



**NEW YORK CITY COUNCIL  
COMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
COMMITTEE ON GENERAL WELFARE**

**TESTIMONY OF MARGARET GARNETT  
COMMISSIONER, NEW YORK CITY DEPARTMENT OF INVESTIGATION**

**CONCERNING OVERSIGHT OF SOCIAL SERVICE CONTRACTORS AND A  
LOCAL LAW TO AMEND THE CITY'S WHISTLEBLOWER LAW**

**Remote Meeting  
Virtual Room 1**

**April 30, 2021**

Good morning Chair Gibson and Chair Levin, and members of the Committee on Oversight and Investigations and the Committee on General Welfare. My name is Margaret Garnett and I am the Commissioner of the New York City Department of Investigation (“DOI”). Thank you for inviting me to address the Committee today to offer some context about DOI’s oversight of shelter providers contracted by the City Department of Social Services (“DSS”) and to respond to any questions you may have about that oversight. Additionally, I appreciate the opportunity to speak briefly on the concerns DOI has regarding Intro 2292, which would expand the public reporting requirements related to DOI’s investigations; and to offer our commitment to work with Councilmembers to refine that legislation.

Let me start by discussing DOI’s oversight of nonprofit contractors, specifically DSS providers, and DOI’s role in rooting out fraud and strengthening internal controls as it relates to City funding of these entities. For more than a decade, DOI has focused resources in this area, regularly conducting investigations that hold individuals accountable for crimes and other wrongdoing. At the same time, DOI has worked to safeguard City funds, identify gaps in City agencies’ internal controls, and recommend ways to strengthen those controls to prevent fraud from occurring. Conducting criminal investigations, monitoring nonprofit providers, and issuing recommendations to City agencies to close corruption gaps are part of the multi-pronged approach that DOI takes in combatting corruption, particularly as it relates to fraud at City-funded nonprofits.

Pursuant to Executive Order 64, dated March 3, 2021, DOI will also have a new role in ensuring that the City’s human services contractors take appropriate steps to investigate and address allegations of sexual harassment made against the Chief

Executive Officer or an equivalent principal of the organization. Specifically, the Executive Order requires that the City agencies amend human services contracts to require contractors transmit to DOI certain information, including: a copy of any complaint or allegation of sexual harassment or retaliation on the basis of a complaint of sexual harassment brought by any person against the Chief Executive Officer or equivalent principal of the organization, and a copy of the final determination or judgment with regard to any such complaint. Contractors retain all of their obligations, as both employers and service providers, to prevent sexual harassment and to investigate and address all complaints of sexual harassment accordingly. DOI's role --- working with the contracting agency as appropriate --- will be to ensure that contractors meet their obligations and handle such complaints appropriately, even when the complaint is against the leader of the organization.

As has been publicly reported, DOI has an ongoing investigation into financial improprieties at Bronx Parent Housing Network that was in process in 2020 and has already resulted in criminal charges against one defendant. Because this is an ongoing and active matter I cannot provide further details at this time. Alongside this ongoing investigation, DOI has been working with DSS to strengthen oversight of Bronx Parent Housing Network, including retaining a monitor that will report directly to DOI and provide additional oversight in two specific ways: first, the monitor will conduct an internal investigation of BPHN, examining the nonprofit's policies and practices around sexual misconduct allegations and more broadly examining BPHN's subcontractors and the nonprofit's relationship to its former CEO. Once that review is completed, the monitor will then focus on BPHN's ongoing compliance with the terms of its City contract, which is a

more traditional type of integrity monitorship. In addition, DOI and DSS are working to retain an independent monitor that will also report to DOI and will conduct an audit of all non-profit homeless shelter providers with City contracts, providing greater oversight of how this nonprofit sector is using City dollars and complying with City requirements designed to prevent fraud.

I'd like to turn now to briefly address Intro. 2292, which proposes amendments to the City's whistleblower law. DOI fully supports efforts to encourage the reporting to DOI of wrongdoing by City contractors and subcontractors. One of the strongest defenses against the pernicious impact of corruption are individuals who are willing to step forward and report it. Providing a safe and confidential place to report wrongdoing, and conducting thorough investigations of these allegations, while also treating the targets of allegations fairly are all central to DOI's mission. The amendments proposed in Intro 2292, however, are likely to discourage the reporting of corruption to DOI, and undermine our ability to fairly and thoroughly investigate those reports.

