

THOMAS P. DiNAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 12, 2026

Dr. James V. McDonald
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12227

Re: Examination of payments under the
Creating Healthy Schools and Communities
program

Dear Commissioner McDonald:

The Office of the State Comptroller is responsible for carrying out the Comptroller's constitutional and statutory authority to audit New York State payments. These audits are performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law. Our Office examined payments the Department of Health (Department) paid pursuant to its Creating Healthy Schools and Communities program.

The following report summarizes the results of our examination. Prior to issuing this final report, we shared a draft report with Department officials. The Department responded to the draft report and we considered their response in preparing this final report.

The results and recommendations outlined in this report represent a small percentage of payments made by the Department. Given the critically important role that the Department has in overseeing the health, safety, and well-being of New Yorkers, the Department should consider the recommendations detailed in this report for all payments made by the Department. If you have any questions about this report, please feel free to contact us.

Since the Department's response to the draft report indicates it is in agreement with this report, there is no need for an additional response, unless you feel otherwise. If you choose to provide a response, we would appreciate receiving it by March 12, 2026.

Sincerely,

A handwritten signature in cursive script that reads "Holly Reilly".

Holly Reilly
Director of State Expenditures

Encl: Executive Summary
Audit Findings
Attachment A

cc: Melissa Fiore

Executive Summary

I. Background:

The New York State Department of Health (Department) entered into 26 grant contracts with 22 grantees to administer the Creating Healthy Schools and Communities (CHSC) program to increase opportunities for physical activity and improve nutrition for people in high-need communities. The combined total value of the 26 grant contracts is \$39.7 million. Twenty-five contracts are for the period June 1, 2021 through May 31, 2026, and one contract is for the period June 1, 2022 through May 31, 2026. Our examination period covered payments the Department made to grantees for expenses incurred during the second year of the grant, June 1, 2022 through May 31, 2023.

The objective of our examination was to determine whether payments the Department made for the CHSC program were appropriate and in accordance with the terms and conditions of the grant contracts. To carry out our examination, we examined expenses from a sample of grantees: Capital Roots, Inc.; Onondaga County Health Department; Cornell Cooperative Extension of Sullivan County; and The Institute for Family Health. From these four grantees, we examined a sample of \$212,640 out of their \$427,798 in contractual service and program material expenses and \$100,399 out of their \$506,455 in salary expenses.

II. Findings:

Based on the audit, the following issues were identified:

Inappropriate Contractual Service and Program Material Expenses: To meet certain requirements under its CHSC contract (contract C36045GG), Capital Roots, Inc. (Capital Roots) subcontracted with St. Peter's Health Partners' Center for Community Health Programs (St. Peter's). St. Peter's purchased \$28,664 worth of items from CARA Equipment and Supply Company, Inc. (CARA) for program materials. Pursuant to federal regulations and the Department's requirements for grant contracts, costs must be incurred within the approved budget period. While the costs were incurred in the third budget year, they were inappropriately paid out of second budget year funds. By using funds from a budget year outside the period they were incurred, the Department inappropriately paid Capital Roots \$28,664. This occurred because St. Peter's requested CARA provide invoices dated within the second year of the contract in order to use second budget year funds. Further, in one instance, auditors were able to document that a St. Peter's representative requested CARA alter an invoice date so it was within the second year of the contract. We also determined that these items could have been purchased directly by St. Peter's, but instead were purchased through CARA, which resulted in an unnecessary 15 percent markup totaling \$3,413 that was passed onto the State.

