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**Audit of the New York City  
Department of Citywide  
Administrative Services'  
Compliance with Local Law 2  
of 2016 Regarding the  
Nonpublic School Security  
Reimbursement Program**

**SZ21-054A | December 21, 2022**



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BRAD LANDER

December 21, 2022

To the Residents of the City of New York,

My office has conducted an audit of the New York City Department of Citywide Administrative Services' (DCAS') compliance with Local Law 2 of 2016 regarding the establishment and administration of the Nonpublic School Security Reimbursement (NPS) Program. We conducted this audit to identify areas for improvement and make recommendations to mitigate identified risks.

The audit found that DCAS generally complied with Local Law 2 and effectively administered the NPS Program. However, the audit identified weaknesses in DCAS' controls over one security vendor's timesheet management and found that DCAS did not always correctly calculate the allowable costs of security services for which a participating school may be reimbursed.

To address these findings, the audit makes five recommendations, including that DCAS perform its own internal audits of the security vendor and school that submitted inappropriate timesheets, and that DCAS add an additional level of review when calculating the allowable costs a school may be reimbursed.

I am pleased to report that DCAS has already taken steps to address these findings and has agreed to audit the school in question to ensure proper timesheet management and to add measures to improve the accuracy of the calculation of allowable costs.

The results of this audit have been discussed with DCAS officials and their comments have been considered in preparing this report. DCAS' complete written response is attached to this report.

If you have any questions concerning this report, please email my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

Sincerely,

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

Brad Lander  
New York City Comptroller

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# AUDIT IMPACT

## Summary of Findings

The audit found that DCAS generally complied with Local Law 2 and the Nonpublic School Security Reimbursement (NPS) Program Rules. DCAS effectively administers the NPS Program in compliance with Local Law 2 and ensures that both participating schools and security service providers (vendors) are qualified to participate in the NPS Program and continuously adhere to the NPS Rules. The audit also found that DCAS generally reimburses schools only for allowable costs per Local Law 2 with few exceptions.

## Intended Benefits

The audit assessed DCAS' compliance with Local Law 2 and the NPS Rules to ensure that DCAS only allowed qualified schools and vendors to participate in the NPS program and identified a few areas where DCAS could improve its administration of the NPS Program.

# INTRODUCTION

## Background

The New York City Council enacted Local Law 2 of 2016 to address school security concerns and ensure that nonpublic schools can provide adequate security for their students. The Law authorizes the NPS Program to reimburse qualifying nonpublic schools for the costs of procuring certain security services. The Mayor of the City of New York designated the Department of Citywide Administrative Services (DCAS) as the Law's administering agency. In addition to this administrative responsibility, Local Law 2 states that the administering agency may promulgate its own set of rules and guidelines (NPS Rules) for the purpose of implementing the program.

DCAS is also responsible for recruiting City employees; managing public buildings; acquiring, selling, and leasing City property; and overseeing the procurement of goods and services for City agencies. As the administering agency for Local Law 2, DCAS is empowered to provide quarterly reimbursements to qualifying nonpublic schools for allowable costs associated with school security, such as wages for security guards and administrative expenses (including overhead, profit, equipment, supplies, and uniform expenses). The reimbursements may not exceed a total yearly amount of \$19.8 million per Local Law 2.

## Objective

The objective of this audit was to determine whether DCAS complied with Local Law 2 of 2016 for the establishment and administration of the NPS Program.

## Discussion of Audit Results with DCAS

The matters covered in this report were discussed with DCAS officials during and at the conclusion of this audit. An Exit Conference Summary was sent to DCAS on October 28, 2022, and discussed with DCAS officials at an exit conference held on November 2, 2022. On November 14, 2022, we submitted a Draft Report to DCAS with a request for written comments. We received a written response from DCAS on November 30, 2022.

The written response has been fully considered and, where relevant, changes and comments have been added to this report.

The full text of the DCAS response is included as an addendum to this report.

# DETAILED FINDINGS

The audit found that DCAS generally complied with Local Law 2 and the NPS Rules and generally ensured that security guard vendors and participating schools were also in compliance. The few exceptions noted by auditors are detailed below. The audit also found weaknesses in DCAS' oversight over one security provider's management of security guard timesheets.