DOI's annual Whistleblower letter provides foundational information about our Whistleblower investigations without compromising complainants or ongoing investigations. Legislation recently enacted by City Council will enhance those reporting indices in the annual report we file later this year, specifically the number of reports that come from City employees under subsection (b) of the Whistleblower statute, the number of reports concerning wrongdoing from City contractors, and more detailed information about DOI's investigations of complaints of retaliation.

Intro 2292 would vastly expand DOI's reporting mandate to list all reports of wrongdoing from City employees and city contractors, attributing them to a particular

agency or contractor, as well as providing the status of each of those cases, including open and ongoing investigations. And while the law states that any personally identifiable information could be redacted, the act of linking a specific complainant, and complaint, to an agency or contractor, along with providing the status and outcome of a matter could provide enough specific information to identify complainants and potential witnesses. The Law also does not take into account that a “closed” matter is not necessarily a substantiated one.

Publicly reporting the information called for by the bill would provide just enough information about City employee complainants to spark conjecture and a hunt to find who the complainants are, which would of course be particularly detrimental to active and ongoing investigations, but would also be damaging in closed cases. Moreover, publicizing subjects of investigations that are not yet concluded or where we do not substantiate the allegations is deeply unfair and could result in negative consequences for those targets when such consequences are not supported by any evidence or facts. This kind of public reporting will have a potential chilling effect on all of DOI’s work, and would rightly give pause to individuals who may want to step forward to report corruption. An investigative agency like DOI must have the ability to work confidentially on investigations and speak publicly on them only when we have reached conclusions based on the evidence and the law.

I take transparency seriously and understand its value in better understanding and monitoring the work and impact of law enforcement. That is why my administration has taken steps to increase the type of information available to the public about DOI matters, including developing an accurate and comprehensive public database that catalogues

our policy and procedure recommendations to City agencies and reports on their status; as well as posting publicly for the first time our Whistleblower Law annual letters and the annual anti-corruption report that provides detailed Citywide insight of agencies' anti-corruption programs.

But our obligation to protect complainants who report wrongdoing to DOI, as well as safeguard information about individuals being investigated by DOI or where our investigations do not result in substantiated findings, are also part of DOI's mission and one we must balance with the benefits of transparency. Those are best practices and allow DOI to conduct its work with integrity and fidelity to the law.

DOI follows the facts in its investigations wherever they lead, but we speak publicly only on substantiated facts and confirmed conclusions. To do otherwise would jeopardize our ability to use all available investigative tools, could expose complainants and witnesses who deserve confidentiality for as long as we can provide it, and would unfairly taint the subject of an investigation where DOI's findings did not ultimately support the allegations.

Striking a measured balance between transparency and carrying out investigations ethically and under best practices are attributes that I know this Committee respects and understands. DOI is committed to working with you to achieve that goal and refine this bill to best represent those interests and protect our investigations.

Thank you for this time and I can answer any questions you may have.

**Testimony of Molly Park, First Deputy Commissioner  
Department of Homeless Services**

**Before the New York City Council, Committee on Oversight and Investigations and  
Committee on General Welfare  
Oversight Hearing: The City's Audit of Shelter Providers  
April 30, 2021**

Good morning. I would like to thank the City Council's Oversight and Investigations Committee, the General Welfare Committee and their chairs for giving us the opportunity to testify. Today, we are here to speak about homeless service provider contracts and the work we have done to ensure shelter providers are true partners in making reforms to improve programs and services for New Yorkers experiencing homelessness.

My name is Molly Park and I am the First Deputy Commissioner of the New York City Department of Homeless Services (DHS). I am joined by my colleague Erin Drinkwater, Deputy Commissioner for Intergovernmental and Legislative Affairs at the New York City Department of Social Services (DSS).

We want to thank the City Council for your commitment to the safety and wellbeing of our clients. We value the Council's partnership and support as we work to ensure our staff and providers deliver the best possible services to vulnerable New Yorkers. The wellbeing of our clients is of paramount importance to DHS and to me personally, and what we have learned about Bronx Parent Housing Network (BPHN) is absolutely unacceptable. As I will discuss, DHS is taking affirmative steps to protect clients and prevent such situations in the future. We look forward to walking the Committee through the policies and practices we have put in place to ensure our clients are safe and receive the services to which they are entitled.