Unsupported Personal Service Expenses: The Department certified to the Comptroller that a sample of salary expenses paid to four CHSC grantees were just, true and correct and therefore appropriate to pay without obtaining sufficient source documentation from the respective grantees. However, Title 2, Chapter I, Part 6.7 of the New York Codes, Rules and Regulations requires agencies to support all vouchers entered into the SFS with original source documentation. Subsequent to the Department's initial approval of payments and in response to our audit requests, the Department received additional source documentation from grantees for the salary expenses in our sample. However, the documentation did not support how much time the employees worked on CHSC activities, indicated one employee spent all their time working on non-CHSC activities, or did not include the appropriate signatures/certifications. As a result, the Department approved \$100,399 in salary expenses, or 100 percent of our sample, for which they did not have sufficient source documentation that met NYS and Department requirements to ensure the salary expenses were appropriate.

III. Recommendations:

We recommend the Department implement additional controls and provide training to staff responsible for reviewing and approving invoices to ensure payments are appropriate. We also recommend the Department review salary, contractual service, and program material expenses to determine if the expenses were appropriate and recover any overpayments, including the \$28,664 in inappropriate or unnecessary expenses paid to Capital Roots. Importantly the Department must obtain sufficient documentation to support all payments that are being certified as just and owing.

While this examination focused on a sample of expenditures under the CHSC program, it is important to note that the payments in the audit scope represent a small percentage of payments made by the Department. During this audit scope in particular, the Department certified to the Comptroller that payments of more than \$16.9 billion under all Department programs were just, true and correct. Given the significant dollar value the Department is responsible for, it should consider the recommendations outlined within this report for all payments it makes.

We shared a draft report with Department officials and considered their response (Attachment A) in preparing this final report. Department officials agreed with our recommendations and indicated they will take appropriate actions related to our findings, including reviewing salary, contractual service, and program material expenses and recovering any overpayments. The Department also stated it will review the internal controls relative to the findings outlined in the report; provide additional training to staff; revise guidance documents for grantees; and provide additional training to grantees during the procurement onboarding process.

Audit Findings

I. Background:

The Bureau of State Expenditures (Bureau) within the Office of the State Comptroller (OSC) has the responsibility to audit New York State payments pursuant to Article V, Section 1 of the State Constitution, as well as Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law (SFL).

Meeting this constitutional and statutory responsibility requires the Bureau to audit, on average, more than 116,000 payments every business day. To illustrate the volume of payments, in 2023 the Bureau approved nearly 29 million payments and refunds worth more than \$186 billion and rejected more than 39,300 payments and refunds valued at nearly \$224.6 million primarily due to errors, improprieties or lack of documentation. Of this amount, the Department of Health (Department) accounted for nearly 138,000 payments totaling more than \$16.9 billion of payments approved, and 487 payments totaling nearly \$817 million rejected.

As part of the daily auditing process, Bureau auditors are examining supporting documentation, agency internal controls over the payment process to ensure vouchers are just, true and correct before certifying in the Statewide Financial System (SFS), compliance with the NYS Guide to Financial Operations (GFO), as well as other factors that are designed to prevent improper payments, fraud, waste and abuse. This daily audit process provides a lens into potential problems that warrant additional scrutiny. To this end, in addition to the daily review and audit of payments, this process can and does result in the Bureau identifying factors that require staff to undertake a more comprehensive audit. This is the case regarding the payments made by the Department pursuant to the Creating Healthy Schools and Communities (CHSC) program.

II. Statement of the Comptroller's Authority to Conduct Audits:

The Bureau carries out its constitutional and statutory responsibilities by examining vouchers, either on a pre- or post-payment basis, that NYS agencies certify to OSC in the SFS. The Bureau plans and performs its audits by obtaining sufficient, appropriate evidence to determine whether payments are free from fraud, waste and abuse and comply with applicable laws, regulations and contracts. The pre-payment audit typically focuses on a single voucher at a time, while the post-payment audit approach typically consists of examining a series of vouchers pursuant to a particular contract, contractor, or grant program. Since the payments have already been made, in addition to recovering inappropriate payments, the Bureau generally provides recommendations to the agency to prevent future inappropriate payments in the same payment stream.

