



Purchasing Forum & Trade Show

Contract Monitoring

Proven techniques to facilitate contractor compliance and successfully identify, prevent and recover millions of dollars in fraud and waste

May 18 & 19, 2016



Why are we here?

- We are here because we have a duty and mission to carry out.
- Today's duty and mission:
 - Learn about monitoring



Roadmap

- Monitoring necessity
- Challenges and concerns
- Differing but complementary roles
- Seven-step process
- Fraud
- Field visits



Why Monitoring is Necessary

- Agency missions
- Billions in State spending
- Risks
 - Health & Safety
 - Goal Achievement
 - Dollars
 - Reputation
- Fraud
- Errors



Brainstorming session

- Agency Concerns When Trying to Monitor



Common Concerns

- Lack of resources (time, funding, staff)
- Staff turnover/Lack of training
- Lack of communication between program and fiscal departments
- Vendor compliance (Reports, timeliness of filings)



Impact

The New York Times

City Payroll Project Was Riddled With Fraud

By DAVID W. CHEN and WILLIAM K. RASHBAUM
Published: June 20, 2011

Nearly all of the \$600 million that New York's main contractor for its troubled automated payroll system was tainted by fraud, prosecutors said Monday in an indictment that charged two technology company executives with what a United States attorney called an "elaborate scheme."

Contractor Strikes \$500 Million Deal in City Payroll Scandal

By MICHAEL M. GRYNBAUM
Published: March 14, 2012

A major government contractor agreed on Wednesday to pay a record \$500 million to avoid federal prosecution for its role in the scandal-tarred [CityTime](#) project, an effort at modernizing New York's payroll system. The project was plagued by widespread fraud and weak oversight and became a lingering embarrassment for Mayor [Michael R. Bloomberg](#)'s administration.

Fraud Charges in New York's Payroll Overhaul

By JOHN ELIGON
Published: December 15, 2010

Of all the city programs that have ever gone wrong in New York, few could compare to CityTime, [an automated system](#) meant to streamline employee timekeeping.



**Purchasing Forum
& Trade Show**

7-Step Process

1. Identify risky contracts
2. Understand requirements
3. Identify risks
4. Prioritize risks
5. Determine risk response
6. Design/execute monitoring activities
7. Follow up



Step 1.

- What data do you have available?
- How can it help you identify risky contracts?



Risks

- Health & Safety
- Goal Achievement
- Dollars
- Reputation



New York State Comptroller Thomas P. DiNapoli

[Open Book New York Video](#) 

Office of the State Comptroller

OPEN BOOK NEW YORK



Local Government Spending

See how your county, city, town, village, fire or school district gets and spends tax dollars.



State Contracts

Look at active New York State contracts and see who is doing business with the State. Data is updated daily.



State Spending

A summary level view of all state spending. Data is updated monthly.



State Payments

Find payments made by the State since April 1, 2012. Data is updated daily.



Public Authority Information

Find financial and other information about public authorities.



Home > NYS Active Contract Search

NYS Active Contract Search

Basic Search Criteria

Search Contracts by

State Agency/Authority Vendor Agency/Authority & Vendor

Agency/Authority Name

[Search for an Agency/Authority](#)

Advanced Search Criteria

Open Book State Contracts

Includes:	Excludes:
All active State agency contracts, which includes contracts approved by the Office of the State Comptroller (OSC) and those that don't require OSC approval. *	State contracts that are not yet active, meaning that: <ul style="list-style-type: none">The State agency has not finalized the contract;OSC hasn't yet received the contract for review from the State agency or authority; or

Contract Search Results

1168 Contracts Found - Displaying page 1 of 24

Agency = State, Department of

[1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#) [9](#) [10](#) [11](#) [12](#) [13](#) [14](#) [15](#) [16](#) [17](#) [18](#) [19](#) [20](#) [21](#) [22](#) [23](#) [24](#) - [Last](#)

Vendor Name ▲	Department/Facility	Contract Number	Current Contract Amount	Spending to Date	Contract Start Date	Contract End Date	Contract Description	Contract Type	Original Contract Approved/Filed Date
82ND STREET DISTRICT MANAGEMENT ASSOCIAT	Department of State	TM51490	\$5,000.00	\$5,000.00	04/01/2005	07/31/2015	2005 LOA TM51490	Community Projects Fund (Member Initiative)	06/04/2015
99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of State	L001522	\$31,636,991.00	\$0.00	01/04/2008	05/31/2018	ONE COMMERCE PLAZA ALBANY NEW YORK	Lease	05/08/2007
ACTION FOR A BETTER COMMUNITY INC	Department of State	C1000303	\$4,855,636.00	\$3,638,119.00	10/01/2013	09/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant	09/19/2013
ADAMS CENTER FIRE DISTRICT	Department of State	F040245	\$100,000.00	\$100,000.00	04/01/2004	03/31/2024	2004 EMERGENCY SERVICES REV LOAN	Repayment to State	07/19/2004
ADIRONDACK COMMUNITY ACTION PROGRAMS INC	Department of State	C1000296	\$659,878.00	\$494,418.00	10/01/2013	09/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant	09/04/2013
AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000197	\$90,000.00	\$0.00	04/04/2012	04/03/2015	Local Government Brownfield Opportunity Areas Program	Grant	03/18/2015
AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000361	\$464,400.00	\$116,100.00	07/01/2014	06/30/2017	BROWNFIELD OPPORTUNITY AREA	Grant	03/20/2015
AFTON VILLAGE OF	Department of State	T1000511	\$18,455.00	\$0.00	06/01/2015	05/31/2018	2014 PF T1000511	Contracts Not Subject to OSC Pre-Audit	06/22/2015
ALBANY CITY OF	Department of State	C1000572	\$1,100,000.00	\$0.00	04/01/2015	03/31/2017	FINANCIAL RESTRUCTURING BOARD	Grant	12/16/2015
ALBANY CITY OF	Department of State	C1000571	\$3,900,000.00	\$3,900,000.00	04/01/2015	03/31/2016	FINANCIAL RESTRUCTURING BOARD	Grant	09/18/2015
ALBANY CITY OF	Department of State	C007001	\$250,000.00	\$0.00	11/09/2010	12/31/2015	WATERFRONT REVITALIZATION CZM	Grant	08/15/2012
http://wwe2.osc.state.ny.us/transparency/contracts/contractresults.cfm?order=VENDOR_NAME&tsb=a&a=DOS01&a...					11/7/2013	07/16/2016	EPF Waterfront Revitalization - Albany Waterfront Performance	Grant	11/13/2013

1 **Open Book New York**
 2 **Office of the State Comptroller**
 3 **Thomas P. DiNapoli, State Comptroller**
 4 **Contract Search Results**
 5 **Agency = State, Department of**

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8	Vendor Name	Department/Facility	Contract Number	Current Contract Amount	Spending to Date	Contract Start Date	Contract End Date	Contract Description
9	82ND STREET DISTRICT MANAGEMENT ASSOCIAT	Department of State	TM51490	\$5,000.00	\$5,000.00	4/1/2005	7/31/2015	2005 LOA TM51490
10	99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of State	L001522	\$31,636,991.00	\$0.00	1/4/2008	5/31/2018	ONE COMMERCE PLAZA ALBANY I YORK
11	ACTION FOR A BETTER COMMUNITY INC	Department of State	C1000303	\$4,855,636.00	\$3,638,119.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PC
12	ADAMS CENTER FIRE DISTRICT	Department of State	F040245	\$100,000.00	\$100,000.00	4/1/2004	3/31/2024	2004 EMERGENCY SERVICES REV L
13	ADIRONDACK COMMUNITY ACTION PROGRAMS INC	Department of State	C1000296	\$659,878.00	\$494,418.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PC
14	AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000197	\$90,000.00	\$0.00	4/4/2012	4/3/2015	Local Government Brownfield Opportunity Areas Program
15	AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000361	\$464,400.00	\$116,100.00	7/1/2014	6/30/2017	BROWNFIELD OPPORTUNITY ARE
16	AFTON VILLAGE OF	Department of State	T1000511	\$18,455.00	\$0.00	6/1/2015	5/31/2018	2014 PF T1000511
17	ALBANY CITY OF	Department of State	C1000572	\$1,100,000.00	\$0.00	4/1/2015	3/31/2017	FINANCIAL RESTRUCTURING BOA
18	ALBANY CITY OF	Department of State	C1000571	\$3,900,000.00	\$3,900,000.00	4/1/2015	3/31/2016	FINANCIAL RESTRUCTURING BOA
19	ALBANY CITY OF	Department of State	C007001	\$250,000.00	\$0.00	11/9/2010	12/31/2015	WATERFRONT REVITALIZATION C
20	ALBANY CITY OF	Department of State	C1000205	\$200,000.00	\$0.00	7/17/2013	7/16/2016	EPF Waterfront Revitalization - A Waterfront Performance Place & Livingstone Landing
21	ALBANY CITY OF	Department of State	C1000512	\$200,000.00	\$0.00	6/1/2015	5/31/2018	LOCAL WATERFRONT REVITALIZA GRANTS
22	ALBANY COUNTY OF	Department of State	C1000078	\$67,500.00	\$67,500.00	4/1/2011	3/31/2015	LGE EFFICIENCY IMPROVEMENT G
23	ALBANY COUNTY OPPORTUNITY INC	Department of State	C1000282	\$719,661.00	\$539,211.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PC
24	ALBANY RURAL CEMETERY	Department of State	TM41198	\$6,000.00	\$0.00	4/1/2004	7/31/2016	2004 LOA TM41198
25	ALBANY RURAL CEMETERY	Department of State	TM61373	\$3,000.00	\$3,000.00	4/1/2006	7/31/2016	2006 LOA TM61373
26	ALBANY VENTURES INC	Department of State	L001585	\$216,603.74	\$143,460.72	11/1/2007	2/28/2018	540 BROADWAY ALBANY, NEW YC

