup>3</sup> These agreements are subject to the requirements of the Office of the County Attorney. Both OHCD and DSS have final approval of the form and substance of all new shelter agreements.

<sup>4</sup> Including but not limited to the Housing Choice Voucher Program, Project Homestart, and the Homeless Prevention and Rapid Re-Housing Program.

## Introduction

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designated motels. Motels receive \$75 per night per room. Exhibit I below summarizes the daily rates DSS paid to Shelters for emergency shelter services between 2012 and 2014.

### Exhibit I

#### Emergency Shelter Daily Rates

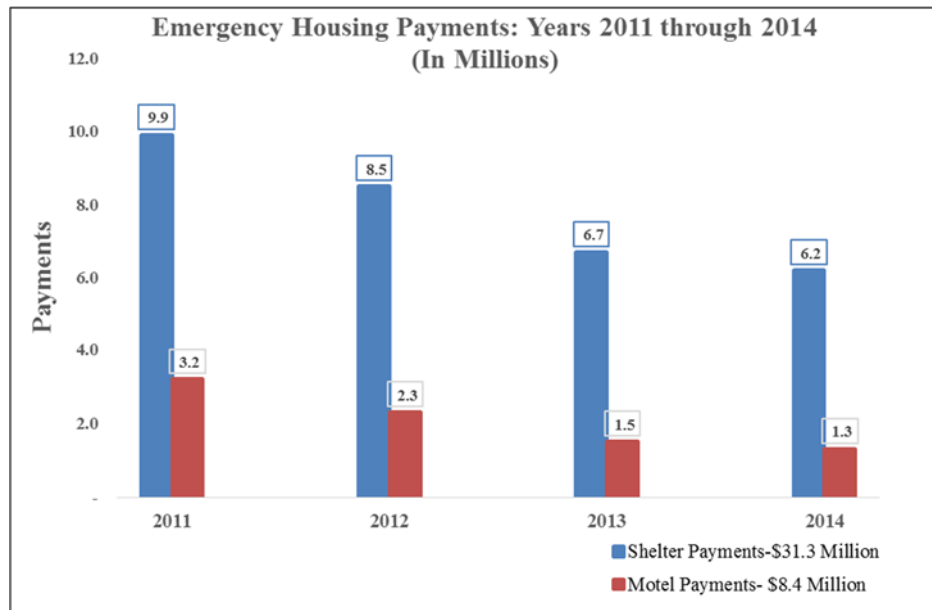
Single Rate	Family Rate	Duration of Stay	Percentage of Shelter Rate Paid	% Change in Rate
\$ 67	\$ 140	1- 60 days	100%	
\$ 54	\$ 112	61-150 days	80%	-20%
\$ 40	\$ 84	151+ days	60%	-25%

*Source: Nassau County Department of Social Services*

### Emergency Housing Payments

DSS payments to Homeless Shelters and Motels for the four year period 2011 through 2014 totaled \$39.7 million. The aggregate payments to the designated motels for the period amounted to \$8.4 million, or 21.2 percent of the total payments for Emergency Housing. Exhibit II below shows DSS payments to Homeless Shelters and Motels for the Years 2011-2014. In 2014, OHCD placed homeless individuals and families with 22 shelter providers in 27 different shelter locations, and in seven motels.

### Exhibit II



*Source: Nassau County Department of Social Services*

## Introduction

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### **Audit Scope, Objectives, and Methodology**

Our review period was January 1, 2012 through December 31, 2014.

The specific objectives of this review were to verify that:

- OHCD/DSS have policies and procedures in place to ensure adequate building conditions are maintained for shelters and motels housing homeless individuals;
- regular housing inspections and follow-up inspections are performed for all shelters, and motel certifications obtained and reviewed; and
- housing complaints, the action taken, and the final resolution of such complaints are documented.

We interviewed OHCD personnel and reviewed policies and procedures and available inspection reports.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.