III. Description of the Audit:

The Department administers the CHSC program to increase opportunities for physical activity and improve nutrition for people in high-need communities. The Department entered into 26 grant contracts with 22 grantees to administer the program throughout five defined regions in NYS: Western, Central, Capital, Metropolitan Area, and New York City. The combined total value of the 26 grant contracts is \$39,695,000. Twenty-five grant contracts are for the period June 1, 2021 through May 31, 2026, and one grant contract is for the period June 1, 2022 through May 31, 2026.

IV. Audit Scope:

The objective of our examination was to determine whether payments the Department made for the CHSC program were appropriate and in accordance with the terms and conditions of the grant contracts. During the examination period of June 1, 2022 through May 31, 2023, the Department paid nearly \$5.2 million under the 26 contracts to the 22 grantees. We examined a judgmental sample of \$313,039 out of the \$934,253 in contractual service, program material and salary expenses paid to four CHSC grantees (Capital Roots, Inc., Onondaga County Health Department, Cornell Cooperative Extension of Sullivan County, and The Institute for Family Health) during our examination period of June 1, 2022 through May 31, 2023, which aligned with the second budget year of the contract.

To accomplish our objective, we reviewed and analyzed the grant contracts, SFL, New York Codes, Rules and Regulations (NYCRR), the GFO, the Standards for Internal Control in NYS Government, the Code of Federal Regulations (CFR), and vouchers, associated invoices and supporting documentation, including the grantees' Budget Statement and Report of Expenditures. We obtained an understanding of the Department's processes through interviews with Department officials whose responsibilities include verifying appropriateness of expenses on invoices and approving the vouchers for payment.

This audit is largely based on requirements outlined in NYS laws, rules, regulations and guidance. Specifically, SFL Section 109 states the Comptroller may not make payment on a voucher until the agency certifies that it is "just, true and correct" and "the balance therein stated is actually due and owing." Accordingly, when an agency certifies a claim for payment in the SFS, they must certify to the Comptroller that the (i) payment is approved by the agency, (ii) information entered is just, true and correct, and (iii) goods or services rendered or furnished are for use in the performance of the official functions and duties of the agency. The Department should refer to SFL Section 109; 2 NYCRR Section 6.5; and the GFO, Chapter XII.4.B for more information and guidance on these requirements. In addition, all documentation in support of the payment must be retained by the agency and must be available to OSC upon request for the period of the agency's applicable record retention schedules, as approved by the State Archives and Records Administration. The Department should refer to 2 NYCRR Section 6.7 and the GFO, Chapter XII.3 for more information on these requirements.

The Comptroller's publication, Standards for Internal Control in NYS Government, identifies five fundamental components for State agencies to develop and maintain their internal control systems: control environment, information and communication, risk assessment, control activities, and monitoring. The GFO, Chapter XII, further expands on this by providing guidance and best practices to agency representatives with various roles related to the accounts payable process. In addition, the GFO, Chapter XI.11.F, outlines effective contract monitoring steps for agencies, including ensuring agency invoice reviewers gain an understanding of the contract terms and appendices in order to form the basis for effective monitoring of the contractor.

V. Findings:

While this examination focused on a sample of expenditures pursuant to the CHSC program, it is important to note that the payments in the examination period represent a small percentage of the entirety of payments made by the Department during this time period. The Department should consider the recommendations outlined for the findings below for all payments it makes.

Inappropriate Contractual Service and Program Material Expenses

In carrying out their responsibilities under the contract, the grantees are bound by the following:

- Section IV, Part B of the contract: "If the Contractor enters into subcontracts for the performance of work pursuant to the Master Contract, the Contractor shall take full responsibility for the acts and omissions of its subcontractors. Nothing in the subcontract shall impair the rights of the State under the Master Contract. No contractual relationship shall be deemed to exist between the subcontractor and the State."
- Attachment A-1, Part A(H)(1) of the contract: "the [contractor] shall comply with the federal grant requirements regarding administration and allowable costs...[including CFR,...Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.]"
- 2 CFR § 200.404: "A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to. . . [w]hether the cost is generally recognized as ordinary and necessary. . . [m]arket prices for comparable costs for the geographic area. . . [w]hether the individuals concerned acted with prudence in the circumstances. . . [in addition to other requirements]."
- 2 CFR § 200.403 and the Department's *State Claims Preparation and Submission Requirements* for grant contracts: costs must be incurred within the approved budget period. A grantee incurs a cost when it has a financial obligation to pay for goods or services. A financial obligation exists when the grantee places the order for the goods or services.