Identify Risky Contracts

- Sort contracts by:
 - Contract Types
 - Contract Amount
 - Vendor Name & Contract Count
 - Vendor Name & Spending to Date



Identify Risky Contracts (cont.)

- Sort contracts by:
 - Contract Start Date
 - Contract Description & Contract Count
 - Contract Description & Contract Amount
 - % Expended - % Life of the contract



Analysis

- Risk basis
- Other factors
 - Quality of products and services
 - Problems with vendors
 - Current events
 - Locations
 - Etc.



FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW

From Access From Web From Text From Other Sources Existing Connections Refresh All Connections Properties Edit Links Sort Filter Sort & Filter Clear Reapply Advanced Text to Columns Flash Fill Remove Duplicates Data Validation Consolidate What-If Analysis Relationships Group Ungroup Subtotal Outline

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1 **Open Book New York**

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8	Vendor Name	Department/Facili	Contract Num	Current Contract Amou	Spending to Da	Contract Start Date	Contract End Da	Contract Descripti
9	82ND STREET DISTRICT MANAGEMENT ASSOCIAT	Department of State	TM51490	\$5,000.00	\$5,000.00	4/1/2005	7/31/2015	2005 LOA TMS1490
10	99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of State	L001522	\$31,636,991.00	\$0.00	1/4/2008	5/31/2018	ONE COMMERCE PLAZA ALB
11	ACTION FOR A BETTER COMMUNITY INC	Department of State	C1000303	\$4,855,636.00	\$3,638,119.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMI
12	ADAMS CENTER FIRE DISTRICT	Department of State	F040245	\$100,000.00	\$100,000.00	4/1/2004	3/31/2024	2004 EMERGENCY SERVICES P
13	ADIRONDACK COMMUNITY ACTION PROGRAMS INC	Department of State	C1000296	\$659,878.00	\$494,418.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMI
14	AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000197	\$90,000.00	\$0.00	4/4/2012	4/3/2015	Local Government Brownfie Opportunity Areas Program
15	AFFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000361	\$464,400.00	\$116,100.00	7/1/2014	6/30/2017	BROWNFIELD OPPORTUNITY
16	AFTON VILLAGE OF	Department of State	T1000511	\$18,455.00	\$0.00	6/1/2015	5/31/2018	2014 PF T1000511
17	ALBANY CITY OF	Department of State	C1000572	\$1,100,000.00	\$0.00	4/1/2015	3/31/2017	FINANCIAL RESTRUCTURING
18	ALBANY CITY OF	Department of State	C1000571	\$3,900,000.00	\$3,900,000.00	4/1/2015	3/31/2016	FINANCIAL RESTRUCTURING
19	ALBANY CITY OF	Department of State	C007001	\$250,000.00	\$0.00	11/9/2010	12/31/2015	WATERFRONT REVITALIZATI
20	ALBANY CITY OF	Department of State	C1000205	\$200,000.00	\$0.00	7/17/2013	7/16/2016	EPF Waterfront Revitalizati Waterfront Performance Pla Livingstone Landing LOCAL WATERFRONT REVITA

**Filter By
'Contract End
Date' to
Eliminate
Expired
Contracts**



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 Contract Search Results
 Agency = State, Department of

**Consider Eliminating
 Contracts Which Have
 Been Fully Expended**

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Vendor Name	Department/Facility	Contract Number	Current Contract Amount	Spending to Date	Contract Start Date	Contract End Date	Contract Description
END STREET DISTRICT MANAGEMENT ASSOCIAT	Department of State	TM51490	\$5,000.00	\$5,000.00	4/1/2005	7/31/2015	2005 LOA TM51490
WASHINGTON LLC & ONE COMMERCE PLAZA	Department of State	L001522	\$31,636,991.00	\$0.00	1/4/2008	5/31/2018	ONE COMMERCE PLAZA ALBANY YORK
CTION FOR A BETTER COMMUNITY INC	Department of State	C1000303	\$4,855,636.00	\$3,638,119.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PI
DAMS CENTER FIRE DISTRICT	Department of State	F040245	\$100,000.00	\$100,000.00	4/1/2004	3/31/2024	2004 EMERGENCY SERVICES REV L
DIRONDACK COMMUNITY ACTION PROGRAMS INC	Department of State	C1000296	\$659,878.00	\$494,418.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PI
FFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000197	\$90,000.00	\$0.00	4/4/2012	4/3/2015	Local Government Brownfield Opportunity Areas Program
FFORDABLE HOUSING PARTNERSHIP OF THE	Department of State	C1000361	\$464,400.00	\$116,100.00	7/1/2014	6/30/2017	BROWNFIELD OPPORTUNITY ARE
FTON VILLAGE OF	Department of State	T1000511	\$18,455.00	\$0.00	6/1/2015	5/31/2018	2014 PF T1000511
ALBANY CITY OF	Department of State	C1000572	\$1,100,000.00	\$0.00	4/1/2015	3/31/2017	FINANCIAL RESTRUCTURING BOA
ALBANY CITY OF	Department of State	C1000571	\$3,900,000.00	\$3,900,000.00	4/1/2015	3/31/2016	FINANCIAL RESTRUCTURING BOA
ALBANY CITY OF	Department of State	C007001	\$250,000.00	\$0.00	11/9/2010	12/31/2015	WATERFRONT REVITALIZATION C
ALBANY CITY OF	Department of State	C1000205	\$200,000.00	\$0.00	7/17/2013	7/16/2016	EPF Waterfront Revitalization - A Waterfront Performance Place & Livingstone Landing
ALBANY CITY OF	Department of State	C1000512	\$200,000.00	\$0.00	6/1/2015	5/31/2018	LOCAL WATERFRONT REVITALIZA GRANTS
ALBANY COUNTY OF	Department of State	C1000078	\$67,500.00	\$67,500.00	4/1/2011	3/31/2015	LGE EFFICIENCY IMPROVEMENT C
ALBANY COUNTY OPPORTUNITY INC	Department of State	C1000282	\$719,661.00	\$539,211.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PI
ALBANY RURAL CEMETERY	Department of State	TM41198	\$6,000.00	\$0.00	4/1/2004	7/31/2016	2004 LOA TM41198

Contract Types

Contract Type	Sum of Current Contract Amount	Sum of Spending to Date	Count of Contract Type
Community Projects Fund (Member Initiative)	\$ 4,458,269.40	\$ 2,875,094.56	313
Consultant	\$ 4,683,950.96	\$ 3,945,503.58	12
Contracts Not Subject to OSC Pre-Audit	\$ 4,853,300.61	\$ 1,757,645.39	141
Equipment	\$ 95,784.00	\$ 95,784.00	1
Grant	\$ 346,254,914.84	\$ 185,698,749.54	478
Inter-government	\$ 210,000.00	\$ 57,500.00	1
Lease	\$ 47,253,313.02	\$ 4,092,220.97	8
Repayment to State	\$ 31,861,388.00	\$ 31,138,212.00	201
Revenue Generating	\$ 3,114,720.00	\$ -	10
Service	\$ 385,000.00	\$ 182,299.72	3
Grand Total	\$ 443,170,640.83	\$ 229,843,009.76	1168