Please see the Appendix for a detailed breakdown of DCAS' compliance with Local Law 2 and the NPS Rules.

## DCAS Effectively Established and Administered the NPS Program

In accordance with Local Law 2 and the NPS Rules, the auditors found that DCAS has effectively:

- Established its own set of rules to administer the NPS Program. The NPS Rules were adopted on June 27, 2016, adding a new Chapter 14 to Title 55 of the Rules of the City of New York. The NPS Rules were further amended after public hearings were held on March 17, 2017, and October 4, 2019.
- Allowed only qualified security guard vendors to appear on the Qualified Provider List. Local Law 2 requires DCAS to establish the standards/qualifications vendors must meet to appear on the Qualified Provider List (QPL). The audit found that DCAS created procedures to ensure vendors are submitting documentation in order to demonstrate that they meet qualifications established by § 14-02 of the NPS Rules. Auditors reviewed applications for the 121 vendors who appeared on the QPL as of August 8, 2021 and found that all vendors were qualified to appear on the QPL.
- Accepted and recertified only qualified nonpublic schools for participation in the NPS Program. The auditors found that DCAS only accepted schools that met qualifications established by Local Law 2 and § 14-03 of the NPS Rules and that each approved school submitted the required certification documents. For School Years 2018–2019, 2019–2020, and 2020–2021, a total of 295 schools applied to NPS Program, and DCAS accepted 230 schools that met the qualifying criteria.

After a school's participation has been approved, DCAS must "provide a Memorandum of Understanding ('MOU') regarding the school's participation," DCAS includes a budget with the MOU stating the number of budgeted guards for which the school may seek reimbursement based on enrollment. The MOU remains in effect for three years, after which the school must reapply. The audit found that DCAS provided the schools with an MOU stating a budgeted number of guards that was consistent with each schools' student enrollment and that approved schools regularly returned a signed MOU to DCAS.

Each year, schools must submit applications to DCAS to recertify participation. For School Years 2018–2019, 2019–2020, and 2020–2021, a total of 384 schools applied for

recertification. A review of the recertification applications showed that DCAS appropriately applied the standards for school qualification and recertified 375 schools that met<sup>1</sup> all criteria.

- Ensured that participating schools tracked public safety incidents and submitted annual incident reports. Section 14-05(f) of the NPS Rules states that schools must submit annual reports that document criminal activity and other significant incidents related to public safety, including portions stating whether the New York City Police Department or other appropriate City agencies were notified. The auditors' review of all 354 annual incident reports submitted during School Years 2018–2019, 2019–2020, and 2020–2021<sup>2</sup> found that DCAS ensured schools who documented criminal activity (and other significant incidents) also included notes indicating that the appropriate government agencies were notified.
- Ensured that participating schools submitted supporting documents prior to reimbursement. In order to receive reimbursements for the cost of security services, schools must submit proof of compliance with the NPS Rules as agreed to in the MOU. DCAS verifies that the vendors contracted with the school are on the QPL, that the vendor is insured, and that the schools provide proof of compliance in the form of invoices, payroll records, sign-in sheets (time sheets), and proof of payment. Auditors reviewed all 1,560 approved reimbursement requests as of February 2, 2022, and found that schools were contracted with a security provider for each approved reimbursement, as required. Auditors confirmed that DCAS had received proof that vendors were insured in 1,555 of the 1,560 approved reimbursement requests (99%) and that DCAS had received all required supporting documents for 1,551 of the 1,560 approved reimbursement requests (99%).
- Ensured that reimbursements did not exceed the maximum allowable amount in any year. Auditors reviewed budget reports issued by the New York City Council, reviewed a database of reimbursements obtained from DCAS, and received confirmation from DCAS that the maximum total amount of yearly reimbursements of \$19.8 million had not been exceeded in any year of the audit scope.
- Regularly performed audits of participating schools. The NPS Rules establish requirements that schools must follow when subject to an audit performed by DCAS' Internal Audit and Compliance Unit (IA). The audits act as a control to assess whether schools are complying with agreed-upon NPS Rules and allows DCAS to ensure that schools are complying with rules that might not be verifiable without onsite visits, such as ensuring that guards are properly uniformed, displaying identification and/or their security license, and provided with communications systems. The auditors found that DCAS reviewed records, visited schools, and reported findings, and that schools that were audited complied with the auditing requirements.<sup>3</sup>
- Correctly calculated allowable costs consistent with Local Law 2 and the NPS Rules. Local Law 2 and the NPS Rules define allowable costs as reimbursement of wages equal to the

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<sup>1</sup> The total number of recertified schools includes previously accepted schools that have an MOU still in effect.