Additionally, the Department has the following internal guidance for Department staff to conduct reviews of previously paid Claims for Payment:

- *Monitoring Objectives/Standards* includes a step for Department staff to “determine if the expense was incurred and paid for prior to vouchering for the expense. Check the invoice date and the date the check was written.”
- *Voucher Trace FO Review of Supporting Documentation* includes a step for Department staff to obtain “proof the expense was incurred (i.e. invoices/bills/purchase orders), dated within voucher period or prior.”

The Department entered into C36045GG with Capital Roots to administer the CHSC program in the Capital Region. This was a five-year contract in which Capital Roots could receive up to \$1.525 million over the course of the five-year contract period (June 1, 2021 through May 31, 2026) for eligible program expenses. For each of the five budget years of the contract, Capital Roots was eligible for up to \$305,000 for expenses incurred within the dates of the respective budget year, with each budget year running from June 1 through May 31. If Capital Roots did not fully expend the \$305,000 on expenses incurred in a certain budget year, that money was not available to expend in a different budget year and therefore could not be charged to New York State.

To meet certain requirements under the contract, Capital Roots subcontracted with another CHSC grantee, St. Peter’s Health Partners’ Center for Community Health Programs (St. Peter’s). Under the subcontract, St. Peter’s was responsible for collaborating with high-need school districts to implement initiatives such as comprehensive school physical activity programs. Capital Roots reimbursed St. Peter’s under its contractual services budget category for expenses incurred under the subcontract agreement. Capital Roots then invoiced the Department for expenses incurred under contract C36045GG, including the amount it reimbursed St. Peter’s.

Capital Roots requested and the Department paid \$28,664 for program materials (i.e., items) from second budget year funds. St. Peter’s initiated and coordinated the entire purchase of items totaling \$28,664 through CARA Equipment and Supply Company, Inc. (CARA). However, CARA ordered these items from the sellers Big Top Inflatables, Gopher Sports, and Amazon and billed them to St. Peter’s and Capital Roots. The Department then certified to the Comptroller that the \$28,664 in expenses paid to Capital Roots were just, true, and correct and therefore appropriate to pay. However, we found the expenses were inappropriate or unnecessary for the following reasons:

- St. Peter’s purchased the items from CARA and incurred the liability within the third budget year of the contract. However, St. Peter’s requested CARA provide invoices dated within the second year of the contract, which resulted in expenses appearing to have been incurred during the second budget year. In one instance, CARA originally provided St. Peter’s with an invoice dated in the third budget year of the contract instead of the second, but a St. Peter’s representative requested CARA to alter the invoice date to be within the second budget year of the contract.

Paying this \$28,664 as part of the second budget year of the contract caused Capital Roots’ legitimate second budget year expenditures to be overstated by \$28,664 because the

expenses were not incurred in the second budget year. In addition, St. Peter's actions requesting CARA manipulate or alter invoice dates call into question the integrity of all supporting invoices provided by St. Peter's.

- The Department paid Capital Roots more than they should have. This is because CARA charged St. Peter's a markup of 15 percent for the items CARA sourced from other sellers, such as Amazon. These "off the shelf" items were not customized and seemingly simple to purchase directly from the sellers. St. Peter's did not act with prudence because it incurred unnecessary costs by procuring the items through CARA and passed these additional costs onto the Department.