Filter on Risky Contract Types and Current Contract Amount

Department/Facility	Contract Number	Current Contract Amount	Remaining to Date	Contract Start Date	Contract End Date	Contract Description	Contract Type
Department of State	C1000307	\$92,083,067.00	\$61,092,283.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PROGRAM	Grant
Department of State	C1000304	\$6,420,520.00	\$4,810,618.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant
Department of State	C1000295	\$5,717,220.00	\$4,283,667.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PROGRAM	Grant
Department of State	C1000176	\$5,000,000.00	\$1,666,667.00	9/1/2013	8/31/2016	LOCAL COOPERATIVE SHARED SERV	Grant
Department of State	C1000303	\$4,855,636.00	\$3,638,119.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant
Department of State	C1000309	\$4,280,825.00	\$3,207,438.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant
Department of State	C1000571	\$3,900,000.00	\$3,900,000.00	4/1/2015	3/31/2016	FINANCIAL RESTRUCTURING BOARD	Grant
Department of State	C1000329	\$3,853,135.00	\$2,886,987.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant
Department of State	C1000321	\$3,592,529.00	\$2,681,052.00	10/1/2013	9/30/2016	COMMUNITY SERVICES FAMILY PGM	Grant
Department of State	C1000483	\$3,500,000.00	\$0.00	4/1/2014	3/31/2015	FOR CARE AND SERVICES TO INDIVIDUALS WITH BEHAVIORAL HEALTH DIAGNOSIS OR DEVELOPMENTAL DISABILITY	Grant
Department of State	C1000599	\$3,500,000.00	\$0.00	4/1/2015	3/31/2016	Provide Care for Individuals with Behavioral Health or Developmental Disabilities	Grant
Department of State	C1000053	\$3,190,198.00	\$847,183.57	11/1/2012	10/31/2017	South Shore Estuary	Grant
Department of State	C006838	\$3,183,090.00	\$2,772,293.92	6/1/2009	6/30/2015	WATERFRONT REVITALIZATION PROGRAM	Grant
Department of State	C006840	\$3,005,000.00	\$1,169,998.86	9/1/2009	6/30/2015	WATERFRONT REVITALIZATION PROGRAM (LWRP)	Grant
Department of State	C1000079	\$2,480,000.00	\$2,038,245.00	7/1/2012	6/30/2016	Transfer of OTDA Immigration Hotline contract to DOS	Grant

Department/Facility	Contract Num	Current Contract Amou	Spending to Date	Contract Start Date	Contract End Date
Department of State	C006123	\$60,000.00	\$52,918.50	4/1/2000	12/31/2015
Department of State	C010450	\$25,000.00	\$23,213.54	4/1/2001	3/31/2015
Department of State	C006400	\$30,000.00	\$23,934.00	6/1/2003	12/31/2015
Department of State	C006525	\$100,000.00	\$2,250.00	4/1/2004	3/31/2015
Department of State	C006541	\$60,000.00	\$23,360.67	5/10/2004	6/30/2015
Department of State	C006327	\$40,000.00	\$29,700.00	7/1/2004	3/31/2015
Department of State	C006453	\$170,000.00	\$10,685.14	9/1/2004	12/31/2015
Department of State	C006542	\$300,000.00	\$32,793.00	9/15/2006	6/30/2016
Department of State	C006644	\$300,000.00	\$300,000.00	11/1/2006	6/30/2015
Department of State	C078824	\$355,336.34	\$355,226.34	4/1/2007	3/31/2015
Department of State	C006641	\$150,000.00	\$117,046.79	9/1/2007	8/31/2015
Department of State	C006777	\$500,000.00	\$26,505.37	10/1/2007	9/30/2016
Department of State	C006770	\$60,000.00	\$625.00	10/1/2007	3/31/2015
Department of State	C006643	\$57,500.00	\$48,535.47	10/1/2007	3/31/2016
Department of State	C006765	\$493,061.00	\$139,293.75	1/1/2008	6/30/2016
Department of State	C006766	\$150,000.00	\$0.00	1/1/2008	6/30/2015
Department of State	C006746	\$1,117,500.00	\$148,778.73	2/1/2008	12/31/2016
Department of State	C006632	\$700,000.00	\$618,081.45	3/1/2008	6/30/2015
Department of State	C303890	\$472,500.00	\$422,924.46	3/7/2008	3/6/2016
Department of State	C303892	\$402,300.00	\$113,887.40	3/7/2008	3/6/2016
Department of State	C303882	\$382,500.00	\$341,290.55	3/7/2008	3/31/2016

May 18 &

	A	C	D	E	F	G	H	I	J	K	L
1	Vendor Name	Contract Description	Current Contract Amount	Spending to Date	Contract Start Date	Contract End Date	# Of Contract Days	# Of Contract Days from	% of Life	% of Exp	%Exp - %Life
111	TECHNICAL BUILDING SERVICES	SECURITY SYSTEMS & SOLUTIONS	500,000	379,779	12/9/2011	8/26/2020	3,183	689	22	7	54.31
241	TYCO INTEGRATED SECURITY LLC	SECURITY SYSTEMS & SOLUTIONS	50,000,000	29,559,065	8/27/2012	8/26/2020	2,921	427	15	5	44.50
251	MA-COM PRIVATE RADIO SYSTEMS INC	PURCHASE OF HAND HELD RADIOS	48,125	39,732	9/19/2005	9/19/2025	7,305	2,961	41	8	42.03
285	AMERICAN MESSAGING	COMPREHENSIVE TELECOMMUNICATIO	100,000	87,527	9/24/2009	8/15/2017	2,882	1,495	52	8	35.65
311	VIDEO HI-TECH CORP	SECURITY SYSTEMS & SOLUTIONS	500,000	296,991	8/22/2011	8/26/2020	3,292	798	24	5	35.16
381	FES INSTALLATIONS INC	SECURITY SYSTEMS & SOLUTIONS	500,000	310,317	3/23/2011	8/26/2020	3,444	950	28	6	34.48
387	COMFORT SYSTEMS USA SYRACUSE INC	SECURITY SYSTEMS & SOLUTIONS	500,000	274,232	12/8/2011	8/26/2020	3,184	690	22	5	33.18
395	HERTZ EQUIPMENT RENTAL CORP	EQUIPMENT RENTAL	469,675	436,644	11/1/2010	10/31/2015	1,825	1,092	60	9	33.13
451	GRAYBAR ELECTRIC COMPANY INC	SECURITY SYSTEMS & SOLUTIONS	1,000,000	942,934	9/19/2007	8/26/2017	3,629	2,231	61	9	32.82
503	GE GOVERNMENT FINANCE INC	MASTER LEASE AGREEMENT FOR	15,439,983	13,697,144	7/29/2005	8/1/2019	5,116	3,013	59	8	29.82
563	WATERCRAFT IRRIGATION INC	IRRIGATION REPAIR, MAINTENANCE	314,025	306,549	6/1/2010	5/31/2015	1,825	1,245	68	9	29.40
564	SPRINT SOLUTIONS INC	COMPREHENSIVE TELECOMMUNICATIO	5,000,000	4,349,509	5/9/2008	8/15/2017	3,385	1,998	59	8	27.97
595	STERLING GLASS OF NEW YORK INC	REPAIR/REPLACE UNIVERSITY GLAS	1,105,038	1,021,691	7/1/2010	6/30/2015	1,825	1,215	67	92	25.88
596	SIEMENS HEALTHCARE DIAGNOSTICS	HEMATOLOGY ANALYZER, MAINTENA	215,296	94,315	12/1/2012	11/30/2017	1,825	331	18	44	25.67
619	QWEST	COMPREHENSIVE TELECOMMUNICATIO	2,000,000	1,698,713	8/16/2007	8/15/2017	3,652	2,265	62	85	22.91
627	BORDEN-PERLMAN INSURANCE AGENCY INC	INSURANCE FOR INTERCOLLEGIATE	1,095,720	714,439	8/1/2011	7/31/2016	1,826	819	45	65	20.35
628	LIFE SAFETY ENGINEERED SYSTEM	SECURITY SYSTEMS & SOLUTIONS	725,000	442,918	2/4/2009	8/26/2020	4,221	1,727	41	61	20.18
629	AMERICAN ASSOCIATION OF MOTOR VEHICLE	TO CREATE A NATIONWIDE TELECOM	16,717,664	15,648,522	10/1/1989	12/31/2020	11,414	8,793	77	94	16.57
707	OPEN SYSTEMS INTEGRATORS INC	SECURITY SYSTEMS & SOLUTIONS	1,900,000	851,440	2/8/2011	8/26/2020	3,487	993	28	45	16.34
713	COUNCIL ON INTERNATIONAL EDUCATION	ADMINISTRATIVE FINANCIAL SERVI	170,000	166,167	3/1/2006	6/30/2015	3,408	2,798	82	98	15.64
	FACULTY STUDENT ASSOCIATION SUNY	AUXILIARY SERVICES TO CARRY OUT									