Under this Administration, DHS has spearheaded several initiatives to strengthen the management and oversight of shelter programs, with the end goal of improving the conditions experienced by our clients. Our multipronged approach to further support our not-for-profit providers has included reforming our contract process, updating our approach to funding and performance evaluations, improving shelter conditions through real time tracking systems and strengthening quality assurance practices across the system.

As we move forward, it is important to consider the background of our city's haphazardly developed shelter system, which was built over the last several decades as the City confronted a range of factors resulting in displacement across New York City. This environment resulted in an increased shelter population, which, compounded by underinvestment, created challenges for DHS and providers as the agency sought to provide safe, clean and secure conditions for clients.

However, we are seeing that our strategies are starting to take hold and are headed in the right direction. For example, the shelter census for 2017, 2018, 2019, and 2020 remained roughly flat year over year for the first time in more than a decade at approximately 60,000, and now, the DHS census stands below 50,000. Additionally, since the launch of the *Turning the Tide* plan, we have already:

- Ended the use of more than 260 shelter buildings as part of our commitment to ending the use of the band-aid measures of previous administrations, including the 21-year-old cluster program.
- We have sited 89 high-quality, borough-based shelters, of which 46 are already open, operational, and providing high-quality services and supports to New Yorkers experiencing homelessness. Additionally, our average days' notice before opening stands at more than 200 days.
- And we have reduced our overall shelter footprint by 41%.

With that, we would like to provide you with an overview of the initiatives DHS has taken on in collaboration with our providers to improve services for New Yorkers experiencing homelessness.

### **Contracting:**

Currently, DHS holds contracts with approximately 70 human services providers, whose role is to provide services to New Yorkers experiencing homelessness. DHS has an open-ended RFP process to solicit new shelters, meaning that proposals from not-for-profit providers can be submitted on a rolling basis, throughout the year. After a proposal is submitted, our program experts at DSS-DHS review, evaluate and score the application in accordance with New York City Procurement Policy Board Rules. This evaluation process involves assessing the need for the proposed shelter population (such as: Families with Children, Adult Families, Single Adults), the proposed location, the building's viability, the scope of the client services, the provider's experience and their pricing, along with other operational factors. Moreover, RFP responses are also reviewed through the lens of our *Turning the Tide's* borough-based shelter plan to ensure consistency and an equitable siting process. This approach has replaced the prior haphazard system in which shelter development was addressed on an ad hoc basis.

### **Model Budget:**

As we have previously testified to the Council, in order to ensure providers could deliver the high-quality services required to help New Yorkers experiencing homelessness get back on their feet, DHS has invested upwards of a quarter of a billion dollars a year in additional funding for our not-for-profit providers to address decades of disinvestment. These efforts also involved modernizing the outdated rates providers had been paid over the years. This overhaul includes funding for social workers in contracted Families with Children shelters, housing specialists in all shelters and standardizing rates for shelter services. As we developed the funding parameters of the services that our partners provide, a model evolved, hence the term "Model Budget."

The model budget efforts to rationalize shelter provider rates for contracted providers follows the City's 90-Day Review reforms. In 2016, following the recommendations from the 90-Day Review,



DHS worked with stakeholders from the shelter provider community, oversight agencies and other experts to develop budget guidelines. This reform initiative was reported on by the New York State Comptroller's Office, when in a 2017 Comptroller audit, DHS was commended for developing the model budget tool.

DHS began to use the model budget template in 2017 to phase in the rate reform for existing shelter providers through a process that includes negotiations with providers and a budget amendment process. Separately, the New York State Office of Temporary and Disability Assistance (OTDA) reviews and approves budgets for Tier II family shelters. This process has also been used for providers proposing new shelter sites. As of today, the model budget process is nearly complete with 3 model budget amendments yet to be registered. All three remaining amendments are pending due to reasons outside the control of the Agency.

After providers submit a budget proposal using the standard template, the DHS Shelter Program Budget Office compares the proposed budgets to the model and then proceeds to review with DHS program staff. This process is completed in close consultation with each shelter provider. From there, DHS sends a recommended budget to the DSS Finance Office and the NYC Office of Management and Budget (OMB) for approval. Once the recommendations move forward, the contract proceeds to the amendment phase, which includes legal review and eventually ending with registration with the City Comptroller's office.

