



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Congregate Meal Services for the Elderly

**New York City Department for
the Aging**



Report 2016-N-5

January 2018

Executive Summary

Purpose

To determine whether the New York City Department for the Aging effectively oversees the provision of congregate meals (meals served in a group setting) in its senior centers. Our audit covered the three fiscal years ended June 30, 2016. Additionally, we conducted on-site observations and interviews at senior centers through March 7, 2017.

Background

The New York City Department for the Aging (DFTA) is the City agency primarily responsible for addressing public policy and service issues for the aging. DFTA's mission is "to work to eliminate ageism and ensure the dignity and quality-of-life of New York City's diverse older adults, and for the support of their caregivers through service, advocacy, and education." DFTA's planned spending for the fiscal year ended June 30, 2017 was approximately \$342 million, including \$216 million and \$43 million in City and State funding, respectively, with the remainder from federal funds.

As of 2014, there were nearly 1.55 million adults aged 60 and older (defined as senior citizens) residing in New York City. This number is expected to increase to 1.86 million by 2040. The federal Older Americans Act requires the provision of various services for senior citizens, including access to nutrition, benefits counseling, employment opportunities, legal assistance, and in-home services. The majority of DFTA-funded services are provided through contracts with community-based organizations (sponsors). DFTA contracts with these sponsors to operate 246 senior centers throughout the five boroughs – many sponsors operate multiple senior centers. The senior centers are attended by nearly 30,000 individuals daily. For the fiscal year ended June 30, 2016, contracts with sponsors to operate these 246 senior centers were valued at \$123 million. All senior centers provide congregate meals, various recreational and cultural activities, as well as information on, and assistance with, benefits. A contract indicates the number of budgeted congregate meals a sponsor is expected to provide. The utilization rate is the number of congregate meals actually provided by the sponsor divided by the number of budgeted meals.

Key Findings

- We found that DFTA officials could not demonstrate that they contracted with optimally located senior centers to ensure the maximum number of eligible senior citizens can take advantage of the congregate meals being offered.
- Prior to approving their contracts, DFTA did not perform any analysis to determine whether the costs submitted by sponsors were reasonable. For the fiscal year ended June 30, 2016, we compared the budgeted cost per meal for the 246 senior centers and found significant variations. Thirty-seven senior centers had per-meal costs between \$3 and \$6 while six had per-meal costs of over \$15, with a high of \$18.36 per meal. It is critical that DFTA assess equity in funding and analyze and compare the senior centers' budgeted costs per meal and utilization rates to determine whether centers with lower budgeted costs can provide quality meals, and whether centers with higher costs are overcharging or operating inefficiently.
- During the review of sponsors' proposals, DFTA did not assess whether the proposed number

of meals is reasonable in relation to the eligible senior citizen population in the district that will be served, or compare the proposed number of meals to the actual number of meals that were served during the prior year. We found that 95 of the 246 senior centers fell below the expected utilization rate of providing 85 percent of budgeted meals, with seven senior centers providing between 41 and 50 percent of budgeted meals. We determined that DFTA could have saved \$1.6 million if 80 of the 95 underperforming senior centers were reimbursed based on their utilization rates rather than on claimed food costs for the fiscal year ended June 30, 2016.

- DFTA needs to improve its oversight of senior centers. We reviewed the sponsors' administrative costs for four randomly selected senior centers and found that one overstated its February 2016 invoice by \$12,006, and may have received \$120,570 in overpayments during the fiscal year ended June 30, 2016. Another submitted unpaid food costs from a prior vendor as part of its contract invoice so that the outstanding vendor bills could be paid. We also determined that, despite a requirement that sponsors be audited by DFTA and by an independent Certified Public Accountant, no audits were conducted at 40 of the 246 senior centers during the three fiscal years ended June 30, 2016. Additionally, DFTA does not have a formal policy for the nutritional assessment of the senior centers.

Key Recommendations

- Ensure that contracts for senior centers are aligned with the needs of the City's senior citizen population and maintain documentation supporting the rationale for these decisions.
- Determine the appropriate number of budgeted congregate meals for each senior center based on the eligible population in the area and measure performance based on the percentage of meals actually served.
- Immediately review the food costs for senior centers that provide less than the budgeted number of meals and determine whether claimed costs are reasonable.
- Establish a mechanism to limit reimbursement when the utilization rate is below a set threshold for future contracts.

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

January 11, 2018

Donna M. Corrado, Ph.D.
Commissioner
New York City Department for the Aging
2 Lafayette Street
New York, NY 10007

Dear Commissioner Corrado:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By doing so, it provides 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 entitled *Congregate Meal Services for the Elderly*. 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*

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Background

The New York City Department for the Aging (DFTA) is the City agency primarily responsible for addressing public policy and service issues for the aging. It is the largest agency in the federal network of Area Agencies on Aging in the United States. DFTA's mission is "to work to eliminate ageism and ensure the dignity and quality-of-life of New York City's diverse older adults, and for the support of their caregivers through service, advocacy, and education." DFTA's planned spending for the fiscal year ended June 30, 2017 was approximately \$342 million, including \$216 million and \$43 million in City and State funding, respectively, with the remainder from federal funds.

As of 2014, there were nearly 1.55 million senior citizens (adults age 60 and older) living in New York City. This number is expected to reach 1.86 million by 2040. The federal Older Americans Act (OAA) requires the provision of various services for senior citizens, including access to nutrition, benefits counseling, employment opportunities, legal assistance, and in-home services.

The OAA further mandates that states develop a formula for allocating funds that gives preference for services to older individuals with the greatest economic or social need. Particular attention is given to low-income and minority individuals. Consequently, the Office for the Aging (OFA) directed DFTA to identify individuals in these categories who need services and to increase access to, and delivery of, such services.