aising Forum
de Show

Payment size

Payee/Vendor	Amount	Payments	Average payment
NEW YORK CITY OF	29,049,525	24	1,210,397
COMMUNITY ACTION ORGANIZATION OF ERIE CO	2,458,764	6	409,794
PEACE INC	1,434,521	5	286,904
ACTION FOR A BETTER COMMUNITY INC	1,626,961	6	271,160
CYPRESS HILLS LOCAL DEVELOPMENT	251,528	1	251,528
TARRYTOWN VILLAGE OF	973,749	4	243,437
LLOYD TOWN OF	243,319	1	243,319
ECONOMIC OPPORTUNITY COUNCIL OF SUFFOLK	1,202,371	5	240,474
DOBBS FERRY VILLAGE OF	704,731	3	234,910
THE PITNEY BOWES BANK INC	1,115,000	5	223,000
LACKAWANNA CITY OF	215,615	1	215,615
ECONOMIC OPPORTUNITY COMMISSION OF	2,260,175	11	205,470
RIVERHEAD TOWN OF	310,305	2	155,153
OGDENSBURG CITY OF	151,851	1	151,851
SEA CLIFF VILLAGE OF	450,737	3	150,246
ALLIANCE FOR DOWNTOWN NEW YORK INC	150,000	1	150,000
SAG HARBOR VILLAGE OF	146,982	1	146,982
NEWBURGH CITY OF	146,750	1	146,750
WESTCHESTER COMM OPPORTUNITY PROGRAM INC	1,886,152	13	145,089
NATIONAL CONF OF COMMISSIONERS ON	135,000	1	135,000



Monitoring

- You've selected a contract, now what?
- MONITOR!
- (Yeah, but what is that, really?!)

Monitoring

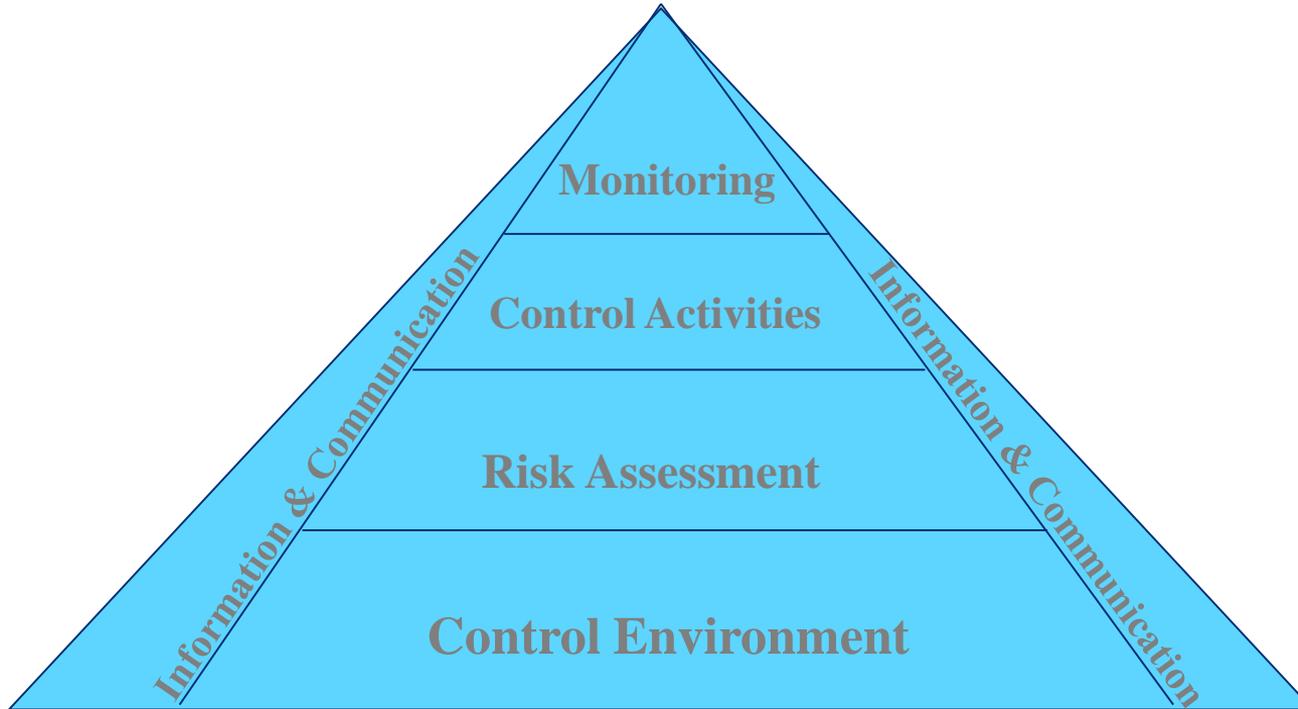
- Ongoing activities, special evaluations or a combination of both used to ensure that controls are operating as intended.

Controls Purpose

- **C**ompliance with laws, rules, and regs
- **A**ccomplish goals and objectives
- **R**elevant and reliable data
- **E**fficient and effective operations
- **S**afeguarding assets



Internal Controls Pyramid



Monitoring

- Ongoing activities, special evaluations or a combination of both used to ensure that contractors are operating as intended.

Operating as Intended

- How do agency employees and contractors know what's intended?

Step 2.

Understand Contract Terms And Other Requirements

- Intuition
- Conversation
- Purchase order details
- Contract specifications
- Laws, rules & regulations
- Guidelines



Requirements

- Understand
- Assess quality
- Ask this:
 - How can I verify whether something has occurred, based on how the contract specification is written?



Specifications

- **S**pecific
- **M**easurable
- **A**chievable
- **R**elevant
- **T**ime-Bound



Specific

- Clear, Detailed, Easily understood
- Deliverables
 - Description
 - Benchmarks
- Location



Measurable

- Performance measures
 - Quantities
 - Timing
 - Expertise
 - Licenses
 - Degrees
 - Certifications

Achievable

- Payment provisions
 - Payment triggers
 - Invoice formats
 - Description of deliverables
 - Services
 - Names of workers
 - Hours for each worker
 - Client names (SSN and/or address)
 - Dates of service



Relevant

- Requirements
 - Is the vendor able to meet specific terms set forth?
- Reasonableness
 - Producing Records
 - Reports
 - Electronic/Paper

Time Bound

- Set forth time frames
- Right to audit
 - Specify monitoring in contract language
 - Consequences for non-compliance



Specification Example

- The vendor shall submit a properly executed application for payment, together with appropriate backup supporting the amount billed.

Specification Example

- The vendor shall submit a properly executed application for payment, together with appropriate backup supporting the amount billed.



Specification Example

- The vendor shall submit a properly executed application for payment, together with appropriate backup supporting the amount billed.
- Improved Specification



Specification		
Administer the pre-tax transportation program for eligible employees.		
Auto-answer customer service calls within 7 seconds (99% annual compliance), with a representative on the line within 2 minutes (90% annual compliance).		
Fares mailed to recipients to use by the first of the month.		
Monthly billing rate on a sliding scale based on the number of enrollees.		

Step 3. Identify Risks: What can go wrong

- **Programmatic**
 - What can prevent the goal accomplishment?
- **Fiscal**
 - How can the contractor get money they didn't earn?

What is Fraud?

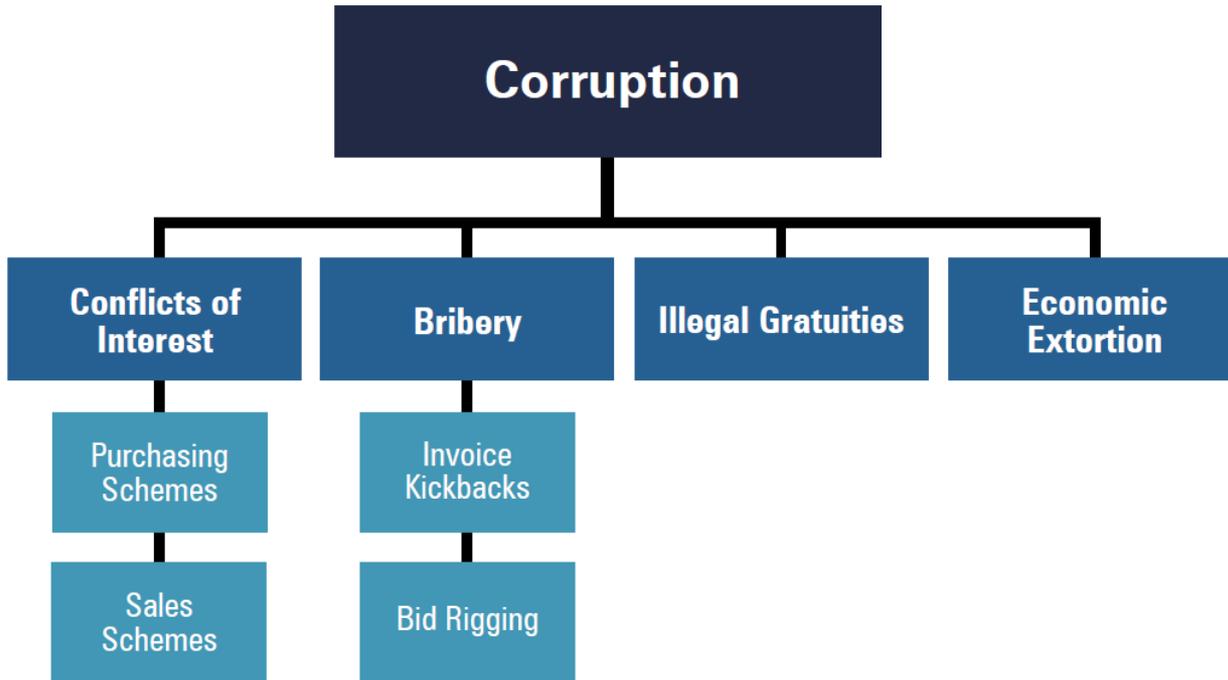
- ✎ Misstatement
 - Mistake vs. Fraud
- ✎ Knowledge of falsehood/intent
- ✎ Reliance by victim
- ✎ Damage