### **Technical Assistance and Training:**

We have also worked closely with our provider partners to update performance evaluations so that together we can raise the quality of the services we provide to New Yorkers experiencing homelessness. The updated shelter performance approach includes an important management evaluation process to help both DHS and our providers measure the most critical indicators that show whether our investments are paying off.

Our investment in the not-for-profit sector has strengthened our work with providers, addressing historic under-investments and working to ensure providers are able to meet standards across the system. The model budget and performance evaluations are intended to make sure that our investments and our expectations are aligned so that our clients are able to receive high-quality services in a healthy and safe environment. Through this collaborative process, we have heard positive feedback from our provider partners, as they have expressed their desire to access information to manage and further improve their services. The challenge of homelessness didn't occur overnight and it won't be solved overnight, but our City's comprehensive strategies are taking hold, and we are committed to continually finding ways to do better for the New Yorkers we serve.

Additionally, we work with shelter providers to provide trainings on various topics, ranging from language access, using trauma-informed approaches to service delivery, and cultural sensitivity. These periodic trainings help equip our providers with the knowledge and tools they need to deliver the best possible supports to our clients.

## **Shelter Conditions:**

Moving on to shelter conditions, DHS typically conducts Routine Site Review Inspections (RSRIs) to review current violations at shelters, as well as conditions that may become problematic over time. RSRIs are part of the contracting process, and providers must show steps towards addressing any problematic conditions at existing sites before DHS can submit a shelter contract for registration. The shelter director is required to submit a Corrective Action Plan (CAP) to DHS, detailing the steps needed to address shelter conditions identified in the RSRI.

The Mayor also established the Shelter Repair Squad, a multi-agency task force to inspect shelter buildings and identify code violations requiring repair. At least two times per year, each task force agency will inspect facilities for code violations and inform shelter providers of the results.

A critical component of the Shelter Repair Squad is the ability for the City to track all shelter building violations, along with measuring the progress made towards mitigating the identified issues. To drive this task, the City developed a system to report on all city shelters and every violation associated with each building. Essentially, this system acts as a real time tracker for shelter building violations, allowing the City to appropriately allocate Shelter Repair Squad staff to work with providers to inspect buildings and develop and implement remediation plans. As a proof of the utility of this system, the framework has since been adopted by the State to develop their statewide Shelter Management System (SMS), which allows our State oversight agency to more efficiently monitor building systems by tracking the status, remediation, and lifecycle of deficiencies and their responses by providers and users.

Information is aggregated from various sources available to DHS to provide a central clearinghouse where users retrieve information about shelters or evaluate and track the status of repairs at shelters. This approach facilitates interagency collaboration in improving conditions in shelters and makes it possible to formulate the monthly Shelter Repair Scorecard, which publicly reports on the conditions of homeless shelter facilities. The scorecard helps define the scope of any problems by publicly listing conditions at all homeless shelters in New York City.

## **Provider Accountability and Quality Assurance:**

As part of our ongoing efforts to transform a haphazard shelter system that was built up over decades, we are continuing to examine the performance of all our service providers to ensure New Yorkers experiencing homelessness are receiving the appropriate services and supports they need to get back on their feet. These ongoing transformation efforts include phasing out certain providers who do not meet our high standards of service and care – and our comprehensive review of all providers and contracts continues.

For example, in this Administration, we've ended the City's relationships with various providers. This started with We Always Care and Housing Bridge, who had a history of serious shelter conditions or other issues. We then announced actions we have taken against Bushwick Economic Development Corporation (BEDCO), phasing out all their commercial hotels, cluster shelters, and traditional shelters, so that they are no longer a shelter provider of any kind. Over the last year, with the assistance of the court-appointed receiver, which we went to court to obtain, we have

completely phased out Childrens Community Services (CCS) as a DHS shelter provider. At their peak, CCS had a very large shelter footprint, mostly in commercial hotels, providing more than 15% of the Families with Children capacity necessary to meet our legal requirements to provide shelter. Our efforts to phase out this provider unequivocally demonstrate that no provider is too big fail or able to avoid accountability.