<sup>2</sup> At the time testing was completed for this section, the deadline to submit 2020-21 reports had not yet occurred, therefore auditors were unable to review the incident reports from the 2020-21 school year.

<sup>3</sup> DCAS performed 62 audits during the audit scope period. During the pandemic, no audits were conducted.

prevailing wage, overtime pay not exceeding 15% of non-overtime pay, and administrative costs charged by the security vendor to the school, as long as they do not exceed 25% of the wages paid to the security guards. DCAS uses a reconciliation spreadsheet and formula to calculate the allowable costs as defined by Local Law 2 and the NPS Rules. In each of the 485 out of 1,560 approved reimbursements tested by auditors, DCAS calculated the allowable costs by ensuring that schools were reimbursed based at the prevailing wages for unarmed security guards and by ensuring that neither the overtime wages to be reimbursed nor the administrative costs exceed the limits established by Local Law 2 and the NPS Rules in its calculation. Auditors concluded that DCAS consistently applied these standards when calculating the allowable costs for which a school may be reimbursed.

- DCAS regularly ensures guards are paid the prevailing wage. Based on a review of invoices, payrolls, and reimbursements, auditors identified 8,897 instances in which a guard's prevailing wage needed to be determined either at the end of a pay cycle or due to an increase in their length of service which would increase their prevailing wage within a pay cycle.<sup>4</sup> Auditors calculated the guards' length of service based on dates of hire provided by the vendors to DCAS, compared the guards' wages as reported on the certified payroll reports submitted with reimbursement requests, and concluded that DCAS properly ensured that guards were paid the prevailing wage in 8,801 instances (99%).

## DCAS Did Not Demonstrate Proper Timesheet Management and Oversight of Security Vendor

DCAS appears to have lacked effective controls to ensure that one security vendor—Global Operations Security—appropriately completed and submitted timesheets. In one case, guards employed by Global Operations Security reported providing security services at two locations on the same day. Auditors found 125 instances where guards had signed out of one school (Associated Beth Rivkah High School) at the same time they signed into a second school (Associated Beth Rivkah Elementary School). It would not have been possible for the guards to be on the sites at the times indicated on their timesheets as these schools are approximately a half-mile away from each other. When auditors initially notified DCAS of this situation, DCAS stated that it would “advise Global Operations and the School(s) identified in an effort to change this behavior.” When auditors discussed this matter with DCAS personnel at the exit conference, DCAS stressed that they consider this a serious matter and will make every effort to change this behavior.

Additionally, auditors concluded that the timesheets submitted by Global Operations Security were signed by a representative of Global Operations Security, not by the guards who were reported to be on site. The DCAS Policy and Procedure Manual (DCAS Manual) provides timesheet instructions which state that guards “must provide a signature for each day.” Global Operations Security submitted timesheets for guards at multiple sites that were signed by someone other than the guard listed on the payroll reports and invoices. When auditors made DCAS aware of this situation, DCAS personnel indicated that they had encountered similar situations in their previous professional experience outside of both DCAS and the NPS Program.

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<sup>4</sup> The auditors identified 8,897 instances when reviewing the sample of 485 approved reimbursements.



DCAS also stated that they would warn the schools that the guards must sign the timesheets or reimbursements may be withheld.

Moreover, auditors found that 38 security guards were not paid for overtime on 208 occasions. Auditors reviewed payroll reports and timesheets submitted by both Associated Beth Rivkah High School and Elementary School from the first, second, and third fiscal quarters of Fiscal Year 2021 (2020–2021 school year) and found that 38 guards had regularly worked over eight hours a day between the two locations; however, payroll reports showed that the guards were not paid overtime on 208 occasions.