Prior to payment, the Department performed a limited review of the invoices Capital Roots submitted with the Claim for Payment. This review consisted of verifying that the dates on CARA's invoices were in the correct month and the amount on the invoices matched the amount on the Budget Statement and Report of Expenditures. This review process, as designed, did not identify that St. Peter's ordered the items in the third budget year since CARA's invoices were dated in the second budget year. Further, for subcontractor's expenses, Department officials stated they mainly relied on the grantee to determine the appropriateness of the expenses. As a result, the Department did not have effective controls in place to prevent the payment of the inappropriate expenses outlined above because they did not collect the necessary documentation to identify this transaction was inappropriate.

As a result, the Department inappropriately reimbursed Capital Roots \$28,664 from second budget year funds even though St. Peter's and Capital Roots incurred the expenses in the third budget year. In addition, the Department paid \$3,413 more than necessary because Capital Roots and St. Peter's purchased the items through CARA instead of buying the items directly from the sellers.

We recommend the Department:

1. Review the Department's controls over the payment process and establish additional controls to prevent the approval and payment of inappropriate or unnecessary expenses under the contract.
2. Recover the \$28,664 in inappropriate or unnecessary expenses paid to Capital Roots. This includes \$7,740 in expenses Capital Roots incurred and \$20,924 in expenses St. Peter's incurred, which Capital Roots reimbursed.
3. When possible, ensure grantees purchase goods and equipment in the most economical manner that avoids paying unnecessary markups.
4. Review the remaining \$215,158 in contractual service and program material expenses paid to determine if the expenses were just, true, correct, and appropriate to pay. Recover any overpayments.
5. Review the contractual service and program material expenses paid to St. Peter's under their CHSC grant contract to determine if the expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.

Unsupported Personal Service Expenses

Pursuant to SFL § 109, the Comptroller may not make payment on a voucher until the agency certifies that it is “just, true and correct” and “the balance therein stated is actually due and owing.” Accordingly, pursuant to 2 NYCRR Part 6 and the GFO, Chapter XII.4, agencies must: (i) ensure each claim for payment is supported by sufficient original source documentation and (ii) maintain adequate internal controls over the payment process to support the validity of the agency claim certification. Once the agency completes its review of the claim for payment and is satisfied with the information the grantee provided, the agency certifies to the Comptroller that the claim is just, true and correct and therefore appropriate to pay.

In addition to the contract terms and conditions, the Department issues guidance to grantees, including the *Creating Healthy Schools and Communities (CHSC) Guidance Document 2021-2026*, which states: “payroll registers/records, and time and effort records/time sheets must be submitted with each monthly voucher/Claim for Payment...payroll registers/records must show employee name, pay period and gross earnings...time and effort/time sheets must show employee name, pay period, and effort allocations [towards the CHSC grant].”

The *State Claims Preparation and Submission Requirements* for grant contracts state “the timesheet/personnel activity report should be certified by the individual employee and/or responsible supervisory official...”

Additionally, the Department has the following internal guidance for Department staff to conduct reviews of previously paid Claims for Payment:

- *Monitoring Objectives/Standards* includes an objective for Department staff “to ensure that time records are maintained for employees paid under this contract, show daily time and attendance, are signed by the employee and their supervisor, substantiate payroll, record the leave time accruals, and document percent effort on different funding sources.”
- *Voucher Trace FO Review of Supporting Documentation* outlines guidance to voucher reviewers, and includes steps to ensure that “time record[s] [are] submitted for each employee voucher; time records reflect[] 100% of time [the] employee work[ed]; time and effort [is] allocated to all funding sources; time record[s] [are] approved by [the] employee and supervisor; [and] estimates of salary or percent of effort in [the] contract budget do not qualify as support for time and effort.”