In the case of Bronx Parent Housing Network (BPHN), we have used our compliance tools to try to ensure this provider remained on the right track. When DHS had a concern about their operations, we required a CAP. When BPHN proposed increasing their share of units, we considered their apparent attempts to comply with that CAP, used the contracting process to adjust their portfolio and more effectively right-size their capacity, giving them fewer beds and fewer shelters than they proposed. In accordance with the City's Procurement Policy Board Rules, this process was conducted while also evaluating new proposals submitted on their merits, including potential positive impact on clients in immediate need, such as to provide isolation services to clients recovering from COVID-19 or COVID-like illness.

This work is a delicate balancing act: we are four years into addressing a problem that built up over 40 years, overhauling the way we do business top to bottom, including removing noncompliant providers and building a bench of qualified and experienced new providers, while also meeting our legal and moral obligation to shelter all those who need it every single night.

At the same time as we work to correct conditions across providers, we must also work together on the ground with provider staff, who are trying to do the right thing and improve the daily lives of those we serve. It is important to stress that not every oversight indicates corruption, not every missed disclosure means there is a bad actor – and our first response is to work with providers to understand the issues that exist and see if we can help, since our clients depend on continuity of services. It is also essential to distinguish between the actions of select executive leaders, and the work performed by dedicated frontline staff, who everyday try to do the right thing, provide services and programs to those in need, and help individuals and families get back on their feet.

In the case of BPHN, we took several immediate steps in response to recent developments, which include:

Appointed Interim BPHN CEO:

Effective February 10, 2021, Daniel W. Tietz was appointed as Interim Chief Executive Officer (CEO) of BPHN. As you know, Mr. Tietz was the court-appointed receiver for Childrens Community Services and has successfully managed the wind-down of its operations while continuing to provide essential shelter and services to clients. While Mr. Tietz was not court-appointed as a receiver, by agreement with BPHN, as interim CEO, he has full authority to run the organization, including the authority to remove or add Board members. He is accountable to DSS, not to the Board of BPHN, which has no power to remove him.

Launched Independent Investigation of BPHN:

On February 24, 2021, the New York City Department of Investigation (DOI) released a request for proposals (RFP) for an independent integrity monitor (IM) to investigate BPHN under the direction of DOI. The selected IM, Kroll Associates, will investigate the actions, conduct,

operations or omissions of BPHN, or any of its current or former key people, employees, subcontractors, consultants, suppliers, vendors, and affiliated businesses with a focus on issues including, but not limited to, employment practices, including sexual harassment, abuse and assault, conflicts of interest, related-party transactions, and compliance with its 2018 CAP and City procurement policies. Aside from an initial investigation that will be conducted by the IM, the firm will also be retained for a total of two years to ensure that BPHN maintains compliance with the CAP as well as a supplemental monitoring agreement that BPHN will enter with DOI. The engagement will be jointly managed by DOI and DSS.

#### Initiated Review Surveying Practices Across Providers:

In addition to the above investigation, DSS reminded all DHS providers of their legal obligations regarding appropriate corporate structure, accountability and transparency, and has requested responses to a survey, prepared jointly by DOI and DSS, regarding their policies and practices in key areas. DSS has also worked with DOI to prepare a second competitive solicitation for an independent organization to review all DHS providers with respect to their policies and practices in certain key areas, including, but not limited, to employment practices, including sexual harassment, abuse and assault, related-party transactions, and conflicts of interest. The information provided in response to the survey will enable a more targeted review of any specific areas of concern, as appropriate.

#### Strengthened Sexual Harassment Reporting Protocols

Additionally, DSS has clarified and strengthened its protocols with respect to contracted providers around the reporting and investigation of allegations of sexual harassment. Specifically, in addition to alerting the shelter director, program administrator, social service director, program analyst, and organization's board, claims of sexual misconduct/harassment involving senior leadership must be reported to DSS, which will then determine an appropriate mechanism for investigating the claims in consultation with DOI.

At our facilities, we are committed to providing all those New Yorkers who we serve with information on the extensive resources available to them, and how to access them. To that end, we have reminded DHS providers that under Local Law 95 for the year 2018, they are required to display and distribute information to clients regarding what clients can do if they have been sexually assaulted or harassed; and under Local Law 96 for the year 2018, they are required to ensure all employees have received anti-sexual harassment training. The City's Commissioner on Human Rights makes this training available online. Moreover, as discussed and recommended at this year's DSS Preliminary Budget hearing, we have developed an informational flyer for clients who express that they have experienced sexual harassment or abuse to our staff or provider staff to advise them of how they can get support and assistance.