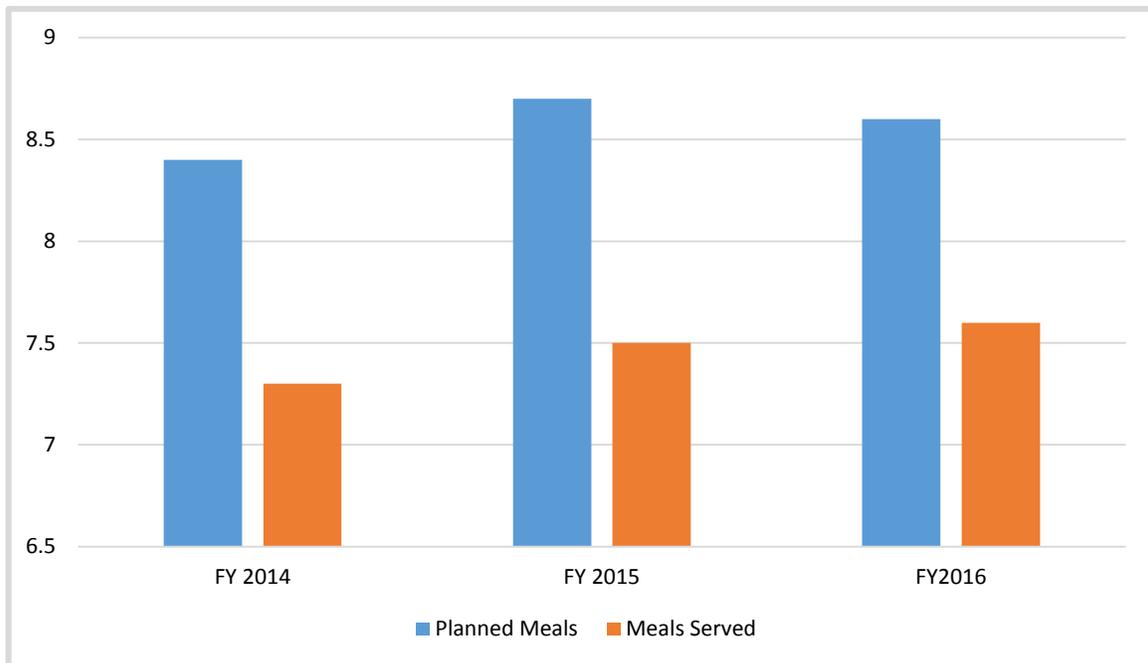
DFTA's Population-in-Need (PIN) formula uses U.S. Census data to identify community districts and boroughs with the greatest need for services to senior citizens. DFTA's methodology for allocating resources includes the PIN formula, legislative mandates and directives, availability of funds, recommendations from local communities, and the availability of services through alternate sources.

The majority of DFTA-funded services are provided through contracts with community-based organizations (sponsors). DFTA contracts with sponsors to operate 246 senior centers throughout the five boroughs – many sponsors operate multiple senior centers. The senior centers are attended by nearly 30,000 individuals daily. The current contracts with sponsors were awarded through a DFTA Solicitation for Neighborhood Senior Centers (Solicitation) during the fiscal year ended June 30, 2011.

The contracts, which totaled \$123 million for the fiscal year ended June 30, 2016, were designed so that all senior centers had similar services (including a minimum of 60 meals per day to an average daily attendance of 75 persons, and health and wellness services). All senior centers provide congregate meals (meals served in a group setting) and various health, recreational, and cultural activities as well as information on, and assistance with, government benefits. A contract indicates the number of congregate meals a sponsor is expected to provide. The utilization rate is the number of congregate meals actually provided by the sponsor divided by the number of budgeted meals. Both the OAA and State law require that nutritional services be provided to individuals aged 60 years and older who wish to participate in a congregate meal program.

Consequently, DFTA allocated approximately \$69 million, or more than half of contracted amounts, for the provision of congregate meals, which can either be catered or prepared at the senior center. During the fiscal year ended June 30, 2016, the senior centers served a total of 7.6 million congregate meals (see Graph 1).

**Graph 1 – Planned and Served Meals by Fiscal Year
(in Millions)**



Audit Findings and Recommendations

DFTA's senior centers provide important services, such as congregate meals, to New York City's senior citizens. However, DFTA has not ensured that contracted senior centers are optimally located and appropriately funded to meet the needs of their target population. We found that many senior centers were providing significantly fewer meals than they were contracted to provide. For example, one senior center provided just 44 percent of the meals stipulated in its contract, yet billed for 98 percent of expected food costs. We concluded that there are opportunities for DFTA to improve its oversight and monitoring of senior center operations through more on-site audits and the use of data analytics.

Senior Center Allocation and Contract Award Process

DFTA initiated its most recent contract award process for senior centers in the fiscal year ended June 30, 2011. Services to be provided included congregate meals as well as educational, health, and recreational activities. The solicitation process, as described in the DFTA Solicitation, was complex. A total of \$99.3 million was to be allocated for senior center contracts throughout the five boroughs. DFTA expected to have at least one program within each of the 59 New York City Community Districts (CDs). According to Addendum No. 1 of the Solicitation, DFTA "used both a PIN formula and figures on current participant usage of senior centers to determine a range of funding for each borough." The addendum added that "within the range of funding available to a borough, DFTA will select proposals that distribute grants, funding and capacity in such a way as to ensure that each CD receives the portion of overall borough funding and capacity represented by that CD."

Proposals were rated based on DFTA evaluators' reviews and scoring of categories such as program background, adequacy of facilities, and program design (meals, benefits, health promotions, and other features). The Solicitation specified that contracts were to be awarded to "the highest technically rated proposals, consistent with the Agency's need for programmatic and geographic distribution and subject to the determination, in each case, that the price is fair and reasonable and consistent with the maximum annual funding/minimum units of service. DFTA reserves the right to award one contract with a lower score over another with a higher score within a borough if necessary in order to meet CD needs as measured by PIN and participant usage as well as geographic concerns."

Currently, DFTA has contracts with 246 senior centers throughout New York City, as shown in Exhibit A and Exhibit B. We requested documentation for the process that led to those contracts. However, DFTA officials informed us that they could only retrieve the proposals and score sheets for each individual contract, but could not provide an overall analysis of the bids that came in, and the support and justification for each selected bidder.

The magnitude and complexity of the award process and its importance to the affected senior population and fairness to bidders make it essential that DFTA adheres to its stated plan. In the absence of a supporting analysis, there is little evidence that senior center funding and locations,

as shown in Exhibits A and B, ensured that allocations matched capacity for each CD and that resources were distributed equitably. As discussed later in this report, the costs per meal and utilization rates of senior centers varied significantly, which may indicate that resources were neither optimized nor equitably distributed.