## Findings and Recommendations

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### **Audit Finding:**

#### **(1) OHCD/DSS Did Not Conduct Annual Inspections on Most Shelters As Required by Federal Housing Standards**

According to OHCD, an inspection is performed prior to the signing of the MOU between the County and the Shelter and annually thereafter. In the event there is a complaint, or the shelter fails an inspection, the inspector requires the shelter to take the necessary corrective actions prior to a follow-up inspection being performed. Two OHCD Housing Inspectors are responsible for scheduling all initial and follow-up inspections of Emergency dwellings to ensure that they are in compliance with Housing and Urban Development (“HUD”) regulations. The Deputy Director of OHCD requests the shelter inspections, and the Housing Inspectors conduct the inspections and prepare the reports under the supervision of the DSS Housing Supervisor. All reports are then forwarded to the Deputy Director of OHCD.

The OHCD/DSS MOU requires that complete and accurate records and accounts be maintained for six years. In addition, “such records shall at all times be available for audit and inspections by the Comptroller’s Office”.

In March 2015, the auditors requested to review shelter inspections reports for the three year period 2012 through 2014, for the shelter noted in the January 2014 News 12 report. We noted that there was much confusion between DSS and OHCD as to who was responsible for maintenance of these records. It was only after numerous email exchanges that OHCD finally was able to provide two of the three reports. However, due to the confusion we experienced, we expanded our testing to include a review of the inspections reports for the other 26 shelters<sup>5</sup> for the period 2012 through 2014.

The two inspection reports provided by OHCD were dated November 2013 and October 2014. OHCD did not provide the 2012 report, or the follow-up inspection stating that the shelter had corrected the deficiencies noted in the January 2014 News 12 report.

At an April 2015 meeting, an OHCD official advised us that the records were not easily accessible and would have to be located. The auditors have made several requests since the April 2015 meeting and as of the date of this report, OHCD has not provided any of the 78 inspection reports for the 26 dwellings.

The auditors interviewed an OHCD official inquiring what actions are taken by an OHCD Housing Inspector when a shelter fails an inspection. We were informed that generally a shelter would not

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<sup>5</sup> Some shelters operate more than one shelter dwelling. During years 2012-2014, there were 15 Shelters with 27 shelter dwellings/locations. As of April 2015, the County has added another shelter.

## **Findings and Recommendations**

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fail an inspection since the Housing Inspector would inform the Director of the shelter of any safety issues/problems and the required corrective actions. We were also told that there was no established timeframe for re-inspection.

The OHCD/DSS MOU section vii (1.) states there will be Housing Inspectors that shall conduct inspections and confirm that the dwellings are in compliance with the HUD Housing Quality Standards<sup>6</sup>. Our review of the November 2013 and October 2014 inspection reports noted that some of the attributes of the HUD Housing Control Standards were not addressed in the inspection reports. Specifically, the 2013 inspection report did not indicate whether the inspector verified the following:

- adequacy of the cooking facilities;
- presence of emergency exit lighting;
- adequacy of exterior grounds appearance; and
- the presence of an updated insurance certificate.

We also noted that the inspection report form itself does not provide designated spaces to capture results for all the attributes that require review during inspections. In addition, we noted that OHCD does not have written inspection procedures that document the inspection standards that a Housing Inspector must follow.

Subsequent to our review of the 27 shelters for the period 2012 through 2014, it came to our attention that the County began using a new shelter beginning April 24, 2015. The auditors requested the inspection report for the new shelter. OHCD/DSS provided an inspection report dated July 8, 2015, more than two months after the County began using the shelter. The OHCD/DSS MOU states that Housing Inspectors shall conduct initial residential housing inspections of dwellings and confirm that the dwellings are in compliance with HUD Housing Quality Standards prior to the placement of clients there. In addition, the inspection report was not adequately prepared. Specifically, the following exceptions were noted:

- the printed name and signature of the shelter representative, and date acknowledging the inspection took place were missing; and
- the OHCD inspector signed as both the inspector and supervisory reviewer.

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<sup>6</sup> Federal Housing and Urban Development 24 CFR 982.401.

## **Findings and Recommendations**

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### **Audit Recommendation(s):**

We recommend that OHCD/DSS:

- a) perform regular and follow-up shelter inspections in order to monitor and evaluate compliance with the Memorandum of Understanding with each Shelter;
- b) maintain proper documentation of each inspection;
- c) redesign Shelter Inspection Forms to capture the attributes of the Federal Housing Quality Standards as noted in the County Memorandum of Understanding with Shelters, and add a section for the inspector and the supervisor to print, sign and date the form;
- d) ensure that someone other than the inspector performs the supervisory review; and
- e) prepare written inspection procedures so that all inspectors follow a prescribed standard.