### **Legislation**

Introduction 2284 would amend the Administrative Code by establishing a framework for survivor-centered response by DSS when DSS receives complaints of sexual assault or harassment. DSS supports the intent of the bill and looks forward to working with the sponsor in supporting clients by referring and connecting survivors to resources. As indicated above, DSS

developed a procedure and flyer for shelter staff and intake staff at DHS and HRA to distribute to clients who express that they have experienced sexual harassment or abuse.

Overall, the Administration has made comprehensive and concerted efforts to address years of underinvestment in the infrastructure of the shelter system with a combination of immediate investments alongside top-to-bottom organizational improvement reforms. There is still work to be done, and we look forward to partnering with the Council to help families and individuals experiencing homelessness get back on their feet in a safe, secure and clean environment.

Taken together, Introduction 2056-A and Introduction 2285 appear to be intended to strengthen provider accountability in contracting, specifically calling for personnel to report corruption, cooperate with investigations and address conflicts and misconduct. We take our responsibility to protect clients, monitor performance and safeguard public funds very seriously and agree with the apparent goals of the bill. The City has a robust process for assessing vendor integrity which requires integrity, financial and potential conflicts self-disclosures through procurement systems as a prerequisite to contract registration. City contracts require full and accurate disclosure, and cooperation with any potential investigations, which are in alignment with the goals of these bills. This information is considered as part of the vendor background check process.

The PASSPort system implemented by MOCS also gives agencies a historical view into vendor performance evaluations and any cautions that emerged from prior contracting, which further enhance background check reviews. In the case where a vendor is struggling to meet the performance requirements of a contract, on a case-by-case basis agencies may prefer to enter into a CAP to build their capacity before taking the final measure of terminating the contract. This existing legal and oversight framework helps to surface and correct issues as we have shared earlier in our testimony but we will always look for opportunities to do more. The Administration looks forward to working with the sponsors to identify meaningful new actions we might take to achieve desired goals.

I will now turn it over to Commissioner Garnett and look forward to answering questions you may have following her testimony.



PUBLIC ADVOCATE FOR THE CITY OF NEW YORK

**Jumaane D. Williams**

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**TESTIMONY OF PUBLIC ADVOCATE JUMAANE D. WILLIAMS  
TO THE NEW YORK CITY COUNCIL COMMITTEE ON GENERAL WELFARE AND  
COMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
APRIL 30, 2021**

Good morning,

My name is Jumaane D. Williams, and I am the Public Advocate for the City of New York. I would like to thank Chairs Levin and Gibson, and the members of the Committee on General Welfare and the Committee on Oversight and Investigations for holding this hearing today.

The safety of our City's homeless shelters has been of grave concern for many years now. In fact, it is the lack of safety that is the reason why 4,000 New Yorkers refuse to stay in a shelter, and instead opt to sleep on the street, in the subway, or any other public space every night. Unfortunately, their fears when it comes to shelters are justified. In December, the Comptroller's Office released an audit of 13 shelters, which encompassed 91 units with infants, from December 2019 to March 2020. The report revealed 264 faults regarding unsafe sleep conditions, including crib-related deficiencies, and inadequate unit conditions. Inadequate unit conditions included exposed electrical outlets, mold and mildew, vermin infestation, and accessible hazardous substances. The audit found that the two factors that contributed to these unsafe conditions were the shelters' failure to inform families of safe sleep protocols, and the fact that shelters did not consistently perform the required unit inspections. Shelter providers are required to inspect units with families with infants on a weekly basis. It is absolutely abhorrent that, in a number of our City's homeless facilities, babies are in close quarters with vermin, inhaling mold and mildew, and playing near exposed electrical outlets. The Department of Homeless Services should be held accountable for this lack of oversight, and the agency needs to tell us what has been done since the release of this report to correct these conditions. DHS also needs to ensure that shelter providers are conducting the required weekly inspections in all of its shelter facilities.

