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STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 25, 2000

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Child and Adult Care Food
Program
Report 2000-S-5

Dear Dr. Novello:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have audited selected activities of the Child and Adult Care Food Program at the Department of Health. Our audit covered the period January 1, 1997 through June 30, 2000.

A. Background

The Department of Health's (Department) Division of Nutrition administers the Federally funded Child and Adult Care Food Program (Food Program). The Food Program was established by Congress in 1968 to ensure that nutritious and safely prepared meals are available to children and adults in day care and adult care settings. The United States Department of Agriculture (USDA) administered the Food Program until 1992, at which time responsibility was transferred to the New York State Department of Health.

The Department enters into agreements with sponsoring agencies and individual Centers (Centers) and home Providers (Providers). Sponsors, generally not-for-profit organizations, manage Centers and Providers, which serve meals to program recipients at the local level. A sponsor can also be a Center and/or Provider. At the time of our audit, there were more than 1,100 sponsors managing over 12,000 Centers and Providers. These Centers and Providers are made up of Child Day Care Centers (Child Centers), Family Day Care Homes (Family Homes), and Adult Day Care Centers (Adult Centers). Child Centers are licensed and approved non-residential Centers, such as Head Start and public and not-for-profit child care Centers or for-

profit Centers, serving low income families. Only a small number of for-profit Centers also participate in the Food Program. Family Homes include private residences licensed or registered to provide care to small groups of children and include exempt day care providers who serve at least one child. Adult Centers provide services to persons over age 60, or the functionally impaired.

Providers are reimbursed by the Department for serving breakfast, lunch, supper and snacks to eligible children and adults. Meals and snacks must provide a minimum number of food components in defined serving sizes to qualify for reimbursement. The Department provides support to participating providers by issuing suggested menus and providing training. For example, Food Program menus indicate by meal (breakfast, lunch, supper and snacks) the food component (milk, fruit, vegetable, bread, and meat, or meat alternatives), the food groups that comprise the food component, and the serving size by age group. In addition, nutritionists in the Department's regional offices are available to assist sponsors with food service issues including menu preparation and record keeping.

The Department reimburses sponsors for the number of meals served to qualified State residents at a rate set annually by USDA that is based on the residents' family size and household income. For the 1999 Federal fiscal year (October 1, 1998 to September 30, 1999), the Department paid sponsors and providers over \$117.8 million to serve in excess of 106.8 million meals and snacks to eligible children and adults. Sponsors are responsible for maintaining documentation to support monthly claims, food expenditures (for Centers only), salary records, meal counts, attendance records and menus. Department staff review Food Program sponsors every three years to ensure they are complying with program guidelines and regulations.

The USDA also reimburses the Department for its administrative costs for operating the Food Program. For the 1999 Federal fiscal year, the USDA reimbursed the Department about \$5.1 million for its administrative costs. During our audit, we found that the Department did not use USDA administrative funds totaling \$581,000, \$643,000 and \$510 for the 1997, 1998 and 1999 Federal fiscal years, respectively. Department officials attribute this situation in part to a statewide hiring freeze imposed by the State Division of the Budget, in addition to significant Food Program growth and other rapid Food Program changes in regulatory requirements. During the 1997, 1998 and 1999 Federal fiscal years, the Division of Nutrition was allowed to fill 44 of 59 approved positions, 52 of 62 approved positions, and 65 of 88 approved positions, respectively. Food Program officials informed us that the hiring freeze has been removed for Federally funded positions and they can now begin to fill positions.

B. Audit Scope, Objective and Methodology

We audited selected activities of the Department's Child and Adult Care Food Program for the period January 1, 1997 through June 30, 2000. The objective of our performance audit was to determine if the Department has developed an adequate plan for implementing the program and monitoring program success.

To accomplish our objective, we reviewed the laws, policies and procedures applicable to the Food Program, and appropriate Department and USDA records and reports. We also interviewed Department officials and officials from other State agencies responsible for the clients who participate in the Food Program.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to assess the operations of the Department that are included in our audit scope. Further, these standards require that we understand the Department's internal control structure and compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendation.