The Department certified to the Comptroller that salary expenses paid to the four CHSC grantees were just, true and correct and therefore appropriate to pay without obtaining sufficient source documentation from the respective grantees, as required by NYS and Department guidance. Subsequent to the Department’s approval of payments and in response to our audit requests, the Department received additional source documents from grantees for the salary expenses in our sample. However, the documentation: (i) did not support how much time, if any, the employees worked on CHSC activities; (ii) did not include either the employee or supervisor

signatures/certifications indicating the amount of time worked was correct; or (iii) indicated the employee spent all of their time working on non-CHSC activities.

Prior to payment, the Department did not always collect the source documentation necessary to ensure the payment was appropriate. When they collected source documentation, they performed a limited review of grantees' Claims for Payment. This review primarily consisted of verifying the salary amounts on the grantee documentation were equal to the salary amounts on the Budget Statement and Report of Expenditures. The Department's review did not always ensure grantees' salary expenses were supported by sufficient source documentation that: (i) supported how much time, if any, employees worked on CHSC activities; and (ii) included both employee and supervisor signatures/certifications indicating the amount of time worked was correct.

The Department approved \$100,399 in salary expenses, or 100 percent of our sample, for which they did not have sufficient source documentation that met Department requirements to ensure the payment was appropriate. Subsequently, our review of the source documentation received in response to our request found that \$48,544 out of \$100,399 (48 percent) did not meet Department requirements, as follows:

- \$9,158 where the documentation did not support how much time, if any, the employees worked on CHSC activities.
- \$38,930 where the documentation did not include either the employee or supervisor signatures/certifications indicating the amount of time worked was correct.
- \$456 where the documentation indicated the employee spent all of their time working on non-CHSC activities.

In addition, we question whether the Department collected sufficient source documentation that met Department requirements to obtain reasonable assurance that the remaining \$406,056 in salary expenses in our scope were appropriate.

We recommend the Department:

1. Review the Department's controls over the payment process, and establish additional controls if necessary, to ensure grantees provide complete and accurate documents and other evidence to support the payments and comply with NYS requirements and contract terms and conditions.
2. Provide specific training and/or provide opportunities for staff to attend OSC training that will ensure the Department staff responsible for reviewing and approving invoices are informed and follow the controls over the payment process.
3. Require that all payments have the necessary documentation to establish that the costs are due and owing.

4. Review the source documentation for the \$48,544 in salary expenses that did not meet Department requirements to determine if the salary expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.
5. Review the remaining \$406,056 in salary expenses paid to determine if the source documentation is sufficient to ensure the salary expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.

VI. Conclusion:

The Department inappropriately reimbursed Capital Roots \$28,664 from second year budget funds even though Capital Roots incurred the costs in the third budget year. The Department also paid Capital Roots \$3,413 more than necessary because Capital Roots and St. Peter's purchased the items through CARA instead of buying the items directly from the sellers. We also found the Department certified to the Comptroller that \$100,399 in salary expenses were appropriate without sufficient source documentation to ensure the payment was appropriate. Additionally, we question whether the Department obtained sufficient source documentation to ensure the remaining \$406,056 in salary expenses were just, true, correct, and appropriate to pay.

Given the critically important role the Department has in administering the CHSC program which is designed to increase physical activity and improve nutrition and the significant amount of funding provided for this purpose, it is important for the Department to ensure these recommendations are considered and implemented timely, before additional expenses under this or other CHSC contracts are entered into the SFS for payment. This will ensure that the voucher authorizers and approvers are in compliance with the SFS Terms of Service, which requires these voucher approvers to attest that "vouchers certified/approved by [them] and submitted to the Office of the State Comptroller are for claims that are just, true and correct and, therefore, appropriate to pay."



KATHY HOCHUL
Governor
JAMES V. McDONALD, MD, MPH
Commissioner
JOHANNE E. MORNE, MS
Executive Deputy Commissioner

December 19, 2025

Holly Reilly, Director of State Expenditures
Office of the State Comptroller
Bureau of State Expenditures
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Holly Reilly:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2023-BSE03-01 entitled, "Examination of Payments Under the Creating Healthy Schools and Communities Program."

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Johanne E. Morne".

