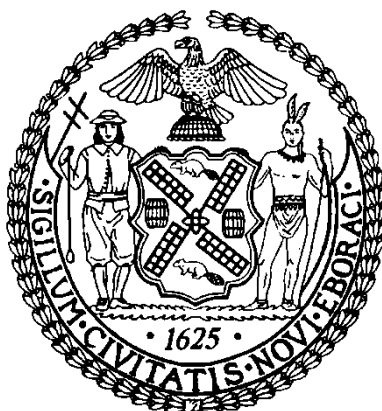


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
COMPTROLLER**

MANAGEMENT AUDIT

**H. Tina Kim
Deputy Comptroller for Audit**



**Audit Report on the Oversight of the
Home-Delivered Meals Program by the
Department for the Aging**

MG10-079A

June 8, 2011



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

June 8, 2011

To the Residents of the City of New York:

My office has audited the oversight of the Department for the Aging (DFTA) over its home-delivered meals program (HDML). We audit City operations such as this as a means of increasing accountability and ensuring that City resources are used effectively, efficiently, and in the best interest of the public.

The audit found that DFTA lacks adequate controls over its payment process. These control weaknesses increase the possibility that overbilling by providers may occur and remain undetected. In addition, DFTA had inadequate controls to ensure that providers complied with HDML contract standards and provisions. Specifically, DFTA did not monitor contract compliance on an ongoing basis, did not have a mechanism in place to ensure that it was aware of all complaints made by clients, and did not perform an annual assessment. As such, DFTA was not able to ensure that meals had been delivered to clients in accordance with standards set forth in the contracts and in its HDML policies.

The audit makes six recommendations to DFTA, including that it should verify that the number of meals reported delivered on invoices matches supporting documentation and resolve variances prior to making payments. The audit also recommends for DFTA to ensure that key HDML performance standards associated with delivering meals to clients are monitored on an ongoing basis, complaints from all sources are tracked, and the assessment process is reorganized for more effective performance evaluations.

The results of the audit have been discussed with DFTA officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "JCL", with a small dot at the end.

John C. Liu

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ADDENDUM Response from Department for the Aging

*The City of New York
Office of the Comptroller
Management Audit*

**Audit Report on the Oversight of the
Home-Delivered Meals Program by the
Department for the Aging**

MG10-079A

AUDIT REPORT IN BRIEF

The Department for the Aging (DFTA) administers the Home-Delivered Meals (HDML) program for older New Yorkers. To be eligible for meal delivery, one must be at least 60 years of age, be unable to attend a congregate meal site unattended, and either be unable to prepare meals or lack assistance for such preparation. DFTA currently has 21 contracts with 14 HDML providers responsible for delivering five meals a week to eligible seniors. During Fiscal Year 2010, DFTA reported that it delivered almost 3.8 million meals through the HDML program to an average of more than 16,000 clients each month. This audit determined the adequacy of DFTA's oversight of the HDML program.

Audit Findings and Conclusions

Our review of DFTA's oversight of the HDML program found that DFTA lacks adequate controls over its payment process. These control weaknesses increase the possibility that overbilling by providers may occur and remain undetected. During Fiscal Year 2010, DFTA did not request or review any documents as support for \$25.4 million paid to the providers for the delivery of meals. Furthermore, from January 2009 through March 2010, DFTA was unaware that it paid more than an estimated \$780,000 to one provider for the delivery of a second meal to its clients. DFTA officials mistakenly believed that the funding for this second meal was provided by a source other than DFTA.

In addition, DFTA had inadequate controls to ensure that providers complied with HDML contract standards and provisions. Specifically, DFTA did not monitor contract compliance on an ongoing basis, did not have a mechanism in place to ensure that it was aware of all complaints made by clients, and did not perform an annual assessment. As such, DFTA was not able to ensure that meals had been delivered to clients in accordance with standards set forth in the contracts and in its HDML policies.

Audit Recommendations

To address these issues, we make six recommendations, including that DFTA should:

- Verify that the number of meals reported delivered on invoices matches supporting documentation and resolve variances prior to making payments.
- Periodically compare the average number of meals delivered per client for each contract to detect irregularities.
- Ensure that key HDML performance standards associated with delivering meals to clients are monitored on an ongoing basis and that complaints from all sources are tracked.
- Ensure that the assessment process is reorganized for more effective performance evaluations.

Agency Response

DFTA officials agreed with the audit's findings and its six recommendations, stating that they "wanted to note the constructive tone and partnership underlying this audit from the Comptroller's Office. DFTA shares the Comptroller's goal to make the best use of government funding to provide needed services to the City's older adults."

INTRODUCTION

Background

DFTA promotes, administers, and coordinates a broad range of services for older New Yorkers, one of which is the Home-Delivered Meals (HDML) program. To be eligible for meal delivery, one must be at least 60 years of age, be assessed by Case Management Agencies (CMAs)¹ as unable to attend a congregate meal site unattended, and either be unable to prepare meals or lacking assistance for such preparation.

