



**Office of
General Services**

ANDREW M. CUOMO
Governor

ROANN M. DESTITO
Commissioner

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EXECUTIVE CORRESPONDENCE

SEP 26 2016

OFFICE OF THE STATE COMPTROLLER
THOMAS P. DiNAPOLI
COMPTROLLER

September 22, 2016

Honorable Thomas P. DiNapoli
Comptroller
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Comptroller DiNapoli:

In accordance with Section 170 of the Executive Law, the Office of General Services (OGS) is providing the attached Corrective Action Plan related to *Audit Report 2014-S-77 Preferred Source Contracting*. We again appreciate your time and efforts in conducting this audit and are confident that we have addressed the recommendations in order to advance efficiencies and cost savings statewide.

If you have additional questions or comments please contact Theresa Bonneau at theresa.bonneau@ogs.ny.gov or (518) 402-5846.

Sincerely,

RoAnn M. Destito

Attachments



Office of General Services

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Governor

ROANN M. DESTITO
Commissioner

cc: Hon. Andrew M. Cuomo
Hon. Carl Heastie
Hon. Brian Kolb
Hon. Herman D. Farrell, Jr.
Hon. Robert Mujica
Hon. Robert Barbato
Hon. Crystal Peoples-Stokes
Hon. Ellen Jaffee
Hon. Joseph Morelle
Hon. John J. Flanagan
Hon. Andrea Stewart-Cousins
Hon. Jeffrey D. Klein
Hon. Catherine Young
Hon. Andrew Lanza



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**Corrective Action Plan for Audit Report 2014-S-77
Preferred Source Contracting**

Recommendation #1 Provide clear definitions for the services on the List to make it easier for purchasing agencies to determine if the services they need are approved preferred source offerings.

Plan of Action—Already Implemented.

OGS has drafted definitions for all service offerings on the List and presented them to the State Procurement Council. The State Procurement Council has approved definitions for 45 services on the current List, which is posted on the OGS website. The first set of definitions for Janitorial and Grounds Maintenance Services were approved by the Procurement Council in September 2015, with additional definitions for services having been approved in May and July 2016. As of this writing, there are only two remaining definitions for services that have yet to be approved: (i) Laundry and (ii) Temporary Personnel—Office. The State Procurement Council has directed that two workgroups be formed to further refine definitions for these two services. OGS, which functions as staff to the State Procurement Council and which will be coordinating the efforts of the workgroups, hopes that proposed definitions will be ready to present to the State Procurement Council for adoption during one of its quarterly meetings in 2017. OGS believes the definitions of the 45 preferred source service offerings give purchasers clarity on what types of activities are, or are not, included in a particular preferred source service offering. These approved definitions will also assist NYSID in properly processing inquiries and orders from purchasers and in verifying that the services requested are eligible preferred source offerings. As staff to the State Procurement Council, OGS will ensure that any new services that are added to the List are clearly defined at the time they are approved by the State Procurement Council.

Recommendation #2 Communicate with purchasing entities to clarify the definition of digital printing and that this service has not been approved as a preferred source offering.

Plan of Action—Already Implemented.

The State Procurement Council adopted the following definition for Digital Printing at its July 14, 2016 meeting:

Digital Printing is defined as a physical process that transfers an image stored in a digital format on a computer or other storage media (e.g., flash/thumb drive) to paper or other media. Digital Printing does not use metal printing plates as the mechanical means to affix the image to the paper and does not include a press set-up process. The term expressly does not include the mechanical processes of offset lithography and offset printing (traditional printing). Neither Digital Printing nor traditional printing are approved as services that may be offered either alone or in conjunction with other preferred source service offerings.

This definition was adopted in conjunction with the adoption of definitions for Mailroom Services (both offsite and onsite) and Reproduction, which are both approved preferred source service offerings. During the 2016 State Purchasing Forum training class on Preferred Sources, OGS advised attendees that definitions were being added to the List and to check the List when seeking preferred source services. To reach a wider audience, OGS issued General Information Bulletins to our authorized purchasers notifying them of the new Preferred Source services definitions. OGS will also include this information in our upcoming Preferred Source Training at the 2017 Purchasing Forum.

Recommendation #3 Work with the Procurement Council to consider regulatory changes that would include specific criteria that facilitating agencies would be required to use in awarding contracts among the qualified preferred sources they serve.



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Plan of Action—Partially Implemented.

OGS agrees to work with the State Procurement Council to consider regulatory changes that would include specific criteria that facilitating agencies would be required to use in awarding contracts among the qualified preferred sources they serve. We note, however, that State Finance Law § 162 does not require competition among the qualified member agencies working with the same facilitator. Consequently, we do not believe that regulations promulgated by the Commissioner on the recommendation of the State Procurement Council could require competition among qualified preferred sources. This recommendation could also be implemented by the New York State Education Department (“SED”) as part of its designation of authority to NYSID, and OGS has shared this recommendation with SED. OGS will continue to consult with the State Procurement Council, SED, and NYSID to consider statutory or regulatory amendments, as well as to strengthen the Preferred Source Guidelines, in order to ensure that only those services approved by the Procurement Council are offered as preferred source services and that individuals who are blind or visually impaired or with significant disabilities are providing at least a majority of the direct labor on each corporate partnership contract. This activity will be a priority for the 2017 session of the Procurement Council.