DFTA recognized that “the significant increase in the older adult population, along with rapidly changing demographics, present challenges for planning and developing supportive services for older adults.” It also admitted, in response to our preliminary findings, that its “senior centers developed over the decades in an unsystematic fashion, without clear planning for shaping a system that allocates resources equitably in order to meet the diverse needs of communities across the City.” However, while acknowledging that there are certain constraints that may prevent DFTA from optimizing its allocation of resources, DFTA still needs to better document the rationale for its decision making. Such analysis may have allowed the agency to proactively identify and address some of the issues that are identified later in the report and, to the extent they are within its control, potentially improve resource allocation and equity of resource distribution.

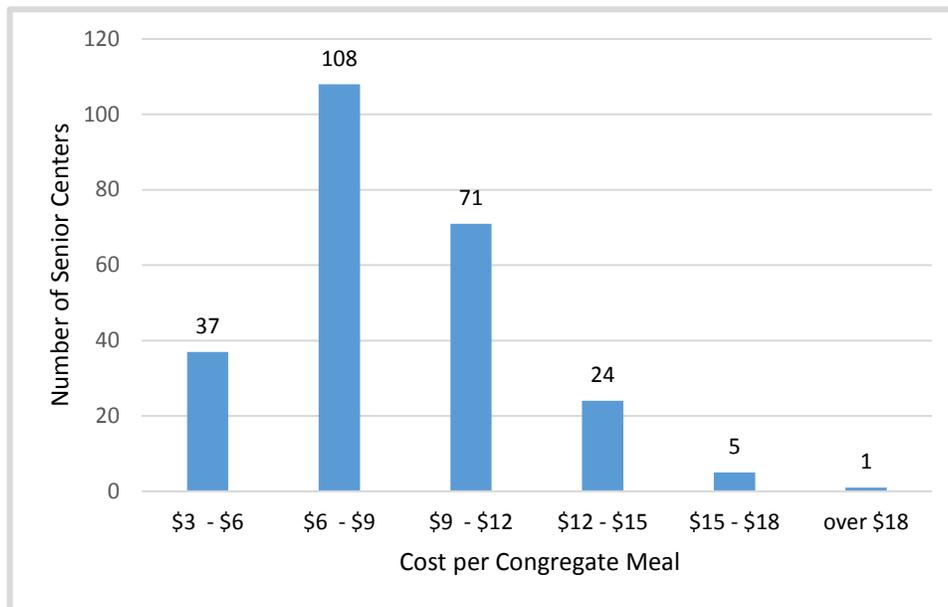
Congregate Meal Costs

The 246 senior centers serve more than 7 million congregate meals each year. For the fiscal year ended June 30, 2016, DFTA budgeted approximately \$69 million for these congregate meals. The Solicitation that resulted in the current contracts required a minimum of 60 congregate meals each day to be provided by each senior center. However, in their responses to the Solicitation, bidders indicated the actual number of meals they planned to serve as well as the associated costs for those meals.

Congregate meals serve to improve the food and nutrient intake of the senior citizens and to promote socialization. Good nutrition is an essential component of maintaining health and wellness. According to Hunger Free America, an estimated 164,695 New Yorkers over the age of 60 reported suffering from food insecurity (a shortage of food due to lack of funds) from 2012 to 2014. In addition, according to DFTA’s 2016 Annual Plan Summary, “Hunger and malnutrition may contribute to the decline in resistance to disease as people age, hasten the onset of a number of degenerative diseases, and can exacerbate cardiovascular disease, hypertension, osteoporosis, cancer, diverticulitis, and diabetes.” Therefore, it is essential that the limited funds are utilized efficiently and allocated fairly to the senior centers.

Congregate Meal Cost Variances

DFTA officials informed us that there are no formal guidelines or parameters for sponsors to follow in determining the budgeted costs for congregate meals. Moreover, prior to approving their contracts, DFTA did not perform any analysis to determine whether the costs submitted by sponsors were reasonable. For the fiscal year ended June 30, 2016, we compared the budgeted cost per meal for the 246 senior centers and found significant variations (see Graph 2).

Graph 2 – Range of Senior Centers’ Budgeted Cost per Congregate Meal

DFTA asserted that the wide variations were due to differences in program sizes, rents, and occupancy costs. Although they did not provide a comparative analysis to support this claim, DFTA officials deemed the variances not significant. Moreover, DFTA admitted that variances still remain even after accounting for these factors. DFTA officials indicated that they were in the process of performing a study to determine if each senior center receives an equitable share of funding. It is critical that these studies assess equity in funding and analyze and compare the budgeted costs per meal to determine whether the centers with lower budgeted costs can actually provide quality meals and whether centers with higher costs are overcharging or operating inefficiently.

Congregate Meal Utilization Rate

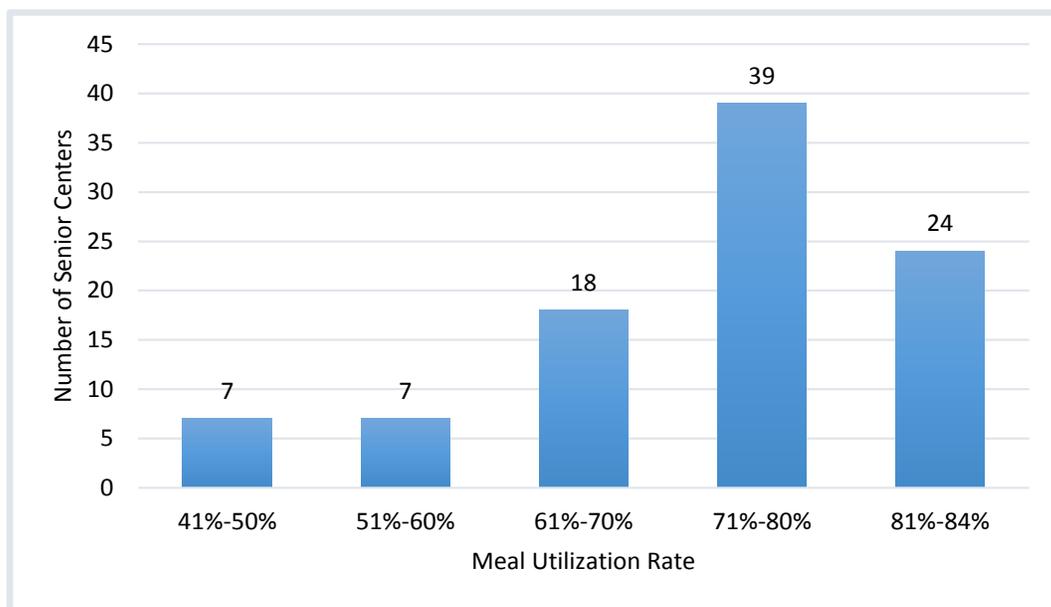
OFA requires that Area Agencies on Aging (such as DFTA) have a monitoring system to measure the quality and quantity of sponsors’ performance, including units of service and program expenditures. As such, DFTA incorporated performance standards in its senior center contracts. A senior center is considered to be underperforming in a particular contract service area (e.g., congregate meals, health management) if it provides less than 85 percent of the budgeted units specified in its contract. Budgeted units are the number of congregate meals a sponsor indicates it will provide. The utilization rate is the number of congregate meals actually provided by the sponsor divided by the number of budgeted congregate meals.