DFTA currently has 21 contracts with 14 HDML providers responsible for delivering five meals a week to eligible seniors, who are offered the choice between receiving either hot meals five days a week or frozen meals two days a week². As part of the program, HDML providers must provide clients with the opportunity to contribute voluntarily and confidentially to the cost of providing their home-delivered meals.

During Fiscal Year 2010, DFTA reported that it delivered almost 3.8 million meals through the HDML program to an average of more than 16,000 clients each month³. During Fiscal Year 2010, the HDML program received a total of \$26.6 million, including \$8.2 million (31 percent) from Federal, \$6.5 million (24 percent) from State, and \$11.9 million (45 percent) from City sources. In addition, HDML providers reported that their clients made voluntary contributions totaling \$1.9 million. In January 2010, DFTA's Bureau of Long Term Care and Active Aging (LTC) took over management and oversight of the program from DFTA's Bureau of Community Services (BCS).

Objective

The objective of this audit was to determine the adequacy of DFTA's oversight of the HDML program.

Scope and Methodology

We conducted this 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 provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

¹ CMAs are DFTA-contracted agencies that assess and service all the needs of senior clients. In New York City, DFTA has a total of 23 contracts with 16 CMAs serving 20 geographical regions throughout the five boroughs. Each CMA is responsible for referring and enrolling clients to its assigned HDML provider.

² The HDML program provides meals to seniors for weekdays only; weekend and holiday meals are funded by City Meals-on-Wheels.

³ The number of clients served by each contract varied from month to month, averaging from 313 clients on the smallest contract to 1,284 clients on the largest contract.

The scope of this audit was Fiscal Year 2010. To gain an understanding of DFTA's oversight responsibilities regarding the HDML program, we interviewed DFTA's Assistant Commissioner of Fiscal Operations as well as senior officials from both BCS and LTC. In addition, we met with the Director and staff from DFTA's Contract Accounting Unit to understand how invoices are processed. We also met with officials from DFTA's Information Technology (IT) group for information and demonstrations of the four IT systems⁴ used to record, process, track, and report information related to the HDML program.

To assess whether DFTA had internal controls as they relate to our audit objective, we reviewed HDML policies and procedures as well as assessment checklists used by DFTA's program officers. To gain an understanding of the program requirements, we reviewed all 21 HDML contracts and related amendments. We then used the following sources as criteria applicable to our audit objective:

- HDML contracts;
- DFTA Home-Delivered Meals Policy 2010;
- Program Officer Assessment Checklists;
- Comptroller's Directive #1, "Principles of Internal Control;" and
- Procurement Policy Board (PPB) Rules.

To analyze HDML program trends during Fiscal Year 2010, we obtained from DFTA a monthly breakdown of the number of meals delivered and clients served per contract. For each contract, we determined the total number of meals delivered and estimated the average number delivered to each client on a monthly basis. In order to identify inconsistencies, we then compared the average number of meals delivered per client for each contract against the overall average for all the HDML contracts.

To test the accuracy of the Fiscal Year 2010 payment data in CAMS, we compared the CAMS data to the 252 monthly hardcopy invoices (12 invoices for each of the 21 contracts). To test for the completeness of the data, we compared these invoices to the transaction records in the City's Financial Management System.

To assess provider compliance with HDML contract provisions and with DFTA's policies, we conducted unannounced visits to the largest HDML provider in each borough⁵ between September 1 and November 22, 2010. For the five providers visited, we reviewed contribution records, complaint logs, temperature logs, and route sheets. We also checked for valid vehicle registration and inspection records, current car insurance policies, and valid driver licenses. In

⁴ The four IT systems include: (1) Provider Data System (PDS) - used by CMAs to record client information; (2) Senior Participant Profile (SPP) - client information is populated by PDS and SPP is used by HDML providers to set up delivery routes and to document meal deliveries to clients; (3) Contract Accounting Management System (CAMS) - used by DFTA to track and make payments to providers; and (4) Program Assessment System (PAS) - used by DFTA for annual assessments, the results of which are sent to VENDEX, the computerized citywide system that provides comprehensive contract management information.

⁵ These visits included: Family Care Services a.k.a. Visiting Nurse Service - VNS (Queens) on September 1, 2010; Jewish Association for Services for the Aged (Brooklyn) on November 16, 2010; Henry Street Settlement (Manhattan) on November 17, 2010; Meals On Wheels of Staten Island - SIMOW (Staten Island) on November 18, 2010; and Regional Aid for Interim Needs (Bronx) on November 22, 2010.

addition, we reviewed the providers' employee background check records, fidelity bonds, and customer satisfaction surveys. Furthermore, to determine whether DFTA paid for the correct number of meals delivered, we obtained from each of these five providers supporting documents for meals delivered in the month of June 2010 and compared the number of meals reported delivered to invoices submitted to DFTA.

