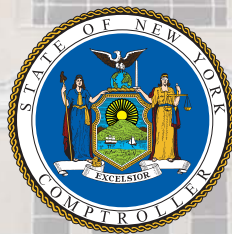




New York City Human Resources Administration

Recycling Program

Report 2008-N-14



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of State Government Accountability

August 27, 2009

Mr. Robert Doar
Commissioner
Human Resources Administration
180 Water Street
New York, NY 10038

Dear Commissioner Doar:

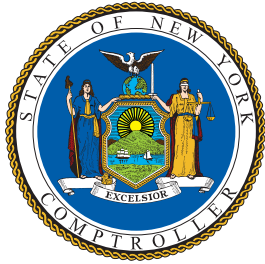
The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the New York City Human Resources Administration's Recycling Program. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objective

The objective of our audit was to determine whether the New York City Human Resources Administration (HRA) operates a recycling program that complies with applicable State and local government laws.

Audit Results - Summary

HRA, as a New York City agency, is required to establish a recycling program (Program) in accordance with Title 16 of the New York City Rules. Title 16 requires New York City agencies to source-separate their recyclable waste materials, such as plastics, glass, metals, paper and cardboard, and dispose of them accordingly. The objectives of source-separation are to reduce the volume of unnecessary waste and provide for a more “green” environment. Each agency is also required to appoint a recycling coordinator, or coordinators, to help ensure Program compliance.

Title 16, also requires New York City agencies to each establish an implementation plan (Plan) detailing relevant Program-related information such as the location of each of their facilities, the number of employees at each facility, the name(s) of their recycling coordinator(s), the methods of each facility’s waste disposal, and the nature and amount of waste produced at each facility. A copy of the Plan is to be filed with the New York City Sanitation Department.

We found that not all HRA facilities are compliant with Title 16. Of the 14 facilities that we either visited or surveyed, five were found to not be in compliance with source-separation requirements. Thus, they were not achieving the recycling goals required by law. Further, HRA’s recycling coordinator was not appointed until January 2009, after the completion of our audit fieldwork and at least five years after the appointment was required.

We also found the Plan established by HRA did not contain all required elements. Thus, some of the Program-related information deemed necessary by decision makers was not being produced or made available to them.

Our audit report contains three Program compliance-related recommendations.

This report dated August 27, 2009, is available on our website at <http://www.osc.state.ny.us>

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Office of the State Comptroller

Division of State Government Accountability

110 State Street, 11th Floor

Albany, NY 12236

Introduction

Background

New York State (State) has a long history of encouraging the reduction and recycling of solid waste materials. In 1988 the State enacted the Solid Waste Management Act (Act), which laid out the priorities of the State's solid waste management policy. The Act requires municipalities throughout the State to pass their own local ordinances or legislation requiring source separation of solid waste, whether it is left out for collection, or delivered to a solid waste management facility.

New York City (City) has a similar history in this area. In 1989, City officials amended the City's Administrative Code and the City's Rules to establish the City's Solid Waste Recycling Program. Title 16 of the City's Rules requires City agencies to each develop and implement a recycling program (Program) similar to that required by New York State. The objectives of these State and City laws are to reduce unnecessary waste and help ensure a more "green" environment.

The New York City Human Resources Administration (HRA) is responsible for the City's welfare reform initiatives, and serves a diverse group of New Yorkers through a wide range of social service programs. HRA's services help ensure that needy individuals who meet eligibility requirements are provided with basic needs such as food, shelter, temporary financial assistance, medical care, counseling, and other essential services. HRA has 96 facilities located throughout the City.

Audit Scope and Methodology

We audited HRA for the period April 1, 2006 through January 27, 2009, to determine whether it operates a Program that is in compliance with applicable State and local government laws. To accomplish our audit objective, we reviewed relevant New York State and City recycling laws, rules and regulations. We met with HRA officials and reviewed supporting documentation to obtain an understanding of HRA's Program. We visited five HRA locations, including its main office, to observe the recycling activities at these sites, and surveyed nine additional locations to complement our field visits. We also visited two post-collection recycling centers to observe their post-collection recycling procedures.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform our 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 objectives.

As is our practice, we notify agency officials at the outset of each audit that we will be requesting a representation letter in which agency management provides assurances, to the best of their knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. In the representation letter, agency officials assert that, to the best of their knowledge, all relevant financial and program-related records and data have been provided to the auditors. Agency officials further affirm that either the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, officials at the New York City Mayor's Office of Operations have informed us that, as a matter of policy, mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from HRA officials that all relevant information was provided to us during the audit.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution, and Article III of the General Municipal Law.

Reporting Requirements

A draft copy of this report was provided to HRA officials for their review and comment. Their comments were considered in preparing this final report.

HRA officials generally agree with our report conclusions and recommendations. Agency Comments and State Comptroller's Comments are included at the end of this report.

Within 90 days of the final release of this report, we request that the Commissioner of HRA report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where not implemented, the reasons therefor.

**Contributors
to the Report**

Major contributors to this report were Frank Patone, Michael Solomon, Christine Chu, Peter Blanchett, Kamal Elsayed, Ryan Wendolowski, and Marticia Madory.