According to the Solicitation, sponsors must propose 60 or more congregate meals per day in their contract bids. During the review of proposals, DFTA officials determine whether the sponsor has the capability, based on its program description, to provide the number of congregate meals proposed. However, the evaluation tool does not assess whether the proposed number of meals

is reasonable in relation to the eligible senior citizen population in the district that will be served. In addition, the tool does not compare the proposed number of meals to the actual number of meals that were served during the prior year. Therefore, it is possible for a senior center with a high utilization rate to not meet the nutritional needs of the senior citizens in its service area.

For the fiscal year ended June 30, 2016, we compared the total number of budgeted meals to the actual number of meals served by the 246 senior centers and determined that 95 of the 246 senior centers did not achieve the required 85 percent meal utilization rate (see Graph 3).

Graph 3 – Senior Centers With Meal Utilization Rates Less Than 85 Percent in Fiscal Year 2016



For example, a senior center located in Brooklyn provided just 15,596 of the 37,680 meals (41.4 percent) the sponsor had agreed to provide in its contract with DFTA. Another senior center in Manhattan provided just 19,994 of the 36,250 meals (55.2 percent) it proposed to serve. Therefore, there is a risk that either the number of meals these centers were expected to provide was unrealistically high or communities were underserved.

To determine whether DFTA adequately assessed each provider's ability to serve the proposed number of meals, we reviewed the budget proposals and evaluation documentation for a sample of four senior centers that had meal utilization rates below 85 percent. We found that the evaluations did not assess whether the proposed number of meals was reasonable in relation to the eligible senior citizen population in the district that will be served.

According to the contract, a 10 percent reduction in a sponsor's payments could be imposed if a senior center provides less than 85 percent of its budgeted units for multiple services. However, DFTA has chosen not to implement this penalty. Officials informed us that the senior centers were

already short of funds, and that further decreases in funding could lead to reductions in services and activities for the senior citizens. We determined that DFTA had not performed reviews to determine which, if any, of these senior centers were inadequately funded. In fact, as described next, we found many of these senior centers appeared to be overspending. We believe that DFTA should review the propriety of doing business with centers that continually serve fewer meals than budgeted.

Food Costs

Raw and catered food costs are significant variable components of the overall cost of congregate meals, accounting for approximately 40 percent of the budgeted \$69 million in food costs for the fiscal year ended June 30, 2016. Remaining costs, such as rents, are basically fixed. DFTA informed us that its expectations for these costs are contained within the evaluation tool used to rate proposals for senior center contracts. The evaluation tool's criteria assess whether raw food costs for lunch are between \$2 and \$4 per meal and whether catered food costs are below \$6 per meal. We found that the raw food budgets of 95 underperforming senior centers were generally within these parameters. However, centers that served less than the budgeted number of meals should see a comparable decrease in their actual costs.

We compared total budgeted costs to actual claimed raw/catered food costs for the 95 underperforming senior centers for the fiscal year ended June 30, 2016, and found that 80 of the 95 senior centers were paid more than they should have been based on the number of meals they actually served. We determined that potential savings of up to \$1.6 million could have been realized if the 80 centers were paid based on their utilization rates (see Exhibit C for details). For example, the Rosetta Gaston Center in Brooklyn was reimbursed \$144,627, or 98 percent of its raw food costs, even though it served only 44 percent of its budgeted number of meals. DFTA could have saved as much as \$79,337 if the sponsor of this senior center was reimbursed for the meals that were actually served.

Sponsor Administrative Charges to Contract

According to DFTA's Fiscal Management Manual (Manual), all costs that support common objectives and are not identifiable to a specific program or function should be allocated to each program based on an indirect cost rate calculated by the organization. Indirect costs include general administrative salaries, such as executive officers, personnel administration, and accountants. DFTA reimburses senior centers based on amounts claimed on contract invoices, which are submitted monthly using DFTA's Contract Accounting Management System. Costs on the invoices are broken down by category, such as congregate meals, administration, and transportation. However, DFTA does not require sponsors to submit supporting documentation prior to being paid. Instead, DFTA requires sponsors to maintain all original documents supporting contract invoice claims, such as paid bills.

We judgmentally selected and reviewed invoices submitted to DFTA by four senior centers to determine whether the costs on the invoices were adequately supported. For each senior center, we requested detailed supporting documentation for the month with the highest reported congregate meal costs in the fiscal year ended June 30, 2016.

Personal Services

We compared salaries claimed on the contract invoices submitted to DFTA with the payroll registers for the sampled months. We also conducted floor checks to verify the existence of these employees and their reported job titles. We were able to confirm these amounts at each of the four locations.

Further, where applicable, we reviewed the allocation of these salaries among the cost centers. Each senior center contract provides for a fixed percentage of net direct expenses to be paid to the sponsor as indirect administrative expenses. However, for the fiscal year ended June 30, 2016, we found that one of the four sponsors also claimed a portion of the salaries of three of his employees (two executive officers and one Director of Fiscal Reporting) as direct costs. The three employees provided executive oversight of multiple DFTA-funded programs, which included two senior centers, a home-delivery meals program, and a case management agency. According to the Manual, joint or common costs are considered indirect costs. Thus, this senior center overstated its February 2016 invoice (the month that we sampled) by \$12,006. For the fiscal year ended June 30, 2016, the senior center budgeted \$120,570 in salaries and fringe benefits for the two executive officers and the Director of Fiscal Reporting. DFTA officials agreed to investigate this issue, stating that any expenditure found to be double-billed will be questioned, disallowed, and recovered.

