



## Department of Health

ANDREW M. CUOMO  
Governor

HOWARD A. ZUCKER, M.D., J.D.  
Acting Commissioner

SALLY DRESLIN, M.S., R.N.  
Executive Deputy Commissioner

March 26, 2015

Mr. Brian Mason  
Assistant Comptroller  
New York State Office of the State Comptroller  
110 State Street, 10<sup>th</sup> Floor  
Albany, New York 12236

Dear Mr. Mason:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2012-S-17 entitled, "Cost Reporting of Programs Operated by Gateway-Longview, Inc."

Please feel free to contact Amy Nickson, Office of Governmental and External Affairs at (518) 474-2011 with any questions.

Sincerely,

Howard A. Zucker  
Acting Commissioner of Health

Enclosure

**Department of Health  
Comments on the  
Office of the State Comptroller's  
Final Audit Report 2012-S-17 entitled,  
Cost Reporting of Programs Operated by Gateway-Longview, Inc.**

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The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2012-S-17 entitled, "Cost Reporting of Programs Operated by Gateway-Longview, Inc."

In response to the OSC Final Audit Report 2012-S-17, regarding Gateway-Longview Inc.'s (Gateway) participation in the Child and Adult Care Food Program (CACFP), program has reviewed the findings and recommendations. We maintain there were no findings or recommendations directed toward CACFP in the final audit report. Key Recommendations and Recommendations indicate the four State Agencies, including the Department of Health (DOH), should follow up on inappropriate and unsupported expenses and seek restitution. Notes to Exhibit A include details of transactions in question and identifies references to various sections of manuals and guidance for the program areas in question. There were no references to CACFP's financial guidance or regulations in the Notes to Exhibit A. Exhibit B summarizes the \$1,999,744 in disallowed costs for related party transactions. None of the related party transactions in the exhibit were associated with CACFP.

CACFP is a federally funded entitlement program that reimburses participating sponsoring organizations for meals served in a day care setting. The audit was for a three year period, from July 1, 2008 through June 30, 2011, during which time Gateway received approximately \$70.9 million in government funds. CACFP reimbursed Gateway \$120,904.43 during the audit period. CACFP funding is restricted and can only be used for the purchase of food or other related costs in providing the meals or snacks to participants.

Gateway began participation in CACFP effective December 1, 1996. The initial budget, and all subsequent budgets submitted by Gateway, and approved by CACFP, included only food expenses. No other operating or administrative expenses were requested in Gateways' budget submissions. CACFP is required to conduct a program review of each sponsoring organization every three years to ensure program compliance. Five program reviews have been conducted of Gateway by CACFP staff beginning in 2000 and the last review in 2012. Each of the five reviews found the food costs exceeded the CACFP reimbursement, which corresponds to the approved budgets. There were no major findings identified during the program reviews. Only small disallowances were noted in the reviews regarding inaccurate eligibility determinations and meal counts. All disallowances were disregarded as they were less than the recovery threshold. Gateway uses an outside vendor for their food service. CACFP monitored the initial procurement and award of the vendor contract, which found there were no related parties involved.

Gateway is required to provide a list of board members and responsible individuals when applying to participate in CACFP. The CACFP Information and Payment System (CIPS) currently retains three individuals identified as the chairman of the board, vice chair and executive director. The required information includes the individual's place of employment and address, home address and phone number(s), and their date of birth. Only the executive director is identified as working for Gateway.

The CACFP reimbursement during the period audited was less than two tenths of one percent of the total government funds received by Gateway. The organization spent more on food than the monthly meals reimbursement, which limits exposure of any CACFP funds being used for other than intended purposes. CACFP will continue to monitor Gateway's operation of the food service and work with the DOH Audit Unit on any issues disclosed in Gateway's A-133 audit reports.