To determine whether DFTA adequately monitored its HDML contracts, we verified whether provider assessments were conducted for Calendar Years 2009 and 2010, and we reviewed a log of 76 field visits made by DFTA staff during Fiscal Year 2010. We also reviewed complaint procedures and emergency plans for all the providers. Furthermore, we reviewed the information entered into VENDEX for Fiscal Year 2010 to determine whether evaluations for the HDML contracts had been submitted.

To evaluate overall client satisfaction with the HDML program, we reviewed the results of a DFTA satisfaction survey sent to a sample of 1,588 clients, which was conducted between October and December 2009. To determine how long it took DFTA to resolve complaints, we reviewed DFTA's 3-1-1 complaint log for the HDML program, which listed 381 calls during Fiscal Year 2010.

Discussion of Audit Results

The matters covered in this report were discussed with DFTA officials during and at the conclusion of this audit. A preliminary draft report was sent to DFTA officials and discussed at an exit conference held on March 23, 2011. We submitted a draft report to DFTA officials with a request for comments. We received a written response from DFTA officials on April 18, 2011. In their response, DFTA officials agreed with the audit's findings and its six recommendations, stating that they "wanted to note the constructive tone and partnership underlying this audit from the Comptroller's Office. DFTA shares the Comptroller's goal to make the best use of government funding to provide needed services to the City's older adults."

The full text of the DFTA response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

Our review of DFTA's oversight of the HDML program found that DFTA lacks adequate controls over its payment process. These control weaknesses increase the possibility that overbilling by providers may occur and remain undetected. During Fiscal Year 2010, DFTA did not request or review any documents as support for \$25.4 million paid to the providers for the delivery of 3.8 million meals. DFTA, therefore, did not have assurance that the approved payments were for appropriately provided services. Furthermore, from January 2009 through March 2010, DFTA was unaware that it paid more than an estimated \$780,000 to one provider for the delivery of a second meal to its clients. DFTA officials mistakenly believed that the funding for this second meal was provided by a source other than DFTA.

In addition, while the results of DFTA's survey indicated that 84 percent of clients were satisfied with the restructured HDML program⁶, DFTA nevertheless had inadequate controls to ensure that providers complied with HDML contract standards and provisions. Specifically, during Fiscal Year 2010, DFTA did not monitor contract compliance on an ongoing basis, did not have a mechanism in place to ensure that it was aware of all complaints made by clients, and did not perform an annual assessment.⁷ As such, DFTA was not able to ensure that meals had been delivered to clients in accordance with standards set forth in the contracts and in its HDML policies, nor was DFTA able to substantiate evaluations that were submitted to VENDEX.

The details of these findings are discussed in the following sections of this report.

Inadequate Controls over Payments for Delivered Meals

DFTA lacks adequate controls over its payment process. During Fiscal Year 2010, DFTA approved 252 invoices and paid a total of \$25.4 million to providers for the delivery of 3.8 million meals. However, DFTA did not require the providers to submit any supporting documentation along with its invoices as evidence that the meals were delivered. In addition, DFTA did not ensure that any type of reconciliation was performed prior to paying the invoices. As a result, DFTA had no assurance that all of the \$25.4 million paid to the providers was accurate.

According to §2.0 of Comptroller's Directive #1, "internal control serves as the first line of defense in safeguarding assets and help preventing or detecting errors and fraud." Without a thorough review of invoices and all supporting documents, and without some form of reconciliation prior to paying the invoices, DFTA cannot verify that the payments are accurate and that errors and fraud are detected and corrected before payment is made.

The lack of documents supporting the number of meals delivered, combined with DFTA's failure to perform any form of reconciliation, makes it possible for providers to charge for meals that were not delivered to clients who, for various reasons such as vacation or admission to nursing homes or hospitals, were not at home at the time of delivery. In addition, it is also likely that providers can charge for meals delivered to clients who are no longer part of the program, but are still

⁶ We ascertained client satisfaction based upon a survey conducted by DFTA.

⁷ DFTA is conducting its Calendar Year 2010 assessment during Fiscal Year 2011. DFTA should have conducted the Calendar Year 2009 assessment during Fiscal Year 2010.

listed on the route. DFTA's lack of controls over its payment process increases the possibility that overbilling by providers may occur and remain undetected.

With DFTA's restructured program, providers are reimbursed based upon the number of meals delivered each month, as indicated on the invoice, multiplied by the unit rate stipulated in the contract. Although each provider does have its own system to track the delivery of meals, providers are not required to submit supporting documents, such as drivers' completed route sheets, along with their invoices, thereby increasing the risk that providers can inaccurately report meals delivered without detection.