WHAT IS FRAUD?

Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

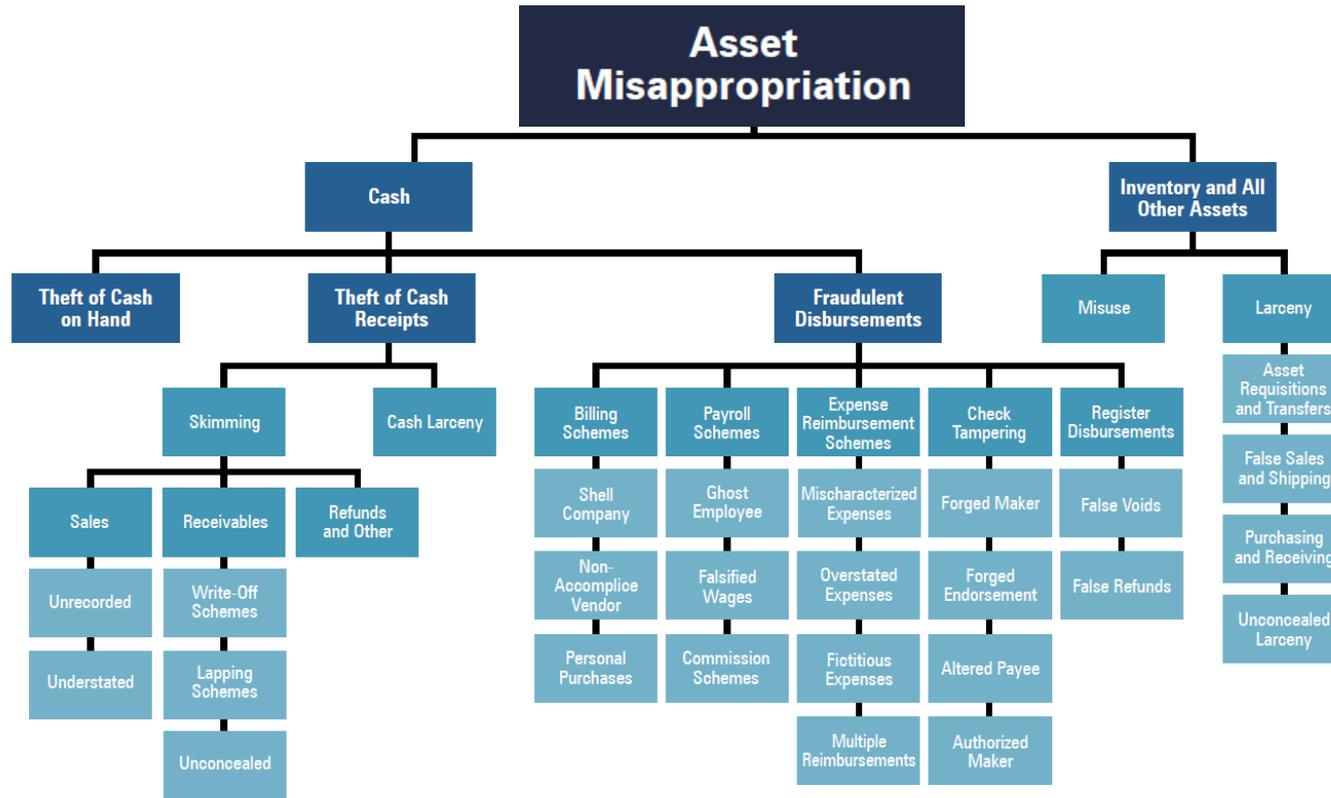
How Much Is Lost?

- ☞ 5% of annual revenues
- ☞ Median loss of \$145,000
 - ☞ \$154,000 for small businesses
 - ☞ \$108,000 for not for profit
 - ☞ \$90,000 for government
- ☞ 22% had losses of at least \$1 million



Source: 2014 Report to the Nation on Occupational Fraud & Abuse





Source: 2014 Report to the Nation on Occupational Fraud & Abuse

Where does it happen?

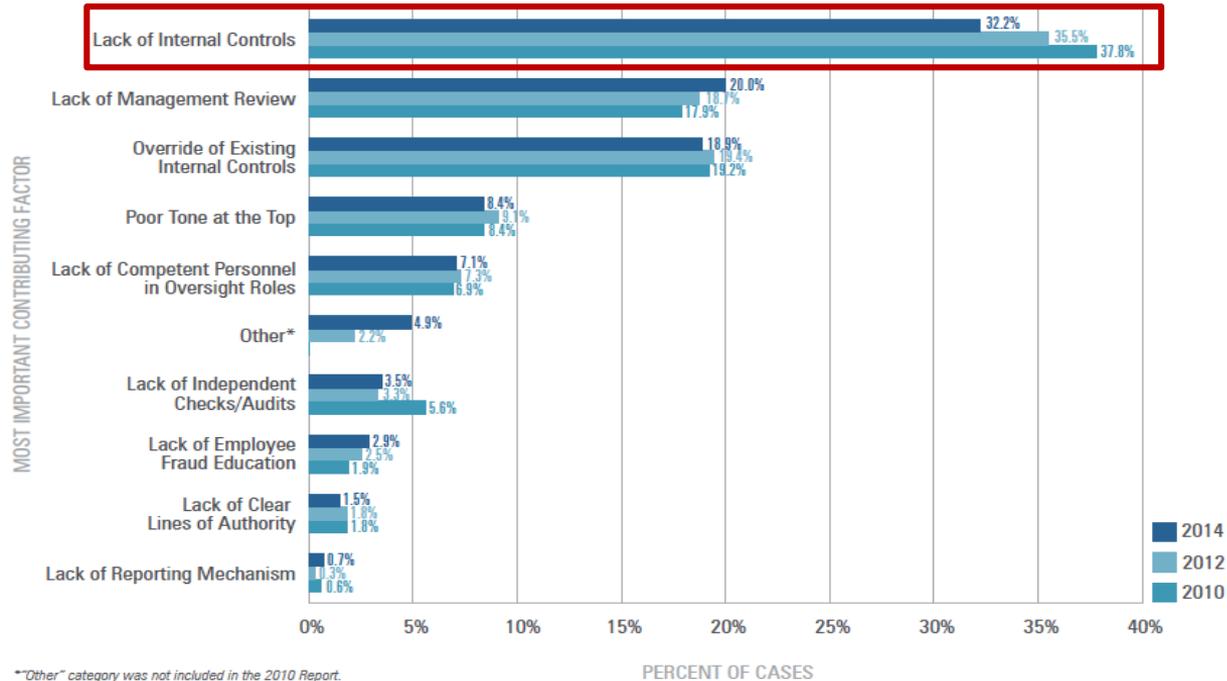
More than 75% of the frauds in the study were committed by individuals in 1 of 7 departments, including:

↳ Purchasing – corruption, billing schemes

↳ Accounting – check tampering, billing

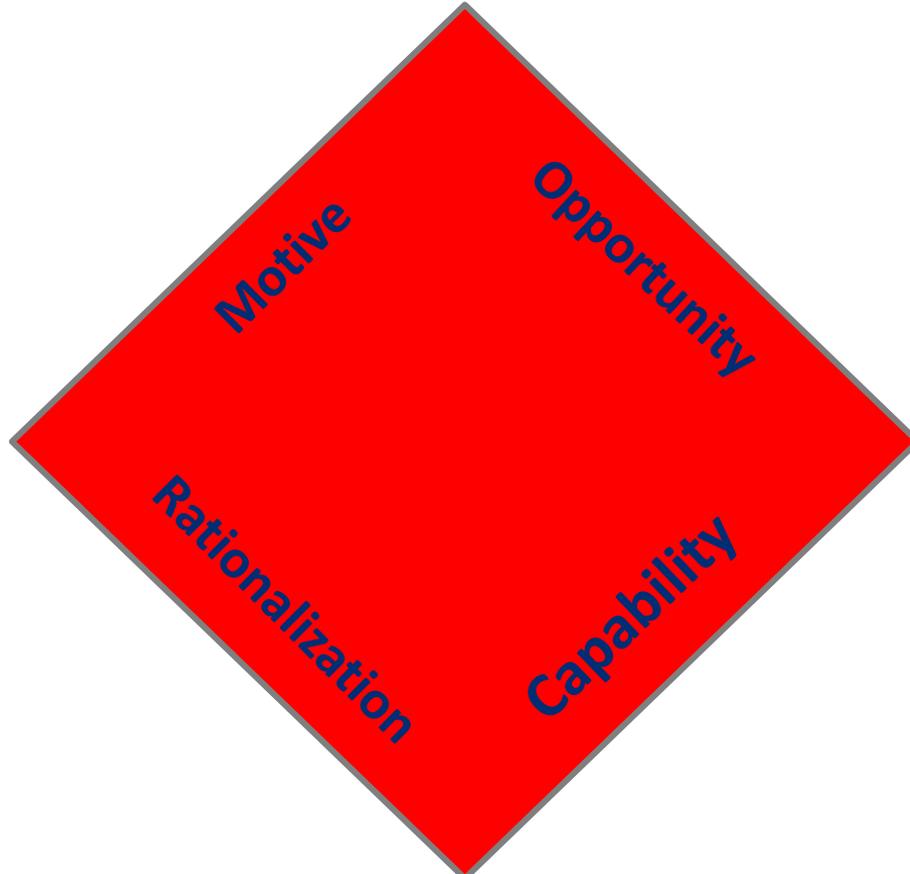
↳ Executive/upper management – corruption, billing, expense reimbursement

How Does It Happen?



*"Other" category was not included in the 2010 Report.

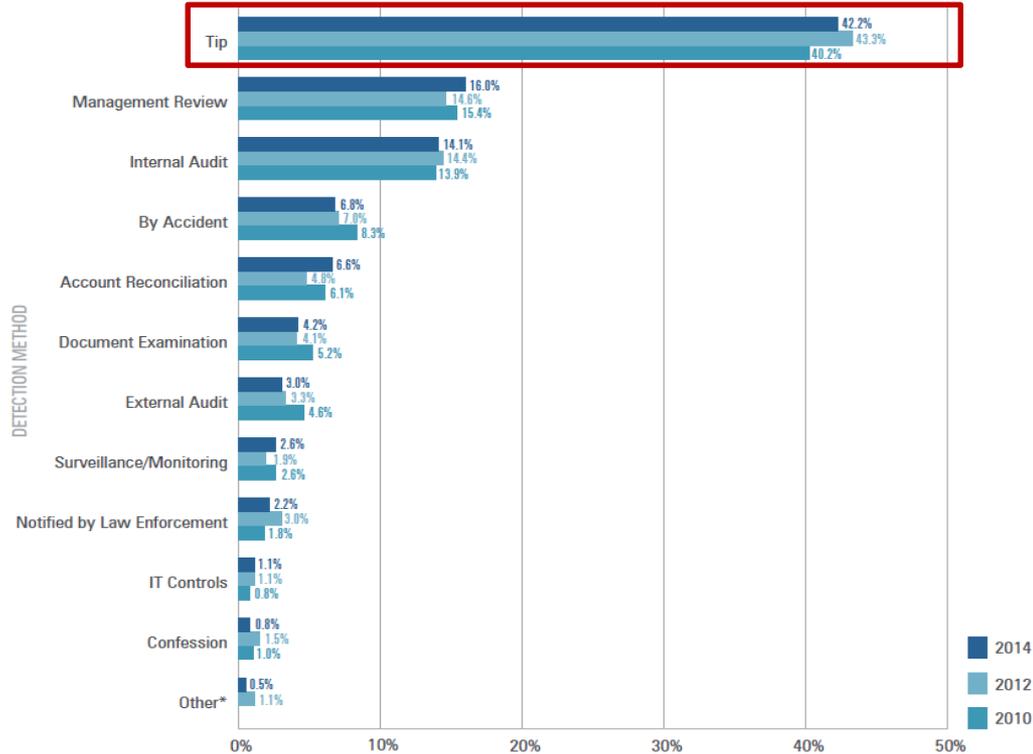
How does fraud happen?



Fraudster Details

In 96 percent of profiles, the perpetrators did not leave it at one single fraudulent act, but committed repeated acts of fraud.

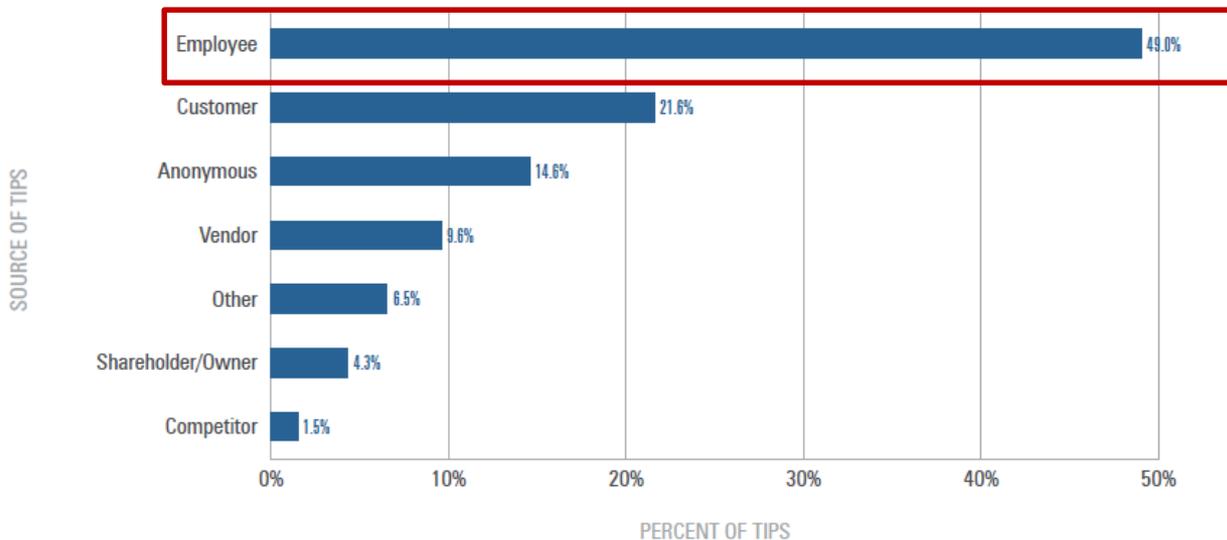
Fraud Detected By:



*"Other" category was not included in the 2010 Report.

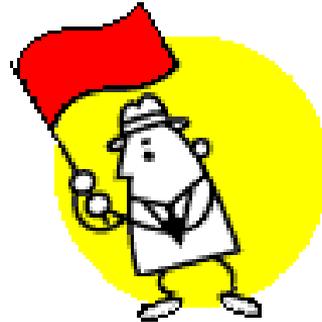
Source: 2014 Report to the Nations on Occupational Fraud & Abuse

Source of Tips



Red Flags

- Ⓡ A warning or sense that something isn't right
- Ⓡ Should lead you to take a closer look at the transaction



Document Flags

- Hand written endorsement
- Vendor address is not local, but check is cashed locally
- No phone number or fake phone number
- Altered payee name
- PO Box, suite number, mail drop address

Document Flags

- ✎ No phone number or fake phone number
- ✎ Company name includes initials or personal name
- ✎ No letterhead
- ✎ Misspellings on document
- ✎ Vague information

Document Flags

- ⌘ Inadequate, copied or apparently altered documents
- ⌘ Round amounts or amounts under approval levels
- ⌘ Large dollar payments made with cash
- ⌘ Invoice figures do not add up

Bid Rigging Flags - Vendors

☞ Fake Vendors

- ☞ Agency staff created bids in some cases

☞ Real Vendors

- ☞ No knowledge of bid submission
- ☞ Shared owner with favorable vendor
 - ☞ Rescind bid

Contracting Flags

- ✎ Restrictive or vague specifications
- ✎ Bids/quotes received from the same fax
- ✎ Similar letterheads of bidders
- ✎ Unreasonable bid amounts (prev. wage)

Contracting Flags

- ⌘ Unable to confirm bids with losing vendors
- ⌘ Lowest bidder does not receive award
- ⌘ Lack of vendor contact information on bids
- ⌘ Signature on bid is the company name

Conflict of Interest Flags

- Relationships between awardee and agency staff
 - Address or identification number match
- Unexplained or unusual favoritism of a particular vendor
- Close socialization with or acceptance of gifts from the awardee

Bribes and Kickbacks Flags

- ⌘ Unjustified favoritism of a certain vendor
- ⌘ Unexplained increase in wealth of employee
- ⌘ Close socialization with or acceptance of inappropriate gifts from a vendor



Red Flags

- Ⓡ Billed for services – more difficult to verify
- Ⓡ No supporting documentation submitted with payment request
- Ⓡ Relationships between the sponsoring legislator and NFP Executive(s)

Finding Relationships

- Check the NFP's 990
 - <http://www.guidestar.org/>



Why don't people report their suspicions?