### **Audit Finding:**

#### **(2) OHCD Does Not Maintain a Control Log of Client Complaints**

We noted that OHCD does not have written procedures or a controlled process to ensure that client complaints about emergency shelter conditions are investigated and reviewed timely.

OHCD advised that when clients staying at emergency housing shelters call or walk into DSS to make complaints, OHCD attempts to send an inspector unannounced to the facility as soon as possible. However, each housing complaint, the action taken, and the final resolution is not documented and tracked to ensure that corrective action is taken and the emergency housing environment is kept safe for its clients.

Without written records, there is no evidence of the number of complaints, if any corrective actions were taken, and if there are shelters that receive frequent complaints.

### **Audit Recommendation:**

We recommend that OHCD develop a complaint handling process, including a log of the date and details of the complaint, when an inspector was sent, and the corrective action to be taken. This will help ensure that all housing complaints are documented, tracked and adequately resolved in a timely manner. This information could also be used to identify frequent causes for complaints as well as frequent offenders.

## Findings and Recommendations

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### **Audit Finding:**

#### **(3) DSS and OHCD Do Not Verify that Non-Profit Shelters File IRS Form 990 as Required by the County Memorandum of Understanding with the Shelters**

Our review found that not all non-profit 501(c)(3)<sup>7</sup> Shelters being used by the County for emergency housing had filed their IRS Form 990 tax return<sup>8</sup> for 2012 and 2013, as required by the Internal Revenue Service (“IRS”)<sup>9</sup> and the Shelters’ MOU with the County. Further, County vendors must comply with all Federal, State, and Local laws in order to maintain their contracts with the County.

The County currently uses 15 Emergency Shelters in 27 locations, and eight motels throughout the County to provide housing to the homeless. According to DSS, of the 15 shelters, three are for-profit organizations and the remaining 12 are non-profit. An online search on GuideStar<sup>10</sup> in May 2015, indicated that four of the 12 non-profit shelters did not file Form 990 for either one or both years in the audit period (2012 and 2013). Exhibit III below lists the four non-profit shelters and the years the Form 990s were not filed.

### **Exhibit III**

#### **Non-Profit Shelters: Did Not File IRS Form 990 Tax Return in Years 2012 And 2013**

Shelter Name	Year 2012	Year 2013
Eager to Serve	No	No
HDDIC	No	No
Safe Haven	No	No
Gospel of Peace Intl.	**	No

\*\* Filed Form 990 in Year 2012

The Form 990 serves two essential purposes. First, it provides information that helps government agencies (the IRS and state charity regulators) enforce the laws that govern nonprofits. For example, it helps government regulators learn whether groups have been spending their funds in a way that might cause them to lose their charitable and tax-exempt status.

Second, the Form 990 provides substantial financial information about the filing organization’s financial condition, the sources of its income, top management salaries, and any relatively large

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<sup>7</sup> Tax-exempt, non-profit organization.

<sup>8</sup> Return of Organization Exempt From Income Tax to be filed by 501(c)(3) non-profit organizations.

<sup>9</sup> As a 501(c)(3) organization, the entity is required to file an annual informational tax return with the IRS. Form 990, except for certain contributor information on Schedule B, is required to be made available to the public by the IRS and the filing organization.

<sup>10</sup> <http://www.guidestar.org/> GuideStar offers current data from Internal Revenue Service Forms 990. It allows users to search and select from an extensive database of continually updated listings of more than 1.7 million U.S. tax-exempt non-profit organizations.

## **Findings and Recommendations**

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payments made to those who serve as independent contractors to the filer. This information is useful for County decision making purposes when evaluating whether or not to enter into and/or renew an MOU with a particular shelter.

### **Audit Recommendation(s):**

We recommend that OHCD/DSS implement a process to monitor whether non-profit shelters used by the County to provide emergency housing are in compliance with IRS regulations and the terms of the MOU with the County.

Consideration should be given to terminating and/or not renewing MOUs with shelters that are not compliant with federal regulations.