Other Than Personal Services

For the four sampled senior centers, we reviewed vendor invoices and the supporting documentation. We also reviewed expense categories for items such as raw/catered food, utilities, and supplies. The four centers were reimbursed a total of \$2.5 million, including \$1.1 million for congregate meals.

Our sample of invoices included \$35,142 in raw food expenses that one of the senior centers claimed on its May 2016 contract invoice. We found that \$27,285 of the \$35,142 was for unpaid raw food purchases dating as far back as September 2015. Only \$7,857 (\$35,142 - \$27,285) of the May 2016 invoice was paid during the fiscal year ended June 30, 2016. DFTA management informed us that the prior sponsor was unable to pay some of its vendor bills, and was removed by DFTA due to its poor financial performance. Consequently, the current sponsor, which assumed the senior center's contract, included the \$27,285 in its May 2016 contract invoice so that the outstanding vendor bills could be paid.

DFTA officials informed us that they began experiencing difficulties with the prior sponsor when their requests for supporting documentation went unanswered and when the sponsor refused to allow DFTA to conduct field audits. In fact, there were no audits by DFTA or by an independent

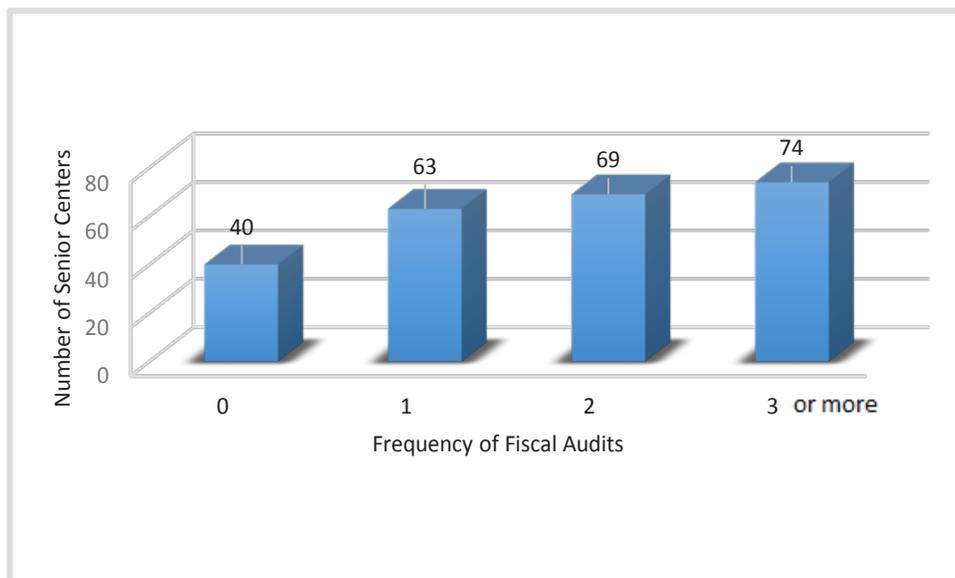
Certified Public Accountant (CPA) of this senior center for the three fiscal years ended June 30, 2016. DFTA did not take any remedial action against this sponsor, even though the sponsor's contract provided for its termination for failure to provide requested financial information.

DFTA Oversight

According to the OFA Nutrition Program Standards, area agencies such as DFTA must implement written procedures for monitoring their subcontractors. Monitoring must include qualitative and quantitative measures of sponsors' performance, including program expenditures. Further, sponsors must retain income and expense records for six years. To provide adequate oversight of the fiscal practices of these sponsors and their senior centers, DFTA developed its Manual for the sponsors to follow, incorporated fiscal procedures and reporting requirements into the sponsors' contracts, and performed financial audits of the senior centers.

According to the Manual, sponsors are required to be audited by DFTA and by an independent CPA firm. Although the frequency of these audits is not specified, DFTA informed us that the goal is to conduct at least one DFTA or CPA audit of each sponsor every three years. We found that 40 senior centers had not been audited by DFTA or by a CPA during the three fiscal years ended June 30, 2016 (see Graph 4).

Graph 4 – Frequency of All Fiscal Audits, Fiscal Years 2014-16



DFTA officials informed us that they are currently in the process of developing new standards for these audits. The new standards will allow DFTA to review more invoices as a deterrent to overbilling, while increasing the likelihood of finding inaccuracies. The standards will also include audit plan enhancements to increase the number and thoroughness of CPA program audits and DFTA field audits.

Senior Congregate Meal Contributions

DFTA is required to offer all senior citizens the opportunity to make voluntary, confidential contributions for the meals they receive. Signs listing suggested contribution amounts are required to be posted at each senior center. However, recommended contributions can vary among the centers. For the fiscal year ended June 30, 2016, we found that a sample of nine senior centers spent a total of \$2,737,842 for 204,951 congregate meals served. The nine senior centers reported collecting a total of \$215,735 in contributions for the meals served – an average of \$1.05 per meal – thus offsetting about 8 percent of the cost of these meals. If this average collection was consistent among all of the senior centers, they would have reported a total of about \$8 million in contributions.

According to DFTA policy, after signing in at a senior center’s dining room, senior citizens who wish to do so can deposit their contributions into a locked box. When mealtime is over, two individuals (usually a senior center employee and a senior citizen) open the box, count the money, record the amount on a Daily Attendance/Income Record Sheet, and sign the sheet. The money is subsequently deposited in a bank account. As the contribution and donors are anonymous, it is difficult to determine whether all contributions are recorded and deposited. Moreover, since contributions are deducted from the reimbursable expenses on the invoices sponsors submit to DFTA, there is a risk that all contributions are not being recorded, deposited, and offset against sponsors’ expenses. According to DFTA officials, they do not currently analyze or compare reported contributions to detect anomalies. However, DFTA officials indicate that, as part of a planned reorganization, they plan to employ attribute testing, analysis, and comparisons to uncover errors, omissions, and irregularities involving client contributions, and will take corrective action, if warranted.