↳ Fear of repercussion

↳ Feel like nothing will be done

↳ Inconvenience



Civil Service Law §75-b – “Whistleblower Law”

Prohibits a public employer from taking **disciplinary action** against a **public employee** because that employee **reveals information** to a governmental body regarding a violation of a law, rule or regulation which presents a substantial and specific **danger to public health** and safety or reveals information which the employee reasonably believes is an **improper governmental action** (i.e., violation of Federal, State or Local laws, rules or regulations).



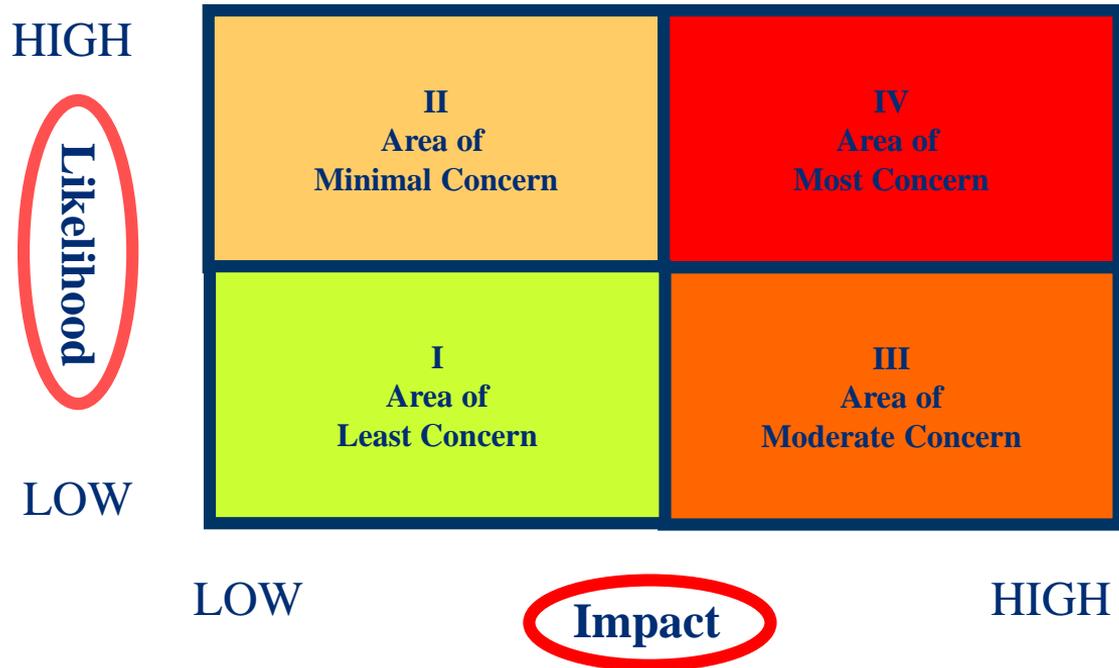
Civil Service Law §75-b – “Whistleblower”

To be **protected** by this law, you must make a **good faith** effort to **inform** your **employer** and give them **reasonable time** to take **appropriate action**.

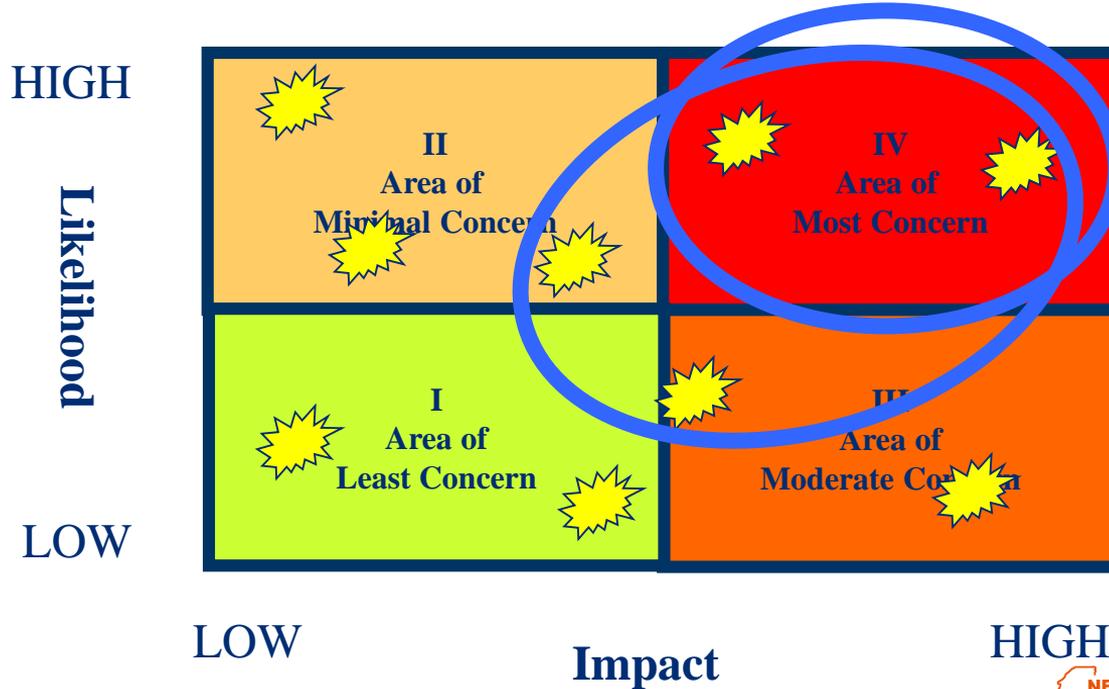


Specification	What can go wrong?	
Administer the pre-tax transportation program for eligible employees.	Program services provided to ineligible employees.	
Auto-answer customer service calls within 7 seconds (99% annual compliance), with a representative on the line within 2 minutes (90% annual compliance).	Calls answered outside these time periods on average, with some exceeding the 2 percent penalty variance in the contract.	
Fares mailed to recipients to use by the first of the month.	Employees don't receive their fares – have to pay retail.	
Monthly billing rate on a sliding scale based on the number of enrollees.	Vendor bills at a higher rate than entitled to, either by inflating the rate or by charging a rate for a higher strata of number of enrollees.	

Step 4. Prioritize Risks: So what's the big deal?



STEP 5. DETERMINE AGENCY'S RESPONSE TO THE RISKS



Determine Agency's Response to the Risks

- Mitigate
 - Revise administrative procedures
 - Improve control systems
 - Increase auditing
 - Other
- Accept



Step 6. **Design and Implement Monitoring Activities**

- Design steps to mitigate risks
 - Who is going to do it?
 - How are they going to document it?
 - Whom are they going to give the documentation to?

Monitoring

- Objective
 - Gather information to determine whether or not things are happening the way they are supposed to be.