### **Audit Finding:**

#### **(4) OHCD/DSS Does Not Verify that Motel Units Meet Legal Shelter Standards as Required by the OHCD/DSS MOU**

When shelters are at maximum capacity, OHCD/DSS will place clients into motels. OHCD/DSS utilizes eight motels to provide these shelter services. The motels receive an agreed upon rate of \$75 per room per night. The OHCD/DSS MOU requires OHCD Housing Inspectors to “have on file individual motel owner certifications for motels that may be used for emergency housing detailing that all rental units meet legal shelter standards and have working heating, plumbing and electrical systems”.

The auditors requested the motel owner certifications for each of the eight motels that are currently being used as emergency shelters and were told by an OHCD official that OHCD did not have the certifications, but they would request them from the respective motel owners. Two of the eight approved motels provided OHCD with “Permits to Operate a Temporary Residence” that were issued by the Nassau County Department of Health. The other six motel owners only provided letters, in most cases handwritten, stating that their rental units meet legal shelter standards.

### **Audit Recommendation:**

We recommend that OHCD/DSS obtain current Permits to Operate a Temporary Residence for all motels being used. They should be retained on file by OHCD as required by OHCD/DSS MOU.

## Appendix

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EDWARD P. MANGANO  
COUNTY EXECUTIVE



JOHN SARCONE  
EXECUTIVE DIRECTOR

**COUNTY OF NASSAU**  
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October 29, 2015

Hon. George Maragos  
Nassau County Comptroller  
Office of the Comptroller  
240 Old Country Road  
Mineola, NY 11501

Re: Limited Review of the Office of Housing & Community Development and the Department of Social Services Homeless Shelter Inspections

Dear Mr. Maragos,

Attached please find the joint response of the Office of Housing & Community Development and Department of Social Services to the Limited Review conducted by your staff.

We would like to thank you and your staff for their professionalism during this process and for giving us an opportunity to respond to the findings. We look forward to continuing to work with your staff to address any outstanding issues or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Sarcone".

John Sarcone  
Executive Director  
Office of Housing & Community Development

CC: Dr. John Imhof, Commissioner, Department of Social Services

## Appendix

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### JOINT DSS / OHCD RESPONSE

- (1) OHCD/DSS Did not conduct annual Inspections on Most Shelters As Required by Federal Housing Standards

OHCD/DSS RESPONSE: OHCD/DSS share joint responsibility for Shelter Inspections. The inspection records will be maintained at DSS. OHCD and DSS are collaborating to re-develop Shelter Inspection forms. A spreadsheet will be maintained to ensure that all shelters are inspected on a timely basis and at a minimum on an annual basis. The MOUs with the shelters will be reviewed by both agencies to ensure that the necessary regulations are included in the MOU.

- (2) OHCD Does not maintain a Control Log of Client Complaints.

OHCD/DSS RESPONSE: OHCD/DSS are collaborating to implement a control log of client complaints that will be maintained at DSS. Account recipient names will not be disclosed on the logs to prevent retaliation and for confidentiality purposes.

- (3) OHCD/DSS do not verify that Non-Profit Shelters File IRS Form 990 as Required by the County Memorandum of Understanding with the Shelters

OHCD/DSS RESPONSE: OHCD/DSS acknowledge that County vendors must comply with all Federal, State, and Local laws in order to maintain their contracts with the County. However, it may be beyond the scope of the paramount mission of the respective Agencies to monitor vendor compliance with IRS regulations, especially given that some of the shelters are for-profit. The MOUs with the shelters will be reviewed by both agencies to determine whether these terms are necessary under the governing laws and regulations.

- (4) OHCD/DSS does not verify that Motel Units meet Legal Shelter Standards as required by the OHCD/DSS MOU.

OHCD/DSS RESPONSE: OHCD/DSS will be reaching out to the Nassau County Department of Health (DOH) to obtain current permits to operate a Temporary Residence for all hotels / motels.

In addition, as per 18 NYCRR 352.3(h) Inspections will be performed of the hotel/motel at least once every six months if individuals/families are placed. Any violation found during the on-site inspection shall be reported to appropriate authorities. A written report shall be made of each such inspection and shall be maintained at DSS.