Nutritional Services

DFTA does not have a formal policy for its nutritional assessments of the senior centers. The practice is for DFTA’s nutritionists to make announced and unannounced nutritional compliance assessments (assessments) every year at each senior center. The nutritionists use a detailed checklist called a “Nutrition Monitoring Tool,” which is based on New York City Agency Food Standards (Standards), as well as nutritional standards set forth by OFA and the U.S. Department of Agriculture, to address critical health and safety issues as well as food safety during their visits.

Following the announced assessment, the nutritionists send a Nutrition Assessment Visit Report (Report) to the senior center, sponsor, and DFTA executive management, listing all non-compliance items that must be addressed. The senior center is then required to submit a Corrective Action Plan (Plan). During the next visit, which is unannounced, DFTA nutritionists verify whether corrections were implemented.

We randomly selected ten senior centers to verify whether DFTA ensured that non-compliance issues cited on assessments were corrected. We reviewed the five most recent Reports, as of April 2016, for these ten senior centers to determine if there were recurring non-compliance issues and if there were Plans to address them. We defined recurring issues as non-compliance

issues found on three or more consecutive assessments. For six of the ten senior centers, we found a total of 25 such recurring issues, as follows:

Senior Center	Number of Issues Recurring Three or More Times
RAICES Times Plaza	8
SNAP Brookville	6
Young Israel Senior Services	5
PSS Andrew Jackson	3
Kips Bay Castle Hill	2
A. Philip Randolph	1
Total Recurring Issues	25

The following is a breakdown of the 25 recurring issues found for the six senior centers:

- 12 issues related to non-compliance with the Standards for cleanliness of the senior centers' kitchens, dining rooms, and storage areas.
- Six issues related to non-compliance with the Standards for specific food items (e.g., food items containing more than the allowable amount of sodium).
- Three issues related to senior centers not having specific permits to operate or not having licenses for its food handlers.
- Two issues related to non-compliance with standards for general record keeping.
- Two issues related to senior centers not correcting violations from their most recent Department of Health and Mental Hygiene inspections.

Only two of the six senior centers with recurring issues prepared Plans. However, these Plans did not address the recurring non-compliance issues identified above, or indicate if the issues were corrected by the following assessment. Such recurring violations could negatively impact the nutritional services provided to senior citizens and, in extreme cases, cause illness.

DFTA officials responded that, in many cases, the original violation had been corrected, but that the nutritionists found a new issue in the same category at the next visit. However, DFTA officials did not indicate the cases where this occurred. Moreover, they claimed that none of the issues we reviewed could "cause major acute or chronic health problems." Furthermore, violations that are similar in nature, such as cleanliness, should be considered repeat violations, and DFTA cannot be assured that such issues will not endanger the health of the senior citizens being served.

On September 19, 2016, DFTA issued a memo to senior centers requiring them to submit Plans within ten days of the assessment. The memo indicated that late submission of Plans will be a negative factor on a senior center's Vendex (a computerized data system used by New York City to help assess vendor responsibility) rating. Moreover, the memo stated that failure to correct multiple or serious issues after the final assessment will require senior centers to discuss a resolution with DFTA. The memo informed sponsors that DFTA reserves the right to close a senior center, if necessary. DFTA officials informed us that, as of January 2017, their data allows them to track the Plans.

Recommendations

1. Ensure that the contracts for senior centers are aligned with the needs of the City's senior citizen population, and maintain documentation supporting the rationale for these decisions.
2. Determine the appropriate number of budgeted congregate meals for each senior center based, in part, on the eligible senior citizen population in the area, and measure performance based on the percentage of meals actually served.
3. Immediately review the food costs for centers that provide less than the budgeted number of meals and determine whether the costs claimed are reasonable. Going forward, establish a mechanism to limit reimbursement where the utilization rate is below a set threshold.
4. Move ahead with plans to increase the frequency and scope of senior center audits.
5. Recover the \$12,006 claimed for reimbursement as direct expenses for items that were already included in indirect administrative expenses, and review the propriety of the \$120,570 in budgeted direct expenses for the fiscal year ended June 30, 2016.
6. Employ analytic techniques to assess the reasonableness of the amounts of senior contributions being reported.
7. Ensure that all senior centers take corrective actions on non-compliance issues found during visits by DFTA nutritionists.

Audit Scope, Objective, and Methodology

The objective of this audit was to determine if DFTA effectively oversees the provision of congregate meals in its senior centers. The audit covered the three fiscal years ended June 30, 2016. We also performed on-site observations of senior center staff and facilities through March 7, 2017.

To achieve this objective, we reviewed DFTA contracts with senior centers, monthly sponsor-prepared invoices and supporting documents, DFTA's Manual, nutrition inspection reports, and relevant laws and regulations. We interviewed DFTA and sponsor officials, as well as program administrators at the senior centers. We also assessed the adequacy of DFTA's internal controls as they relate to our audit objective.

We selected and visited a sample of four senior centers and reviewed documentation maintained on site to support the reimbursement amounts claimed on the monthly contract invoices and service reports submitted to DFTA. The centers were judgmentally selected based on factors such as their congregate meal costs, the congregate meal utilization rate, and a lack of DFTA field audit coverage. To review other than personal service costs, we selected a sample month of all congregate meal expense transactions and reviewed each for support and justification. We performed unannounced floor checks at each of the sampled senior centers to confirm

the existence of employees charged to the contract and the seniors receiving congregate meal services.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained during the audit provides a reasonable basis for our findings and conclusions based on our audit objective.

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 functions do not affect our ability to conduct independent audits of program performance.

Authority

This audit was performed pursuant to the State Comptroller's authority under 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 DFTA officials for their review and comments. Their comments were considered in preparing this final report and are attached in their entirety at the end. DFTA generally agreed with our findings and recommendations and described planned actions to implement them. DFTA indicates it will review data on income and population versus funding levels to ensure equitable distribution of dollars when preparing the upcoming RFP. DFTA also described a recent redesign of its audit practices to strengthen oversight of its contractors. Our rejoinders to certain DFTA comments are included in the State Comptroller's Comments.

