Audit Report

Food and Nutrition Service
Special Supplemental Nutrition Program
for Women, Infants, and Children
State of New York
DATE: March 8, 2004

REPLY TO
ATTN OF: 27099-62-Hy

SUBJECT: Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children in the State of New York

TO: Frances E. Zorn
Regional Administrator
Food and Nutrition Service

ATTN: Agostinho Nunes
Audit Liaison
Food and Nutrition Service

This report presents the results of our audit of the Special Supplemental Nutrition Program for Women, Infants, and Children in the State of New York. Your response to the official draft, dated February 23, 2004, is included as exhibit B with excerpts and the Office of Inspector General’s position incorporated into the Findings and Recommendations section of the report. Based on your response, management decision has been reached on all of the report’s recommendations. Please follow your agency’s internal procedures when forwarding documentation for final action to the Office of the Chief Financial Officer.

We appreciate the assistance you and your staff provided to us during our review.

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REBECCA ANNE BATTs
Regional Inspector General for Audit
Executive Summary

Results in Brief

This report presents the results of the Office of Inspector General’s (OIG) audit of the Food and Nutrition Service’s (FNS) management of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the Farmer’s Market Nutrition Program (FMNP) in the State of New York. The New York State programs provide over $279 million per year in benefits to approximately 455,000 participants. Our audit work also followed up on the recommendations we made in our May 1994 audit report on the New York WIC program.¹

The WIC program is targeted to serve low-income and nutritionally at risk women that are pregnant, breastfeeding, or non-breastfeeding postpartum; infants up to their first birthday; and children up to their fifth birthday. The FMNP is associated with WIC and provides supplemental foods sold at farmers markets, which includes such things as fresh fruits and vegetables. FNS oversees the States’ operations of these programs by performing periodic management evaluations to assess the accomplishment of program objectives.

We evaluated FNS’ management of WIC and FMNP in the State of New York, focusing on fiscal years (FY) 2002 and 2003. Specifically, we followed up on findings and recommendations reported in our May 1994 report, evaluated the management controls in New York’s current information system, examined corrective actions taken in response to findings in management evaluation reviews, and evaluated FNS’ review of the propriety of New York’s administrative costs. The New York Department of Health is the State Agency (SA) responsible for the administration of the WIC and for issuing FMNP benefits to eligible WIC participants.

During the scope of our review, we found that FNS Northeast Regional Office (NERO) personnel used the nationally developed review guide when performing their evaluations of the New York WIC program. NERO used a guide the region developed when performing evaluations of the FMNP. We also noted that, overall, these review guides provided an adequate basis for evaluating ongoing program operations. However, we found that these guides did not require FNS personnel to identify and evaluate changes in program operations. For this reason, FNS did not evaluate the following material segments of New York’s WIC and FMNP.

• The New York SA did not conduct management evaluations of contractors who monitored the performance of WIC vendors in New York City since FY 1999. Consequently, the SA had no assurance that contractors adequately performed their responsibilities to monitor over 3,600 vendors in New York City that redeem about $240 million annually in WIC program funds.

• Local agencies in New York had not performed self-assessments of their operations since FY 1999. Self-assessments allow a local agency to critically evaluate its implementation of program operations. Since these were not performed, the local agencies had not tested their compliance with procedures and corrective action plans. Our 1994 report included a recommendation to ensure that local agencies complete self-assessments.

• The New York City Regional Office did not evaluate the local agencies’ implementation of the FMNP in FY’s 2002 and 2003. During these 2 years approximately $4 million in FMNP funds were allocated annually to local agencies in New York City for distribution to eligible participants. In FY 2002, over $2.3 million of the allocated funds were redeemed.

We discussed the above weaknesses with SA officials who agreed with our findings and developed corrective action plans. FNS NERO personnel need to review these corrective action plans and ensure the plans are implemented. In order to provide adequate oversight of the New York WIC and FMNP, FNS needs to implement procedures that require personnel to identify and evaluate changes in program operations.

We found that FNS and the SA had implemented 39 of 40 recommendations from our May 1994 audit report (see exhibit A). Nothing came to our attention to indicate concerns with the management controls in New York’s current information system or FNS’ review of the propriety of New York’s administrative costs.

Recommendations in Brief

FNS NERO needs to develop and implement procedures to periodically update the review guides used by FNS personnel to evaluate changes in WIC and FMNP operations. FNS NERO should confirm that: (1) contractors that monitor vendor operations in New York City are evaluated, (2) local agencies are in compliance with self-assessment requirements regarding compliance with procedures and corrective actions plans, and (3) the FMNP in New York City is evaluated.

Agency Response

In FNS NERO’s response to the official draft of the report, dated February 23, 2004, the agency agreed with the recommendations outlined in the report. On October 1, 2003, FNS NERO implemented procedures to periodically update the review guides to identify and evaluate changes in