If DCAS is approving timesheets that are signed by someone other than the guard listed on the payroll and invoice and is unable to ensure that guards are not signing in and out of the same location at the same time, then DCAS may be reimbursing schools inappropriate amounts.

## DCAS Did Not Always Follow NPS Rules Regarding the Qualified Provider List

According to the NPS Rules, DCAS is required to establish standards that security vendors must meet for inclusion on the QPL, make the application for inclusion available on its website, and regularly publish invitations in the City Record. Per the NPS Rules, invitations must be published in the City Record “not less than twice per year,” and upon each publication, the invitation must be published “in five consecutive editions” of the paper.

While the audit found that DCAS generally complied with these requirements, the auditors noted that DCAS did not meet the requirement to publish the invitation in “five consecutive editions of the City Record.”

Additionally, DCAS requires vendors to submit recertification applications at least once every two years in order to meet the standards per § 14-02(g) of the NPS Rules and to “affirm that there has been no change in the information included in [the] original application.” Although DCAS allowed only qualified vendors to recertify for the QPL, 34 of 104 (33%) vendors submitted their QPL recertification applications more than two years after their first appearance on the QPL or after their first recertification, indicating that DCAS inappropriately recertified vendors who did not recertify in time.

## DCAS Did Not Always Calculate Allowable Reimbursement Costs Correctly

Auditors reviewed 485 out of 1,560 approved reimbursements. Of these, the auditors’ calculations for 432 reimbursements (89%) matched or were within 0.5% of DCAS’ calculations. Discrepancies were found for the remaining 53 reimbursements (11%). Because DCAS regularly applies a method for calculating the allowable costs consistent with the standards per Local Law 2 and the NPS Rules, auditors concluded that the miscalculations were likely caused by clerical mistakes.

As shown in the table below, the greatest difference in the total calculated costs for the reimbursements tested by auditors occurred during the 2020–2021 school year.

**Table I<sup>5</sup>**

| <b>School Year</b> | <b>Auditor Calculated Reimbursement</b> | <b>DCAS Calculated Reimbursement</b> | <b>Difference</b> | <b>Percent Difference</b> |
|--------------------|---|--------------------------------------|-------------------|---------------------------|
| 2018-19            | \$1,242,482.02                          | \$1,243,393.83                       | -\$911.81         | -0.07%                    |
| 2019-20            | \$2,613,795.86                          | \$2,613,813.77                       | -\$17.91          | 0.00%                     |
| 2020-21            | \$2,573,934.57                          | \$2,586,094.53                       | \$12,159.96       | -0.47%                    |

The number of schools that had an MOU still in effect increased each year within the audit scope—from 173 in 2018–2019, to 216 in 2019–2020, to 221 in 2020–2021, but DCAS staff assigned to calculate allowable costs<sup>6</sup> did not increase in proportion. DCAS expressed concerns that more staff may be needed to effectively ensure schools are appropriately reimbursed as more schools participate.

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<sup>5</sup> Table I shows auditors' and DCAS' total calculated reimbursements only for the 485 approved reimbursements tested by auditors.

<sup>6</sup> DCAS informed auditors that only one analyst was assigned to calculate the allowable cost. Another staff member indicated that they calculated allowable costs on an as-needed basis, but it was not their sole duty.

# RECOMMENDATIONS

To address the abovementioned findings, the auditors propose that DCAS:

1. Perform an internal audit of the timekeeping practices of Global Operations Security and the schools identified in the audit. If DCAS determines that the vendor and schools knowingly misled DCAS, remove both the vendor and schools from the NPS Program.

**Agency Response:** DCAS partially agreed with this recommendation. DCAS stated that it does not perform audits of vendors but will “inform all security vendors and all the school(s) of this occurrence and advise them that this will be monitored, and the guards should log in at the time they arrive on site” and that it will “audit the schools to ensure that there is proper timesheet management.”

**Auditor Comment:** We appreciate the agency’s response and would further recommend that any vendor that does not comply with proper timekeeping practices be removed from the QPL.

2. Ensure that it abides by its established rules regarding the QPL by publishing invitations to apply for inclusion in five consecutive editions of the City Record no less than twice per year.