C. Results of Audit

We found that client participation in the Food Program has increased significantly since USDA transferred responsibility for program administration to the Department. Further, the Department has been cited by the USDA for its excellent work in administering the Food Program. However, we did note that the Department has not developed a formalized strategic outreach plan detailing its goals and objectives for expanding the Food Program to the State's eligible population and for measuring its success against such goals and objectives.

Planning is an integral part of any system implementation effort. A formal implementation plan includes long-range goals, detailed work schedules, and time estimates with milestones for monitoring implementation progress. Use of a formal implementation plan increases the probability that all relevant aspects of a program will be addressed. Such a formalized plan is necessary to guide implementation, measure implementation progress and to report to management and other interested stakeholders.

Federal regulations governing the Food Program provide specific guidelines for sponsors of Family Day Care Homes regarding program expansion. Accordingly, each state agency must take action to expand the availability of benefits under this program. At a minimum, the state must annually notify each nonparticipating child care provider that is licensed, approved, registered or receiving Federal funds and each nonparticipating adult day care center that is licensed or approved, of the availability of the program, the requirements for program participation, and the application procedures to be followed in the program. In addition, Federal regulations allow each state to determine the scope and direction of the outreach effort it believes is appropriate.

We found that the Food Program has greatly exceeded the minimum Federal requirements in its outreach efforts. The Food Program's mission statement embraces this concept of program expansion as it attempts to ensure that nutritious and safely prepared meals are available to children and adults in day care settings and children in after-school programs.

The Department's Food Program has a unit that is responsible for outreach and training of potential new sponsors and providers. Periodically during the year, Food Program staff contact different State agencies, such as the Office for the Aging, the Office of Children and Family Services, and the New York City Human Resources Administration, to obtain a list of newly licensed and registered day care providers throughout the State. This list is compared to sponsors and providers currently enrolled in the Food Program, and nonparticipants are selected for outreach efforts. Day care providers are sent pamphlets and brochures, which are also distributed at conferences, churches, laundromats and grocery stores. Food Program staff distributed over 15,000 pamphlets and brochures during 1999. Program outreach is consistently being done through training and application assistance, public service announcements, the Growing Up Healthy Hot Line, circulation of program literature, and by word of mouth. Food Program staff also attend health fairs and conferences to help promote the program. For example, during the period October 1997 through June 2000, Food Program staff conducted or attended 75 seminars and conferences throughout the State and they were scheduled to attend an additional nine seminars and conferences through September 2000.

Food Program staff have also developed working relationships with the State's Office of Mental Health, the Office of Mental Retardation and Developmental Disabilities, and non-profit organizations, such as the Department of Nutrition and Food Management at Syracuse University and the Food Research and Action Center. These actions have resulted in the continued success of the Food Program's outreach efforts. For example, agency officials for the last two and a half years have been working to develop the New York City Human Resources Administration as a sponsor for home based child care providers. The Department anticipates that this newly signed sponsor may result in an additional 7,000 to 8,000 low-income, home-based Providers participating in the program.

Food Program staff, using Department of Health mapping technology and data, developed maps of low income areas using census data for children up to 12 years in age. The Food Program then overlaid the location of its current providers on the maps of the low income areas and census data. This gave sponsors the location of children and care providers in their catchment area, helping to identify potentially under-served areas, and a more refined outreach effort at the local level. These efforts were acknowledged by the USDA during its 1998 Management Evaluation of the program and by its March 2000 Management Letter to the Department, which stated that these efforts were far in excess of what was required. Further, the USDA's 1998 Management Evaluation report commended the Department's efforts as excellent in the overall implementation of the program. As a result of these efforts, the program has grown significantly. Since the 1994 Federal fiscal year (FFY), the Department has reported that the number of sponsors in the program has increased by 21 percent, the number of providers by 48 percent, and the average daily attendance by 79 percent as illustrated in the following table.