According to DFTA officials, their Accounting Unit reviews invoices submitted by each provider for mathematical errors and to determine whether the number of delivered meals reported is "reasonable." However, given the fact that they do not have supporting documents to reconcile the number of meals reported on the invoices, we question the extent or adequacy of that review. In fact, for one of the five providers that we visited, the number of meals reported on the invoice for the month of June 2010 did not match the provider's supporting documents. While the variance we identified was small, it should be noted that our review covered only one month and pertained to only five of the 14 providers. It is possible that DFTA would uncover additional variances were it to reconcile the supporting documents to the invoices for all of the providers for a greater period of time.

In addition, from January 2009 through June 2010, DFTA paid slightly more than an estimated \$1 million to one provider (SIMOW) for the delivery of a second meal to its clients. DFTA officials told us that the second meal had been included in the number of meals upon which the original contract's funding level had been based. However, DFTA officials also told us that while they were aware that the provider had been delivering two meals a day to clients, they believed that the funding for the second meal was provided by a source other than DFTA and were not aware that the provider had been charging the second meal to DFTA.

In March 2010, DFTA officials inadvertently learned from this provider that DFTA had been paying for the second meal since the start of the new contract. By that time, DFTA had already been paying for the second meal for 14 months at a rate of \$6.30 per meal (total payments were estimated at \$780,000). Following negotiations with the provider, DFTA agreed to fund the second meal at a rate of \$1.66 - a decrease of \$4.64 - per meal, starting in July 2010 through the remainder of the contract, which ends in November 2011. (The contract between DFTA and this provider was formally amended in November 2010.) Had DFTA officials reconciled the meals reported on the provider's first invoice against an estimate of meals expected to be delivered, they would have identified the situation earlier and investigated or resolved the issue in a timely manner. At a rate of \$1.66, we estimate that payments for the second meal would have been reduced by nearly \$740,000 - from \$1 million to \$260,000.

DFTA officials told us that as of November 2010, providers are required to enter weekly meal deliveries to clients in DFTA's SPP computer system, which will then be used by DFTA to cross-check the provider invoices against the meals delivered. However, during our visits to the providers, we found that one of the providers was not even using SPP and those providers that did use it experienced problems, such as delays with the system updates. Although DFTA officials

believe that the new system will allow for more efficient documentation of the number of meals delivered, the system is not fully operational. As a result, DFTA is left without a reliable tool to reconcile the number of meals delivered. Moreover, even when SPP is fully operational, the information entered into the system will be self-reported by providers. To provide greater assurance that the data in SPP is complete and accurate, DFTA should reconcile SPP data with the information recorded on drivers' route sheets or other supporting documents. DFTA should also perform independent verification of deliveries through random phone calls to HDML clients.

DFTA's lack of controls over payments results in an increased risk that errors and irregularities may occur and remain undetected. Effective controls in the payment process are accomplished by the use of supporting documents as well as by review of and reconciliation procedures prior to payments. DFTA officials now recognize the need for controls over payments and told us that "as of April 2011, HDML invoices from providers will not be paid unless the number of meals reported on the invoices matches 100% of the number of meals entered into SPP."

Recommendations

DFTA should:

1. Verify that the number of meals reported delivered on invoices matches supporting documentation and resolve variances prior to making payments.

DFTA Response: "DFTA agrees with this recommendation... Starting with the March 2011 invoice, meals reported on invoices must match 100% to whatever is reported on SPP."

2. Periodically compare the average number of meals delivered per client for each contract to detect irregularities such as those identified in this report.

DFTA Response: "DFTA agrees with this recommendation and its implementation has been in progress since February 2010."

3. Verify the integrity of the data entered into SPP by periodically matching the information against supporting documents as well as making random phone calls to HDML clients.

DFTA Response: "DFTA agrees with this recommendation. During assessments, DFTA tested a sample week of actual meals data reported on invoices and in SPP against route sheets. This verification covered about 76,000 meals."

Inadequate Oversight and Controls to Ensure Contract Compliance

During Fiscal Year 2010, DFTA did not monitor HDML providers' compliance with contract standards and provisions nor formally assess their performance for Calendar Year 2009. As a result, DFTA's VENDEX rating is unsubstantiated. Evaluating the effectiveness of a program and ensuring the program is operating as intended is beneficial not only to the clients of the program, but also to the City.

Lack of Ongoing Monitoring and Review to Ensure Provider Compliance with Program Standards

DFTA did not monitor the program to ascertain whether meals reported delivered have actually been delivered to clients in accordance with standards set forth in the contracts and its policies. According to its contract with the providers, DFTA is required to monitor and evaluate the performance of the providers on an ongoing basis, which may include announced and unannounced visits. Regular monitoring is critically important when seniors are depending on the delivery of meals – for some this may be the only meal of the day. In the absence of periodic monitoring of compliance with the key provisions of the contract, DFTA has limited assurance that the seniors are receiving all of the meals in accordance with the contract.