DCAS agreed with this recommendation.

3. Improve vendor oversight by implementing (1) multi-level reviews of sign-in sheets to ensure accurate timesheet data; and implementing (2) policies to ensure guards receive overtime wages when working at two locations on the same day.

**Agency Response:** DCAS disagreed with this recommendation, stating, “Schools are reimbursed based on the number of hours the guard works at the school and have to provide supporting documentation for that expense, which includes overtime. However, when a guard works at two different schools on the same day, each school will only be reimbursed for the time that the guard worked at each school.”

**Auditor Comment:** We appreciate the agency’s response. However, we reiterate that guards should receive overtime wages when working at two locations on the same day. Because the schools in question are affiliated and the reimbursement goes to the same payee, we feel that DCAS should ensure that the guard receive overtime for applicable hours. We also reiterate that an additional, multi-level review should be performed to ensure accurate timesheet data to ensure that the signatures are valid.

4. Add an additional level of review of the reimbursement reconciliation spreadsheets specifically for the calculations that may have a significant impact on the final total amount of allowable costs.

**Agency Response:** DCAS partially agreed with this recommendation stating that they already perform reviews of the reconciliation spreadsheets but will strengthen their review by adding a formula to “verify the guard’s classification.”

**Auditor Comment:** We appreciate the agency’s response and agree with the addition of the formula to track the guards’ length of service (classification).

5. Assign additional staff to implement any/all recommendations.

DCAS agreed with this recommendation.

## Recommendations Follow-up

Follow-up will be conducted periodically to determine the implementation status of each recommendation contained in this report. Status updates are reported in the Audit Recommendations Tracker available here: <https://comptroller.nyc.gov/services/for-the-public/audit/audit-recommendations-tracker/>

# 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 audit scope covers the period from July 1, 2018 through June 30, 2021.

To gain an understanding of the NPS program, auditors reviewed Local Law 2 of 2016, the NPS Rules (and any/all amendments thereto), New York State and New York City prevailing wage regulations, and DCAS NPS Program Policy and Procedure Manuals. Auditors conducted several virtual meetings with DCAS personnel that included demonstrations of DCAS staff performing their assigned duties and executing the processes by which DCAS administers the NPS Program.

To determine if DCAS complied with Local Law 2 and the NPS Rules by only admitting qualified vendors and schools to the program, the auditors obtained supporting documents from DCAS and reviewed those supporting documents, including, but not limited to: vendor applications, vendor certificates of incorporation, vendor security licenses, vendor insurance, school application, school charters and/or regents' certificates, school 501(c)(3) letters, and schools New York State Education Department (NYSED) Basic Education Data System (BEDS) forms.

To determine if DCAS complied with Local Law 2 and the NPS Rules by only reimbursing schools for allowable costs, auditors obtained supporting documentations from DCAS such as invoices, payroll, reports, sign-in registers (timesheets), proofs of payment, and the prevailing wage schedule for unarmed security guards in the City of New York.

To determine if DCAS complied with Local Law 2 and the NPS Rules by appropriately determining the allowable costs, auditors performed their own calculations for 485 out of 1,560 approved reimbursements to determine the allowable costs to be reimbursed. The sample was selected by specifically targeting approved reimbursements to ensure that they did not occur at a time when a school was required to be closed in response to the COVID-19 pandemic.

Although the results of the sampling tests were not projectable to their respective populations, these results, together with the results of the other audit procedures and tests, provided a reasonable basis for the audit team to evaluate and to support the findings and conclusions within the context of the audit objectives.

