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OFFICE OF THE STATE COMPTROLLER

December 10, 2019

Howard A. Zucker, M.D., J.D.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Oversight of Obesity and Diabetes
Prevention Programs
Report 2019-F-43

Dear Dr. Zucker:

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 Department of Health (Department) to implement the recommendations contained in our audit report, *Oversight of Obesity and Diabetes Prevention Programs* (Report [2017-S-78](#)).

Background, Scope, and Objective

The Department's mission is to protect, improve, and promote the health, productivity, and well-being of all New Yorkers. The Department's vision is that New Yorkers will be the healthiest people in the world – living in communities that promote health, protected from health threats, and having access to quality, evidence-based, cost-effective health services.

Pursuant to New York State Public Health Law, Article 25, Title VIII, the Department has established programs to address the increasing incidence and prevalence of obesity, which has reached epidemic proportions in the State. According to the Department, one third of New York's children are obese or overweight. Moreover, obesity rates among adult New Yorkers increased by 9.7 percent, from 16 to 25.7 percent, between 1997 and 2017. Obesity is currently the second leading preventable cause of death in the United States. The federal Centers for Disease Control and Prevention and the Department believe that preventing or reversing obesity requires changes in behavior as well as access to affordable, nutritious foods and opportunities for physical activity in the places where people live, learn, eat, shop, work, and play. The Department works with many partners and contractors to develop and implement a range of obesity prevention programs in

community, child care, school, and health care settings.

For the four fiscal years 2014-15 through 2017-18, the Department received \$27.7 million in State appropriations for services and expenses related to obesity and diabetes programs. Annually, the Department allocates these funds (roughly \$6 million) among several initiatives created to decrease the rates of obesity and diabetes. In fiscal year 2017-18, the Department received \$5,970,000 in appropriations, and allocated the funds to four initiatives.

We issued our initial audit report on September 17, 2018. The audit objectives were to determine whether the Department measured the effectiveness of the obesity and diabetes prevention programs in meeting their goals and whether it provided effective oversight of its service provider contracts to ensure claimed expenses were program-appropriate and consistent with contract requirements. We found the Department had a system in place to monitor contractor performance and, generally, expenditures were program-appropriate and consistent with contract requirements. However, we identified opportunities for improved oversight.

The objective of our follow-up was to assess the extent of implementation, as of November 18, 2019, of the two recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Department officials addressed the problems we identified in the initial audit. Both of the report's recommendations were implemented.

Follow-Up Observations

Recommendation 1

Take steps to improve oversight of contractor performance to ensure that contractor deliverables are outcome-based and correlate to Department expectations for the individual programs it is funding.

Status – Implemented

Agency Action – The Department has taken steps to improve its oversight of contractor performance to ensure deliverables are outcome-based and correlate to expectations for the individual programs it is funding. The Department compared pre- and post-program implementation data related to funded programs responsible for promoting healthy foods, physical activity opportunities, and breastfeeding. The Department reported the results of its analysis and its findings to grantees and stakeholders. The Department has also outlined expectations for its funding programs (such as its Creating Healthy Schools and Communities program) that are outcome-based, specific, measurable, achievable, relevant, and time bound.

Recommendation 2

Ensure that costs reported by the Department's network of contractors are supported, appropriate, and reimbursable.

Status – Implemented

Agency Action – The Department has taken steps to ensure contractor costs are supported, appropriate, and reimbursable. Guidance documentation has been updated to require supporting documentation for final vouchers received at the end of a contractor budget period. This allows Department staff to review personal services, fringe benefits, and other costs in depth to identify any errors or issues in the contractors' billing. In addition, the Department has provided training to staff regarding proper fringe benefit billing procedures and requirements that correspond to the updated guidance documents. The Department has also developed and implemented a comprehensive voucher tracing protocol. Based on a weighted risk assessment, high-risk contractors are selected for a full personal services documentation review.

Major contributors to this report were Ed Durocher, Cynthia Herubin, Claudia Christodoulou, Anthony Calabrese, and James Rappaport.

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

Very truly yours,

Brian Reilly, CFE, CGFM
Audit Director

cc: Ms. Lori Conway, Department of Health
Mr. Thomas McCann, Department of Health