According to their contracts, HDML providers are required to ensure that meals are delivered to clients within required standards. These standards include ensuring that the meals are pre-plated and individually packed, stored, and delivered at a certain temperature, delivered within a scheduled time frame (within two hours of food being placed on truck), and hand-delivered directly to the client. In addition, if a client is not at home at the time of the meal delivery, the contract allows for single hot meals to be delivered as an extra meal to the next person on the route, while frozen meals must be returned to the program. DFTA is responsible for monitoring the providers' compliance with their contracts.

However, DFTA officials confirmed that they do not perform unannounced visits or spot checks of the providers to ensure compliance with the contracts. In fact, after the initial implementation of the restructured program, DFTA officials had no evidence of ongoing monitoring and generally relied on the providers to ensure that meals were delivered in accordance with their contracts. During Fiscal Year 2010, DFTA staff conducted a total of 76 field visits to the HDML providers, of which 53 were performed by DFTA program officers. (The DFTA Nutritionist performed the remaining 23 visits.) DFTA, however, did not maintain any written documentation of the program officers' visits and is therefore unable to demonstrate the level of review conducted (i.e., whether they were perfunctory or comprehensive in nature). In addition, contrary to §4.01e of the PPB Rules, which specifically states that "evaluations shall include periodic unannounced site visits and interviews with clients and staff," all but one of these field visits were announced beforehand.

In its contracts with the providers, DFTA also established the assessment of liquidated damages for specific standards that were not met. These standards include late deliveries, non-deliveries, and deliveries of substandard meals. However, since neither DFTA nor its HDML providers are required to keep track of this information, DFTA has no way of knowing whether the standards are carried out in accordance with the contract or whether they ever need to enforce liquidated damages. DFTA officials confirmed that they have not used the option of assessing liquidated damages.

To determine client satisfaction with the restructured HDML program, DFTA conducted a client survey. Between October and December 2009, DFTA surveyed a total of 1,588 HDML clients regarding the quality of meals and other aspects pertaining to the performance of the

program. After making telephone calls to recipients who did not initially return the survey, DFTA received a response rate of 53 percent. Of those who responded, 84 percent were overall satisfied with the HDML program and 59 percent reported having called their provider directly⁸. However, the DFTA survey did not ask clients whether they had ever dealt with a missed or late meal delivery or whether they had ever made a complaint to the provider. In addition, as previously stated, DFTA's lack of assessments during Fiscal Year 2010 prevented it from ensuring that the providers themselves conducted their own required biannual survey.

In the absence of monitoring, DFTA cannot be assured that the providers are operating within the performance standards of their contracts and that all of the required services are being provided. Ongoing monitoring and review of the 14 providers, who are responsible for annually delivering almost 4 million meals to seniors, will ensure that appropriate meals are delivered to the seniors who depend on the program and that the goals of the program are achieved effectively and efficiently.

Inadequate Monitoring of Customer Complaints

Complaints made by clients are one of the indicators available to DFTA to signal whether providers are providing adequate service. The agency does not, however, have a mechanism in place so that it is aware of all complaints made by clients.

Clients have the option of filing complaints with their HDML provider, their CMA, and the City's 3-1-1 hotline. DFTA officials told us that HDML clients are very vocal and that they do not hesitate to voice their dissatisfaction. However, while both the providers and the CMA are required to document complaint calls, neither is required to advise DFTA of these client complaints. Since DFTA did not perform a Fiscal Year 2010 assessment of the providers, DFTA could not ensure that providers were documenting the complaints received directly from their clients in a complaint log. Moreover, since the providers are the ones providing the service, they have little incentive to ensure that all complaints pertaining to their service are recorded. As a result, DFTA may not be getting a full picture of problems and client concerns related to specific HDML providers. In fact, DFTA can only rely upon those complaints received through 3-1-1, which during Fiscal Year 2010 totaled only 381 complaints related to the HDML program⁹. (As previously stated, DFTA reportedly delivered almost 3.8 million meals during Fiscal Year 2010 through the HDML program to an average of more than 16,000 clients each month.)

Lack of Annual Assessment

DFTA officials confirmed that during Fiscal Year 2010, they did not formally assess the performance of the HDML providers as required by §4.01b of the PPB Rules, which states that "a performance evaluation shall be done no less than once annually." DFTA officials attributed the transition period for restructuring the program as the reason for the lack of an annual assessment for Calendar Year 2009.

⁸ These phone calls to the providers did not specify reasons for the calls.

⁹ Of the 381 complaints regarding the HDML program, 200 complaints were in reference to the delivery of meals. The remaining 181 complaints pertained to issues ranging from applications to food preferences to the quality of meals.