# APPENDIX

| <b>DCAS compliance with Local Law 2 of 2016 and the NPS Rules</b> |   |                         |   |
|---|---|-------------------------|---|
| LL2/NPS Rule  | Criteria  | Compliance?<br>(yes/no) | Comments  |
| §10-172.a   | Does DCAS ensure that only qualifying nonpublic schools are admitted to the NPS Program?                      | yes                     | The audit found that DCAS ensured that all schools who wanted to participate in the NPS program submitted applications to participate as well as required those schools who have been accepted into the program to recertify each year to ensure that participating schools continue to meet the required criteria. |
| § 14-03(a)/§ 14-03(b)iii  | Does DCAS require schools to create an HHS Accelerator account?   | yes                     | The audit found that DCAS ensured that all schools who were accepted into the NPS program submitted their application through HHS Accelerator.  |
| § 14-03(b)ii from adopted rules of 10/4/19                        | Does DCAS require schools to submit their student enrollment per their NYSED BEDS form?                       | yes                     | The audit found that DCAS ensured that schools either submit their previous schools' years BEDS form or submit a letter stating that they have recently been assigned a BEDS number by NYSED. DCAS will confirm each school's student enrollment upon NYSED's release of the current school year's enrollment data. |
| § 14-03(b)ii  | Does DCAS ensure that only schools who meet the minimum enrollment requirement are accepted into the program? | yes                     | The audit found that DCAS will only admit schools into the program who have met to the minimum enrollment requirement. DCAS also requires schools to recertify yearly to ensure that the school maintains the minimum enrollment.   |
| § 14-03(c) from adopted rules of 10/4/19                          | Does DCAS ensure that each school submit a complete application?  | yes                     | The audit found that DCAS requires that all schools submit the required documents along with their application per § 14-03(c) of the NPS Rules.   |

|                                       |  |     |   |
|---------------------------------------|--|-----|---|
| § 14-04 from adopted rules of 10/4/19 | Does DCAS provide a Memorandum of Understanding (MOU) regarding the school's participation in the Reimbursement Program? | yes | The audit found that DCAS provides schools who are accepted into the NPS program with an MOU which are effective for three years. After the expiration of the MOU, schools are required to re-apply for the NPS program and a new MOU is provided.  |
| § 14-05(f)ii                          | Does DCAS require schools to submit annual incident reports?   | yes | The audit found that DCAS ensures that schools submit an annual incident report. or submit an email stating that either no guards were hired, or that the school did not actively participate in the NPS program.   |
| § 14-08. (a-e)                        | Does DCAS perform audits of participating schools?   | yes | The audit found that DCAS Internal Auditing performs on site visits to schools for the purpose of auditing to ensure that schools, vendors, and on duty guards are complying with Local Law 2 and the NPS Rules. IA audits also consist of a review of documents such as payroll records and timesheets submitted along with a school's request for reimbursements. |
| §10-172.d                             | Did DCAS establish a Qualified Provider List?  | yes | The audit found that DCAS has established a list of security providers (vendors) which it updates regularly.  |
| § 14-02(a).i                          | Is the application for inclusion on the QPL continuously available on DCAS' website?                                     | yes | The audit found that the application for inclusion on the QPL is continuously available on DCAS' website.   |
| § 14-02(a). ii                        | Does DCAS publish invitations to apply for inclusion on the QPL?   | no  | The audit found that DCAS does publish invitations to apply for inclusion on the QPL in the City Record at least twice per year, but auditors did not observe invitations in five consecutive editions of the City Record as stated in § 14-02(a). ii of the NPS Rules.   |
| § 14-02(a). iii                       | Does DCAS ensure that the QPL is continuously  | yes | The audit found that the QPL is continuously available on DCAS' website.  |

|   |  |     |   |
|---|--|-----|---|
|   | available on its website?  |     |   |
| § 14-02(b)                                    | Does DCAS ensure that all vendors who have been added to the QPL met the requirements?   | Yes | The audit found that DCAS has received and reviewed documentation that demonstrates that all vendors who have been added to the QPL have submitted proof that they met the requirements.  |
| § 14-02(b). v                                 | Does DCAS require vendors to demonstrate that each security guard it employs holds a valid registration card?                                | yes | The audit found that the application for inclusion on the QPL contains a certification which must be signed in the presence of a notary public. That certification states that each vendor "...ensures that each of its security guards holds a valid registration card..."   |
| § 14-02(b). vii from adopted rules of 10/4/19 | Does DCAS require vendors to enroll in PASSPort?   | yes | The audit found that the NPS rules were amended on October 4, 2019, to include the requirement for vendors to enroll in PASSPort. All vendors who had been added to the QPL since the rules were amended have enrolled in PASSPort and all vendors who were added to the QPL prior to the amendment but remained on the QPL at the time that testing was completed for this aspect of the report had enrolled in PASSPort.  |
| § 14-02. (g)                                  | Does DCAS ensure that each vendor on the QPL affirm that there has been no change in the information provided at least once every two years? | no  | The audit found that DCAS requires vendors who have been approved for inclusion on the QPL to recertify. Recertification consists of the same review process as the application which adds an extra layer of security to the program by DCAS performing a reassessment of the vendor's responsibility. Auditors observed that those recertifications are often received more than two years after the vendor had initially been approved for, or recertified for, inclusion on the QPL. |