Homeless shelters are just one of the social services in our City that needs heightened transparency in order to operate effectively. The need for greater transparency in our City is the reason why I support Councilmember Powers' bill, Intro 2056. Intro 2056 would require officers and employees of City contractors and subcontractors with contracts valued at more than \$100,000 to report conflicts of interest or other wrongdoing by any officer or employee of such contractor or subcontractor to the Department of Investigation (DOI) or other City officials. Officers and employees of these contractors would be required to cooperate with DOI investigations related to City contracts. This legislation is important because it provides an

avenue through which employees of City contractors and subcontractors can notify the DOI of any malfeasance or misdeeds, which will subsequently lead to more accountability.

I would also like to commend Councilmember Rosenthal for her legislative efforts to guarantee more oversight of our City's contract dealings. Her bill, Intro 2285, would apply to a contractor and a City agency or the Council that are parties to City contracts that value more than \$100,000. It would require the City Chief Procurement Officer (CCPO) to establish standards and procedures that determine the existence of a conflict of interest and certain misconduct, and mandates contractors to submit a certification verifying that they agree to the standards and certify that there is no conflict of interest. It is also important to note that the legislation would require the Mayor's Office of Contract Services to mandate the party to the contract to include said standards and procedures in the contract. This bill is important because it creates a set of standards and protocols to help parties to a contract fully understand what should be deemed a conflict of interest or misconduct, and agree to those terms in writing. I also fully support Councilmember Rosenthal's other bill being heard today, Intro 2284. This legislation would require the Department of Social Services to establish a survivor-centered response to complaints of sexual assault or harassment made by a client or staff of a DSS or Department of Homeless Services provider, and involving the staff, personnel or agents of both agencies or the provider. The bill would also require the DSS to provide a Survivor Resource Guide which would include culturally competent sexual assault and harassment resources, such as information on support programs and hotlines, government benefits, social services, contact information for rape crisis center, and any other information deemed critically important by the Commissioner. At a time when survivors of sexual assault and harassment in the public sector are continuously coming forward, a piece of legislation such as this one is not only necessary, but it is vital. It is vital to ensuring that sexual assault and harassment will have no place in government entities.

Last, but definitely not least, I would like to highlight Chair Gibson's bill, Intro 2292. This legislation would require the Commissioner of Investigation to include additional information in an annual report on allegations of misconduct by City employees and certain contractors to the Mayor and the Council. The bill would also create web applications to track City agency and contractor compliance with certain investigators and recommendations. Intro 2292 is essential to guaranteeing transparency in our City's business dealings with contractors. If allegations of misconduct arise, the public should have access to investigation information just as much as the Mayor and the Council because our constituents play an important role in our governance.

Our City's social services function best when we have more oversight and transparency between government, contractors, and all relevant stakeholders. Each bill being heard today is a step towards that goal. I look forward to working with my Council colleagues on getting these pieces of legislation enacted. Thank you.



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**Testimony of Catherine Trapani, Executive Director, Homeless Services United, Inc.  
Before the NYC Council Committee on General Welfare and the Committee on Oversight and  
Investigations April 30, 2020**

My name is Catherine Trapani, and I am the Executive Director of Homeless Services United (HSU). HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

We thank Chairpersons Levin and Gibson, and members of the City Council for your commitment to ensuring high quality homeless services are available to all in need and your continuing leadership on the creation and protection of affordable housing and related services for all New Yorkers.

HSU was founded by a group of committed nonprofit leaders to defend the right to shelter and to elevate best practices cultivated by mission driven service providers. Throughout our history we have advocated for high quality programs and services for people experiencing homelessness and are proud of the work that all of our member programs do. There is no place in our community for persons who would seek to exploit their positions of power to harm the people we serve or employ. We all have a responsibility to ensure that our organizations are responsibly and professionally managed. It is painful to learn that when extreme misconduct was discovered, the City allowed it to continue with new contract awards being given to those who had demonstrated that they either weren't ready to or could not be trusted to administer homeless services programs<sup>1</sup>.

The Department of Homeless Services has stated that they have no choice but to continue to do business with unscrupulous or even dangerous service providers because of the right to shelter. While it's true that the City must open new programs to uphold that right, it is unfortunate that instead of asking why responsible providers couldn't or wouldn't open new programs to help them meet their obligations they instead turn to untested groups with questionable governance and other deficiencies. Instead of contracting with bad actors, the City could instead address longstanding problems with the way homeless services contracts are structured and administered to ensure responsible providers are able to afford to work with the City when they are needed.