In December 2008, DFTA officials consolidated its HDML program from over 90 small providers scattered throughout the City to 14 providers¹⁰ with 21 contracts for a three-year (2008-2011) period. DFTA officials claimed that as the restructured program was implemented, they ensured that DFTA staff was stationed on-site, at the providers, for up to three weeks to provide technical assistance and monitor performance. However, these monitoring efforts were discontinued after the initial stage of the program was completed.

The annual assessment is used by DFTA to check for compliance with contract standards and provisions. Performing an annual assessment is likely to reveal issues that need to be addressed or resolved. For example, according to the provisions of the contract, providers are required to conduct their own customer satisfaction survey biannually. In fact, §3.5 of the contract states that “if the Contractor scores less than 80% for a full year in the biannual DFTA-provided customer satisfaction survey the Contractor will pay \$1,000 in liquidated damages.” DFTA normally reviews the survey results during its assessment and so the provider is not required to submit the results to DFTA prior to the assessments. However, since DFTA did not perform assessments for Calendar Year 2009, it could not ensure that all providers had conducted the required surveys, much less review the results and, if necessary, assess liquidated damages.

During DFTA’s annual assessment, program officers are required to review contract compliance, including the maintenance of contribution records, complaint logs, temperature logs, and route sheets. They also check for evidence of valid vehicle registration and inspection records, current car insurance policies, and valid driver licenses for all drivers. In addition, the assessment includes the review of employee background checks, fidelity bonds, and customer satisfaction surveys.

For the five providers we visited, we found that all but one provider complied with the contract requirements listed above. Specifically, during our September 2010 observation of one of the providers, we found that the provider did not maintain certain key documents (a log of client complaints received and a record of monetary contributions received from clients) as required¹¹. Issues of noncompliance with contract provisions and with HDML standards would be discovered and addressed in an annual assessment.

In October 2010, DFTA began its annual assessment for Calendar Year 2010. Although requested, DFTA did not share with us the preliminary results, including the initial letters that are required to be submitted to the providers within 30 days following any monitoring visits by DFTA. As a result, we have no evidence that DFTA notified the providers of the results of its monitoring visits in a timely manner. (After the exit conference, DFTA gave us copies of the Final Program and Nutrition Assessment Results that had been sent to each provider between February 10 and March 29, 2011; however, officials still did not give us copies of the initial notifications sent to providers so we are unable to determine

¹⁰ The restructured HDML program serves the same 20 geographical regions throughout the five boroughs as the CMAs and was implemented between January and May 2009 as follows: Bronx and Staten Island in January 2009, Queens in February 2009, Manhattan in March 2009, and Brooklyn in May 2009.

¹¹ We were unable to determine whether the provider (VNS) had these records in the beginning, during the transition, when management at the provider changed, or if they never maintained these records in the first place.

whether providers were notified of inspection results in a timely manner.) Furthermore, we were informed that not only had these monitoring visits been prescheduled, but each provider was given a checklist in advance, thereby making the assessment less effective. In addition, the same program officer responsible for providing technical support to a provider was also responsible for evaluating the provider, posing a conflict of interest. The assessment process can be turned into a more meaningful tool if DFTA were to include unannounced visits, not provide detailed information of the assessment in advance, and ensure that program officers do not assess the same providers to whom they provide technical support.

Credibility of VENDEX Evaluation

Although DFTA officials confirmed that they did not perform a Calendar 2009 assessment for any of the providers, they nevertheless submitted evaluations to VENDEX. These evaluations attested that they had, in fact, evaluated each of the contracts and had “documentation on file at the City Agency” to support the evaluations. DFTA officials had told us that they had given all providers a “fair” rating in VENDEX for the first year of the new contract. When we reviewed the evaluations submitted, we found that the language used for 19 of the 21 HDML contracts¹² contained identical wording in the comments sections, giving the appearance that the “fair” ratings were substantiated by actual assessments, rather than acknowledging that DFTA had not performed a formal assessment that year. In fact, DFTA officials confirmed that there are no additional written documents to support each of these evaluations.

In the absence of regular monitoring and a proper evaluation of the providers, we question how DFTA concluded that the providers’ performance was adequate enough to receive a “fair” rating. Moreover, the converse is true as well, whereby a provider may have actually deserved a higher score and DFTA’s lack of an evaluation and the “fair” rating that followed may have had negative consequences to the provider in terms of doing business with other City agencies. In fact, one provider actually sent a letter to the Mayor's Office, stating that the provider “strongly disagrees with the rating given...and would like this rating to be re-evaluated and changed from Fair to Good.”

If evaluations submitted to VENDEX are not supported by verifiable facts, it may call into question the legitimacy of other evaluations submitted by the agency as well. When submitting these evaluations to VENDEX, it is of critical importance for agency officials to make accurate statements that are based upon documented data.