|              |   |     |  |
|--------------|---|-----|--|
| §10-172.e    | Does DCAS reimburse schools only for allowable costs?   | yes | The audit found that DCAS procedures are designed to base calculations for reimbursements on the allowable costs as defined by Local Law 2 and the NPS Rules such as, reimbursing for wages equal to the prevailing wage, ensuring that the cost of overtime and administrative fees do not exceed the limits per Local Law 2 and the NPS Rules. |
| §10-172. g.3 | Does DCAS ensure that guards employed by vendors are paid at the prevailing wage?                                     | yes | The audit found that DCAS ensures that the payroll reports submitted with reimbursement requests indicate that the guards have been paid at the prevailing wage. If the payroll report indicates otherwise, DCAS requires the school to provide proof that the guard was properly compensated prior to approving the reimbursement.              |
| §10-172.j    | Does DCAS ensure that it does not exceed maximum the total annual amount of reimbursements authorized by Local Law 2? | yes | The audit found that DCAS has not exceeded the maximum the total annual amount of reimbursements authorized by Local Law 2.  |



Dawn M. Pinnock  
Commissioner

November 30, 2022

Sandra Abeles  
Executive Deputy Comptroller  
Office of the New York City Comptroller  
1 Centre Street, Room 1100  
New York, NY 10007

Re: NYCC Audit of the NYC Department of Citywide Administrative Services' (DCAS) Compliance with Local Law 2 of 2016 Regarding the Non-Public School Security Reimbursement Program (NPS) #SZ21-054A

Dear Ms. Abeles:

Thank you for sharing the draft report for the above audit. Attached are DCAS's response and Corrective Action Plan to NYCC's draft audit report of DCAS's compliance with Local Law 2 of 2016 regarding the Non-Public School Security Reimbursement Program (NPS) #SZ21-054A. We appreciate the efforts your team has taken to understand our process and are pleased to learn that overall DCAS has effectively established and administered the NPS Program.

While the agency partially agrees with most of the findings and recommendations noted in the report, the recommendation proposing that DCAS conduct audits of the security guard vendors contracted by schools participating in the NPS program, does not fall under DCAS's contractual agreement of responsibility. DCAS's contractual agreement is with the participating schools, where audits are performed on claims made for reimbursement. However, DCAS has instituted additional steps to monitor the NPS claims to ensure that they are fully supported and accurately documented.

In addition, DCAS will continue to strengthen our review and monitoring process of participating schools, while striving to ensure compliance with all applicable NPS program rules and regulations.

Should you have any questions, please contact Sonia Lamrhari, Executive Director of DCAS's Audit and Compliance Services at 212-386-6266.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Pinnock".

Dawn M. Pinnock

Enclosure

c: Ernestine Rivers-Merritt  
Doug Giuliano  
Shanna Midelton  
Sonia Lamrhari

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NYC DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES  
Corrective Action Plan (CAP) Response

Audit Name: NYCC Audit of the NYC Department of Citywide Administrative Services' Compliance with Local Law 2 of 2016 of the Non-Public School Security Program  
Audit Number: SZZ1 – 054A