Audit Findings and Recommendations

Recycling Program

HRA, as a City agency, is required to establish a Recycling Program in accordance with Title 16 of the City Rules and all other applicable state and local laws. According to Title 16, HRA is required to source separate designated metal, glass and plastic waste for recycling, including bottles and cans, as well as designated paper waste, including newspapers, magazines, and corrugated cardboard. Further, HRA was to appoint a recycling coordinator(s) to coordinate HRA's compliance efforts.

In addition, HRA was to have established an implementation plan (Plan) listing, in addition to other Program-related information, each of its facility locations and their respective methods of waste collection, the number of employees in each location, an estimate of the amount of waste produced at each location, the name(s) of its recycling coordinator(s), and the type of waste generated at each location. The Plan was to be filed with the City's Sanitation Department.

We found that HRA was not in full compliance with Title 16.

We visited five HRA locations to observe their recycling procedures and to determine whether HRA was complying with Title 16. We also surveyed an additional nine HRA locations to complement our physical observations.

We found that at four of the five sites visited, (180 Water Street, 2 Washington Street, and 109 East 16 Street in Manhattan, and 32-20 Northern Boulevard in Queens), HRA was properly source separating its designated recyclables. At the remaining facility we visited (25 Chapel Street, Brooklyn), where HRA occupies only one floor of the multi-story building, only "confidential" paper was being separated from its other solid waste. This facility did not source-separate its plastics, glass, and metal waste, or other designated recyclable paper.

According to the nine facility representatives we surveyed by phone, five of the facilities are source separating their solid waste as required by Title 16. The other four facilities reported that they only source separated paper and cardboard recyclables, not plastics, glass and metal. These facilities admittedly were not complying with the Program.

We also note that HRA officials had not appointed a recycling coordinator until January 2009, after our fieldwork was completed and at least five years after required. We believe the absence of a coordinator prior to and during the audit period most likely contributed to the instances of noncompliance

we identify in this report. A coordinator should have communicated with HRA staff, explained Program requirements, and monitored facility compliance.

We also note that HRA officials had not filed the required Plan with the City's Sanitation Department. Further, the Plan did not include all required elements (i.e., estimate of waste). Thus, the Program-related information deemed necessary to be supplied to decision makers was not being provided.

Recommendations

1. Ensure (Recycling) Program compliance at each HRA facility.
2. Develop the (implementation) Plan required by Title 16 and issue to the appropriate interested parties.
3. Require HRA's newly appointed recycling coordinator to continually monitor HRA Program-compliance and take appropriate action as necessary.

Agency Comments



Department of
Social Services
Office of Constituent
Services and Policy
Improvement

W-1H
Rev. 03/08

August 14, 2009

Robert Doar
Commissioner

Jane Corbett
Executive Deputy
Commissioner

180 Water Street
New York, NY 10038

212 331 5500

Mr. Frank Patone CPA, Audit Director
Office of the State Comptroller
Division of State Government Accountability
123 William Street, 21st Floor
New York, NY 10038

Re: Draft Report (2008-N-14) Office of the New
York State Comptroller Draft Report on
NYC Human Resources Administration Recycling
Program

Dear Mr. Patone:

We have reviewed the referenced draft audit report, which was performed by the Office of the New York State Comptroller, and would like to thank the auditors for the assistance their audit has provided us in our constant effort to improve our operations.

Following is our detailed response to all the findings and recommendations.

Auditors' Finding:

HRA has not established and filed the required Recycling Implementation Plan.

Agency's Response:

HRA does not agree that the required recycling implementation plan was not developed. A copy of this plan, which was disseminated internally to appropriate HRA staff, was shared with the audit team in February 2009 following receipt of the first draft of the audit findings, and it included the required information that was indicated in those findings. Only one item noted in the current draft report, an estimate of the amount of waste produced at each location, is not included in the implementation plan already provided. Neither the estimate of waste nor the filing of the implementation plan with the City Department of Sanitation (DOS), both of which the current draft report states are required, were cited in the first draft of the audit findings. HRA believes further research is needed to determine what exactly is required, and will undertake such research.

*

Comment

* See State Comptroller's Comment, page 17

Auditors' Finding:

HRA was not source-separating its designated recyclables at one visited site.

Agency' Response:

This finding refers to one (25 Chapel Street, Brooklyn) of five sites that were visited by the auditors, which was cited for not separating its plastics, glass, metal, and non-confidential recyclable paper waste. While the audit report indicates that HRA occupies only one floor of this multi-story building, it does not make clear that all recycling at this facility (other than confidential paper, which is handled by HRA) is the responsibility of the landlord, not HRA. Also not noted in the report is that after this concern appeared in the first draft of the audit findings in January 2009, HRA sent a letter to the landlord of 25 Chapel Street, on February 2, 2009, advising them to adhere to all recycling regulations and to provide HRA with an affirmative response to that communication. A copy of this letter was also forwarded to the auditors at that time. (See attached another copy of this letter).