Within 90 days of the final release of this report, we request that the Commissioner of the New York City Department for the Aging report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and if the recommendations were not implemented, the reasons why.

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Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Exhibit A

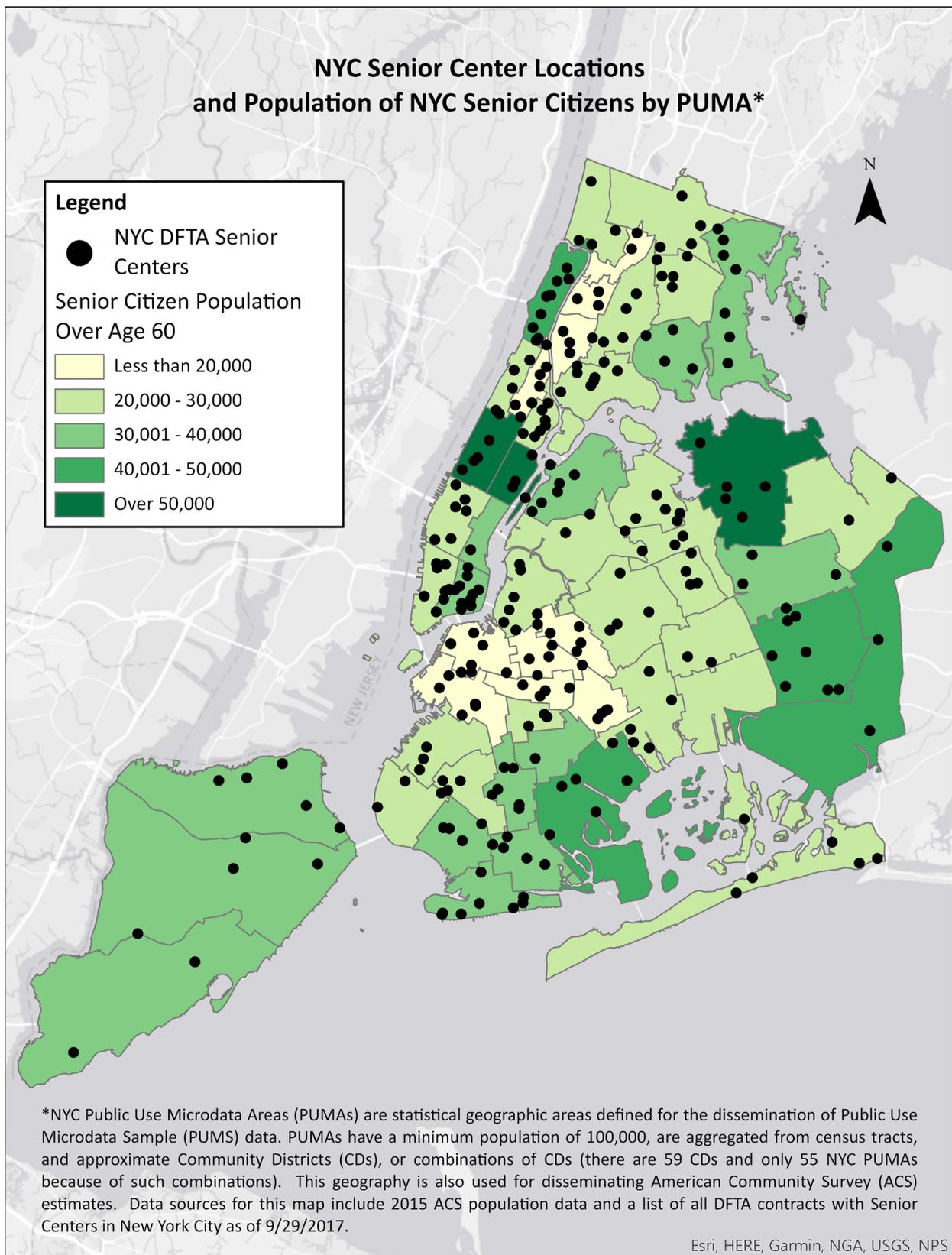


Exhibit B

Location of the 246 Senior Centers by Borough and Community District

Borough	Community District	Number of Centers
Manhattan	1	2
	2	5
	3	10
	4	4
	5	3
	6	1
	7	5
	8	5
	9	3
	10	5
	11	8
	12	9
Total		60
Brooklyn	1	8
	2	4
	3	3
	4	4
	5	5
	6	4
	7	4
	8	4
	9	3
	10	3
	11	3
	12	4
	13	6
	14	5
	15	7
	16	4
	17	1
	18	5
Total		77

Borough	Community District	Number of Centers
Bronx	1	6
	2	1
	3	4
	4	3
	5	3
	6	2
	7	2
	8	4
	9	4
	10	6
	11	4
	12	5
Total		44
Queens	1	7
	2	1
	3	4
	4	5
	5	4
	6	4
	7	5
	8	4
	9	2
	10	1
	11	2
	12	7
	13	3
	14	5
Total		54
Staten Island	1	5
	2	3
	3	3
Total		11

Exhibit C

Senior Centers With Highest Potential Excess Raw/Catered Food Claims, Fiscal Year 2016

Senior Center	Congregate Meal Utilization Rate	Raw/Catered Food Costs	Food Costs at Utilization Rate	Potential Excess Claims
Rosetta Gaston	44%	\$144,627	\$65,290	\$79,337
SNAP Innovative	52%	153,875	96,023	57,852
East Harlem	78%	253,236	197,610	55,626
CCNS Riverway	41%	105,744	58,476	47,268
Betances	45%	81,213	34,581	46,632
Rockaway Blvd	58%	88,476	42,107	46,369
Vandalia	65%	134,457	88,564	45,893
HANAC Harmony JVL	73%	208,182	162,833	45,349
A. Philip Randolph	76%	167,569	128,243	39,326
Ridgewood Older Adult	63%	116,406	79,093	37,313
70 Other Underperforming Senior Centers		6,369,482	5,266,488	1,102,994
Totals		\$7,823,267	\$6,219,308	\$1,603,959

Agency Comments



Donna M. Corrado, Ph.D.
Commissioner

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New York, NY 10007

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November 30, 2017

Kenrick Sifontes, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Sifontes:

Thank you for the opportunity to respond to the State Comptrollers audit on New York City Department for the Aging Congregate Meal Services for the Elderly.