**Audit Finding:**

**(1) OHCD/DSS Did Not Conduct Annual Inspections on Most Shelters As Required by Federal Housing Standards**

**Audit Recommendation(s):**

We recommend that OHCD/DSS:

- a) perform regular and follow-up shelter inspections in order to monitor and evaluate compliance with the Memorandum of Understanding with each Shelter;
- b) maintain proper documentation of each inspection;
- c) redesign Shelter Inspection Forms to capture the attributes of the Federal Housing Quality Standards as noted in the County Memorandum of Understanding with Shelters, and add a section for the inspector and the supervisor to print, sign and date the form;
- d) ensure that someone other than the inspector performs the supervisory review; and
- e) prepare written inspection procedures so that all inspectors follow a prescribed standard.

**OHCD/DSS RESPONSE:**

OHCD/DSS share joint responsibility for Shelter Inspections. The Inspection records will be maintained at DSS. OHCD and DSS are collaborating to re-develop Shelter Inspection forms. A spreadsheet will be maintained to ensure that all shelters are inspected on a timely basis and at a minimum on an annual basis. The MOUs with the shelters will be reviewed by both agencies to ensure that the necessary regulations are included in the MOU.

**Auditor's Follow-up Response:**

*The auditors concur with OHCD/DSS response to re-develop the Shelter Inspection forms to include all attributes required by the MOU. However, the auditors reiterate the need to also add a section on the form for the inspector and reviewer to print, sign and date the form and that someone other than the inspector performs the supervisory review.*

**Audit Finding:**

**(2) OHCD Does Not Maintain a Control Log of Client Complaints**

**Audit Recommendation:**

We recommend that OHCD develop a complaint handling process, including a log of the date and details of the complaint, when an inspector was sent, and the corrective action to be taken. This



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will help ensure that all housing complaints are documented, tracked and adequately resolved in a timely manner. This information could also be used to identify frequent causes for complaints as well as frequent offenders.

### **OHCD/DSS RESPONSE:**

OHCD/DSS are collaborating to implement a control log of client complaints that will be maintained at DSS. Account recipient names will not be disclosed on the logs to prevent retaliation and for confidentiality purposes.

### **Auditor's Follow-up Response:**

*The auditors concur with the proposed corrective actions.*

### **Audit Finding:**

#### **(3) DSS and OHCD Do Not Verify that Non-Profit Shelters File IRS Form 990 as Required by the County Memorandum of Understanding with the Shelters**

### **Audit Recommendation(s):**

We recommend that OHCD/DSS implement a process to monitor whether non-profit shelters used by the County to provide emergency housing are in compliance with IRS regulations and the terms of the MOU with the County.

Consideration should be given to terminating and/or not renewing MOUs with shelters that are not compliant with federal regulations.

### **OHCD/DSS RESPONSE:**

OHCD/DSS acknowledge that County vendors must comply with all Federal, State and Local laws in order to maintain their contracts with the County. However, it may be beyond the scope of the paramount mission of the respective Agencies to monitor vendor compliance with the IRS regulations, especially given that some of the shelters are for-profit. The MOUs with the shelters will be reviewed by both agencies to determine whether these terms are necessary under the governing laws and regulations.

### **Auditor's Follow-up Response:**

*The auditor's acknowledge that only not-for-profit entities are required to file IRS Form 990 on an annual basis. Since this is a requirement of compliance with the terms of the contract,*

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*OHCD/DSS oversight is necessary to ensure these entities comply with all Federal, State and Local laws.*

### **Audit Finding:**

#### **(4) OHCD/DSS Does Not Verify that Motel Units Meet Legal Shelter Standards as Required by the OHCD/DSS MOU**

### **Audit Recommendation:**

We recommend that OHCD/DSS obtain current Permits to Operate a Temporary Residence for all motels being used. They should be retained on file by OHCD as required by OHCD/DSS MOU.

### **OHCD/DSS RESPONSE:**

OHCD/DSS will be reaching out to the Nassau County Department of Health (DOH) to obtain current permits to operate a Temporary Residence for all hotels / motels.

In addition, as per 18 NYCRR 352.3(h) Inspections will be performed of the hotel/motel at least once every six months if individuals/families are placed. Any violation found during the on-site inspection shall be reported to appropriate authorities. A written report shall be made of each such inspection and shall be maintained at DSS.

### **Auditor's Follow-up Response:**

*The auditors concur with OHCD/DSS's plans to obtain current Permits to Operate a Temporary Residence for all hotel/motels and perform and document regular inspections for those hotels/motels being used to place individuals and/or families.*