I started as Executive Director of HSU in 2016 – even before my official first day on the job I was invited to a meeting with Commissioner Banks and members of my board to discuss what had become a crisis of such significant proportions that many shelter providers were on the brink of collapse. Following a reorganization at DSS that moved the contracting function out of DHS and collapsed it into HRA, timely

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<sup>1</sup>According to the New York Times “City officials knew about some of Mr. Rivera’s financial irregularities — a whistle-blower complained about nepotism and conflicts of interest in 2017 — but still poured millions into the organization. One homeless woman told the New York Department of Social Services, which oversees shelter providers, that she had been harassed by Mr. Rivera, but the department simply passed her grievance to his organization to investigate.” <https://www.nytimes.com/2021/02/07/nyregion/victor-rivera-bronx-homeless.html>





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registrations of homeless shelter contracts plummeted sector-wide. Providers were working without contracts unable to bill for services and were struggling to meet payroll. From the moment I walked in the door and for every day since I have worked with DSS to course correct. It wasn't until fiscal 2019 that things began to normalize. It is no wonder then that when the City issued urgent calls for providers to open new shelters to meet the skyrocketing demand for shelter 6 or 7 years ago, very few established providers were able to afford to answer their call. Instead the agency poured hundreds of millions of dollars into relatively unknown agencies, two of which have since collapsed following revelations of self-dealing and other improprieties.

I don't raise this as a "gotcha" tactic but as a warning of what may still be to come. Following a crush of budget actions, contracts and amendments in the wake of the COVID-19 pandemic, HSU's members are once again struggling financially. Providers owed millions of dollars in delayed contracts are dipping into lines of credit to make payroll and keep their programs operational. While I want to give credit to DSS and DHS for working with HSU to address the delays, DSS' contracting pipeline must be upgraded to handle greater capacity and process contracts and registrations in a more streamlined manner to prevent this problem from repeating. Our sector is still working to rebound with non-profits in precarious financial situations. Should the City find itself in need of surge capacity, perhaps when the eviction moratorium is lifted, I worry our providers may not be able to answer the call.

Our members and other shelter providers are in the process of cooperating with DHS on a comprehensive review triggered by the latest scandal to ensure that all providers have policies and procedures in place that can help guard against the types of abuses that have been recently reported. While it can be helpful to have a second set of eyes to ensure policies and procedures are in place to guard against nepotism, conflicts of interest and sexual harassment, the scope of the review is far more in depth and duplicative of audit and vendor integrity functions that should already be in place. We believe in a high level of transparency but, the administrative burden of this review is not insignificant. While we will work with DSS and our members to cooperate with the investigation, it is difficult not to be struck by the fact that the City should have had a functioning contracts system that weeded out proposals from these bad actors in the first place, preventing their abuses from ever occurring. It is incumbent on the City to cure this situation at once and ensure that their business practices are set up to promptly register and pay contracts in a timely manner and, that funding levels are sufficient and flexible enough to enable providers to respond to emergencies. Further, the City must look at their internal procedures to ensure that if there is a dearth of qualified providers bidding on a contract for required services that they immediately take steps to address deficiencies in the contract or their business practices to ensure that quality providers can perform the necessary service.

Regarding the bills under consideration today, we appreciate the Council's desire to protect whistleblowers, support survivors and generally aid in the ability to identify abuses and improprieties quickly. Upon review of the text of the some of the bills that speak to conflicts of interest it seems the language conflates the disclosure of a potential conflict with wrong doing that merits DOI investigation or other action. As long as the board member or employee recused themselves from any decisions involving the potential conflict, there would not be a reason for referral to DOI or similar action. For example, board members may disclose that they work for a particular organization or serve on a board



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of another entity to flag even the possibility of a conflict such that steps can be taken to properly separate that director from any current or future discussions that may involve their employer. The Council routinely does the same prior to votes on the budget or other matters where a conflict may be germane to disclose and in neither case is there any impropriety. We would suggest amending the text of Intros 2056, 2285 and 2292 to make clear that the obligation to report, refer or act upon a conflict is not upon the disclosure but, upon a failure to appropriately mitigate the impact of the potential conflict by recusing oneself from decisions related to the conflict or some similar action to avoid impropriety.

I thank you for the opportunity to testify and for your care and attention to the well-being of our staff and the people we serve. I welcome any questions you may have.