1. Recommendation:

Ensure that the contracts for senior centers are aligned with the needs of the City's senior citizen population, and maintain documentation supporting the rationale for these decisions.

Response: Agreed. DFTA invests funds in senior centers in all 59 Community Districts in order to ensure that older people everywhere have access to meals, activities and services. DFTA requires that the centers offer a range of education, health, social connection, and other services and activities beyond meals to promote the health and well-being of participants. Participants have expressed positive views of these services and activities in numerous client satisfaction surveys, and studies such as a recent Fordham University senior center impact analysis have demonstrated both that seniors enjoy the activities and find them to lead to improved physical and mental health and sense of connection to the community. In order to build upon the positive qualities of the current system and ensure it reaches the broadest array of seniors possible, in preparing the upcoming RFP, DFTA is reviewing data on income and population versus funding levels to ensure equitable distribution of dollars and is determining ways to fine tune its requirements concerning programming so that no matter where they live, and whatever their cultural and linguistic backgrounds, older New Yorkers have access to the best possible menu of senior centers services and activities. As part of this process, DFTA is soliciting input from stakeholders such as seniors, providers and elected officials.



2. Recommendation:

Determine the appropriate number of budgeted congregate meals for each senior center based on the eligible senior citizen population in the area, and measure performance based on the percentage of meals actually served.

Response: Partial Agreement. The percentage of contracted meals actually served is already a performance measure that DFTA uses to evaluate senior centers, but the contracted meals are based on historical data and center capacity, not demographic data. Basing contracts on the eligible population in the area is unrealistic, as not all eligible seniors want or are in need of congregate meals.

*
Comment
1

3. Recommendation:

Immediately review the food costs for centers that provide less than the budgeted number of meals and determine whether the costs claimed are reasonable. Going forward, establish a mechanism to limit reimbursement where the utilization rate is below a set threshold.

Response: Partial Agreement. In cases where the amount of funds needed for meals is less than projected, DFTA permits meal funds to be used for other valuable programming, such as that alluded to in Recommendation 1 above. By any measure, it is clear that senior centers are funded at modest levels, so that DFTA welcomes the shifting of funds from one cost center where they are not needed to others where additional funds can result in improved services and activities for seniors. This includes shifts from budgeted meal dollars to activities such as computer classes and physical exercise classes.

*
Comment
2

4. Recommendation:

Move ahead with plans to increase the frequency and scope of senior center audits.

Response: Agreed. DFTA's Fiscal Division has recently done a comprehensive re-design of its audit practices, in order to strengthen oversight of contractors and improve our capacity to detect questionable and potential fraudulent activities. DFTA's re-design includes capacity building by increasing staff, training and automation, allowing for an increase in the quality, scope and effectiveness of our field engagements. In addition, DFTA is part of the City's Health and Human Services (HHS) shared audit initiative. This initiative seeks to gain economies of scale by sharing audit services and facilitating HHS program audits across multiple HHS agencies. DFTA also plans to increase its audit coverage through this citywide initiative.

*See State Comptroller's Comments, page 26.



5. Recommendation:

Recover the \$12,006 claimed for reimbursements as direct expenses for items that were already included in indirect administrative expenses, and review the property of the \$120,570 in budgeted direct expenses for the fiscal year ended June 30, 2016.

Response: Partial Agreement. DFTA is examining this matter closely. The Department will request by December 31, 2017 supporting documentation from the provider to ascertain the accuracy of their invoices, the propriety of the budget allocated as direct costs and whether these costs were overstated or constitute a double billing, based on the current definition of indirect costs. If a double billing and double payment did occur, DFTA will ensure that corrective actions are taken including the return of funds. In addition, please note that the City as a whole is looking into standardizing indirect costs across all City Agencies. The Office of Management and Budget has procured consulting services to assist in the creation of a procedures manual that will prescribe consistent indirect cost calculation methodologies and reimbursement oversight.

6. Recommendation:

Employ analytic techniques to assess the reasonableness of the amounts of senior contributions being reported.

Response: Agreed. Part of DFTA's re-design efforts for audit practices will include an analysis of senior contributions collected. DFTA will assess the appropriate analytic techniques and methodology to assess reasonableness with respect to collected contributions and make it part of our routine field audits.

7. Recommendation:

Ensure that all senior centers take corrective actions on non-compliance issues found during visits by DFTA nutritionists.

Response: Agreed. DFTA has developed new business rules to electronically track all serious and recurring issues cited by DFTA Nutritionists until they are resolved. A module for Corrective Action Plans (CAPs) is being revamped to allow nutritionists to monitor and track the current status of all unresolved deficiencies. All unresolved citations will be listed in the CAP module where nutritionists update and track the current status of each deficiency throughout the initial, follow up, final and post-final stages of the assessment. Further enhancements are near completion that will automatically generate a Corrective Action Plan tool pre-populated with all unresolved questions after the initial assessment visit that can be used to track deficiencies through to resolution. The module will be linked to a Tickler system that will alert nutritionists and supervisors that there are unresolved deficiencies. When the user logs into PAS, the tickler will pop-up listing the assigned programs with unresolved deficiencies.

These improvements, which are expected to be completed by December 31, (or before the end of FY 2018) will give DFTA Nutritionists the tools needed to more closely monitor deficiencies and provide technical assistance as needed. It will also provide a basis from which to impose consequences if the



program still does not comply, such as closure of the program until corrective actions are completed or lower rating in the provider's annual Vendex Performance Evaluation.

If you have any questions or need additional information please contact John Jones, CPA, Controller at (212) 602-4495 or email him at jojones@aging.nyc.gov.

Very truly yours,

A handwritten signature in black ink, appearing to read "Donna M. Corrado". The signature is written in a cursive style.

Donna M. Corrado, Ph.D
Commissioner

State Comptroller's Comments

1. The recommendation has been modified to reflect that the eligible senior population should be a factor, not the sole basis, in determining the number of budgeted congregate meals.
2. The discrepancies we noted between the number of meals served and the costs claimed by certain centers require attention other than the shifting of excess meal funds to other programs. We also believe that the new RFP process could provide an opportunity for DFTA to improve the way it estimates the number of meals to be served, as well as to strengthen the manner in which the centers are reimbursed.