**Department of Health
Child and Adult Care Food Program
Analysis of Program Growth FFY 1994 - 1999**

	FFY 1994	FFY 1999	Percentage Increase
Sponsors	954	1158	21%
Providers	8,225	12,263	49%
Average Daily Attendance	160,207	287,217	79%
Meals Served	76,308,000	106,800,000	40%
Meal Reimbursement	\$76,139,000	\$117,884,000	55%

Although outreach efforts have increased the number of participating sponsors, providers, and average daily attendance since the Department assumed program responsibility, Food Program staff have not established a formal written strategic plan that identifies goals and objectives for its outreach efforts. For example, performance measures could be used to establish annual growth or penetration levels by geographic location within the State and by the category of clients served (those in Child Centers, Family Homes and Adult Centers). Management could establish performance measures to increase the number of providers for the program components by a certain percentage or by a specific number of providers over a specific period of time. The measures could be for statewide performance or by geographic region. The measures could then be compared with the actual results for the time period. Compiling program data in this manner would allow program managers to monitor and evaluate their programs at the end of a specified time period. Capturing and analyzing data provides managers with information to make decisions regarding future direction and the ability to refine performance measures.

Despite the growth in the number of sponsors, Food Program officials have stated their belief that there is still a large population that is not being served. Without a formal written strategic plan that identifies goals and objectives that measure the success of outreach efforts, the Department is unable to determine whether each component of the Food Program is adequately growing by participants and expanding in geographic coverage to meet the needs. As a result, children and adults who could benefit from the program may remain unserved by and unknown to Food Program staff. That is the Food Program's mission, to ensure that nutritious and safely prepared meals are available to children and adults in day care settings, and children in after school programs, may be impeded.

For the 1997, 1998 and 1999 Federal fiscal years the Department was not able to fill all Food Program approved staff positions. As a result of limited staffing, resources were mostly used to ensure the accomplishment of their primary goal of ensuring nutritious and safely prepared meals

are available to clients. The recent approval to fill most approved staff positions should provide sufficient resources to complete a formalized strategic plan.

Recommendation

Develop and implement a formalized strategic plan with an outreach methodology that establishes program growth by participation level for each program component and geographic location that enables Food Program staff to measure the success of their outreach efforts.

We provided a draft copy of this report to Department of Health officials for their review and comments. Their comments were considered in preparing this report and are included as Appendix A. Department of Health officials agree with our recommendation and stated the Department will develop a strategic plan by July 2001.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the New York State Department of Health shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where the recommendation was not implemented, the reasons therefor.

Major contributors to this report were Howard Feigenbaum, Larry Wagner, Bob Mainello, Andy Fischler, Krissy Kelleher, Mark Wallace and Paul Bachman.

We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this audit.

Yours truly,

Kevin M. McClune
Audit Director

cc: Charles Conaway



STATE OF NEW YORK
DEPARTMENT OF HEALTH

Corning Tower

The Governor Nelson A. Rockefeller Empire State Plaza

Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

September 25, 2000

Kevin M. McClune
Audit Director
Office of the State Comptroller
Alfred E. Smith State Office Building
Albany, New York 12236

Dear Mr. McClune:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's draft audit report 2000-S-5, entitled "Child and Adult Care Food Program".

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Whalen', with a horizontal line extending to the right.

Dennis P. Whalen
Executive Deputy Commissioner

Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report
2000-S-5 Entitled
"Child and Adult Care Food Program"

The following are the Department of Health's (DOH) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2000-S-5 entitled "Child and Adult Care Food Program".

RECOMMENDATION #1:

Develop and implement a formalized strategic plan with an outreach methodology that establishes program growth by participation level for each program component and geographic location that enables Food Program staff to measure the success of their outreach efforts.

RESPONSE #1:

The Department agrees that CACFP does not have a formalized strategic plan with an outreach methodology that establishes program growth by participation level for each program component and geographic location, although many outreach activities were conducted with varied results. The Department also agrees that such a plan would enhance program growth and assist the Department in more effectively reaching the eligible population. Regulatory changes in the Program and federal changes in Program priorities and direction have prohibited due attention to planning and outreach priorities.

The Department will develop a strategic plan and expects to have it completed by July 2001.