¹² The two contracts with distinct comments appear to have been evaluated for FY 2010 as part of the senior center assessments.

Recommendations

DFTA should ensure that:

4. Key HDML performance standards associated with delivering meals to clients are monitored on an ongoing basis and that complaints from all sources are tracked.

DFTA Response: “DFTA agrees with this recommendation. Although FY10 was a transition year for the new HDML contracts and program model, DFTA recognizes that a formal assessment should have been conducted... DFTA will revisit the monitoring and tracking of HDML contract performance as it relates to the liquidated damages clauses stated in the HDML contract.”

5. The assessment process is reorganized for more effective performance evaluations.

DFTA Response: “DFTA agrees with this recommendation... DFTA will do occasional unannounced visits in addition to announced visits for performance evaluations. DFTA will also revisit monitoring in relation to the HDML contract regarding assessment of liquidated damages as mentioned above.”

6. Evaluations and the related ratings submitted to VENDEX are justifiable.

DFTA Response: “While DFTA believes that the HDML VENDEX ratings in FY10 were justifiable, DFTA does agree with the Comptroller’s audit that DFTA should have also done formal assessment to help inform the VENDEX ratings during the FY10 transition year.”

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April 20, 2010

Tina Kim, Deputy Comptroller for Audits
Office of the Comptroller
One Centre Street, Room 1100
New York, NY 10007-2341

Re: Comptroller Audit on Department for the Aging's Oversight of the Home Delivered Meals Program MG 10-079A

Dear Deputy Comptroller Kim:

Thank you for the opportunity to respond to the April 6, 2011 audit of the Department for the Aging's (the Department or DFTA) oversight of the home-delivered meals (HDML) program.

As discussed with the auditors, Fiscal Year 2010 was a transition year for the home-delivered meals program. Beginning in January 2009, the Department implemented major citywide changes in the HDML program, from how clients accessed the service to how providers were paid for the service. In the middle of Fiscal Year 2010, DFTA also transferred the monitoring of the program from the Bureau of Community Services to the Bureau of Long-Term Care, so that the same bureau was overseeing the HDML program as well as the case management agencies which authorize the meal service for clients. By the end of FY10, some HDML providers had just completed their first full year of operations under the new program model.

DFTA agrees with most of the recommendations in this audit for the time period July 1, 2009 to June 30, 2010, and is pleased to note that most of the issues were already being addressed or were addressed as of the draft audit release date of April 6, 2011.

DFTA also wanted to note the constructive tone and partnership underlying this audit from the Comptroller's Office. DFTA shares the Comptroller's goal to make the best use of government funding to provide needed services to the City's older adults. Please see below for detailed DFTA responses to the audit findings.

Comptroller's Recommendation 1: Verify that the number of meals reported delivered on invoices matches supporting documentation and resolve variances prior to making payments.

DFTA Response: DFTA agrees with this recommendation. In March 2009, DFTA established an IT Short-Term and Long-Term Improvement Project Work Group to pinpoint areas of improvement needed in the Department's generation and manipulation of data required for a variety of purposes, ranging from oversight tracking to program management and development. One of the key short-term recommendations of the Work Group was to develop an HDML Client-Specific Tracking Module from the Department's existing SPP database in order to strengthen the ability to track delivery of meals and tie that tracking to invoice review and processing. Work on the module began in summer 2009 and training of DFTA and provider staff began in February 2010. After training was completed as well as additional coaching for providers who experienced difficulties in successfully accessing the new system, DFTA started tying monthly payments to the data submitted on SPP, commencing with the November 2010 invoices, allowing for a small margin of error of +/- 2.5% for four months. Starting with the March 2011 invoice, meals reported on invoices must match 100% to whatever is reported on SPP. In reference to the sentence in the audit which stated that "one of the providers was not even using SPP," DFTA allowed Family Care Services, to use their own IT system instead of SPP because their IT system is able to give the monthly meals data required by DFTA.

In addition to DFTA's requirement that meals reported on invoices match 100% to the data reported in SPP, during annual program assessments, DFTA staff also selects a sample week to test actual route sheets against SPP and invoices. This testing was done in the most recent HDML assessments which were completed in March 2011.

Comptroller's Recommendation 2: Periodically compare the average number of meals delivered per client for each contract to detect irregularities such as those identified in this report.

DFTA Response: DFTA agrees with this recommendation, and its implementation has been in progress since February 2010. DFTA recognized the need for this control when DFTA was implementing the rollout of SPP. SPP imports HDML client names directly from the case management agencies. HDML programs are not allowed to authorize clients for the HDML service, except on a temporary/emergency basis. HDML providers and DFTA can see in SPP the client count and meals served by week and by month. In addition, client information is updated or refreshed weekly through data exports from the case management agencies' data system.