Auditors' Finding:

HRA was not source-separating its designated recyclables at four sites surveyed by phone.

Agency's Response:

HRA agrees with this finding. The audit report indicated that non-paper/non-cardboard items were not being source-separated at four of the nine facilities surveyed. As a result of the implementation of corrective actions, three of the four facilities cited (2865 West 8th Street, which may be relinquished within the next year; 530 West 135th Street; and 2547 Bainbridge Avenue) have been brought into compliance, as of February 2009. The fourth location cited, 111 29th Street, was relinquished by the Agency, effective July 31, 2009.

Auditors' Finding:

The Recycling Coordinator was not appointed until January 2009.

Agency's Response:

HRA agrees with this finding.

Auditors' Recommendation # 1:

Ensure (Recycling) Program compliance at each HRA facility.

Agency's Response:

HRA agrees with this recommendation and will ensure compliance on an ongoing basis through its overall Agency Recycling Coordinator, who was appointed in January 2009, for those facilities where recycling is an HRA responsibility. Because HRA has a large number of facilities, the continued maintenance of on-site compliance on a daily basis at individual buildings also involves the efforts of building custodians, who report to the HRA/GSS Custodial Services area.

It should be noted that the overall Agency Recycling Coordinator, who is responsible for overseeing the entire HRA recycling program, has other responsibilities for supervising the coordination of building services in multiple HRA facilities spread over two New York City

boroughs -- Queens and Staten Island. HRA does not have the budgetary resources to assign someone to serve exclusively as the Agency Recycling Coordinator but will seek to ensure full compliance with the resources it has available.

Auditors' Recommendation # 2:

Develop the (implementation) Plan required by Title 16 and issue to the appropriate interested parties.

Agency's Response:

HRA partially agrees with this recommendation. A Plan was developed in January 2009, and it was issued to appropriate HRA staff in February 2009, a copy of which has been provided to the auditors. This Plan does not include the estimate of waste for each facility and it has not been filed with the City Department of Sanitation. We realize that these two elements are included in the recommendation, and are scheduling a meeting with DOS to determine whether they are, in fact, required. Once DOS has advised us of the Plan requirements, we will comply with them.

Auditors' Recommendation # 3:

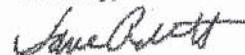
Require HRA's newly appointed recycling coordinator to continually monitor HRA Program-compliance and take appropriate action as necessary.

Agency's Response:

HRA agrees with this recommendation. The Plan developed by HRA indicates that the Agency Recycling Coordinator will make periodic inspections of HRA facilities, particularly those where HRA is directly responsible for recycling, to observe recycling efforts and the results achieved. The Plan states that the Coordinator will take necessary appropriate actions to ensure compliance and that HRA/GSS building custodians (who report to the HRA/GSS Custodial Services area) will function as on-site Recycling Coordinators for their respective buildings. However, as noted in response to the Recommendation # 1, the person designated as the overall Agency Recycling Coordinator does not work exclusively on recycling enforcement.

It is our goal to function in all areas of the Agency in the most effective and efficient manner possible, while adhering to all applicable laws, policies, rules and directives. We trust that the corrective actions detailed above will ameliorate the conditions cited in this draft report. Should you have any questions regarding this response, please contact Hope Henderson, Director of the Bureau of Audit Coordination at (212) 331-4660.

Sincerely,


Jane Corbett

CC: Commissioner R. Doar
Patricia M. Smith
Thomas DePippo

* **State Comptroller's Comment**

Report pages 7 and 14 have been revised to acknowledge that HRA has developed a Plan, but it did not include all required elements and it was not filed with the appropriate authorities.



Department of
Social Services
General Support
Services

W-2-527
Rev. 12/08

February 2, 2009

Robert Doar
Commissioner

Thomas DePippo
Senior Executive
Deputy Commissioner

Joseph A. Santino
Deputy Commissioner
(Interim)

260 Church Street
New York, NY 10013

212.274.6400

40 Flatbush Realty Associates, LLC
c/o ISJ Management Corporation
110 West 34th Street, 9th Floor
New York, NY 10001
Attention: Joseph Jamel

RE: Non-Compliance in Performing
Recycling at 25 Chapel Street
Borough of Brooklyn, Block 118, Lot 6

Dear Mr. Jamel:

A New York State audit was conducted at HRA premises to determine whether there is compliance with New York City Department of Sanitation (DOS) rules and regulations regarding recycling. This audit included your building at 25 Chapel Street, Brooklyn.

It was concluded that your responsibility to remove rubbish from our leased space also requires you to be in compliance with the rules set forth by the City for recycling. A visit to your facility indicated that you are not separating recyclable materials, such as glass, metals, and plastic. The only items being recycled were paper materials, and this is being done by our contractor.

Please ensure your adherence to all DOS requirements by contacting DOS directly, if you are unsure what those requirements are.

We would appreciate having an affirmative response from you, indicating that you are now performing the necessary recycling activities, as legally mandated.

Sincerely,

Joseph A. Santino

cc: T. DePippo
R. Kundu
M. Mullaney
J. Schoonmaker
J. Obertubbesing