



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

DEPUTY COMMISSIONER
Office of Performance Improvement and Management Services
O: 518.473-4706
F: 518.474-5392

September 27, 2016

Mr. John Buyce
Audit Director
Division of State Government Accountability
Office of the State Comptroller
110 State Street – 11th Floor
Albany, NY 12236-0001

Re: Progress on Response to Report 2014-S-77 OGS/SED

Dear Mr. Buyce:

The following is the New York State Education Department's (Department) update on implementing our response to the audit report, 2014-S-77 OGS/SED Preferred Source Contracting.

Recommendation 1: Implement a strong system for monitoring and oversight of NYSID that includes procedures for verification of self-reported information, such as review of contract performance data.

Recommendation 2: Require NYSID to:

- Limit the detailed information provided to members/partners in advance of quality reviews;
- Maintain documentation to support the contract award process;
- Make contract opportunities available to all member agencies and give all private vendors expressing an interest equal opportunity to become corporate partners; and
- Discontinue awarding reproduction contracts for digital printing services.

Progress on Implementation of Recommendations: The Department has worked closely with OGS and NYSID to craft an agreement that addresses the concerns of the audit in ensuring compliance with the preferred source requirements. The agreement will require NYSID to revise its quality assurance procedures and to maintain the documentation necessary to verify compliance with the preferred source requirements.

In the agreement, several provisions will directly address the findings of the audit:

- NYSID will provide its Members and corporate partners with only that information in advance of a quality review that is necessary to ensure the integrity and validity of the review process.
- NYSID shall, consistent with State Finance Law, the New York State Preferred Source Guidelines and applicable NYS regulations, facilitate the equitable distribution of orders among its Members through activities that include, but are not limited to, affording all NYSID Members equitable and fair opportunities for contract work, either directly or through partnerships with for-profit corporate partners. NYSID will develop, maintain and implement equitable and fair procedures for the distribution of opportunities among its Members. When a private vendor partners with a preferred source, NYSID shall refer to the private vendor as a corporate partner, and this term shall be used in all communications and public information.
- NYSID shall ensure that all preferred source contracts comply with all applicable laws and regulations and that only preferred source products and services approved by the NYS Procurement Council be utilized.

The final agreement will be executed shortly. In addition to the actions described above, the Department will continue to sustain a high level of communication with both OGS and NYSID as we carry out our responsibilities. Currently, we are working with OGS and NYSID to revise the application process for Corporate Partnerships. We are discussing the addition of a binding agreement document to accompany the applications which would provide detailed assurances that all three parties to the partnership - NYSID, the member agency and the corporate partner – have a common understanding of their respective obligations.

Finally, the Department will continue to closely examine the circumstances that led to the findings in the audit report. This examination will include an assessment of the programmatic oversight and fiscal management employed at NYSID. Through its ongoing monitoring of NYSID as outlined in the agreement, the Department will ensure that the necessary compliance measures are implemented and improvements in accountability continue.

If you have any questions regarding this response, please contact Harold Matott, Director of Operations at (518) 473-7696.

Sincerely,



Sharon Cates-Williams

c: Debora Brown-Johnson
Harold Matott
John Walters
Frank Coco
Thalia Melendez