



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

December 7, 2017

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

Re: Response to Report 2017-F-15

Dear Mr. Reilly:

The following is the New York State Education Department's (Department) response to follow-up audit report 2017-F-15 Preferred Source Contracting, recommendations 4 and 5. Recommendations 1-3 were directed to the Office of General Services (OGS), so those recommendations are not addressed:

The Department has worked diligently over the past two years to acknowledge the concerns of OSC, OGS and New York State Industries for the Disabled (NYSID) in crafting a substantial designation agreement that will serve as the basis for long-term viability and accountability of the Preferred Source program. We met with NYSID on November 28, 2017 to review these follow-up findings and determine action steps to assure that processes provide for adequate controls in the administration of preferred source contracts.

Recommendation 4:

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.

Response:

NYSED met with NYSID to discuss expectations related to verification of self-reported information. NYSID was informed that NYSED is developing a monitoring tool that will be used to determine NYSID's compliance with the Designation Agreement and to verify the accuracy of data reported in NYSID's Annual Report (details of the tool were not discussed). Use of the monitoring tool will begin in February 2018 and will include the reviewing of samples of documents for items referred to in the Designation Agreement and NYSID's Annual Report. Monitoring visits will include NYSID's headquarters and selected NYSID Member locations (both member-only sites and corporate partnership sites) to review records, verify the type of work performed by individuals with disabilities, and to verify that reported labor ratios are accurate.

Recommendation 5:

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.

Response:

NYSID officials have made several changes in response to the audit report that will be confirmed in a letter to the Department. Such changes include:

- Shorter advance notice to members/partners in advance of quality reviews.
- Documenting the award decision at the beginning of the process by completing the Contractor Assignment form.
- NYSED is recommending that NYSID solicit interest from its members and document both the solicitation and the member agencies that expressed interest in providing the service. Most importantly, the Department is recommending that NYSID document how the award decision is determined when more than one member expresses an interest in providing a new service.
- NYSID no longer awards contracts for digital printing services.

The Department will verify that the changes have been implemented at the February 2018 site visit. NYSID also continues to seek Department approval for policies. Currently, NYSID's grievance policy is being reviewed by the Department's Office of Counsel.

Finally, the Department will continue to work with NYSID, and as necessary with OGS, and if needed OSC, to ensure that the Preferred Source program continues to be a viable program for creating competitive, integrated employment opportunities for individuals with disabilities.

If you have any questions regarding this response, please contact Kevin Smith, Deputy Commissioner at (518) 474-2714.

Yours truly,



Sharon Cates-Williams
Deputy Commissioner

c: Debora Brown-Johnson
Ceylane Meyers-Ruff
Frank Coco
Raymond Pierce
Pat O'Neil
William Artini
Louise DeCandia
Thalia Melendez

bc: Commissioner