Evidence

- Enough information (Sufficient)
- The “right” information (Appropriate)

Information

- Three kinds of information:
- **T**homas **P.** **D**iNapoli
 - **T**estimonial
 - **P**hysical
 - **D**ocumentary



Degree of reliability	Evidence Type	More reliable	Less reliable
More reliable	Physical	<ul style="list-style-type: none"> • Evidence obtained through direct physical examination, observation, computation and inspection 	<ul style="list-style-type: none"> • Evidence obtained through indirect means
Less Reliable	Documentary	<ul style="list-style-type: none"> • Original documentation received from independent parties 	<ul style="list-style-type: none"> • Photocopies of documents • Documents received from the contractor
	Testimonial	<ul style="list-style-type: none"> • Statements obtained from unbiased persons with direct knowledge under conditions in which the persons may speak freely 	<ul style="list-style-type: none"> • Statements obtained from persons who <ul style="list-style-type: none"> • Are biased or have only indirect knowledge • May feel intimidated



Specification	What can go wrong?	How agency can monitor?
Administer the pre-tax transportation program for eligible employees.	Program services provided to ineligible employees.	Compare vendor's monthly employee registry to OSC report of eligible employees. Review all variances with vendor.
Auto-answer customer service calls within 7 seconds (99% annual compliance), with a representative on the line within 2 minutes (90% annual compliance).	Calls answered outside these time periods on average, with some exceeding the 2 percent penalty variance in the contract.	Review monthly and annual reports of system performance to identify anomalies. Based on variances, determine the need to assess penalties.
Fares mailed to recipients to use by the first of the month.	Employees don't receive their fares – have to pay retail.	Obtain database of vendor incoming calls to identify complaints of not receiving fares timely.
Monthly billing rate on a sliding scale based on the number of enrollees.	Vendor bills at a higher rate than entitled to, either by inflating the rate or by charging a rate for a higher strata of number of enrollees.	Verify number of enrollees based on item 1 above, compare rate charged to the rate in the contract based on the appropriate volume strata

Brainstorming Session

- Contractor Concerns



Who Should Monitor?

- Program staff
- Finance staff
- Consultants
- Agency auditors
- OSC auditors



Monitoring Process

- Timing
- Extent

Human Communication

- ___ percent words
- ___ percent hidden messages
- ___ percent nonverbal



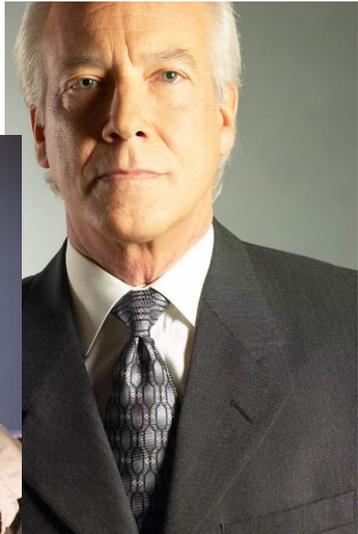
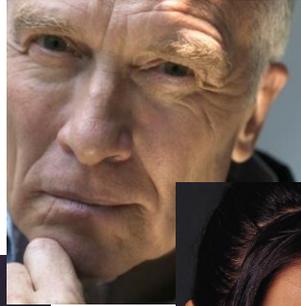
Human Communication

- **3.5** percent words
- **3.5** percent hidden messages
- **93** percent nonverbal



May 18 & 19, 2016

Facial Expressions



WHIVSIV



**Purchasing Forum
& Trade Show**

Before you go...

- What do you already know?
- What do you still need to know?
- What do you need to see?
- Who can tell you?
- Who can show you?



At the contractor



Professional Skepticism

- An attitude that includes a questioning mind and critical assessment of information.



Professional Skepticism

- An attitude that includes a questioning mind and critical assessment of information.

Questioning Mind

- Why?
- Show me!
- Does this make sense?
- How can I verify it?



The Interview

- Prepare
- Rapport
- Use open-ended questions
- Use list?
- Leave business card



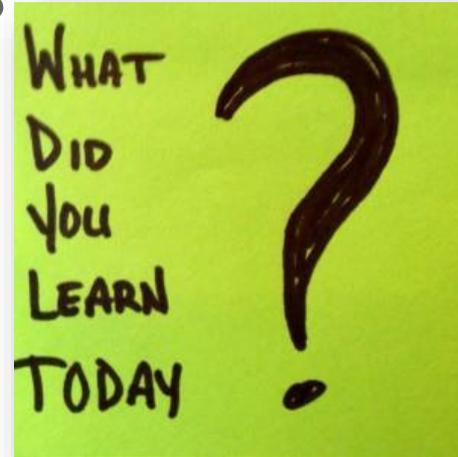
Desk Audit

- Phone calls
- Documentation



After the road trip or Desk Audit

- What did you learn?
- Was everything “O.K.”?
- Were there any red flags?
- Who needs to know?



Step 7. Follow Up

Degree of Compliance	Agency Response
High	<ul style="list-style-type: none"> • Re-evaluate and possibly reduce monitoring frequency
Moderate	<ul style="list-style-type: none"> • Direct the contractor to correct identified deficiencies
	<ul style="list-style-type: none"> • Facilitate development of a corrective action plan
	<ul style="list-style-type: none"> • Advise accounts payable employees
	<ul style="list-style-type: none"> • Identify and recover any overpayments
	<ul style="list-style-type: none"> • Increase scrutiny of contractor reports and invoices
	<ul style="list-style-type: none"> • Increase frequency of follow-up monitoring activities
Low	<ul style="list-style-type: none"> • Facilitate development of a corrective action plan (where practical) and increase the frequency of follow-up monitoring activities
	<ul style="list-style-type: none"> • Increase scrutiny of contractor reports and invoices
	<ul style="list-style-type: none"> • Terminate contract where corrective action is not practical
	<ul style="list-style-type: none"> • Advise accounts payable employees
	<ul style="list-style-type: none"> • Identify and recover any overpayments
	<ul style="list-style-type: none"> • Consider referral for prosecution

- The Process in Review



Step 1.

- What data do you have available?
- How can it help you identify risky contracts?



Step 2. Understand Contract Terms and Other Requirements

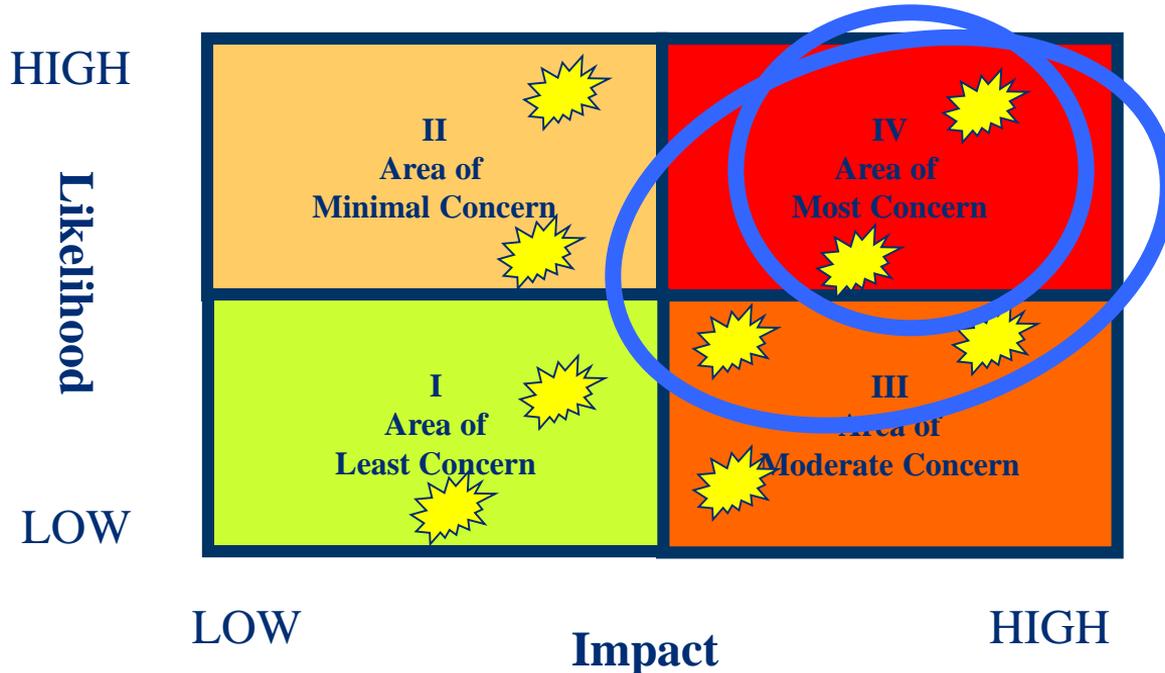
- Intuition
- Conversation
- Purchase order details
- Contract specifications
- Laws, rules & regulations
- Guidelines



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 - Revise administrative procedures
 - Improve control systems
 - Increase auditing
 - Other
- Accept



Step 6. **Design and Implement Monitoring Activities**

- Design steps to mitigate risks
 - Who is going to do it?
 - How are they going to document it?
 - Whom are they going to give the documentation to?

Step 7. Follow Up

- Corrective action
- Withhold payment
- Terminate contract
- Other?



Brainstorming Session

- Qualities of an Effective Monitor



For Future Reference

- Guide to Financial Operations
- XI.11.F Contract Monitoring

[http://www.osc.state.ny.us/Agencies/guide/MyWebHelp/
Content/XI/11/F.htm](http://www.osc.state.ny.us/Agencies/guide/MyWebHelp/Content/XI/11/F.htm)



Final Thought...

- Margaret Mead

