



# Office of the Nassau County Comptroller

## Elaine Phillips

### Follow-Up Review of Nassau County's Department of Social Services Payments to Hotels & Motels for Emergency Housing

#### August 2025

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#### Summary

The Office of the Nassau County Comptroller conducted a review of Nassau County's Department of Social Services (DSS) payments to hotels and motels for emergency shelter from January 1, 2021 through June 30, 2023. An August 2024 report to the DSS Commissioner included findings and recommendations for improved processes and oversight. A fresh look at the issue in 2025 revealed major improvements in the payment process that are expected to yield \$1.46 million in savings for the County by the end of 2025.

#### Introduction

Governed by a New York State mandate to provide eligible individuals and families emergency shelter, Nassau County provides temporary emergency shelter to every eligible person who requests it. Certified shelter space in Nassau declined steadily between 2019 and 2023, forcing the County to find alternative options for emergency shelter placements. When appropriate shelter space is not available, the County utilizes local hotels and motels for emergency shelter.

In August 2024, the Office of Nassau County Comptroller Elaine Phillips published the results of its review of Nassau County Department of Social Services (DSS) payments to hotels and motels for emergency shelter.

The Comptroller's review found that better controls were needed over these payments.

The Comptroller's findings were provided to the then-newly appointed Commissioner of the Department of Social Services (DSS), who replaced the Commissioner that was appointed by the previous County Executive.

## Background

Payment to hotels & motels for emergency shelter are made in three ways:

1. On a **reimbursement basis** by check from the County to the hotel/motel after an invoice for payment is submitted by a vendor following a client's stay,
2. On a **prepayment basis** by check from the County to the hotel/motel prior to a client's stay, or
3. By **cash-on-card**, which is a benefits card provided to eligible recipients. This requires the client to withdraw the funds on the card from a bank to make payment directly to the hotel/motel.

The Comptroller's review revealed weaknesses in payment methods 2 and 3 above.

The key recommendation for remediation was for DSS to move away from prepayment to hotels/motels, as it allows for potential overpayment or duplicative payments if a client doesn't utilize the selected hotel/motel for all or part of the prepaid period. The Comptroller's Office suggested moving toward a reimbursement basis whenever possible because this method provides for the best controls to prevent loss of County dollars. Reimbursement payments are made after a client's stay and upon proof of the client's attendance. The cash-on-card basis also has limited controls on how and where money is spent, other than for the County to require clients to provide receipts of their payments after their stay.

The Comptroller's review also looked at client **share payments**, where contingent on their financial means a client may be required to pay a portion of their emergency shelter cost. The review found that improved controls over the collection of these payments were needed to reduce or eliminate loss of revenue.

## Follow-up

The Comptroller's Office has been continually reviewing DSS procedures and consulting with the current DSS Commissioner and his staff to implement improvements to the hotel/motel payment process. To test the efficacy of these improvements, the Comptroller's Office analyzed hotel/motel payments made from January 2024 through June 30, 2025.

This analysis revealed the following.

### **Substantial Increases in Reimbursement Basis Payments and Decreases in Cash-on-Card Use**

A comparison of payments from January to June of 2025 to the same period in 2024 revealed, year over year:

- A **175% increase** in reimbursement basis payments,
- A **33% decrease** in cash-on-card payments.

### **Substantial Increases in the Collection of Share Payments**

A comparison of collections from January to June of 2025 to the same period in 2024 revealed, year over year:

- A **96% increase** in the dollar value of share payments collected, from \$454,397 to \$892,522.
- This is projected to result in **\$1.14 million net savings to the County** in 2025, after New York State reimbursements.

### **Substantial Increases in Recoupment of Overpayments**

Among the earliest results of the Comptroller's review was the identification of overpayments to hotels/motels. DSS was informed of the need to recoup these funds as early as June of 2023. The follow-up audit of overpayment recovery revealed:

- A 161% increase in overpayment recoupment from 2023 to 2024, from \$47,476 to \$124,115,
- A projected 19% increase in overpayment recoupment from 2024 to 2025, from \$124,115 to \$147,824,
- A total of **\$245,416 recovered** through June 2025, with \$319,414 cumulative collections projected by the end of 2025.

Improvements in the payment process brought about by the Comptroller's review will continue to reduce or eliminate overpayments, and the need to recoup such funds.

### **Continued Follow-up and Improvements**

The Comptroller's follow-up review also found that the paper-intensive nature of the hotel/motel payment process, mostly to meet New York State reporting requirements, has been a hinderance to getting all hotels/motels paid on a reimbursement basis. Currently, the Comptroller's Office Field Audit team is consulting with DSS to review State requirements for reimbursement filing and alternative processing methods used by other counties. This will set the stage for DSS to increase the efficiency and efficacy of the reimbursement process, including a transition from paper to electronic processing.

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