Date: November 29, 2022

| Audit Findings  | Audit Recommendations   | Agency Response  | Corrective Action  | Target Date |
|---|---|--|--|-------------|
| DCAS did not demonstrate proper timesheet management and oversight of security vendor | Perform an internal audit of the timekeeping practices of Global Operations Security and the schools identified in the audit. If DCAS determines that the vendor and school knowingly misled DCAS, remove both the vendor and schools from the NPS Program. | <p>1. Partially agree.<br/>DCAS does not perform audits of the security guard company since we do not have oversight of the vendors. However, DCAS will inform all security vendors and all the school(s) of this occurrence and advise them that this will be monitored, and the guards should log in at the time that they arrive on site. DCAS will also advise the school(s) to modify their processes, to ensure an additional level of review to effect a change in their timekeeping practices.</p> <p>DCAS reviewed the Global Operations spreadsheet that was provided as support for the timesheet finding and noted that it identified 125 instances of the Global Operations Security guards signing out at one location and signing in at another location at the same time. Using Google Maps, we noted that the distance between the two locations identified in the 125 instances to be a 10-minute walk or 3-minute drive (from 310 Crown St. Brooklyn, NY 11225 to 470 Lefferts Ave. Brooklyn, NY 11225). Based on this information, the time between the two locations falls within the allowed timesheet rounding and believe this finding to be immaterial.</p>   | 1. DCAS will audit the schools to ensure that there is proper timesheet management.  | March 2023  |
|   | 3. Improve vendor oversight by implementing (1) multi-level reviews of sign-in sheets to ensure accurate timesheet data; and implementing (2) policies to ensure guards receive overtime wages when working at two locations on the same day.               | <p>3. Disagree.<br/>DCAS does not have a contractual relationship with the security guard vendors. Oversight of these vendor lies with the school(s) that are contracted with the security vendors.</p> <p>Schools are reimbursed based on the number of hours the guard works at the school and have to provide supporting documentation for that expense, which includes overtime. However, when a guard works at two different schools on the same day, each school will only be reimbursed for the time that the guard worked at each school.</p>  | 3. None.   |             |
| DCAS did not always follow NPS Rules regarding the Qualified Provider List            | 2. Ensure that it abides by its established rules regarding the QPL by publishing invitations to apply for inclusion in five consecutive editions of the City Record no less than twice per year.   | 2. Agree.<br>DCAS agrees and has implemented this recommendation. The next publication of invitations to security vendors is scheduled to run for 5 consecutive editions of the City Record. This will occur bi-annually.  | 2. Publish invitations to apply for inclusion in five consecutive editions of the City Record no less than twice per year. | Completed   |
| DCAS did not always calculate allowable reimbursement costs correctly                 | 4. Add an additional level of review of the reimbursement reconciliation spreadsheets specifically for the calculations that may have a significant impact on the final total amount of allowable costs.  | <p>4. Partially agree.<br/>DCAS already conducts reviews of invoice calculations as reiterated by the audit findings and recommendations. The HHS Accelerator (the database where vendors submit their invoices for approval) requires two levels of approval for invoices before the invoice moves to the payment request step. Also, there are occasions where the NPS team seek guidance from our Senior Labor Policy Advisor, who in turn reaches out to the City Comptroller's Bureau of Labor Law Classifications for assistance.</p> <p>DCAS strives to ensure that all invoices are error free and fully compliant with the Program Rules. Going forward, to strengthen our review of guard classifications we have added two new columns to the reconciliation spreadsheet: (1) the guard(s) hire date and (2) a formula that calculates the guard(s) number of workdays as it relates to the week ending date on the certified payroll report to verify the guard's classification.</p> <p>DCAS reviewed the 53 discrepancies identified in the test sample of 485 approved reimbursements where DCAS's calculations were slightly inaccurate, and we agree that the issues identified by the auditors, were due to clerical issues. However, if the discrepancy is analyzed in monetary terms, a discrepancy of \$13,089.68 out of a total sample amount of \$6,443,302.13 equals two-tenths of one percent (0.20%) over three fiscal years 2018-19, 2019-20 and 2020-21. This discrepancy is negligible and falls within an acceptable error rate.</p> | 4. Update the internal reconciliation spreadsheet to improve the accuracy of the calculation of allowable costs.           | Completed   |
|   | 5. Assign additional staff to implement any / all recommendations.  | <p>5. Agree<br/>DCAS made requests for three additional staff, but these were rejected during both the FY2023 January and FY2023 November Plan cycles.</p> <p>DCAS will resubmit our requests for additional headcount in the FY2024 Executive Plan.</p>   | 5. None.   |             |



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