Johanne E. Morne, M.S.
Executive Deputy Commissioner

Enclosure

cc: Melissa Fiore

**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2023-BSE03-01 entitled,
"Creating Healthy Schools and Communities"**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2023-BSE03-01 entitled, "Creating Healthy Schools and Communities."

Audit Recommendation Responses:

Inappropriate Contractual Service and Program Material Expenses

Recommendation #1

Review the Department's controls over the payment process and establish additional controls to prevent the approval and payment of inappropriate or unnecessary expenses under the contract.

Response #1

Existing guidance covers the issues identified by OSC during the audit, including ensuring that expenses are incurred within the approved budget period. The Department will work to ensure existing guidance is effectively applied going forward. Additional training will be provided to staff on the importance of using and following guidance documents while conducting reviews. The Department will review internal controls regarding the voucher review process to ensure that guidance is followed and applied for each claim prior to approval.

Recommendation #2

Recover the \$28,664 in inappropriate or unnecessary expenses paid to Capital Roots. This includes \$20,924 in expenses St. Peter's incurred and \$7,740 in expenses Capital Roots incurred, which Capital Roots reimbursed.

Response #2

The Department agrees with OSC's finding and will recover as necessary from the grantee(s).

Recommendation #3

When possible, ensure grantees purchase goods and equipment in the most economical manner that avoids paying unnecessary markups.

Response #3

The Department will ensure grantees purchase goods and equipment in the most economical manner that avoids paying unnecessary markups, when possible. Orientation materials for grantees will be updated to include guidance on the need for grantees to make the most economical purchases as a standard part of their grant management. Additional training will be provided to grantees during the new procurement onboarding process.

Recommendation #4

Review the remaining \$215,158 in contractual service and program material expenses paid to determine if the expenses were just, true, correct, and appropriate to pay. Recover any overpayments.

Response #4

The Department will review the remaining \$215,158 in expenses and recover any overpayments, as necessary.

Recommendation #5

Review the contractual service and program material expenses paid to St. Peter's under their CHSC grant contract to determine if the expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.

Response #5

The Department will review the contractual service and program material expenses paid to St. Peter's under their CHSC grant contract and recover any overpayments, as necessary.

Unsupported Personal Service Expenses

Recommendation #1

Review the Department's controls over the payment process, and establish additional controls, if necessary, to ensure grantees provide complete and accurate documents and other evidence to support the payments and comply with NYS requirements and contract terms and conditions.

Response #1

The Department will review its controls over the payment process to ensure that grantees provide complete and accurate documents and other evidence to support the payment and comply with NYS requirements and contract terms and conditions.

Recommendation #2

Provide specific training and/or provide opportunities for staff to attend OSC training that will ensure the Department staff responsible for reviewing and approving invoices are informed and follow the controls over the payment process.

Response #2

Staff are strongly encouraged to attend the annual OSC conference. Additional training will be provided to existing staff on how to properly review back up material and documentation related to personal services. Such content will include reviewing and understanding time sheets, payroll registers, calculating personnel costs relative to the contract budget, and personal service requirements.

Recommendation #3

Require that all payments have the necessary documentation to establish that the costs are due and owing.

Response #3

The Department will review existing protocol and modify as necessary to prevent approval of payments that are inappropriate or unnecessary. Guidance documents will be revised to request additional supporting documentation on all grantee voucher submissions.

Recommendation #4

Review the source documentation for the \$48,544 in salary expenses that did not meet Department requirements to determine if the salary expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.

Response #4

The Department will review the source documentation for the \$48,544 in salary expenses and will recover any overpayments, as necessary.

Recommendation #5

Review the remaining \$406,056 in salary expenses paid to determine if the source documentation is sufficient to ensure the salary expenses were just, true, correct, and appropriate to pay. Recover any overpayments as necessary.

Response #5

The Department will review the remaining \$406,056 in expenses and recover any overpayments, as necessary.