

THOMAS P. DiNAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 27, 2018

Ms. RoAnn M. Destito
Commissioner
Office of General Services
Corning Tower, 41st Floor
Albany, NY 12242

Re: Food Metrics Implementation
Report 2018-F-23

Dear Commissioner Destito:

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 followed up on the actions taken by officials of the Office of General Services (OGS) to implement the recommendations contained in our audit report, *Food Metrics Implementation* (2017-S-18), issued September 18, 2017.

Background, Scope, and Objectives

Section 165, subsection 4 of the State Finance Law (Law) was amended in 2013 to promote the sustainability of local farms by tracking how State agencies' food dollars are spent and identifying opportunities for additional purchases of local foods. The intent of the Law is to assist State agencies with the procurement of New York food products. Food is considered a New York State product if it has been grown, harvested, produced, or processed in the State.

To assist agencies in increasing their New York State food purchases, the Law requires OGS and the Department of Agriculture and Markets (Ag & Mkts) to develop regulations, establish guidelines, and provide training on New York State food purchasing to agency personnel involved in the acquisition process. OGS is also responsible for tracking data on State agencies' food purchases – both from inside and outside the State – and for providing a Food Metrics Annual Report to the Governor and the Legislature by December 1 of each year detailing these purchases. The report should include information on OGS' efforts to improve and increase the tracking of information relating to New York State foods procured by agencies, as well as data on the types and sources of food products purchased by agencies during the year. Since the Law was implemented, OGS has issued reports for three years: 2014, 2015, and 2016.

Our initial audit report, covering the period January 1, 2014 through May 30, 2017, sought

to determine whether OGS was properly tracking and reporting on New York food purchases in compliance with the Law.

The two Food Metrics Annual Reports completed by the time of our initial audit fell short of providing complete and reliable information regarding the State's efforts to support its farm and agricultural businesses. The 2014 Food Metrics Annual Report, issued in July 2015, contained no data about food purchases; and the 2015 Food Metrics Annual Report, issued in July 2016, lacked complete data about food purchases and contained errors in the calculation of reported purchases.

The objective of our follow-up was to assess the extent of implementation, as of September 4, 2018, of the two recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

OGS officials have made significant progress in addressing the issues identified in our initial report, implementing both recommendations.

Follow-Up Observations

Recommendation 1

Develop and provide training to agencies and vendors on reporting and purchasing of New York State foods.

Status – Implemented

Agency Action – According to OGS officials, they have undertaken several outreach and training initiatives, including speaking to authorized users about centralized contracts and the availability of New York State foods on those contracts. Additionally, OGS and Ag & Mkts presented a comprehensive training session at the 2018 NY GovBuy Vendor Expo.

We reviewed the training materials, which included guidelines for purchasing New York State food and reporting requirements. We verified the attendance at two of seven “Power of Purchasing” seminars – trainings designed to help agencies and organizations use State contracts more effectively – and the training at NY GovBuy. We also observed an already scheduled training, and confirmed it included information on the Law and where to obtain the guidelines.

Recommendation 2

Develop and implement adequate controls to detect and correct anomalies and inaccuracies in the data used to create the Food Metrics Annual Report.

Status – Implemented

Agency Action – According to OGS officials, the centralized food contracts did not originally require the identification of New York State products. OGS has worked with vendors to implement changes to the templates used for submitting price guides and sales reports to specify New York State products. Additionally, the food team has worked extensively with OGS' Internal Audit unit to develop an automated tool to analyze the data reported by contractors and to detect anomalies. We obtained a walk-through of the monthly analysis, and OGS verified several aspects of the monthly usage reports. OGS now has specific tests to identify erroneously reported items, including those with incorrect markup percentages and incorrectly categorized foods vs. non-foods and State vs. non-State purchases.

Major contributors to this report were Walter J. Irving, Todd Seeberger, Theresa M. Nellis-Matson, Barbara Barfield, and Jessica Strizzi.

Sincerely,

Brian Reilly
Audit Director

cc: Theresa Bonneau, Director of Internal Audit
Division of the Budget