Comptroller's Recommendation 3: Verify the integrity of the data entered into SPP by periodically matching the information against supporting documents as well as making random phone calls to HDML clients.

DFTA Response: DFTA agrees with this recommendation. During assessments, DFTA tested a sample week of actual meals data reported on invoices and in SPP against route sheets. This verification covered about 76,000 meals. Please also note that HDML client information is refreshed weekly from data exports from independently contracted case management agencies because only case management agencies can authorize clients for ongoing HDML service.

Currently, DFTA requires case management agencies to contact a HDML client within a week after starting the HDML service to see how the client likes the meals. Case managers also continue to contact HDML clients at least once every two months to check on their satisfaction of the meals and to see if other needs arise.

Comptroller's Recommendation 4: Key HDML performance standards associated with delivering meals to clients are monitored on an ongoing basis and that complaints from all sources are tracked.

DFTA Response: DFTA agrees with this recommendation. Although FY10 was a transition year for the new HDML contracts and program model, DFTA recognizes that a formal assessment should have been conducted. DFTA completed recent HDML assessments in March 2011 and has shared the results with the Comptroller's Office in March. DFTA will revisit the monitoring and tracking of HDML contract performance as it relates to the liquidated damages clauses stated in the HDML contract.

Regarding tracking complaints from all sources, through 311, DFTA tracks all HDML related complaints made to the City. As the audit notes, DFTA only received 381 HDML complaints in FY10 out of 3.8 million meals delivered for 16,000 clients during that same period, representing one tenth of one percent of all meals. As part of the assessment, DFTA also checks to ensure that complaint logs are maintained by HDML programs and case management agencies. This was done for the case management assessments in FY10 and the HDML assessments completed in March 2011 which were shared with the Comptroller's Office.

Comptroller's Recommendation 5: The assessment process is reorganized for more effective performance evaluations.

DFTA Response: DFTA agrees with this recommendation and has completed formal HDML assessments. DFTA has shared the final results of the assessments with the Comptroller's Office in March 2011. DFTA will do occasional unannounced visits in addition to announced visits for performance evaluations. DFTA will also revisit monitoring in relation to the HDML contract regarding assessment of liquidated damages as mentioned above.

Comptroller's Recommendation 6: Evaluations and the related ratings submitted to VENDEX are justifiable.

DFTA Response: While DFTA believes that the HDML VENDEX ratings in FY10 were justifiable, DFTA does agree with the Comptroller's audit that DFTA should have also done formal assessments to help inform the VENDEX ratings during the

FY10 transition year. DFTA initiated formal assessments in October 2010, three months after FY10, and has since completed and shared the results of the formal HDML assessments with the auditors in March 2011.

The VENDEX ratings for FY10 were focused on the transition period and its process. As such, the ratings were based on how HDML programs, DFTA and case management agencies were able to work together and operationalize the new HDML program model and resolve emerging issues quickly. All the meals were reviewed by DFTA as meeting nutritional requirements. DFTA staff were stationed at sites daily until HDML programs were able to consistently deliver meals before 3PM and to check meal temperatures and appropriate packaging. Operational updates and client complaints were reported back to DFTA on a daily basis during the roll-out period. Because all (but one) of the new HDML contracts were able to meet these common operational milestones, DFTA gave them a fair rating per the VENDEX definition of "fair" as having met 'all contract requirements fully or substantially.' The one contract that was not able to meet these operational milestones was reassigned to another provider.

During the transition year, the programs needed more time to operate in order to achieve other areas of contract compliance, such as conducting customer satisfaction surveys. Therefore, none of these newly RFP'd contracts received a rating above a fair. DFTA also conducted an independent customer satisfaction survey to gauge client satisfaction citywide on the HDML service. As supporting documentation for the Vendex ratings, DFTA submitted a range of documents to the Comptroller's Office. These included a schedule of field visits for FY10, all invoices and audits, granted access to DFTA's vendor payment system for FY10 and FY11, DFTA's independent customer satisfaction survey and results, City food standards and requirements, copies of all HDML providers' emergency plans, case studies of the December 2010 snowstorm and Taste the Island caterer change demonstrating that the emergency plans worked, all FY10 381 HDML complaints and its resolution/follow-up, and copies of HDML providers' written complaint procedures.

In closing, we appreciate the opportunity to respond to the audit. If you have any questions about this written response, please contact John Jones at jjones@aging.nyc.gov or 212-442-1156.

Sincerely,



Lilliam Barrios-Paoli
Commissioner

c: Linda Gibbs, Deputy Mayor for Health and Human Services
Robert Bernstein, Mayor's Office of Operations
Jane Fiffer, DFTA Deputy Assistant Commissioner
Maureen Murphy, DFTA General Counsel
Angeles Pai, DFTA Deputy Commissioner
Joy C. Wang, DFTA Assistant Commissioner