

# Contract Payment Review: Are We Getting What We Pay For?

Janel Carey, Stephan Ramcharran, Kelsey Livingston, Samuel Blumenthal, Mike Clarke, Peter New and Karissa Alonzo



NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

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# Are We Getting What We Pay For?

- How do we know if we got what we paid for?
  - Contract Payment Review



# Objectives

- 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
- Impact
- Seven-step process
- Fraud
- Field visits



# Monitoring Necessity



# Why Monitoring is Necessary

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



# Challenges and Concerns



# 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



# Impact

## Northrop Grumman Systems Corp Will Pay \$31.65 Million to Settle Defense Contract Fraud Allegations

October 5, 2018

Northrop Grumman, a defense contractor, has agreed to pay \$27.45 million to settle claims of fraudulent billing.

An investigation led by the Air Force Office of Special Investigations ("AFOSI"), the Defense Criminal Investigative Service ("DCIS"), and the FBI uncovered an international scheme to defraud the U.S. Air Force. The agencies found out that employees at Northrop Grumman Systems Corporation ("NGSC") illegally profited by inflating their work hours on bills for two contracts with the armed forces.



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FOR IMMEDIATE RELEASE

Wednesday, August 18, 2021

### U.S. Defense Contractor and Employees Sentenced for Procurement Fraud Scheme

NEWPORT NEWS, Va. – A Hampton-based U.S. defense contractor, its owner, and four of its employees were sentenced yesterday and today. The owner was sentenced to 58 months in prison, and his four employees were sentenced today to a combined 93 months years in prison, for engaging in an extensive procurement fraud scheme involving more than \$7 million in government contracts targeting the U.S. Department of Defense and other federal government agencies.

#### JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, April 20, 2022

### Justice Department Announces Nationwide Coordinated Law Enforcement Action to Combat Health Care-Related COVID-19 Fraud

#### Criminal Charges Brought Against Owners and Executives of Medical Businesses, Physicians, Marketers, and Manufacturers of Fake COVID-19 Vaccination Record Cards with Losses Exceeding \$149 Million

The Department of Justice today announced criminal charges against 21 defendants in nine federal districts across the United States for their alleged participation in various health care related fraud schemes that exploited the COVID-19 pandemic. These cases allegedly resulted in over \$149 million in COVID-19-related false billings to federal programs and theft from federally-funded pandemic assistance programs. In connection with the enforcement action, the department seized over \$8 million in cash and other fraud proceeds.



NYS COMPTROLLER  
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# 7-Step Process



# 7-Step Process

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



# Step 1: Identify Contracts for Review



# Step 1.

## Identify Contracts for Review

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



# Risks

- Health & safety
- Goal achievement
- Dollars
- Reputation





## Open Book New York

"New Yorkers pay among the highest taxes in the country. It's important to have transparency so citizens are empowered with information they need to hold their elected officials accountable." – Thomas P. DiNapoli

### Search Millions of State and Local Government Financial Records

As the State's Chief Financial Officer, Comptroller DiNapoli believes New Yorkers deserve to know how their tax dollars are spent. Without transparency in government, there cannot be accountability. His open data initiatives are a commitment to this belief.

If you've ever wondered how much it costs to run your fire department or how much your city spends on education, you can easily track where money is going and how it's being reflected in the State's spending priorities using the Comptroller's Open Book New York.

Also see [Additional Financial Information](#) and [Commonly Requested Documents](#).



#### State Contracts

Search 200,000 contracts that State agencies have with businesses, not-for-profit organizations and other governmental entities in effect April 1, 2012, or later. Includes both contracts approved by the Office of the State Comptroller and those that don't require approval by the Office.

[Search Contracts](#)

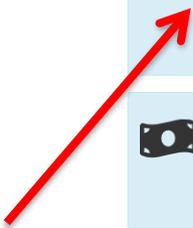
Also see [Commonly Requested Documents](#)



#### State Payments

Search payments made by the state since April 1, 2012, which now includes about 17,000 new payments each day, and contains the agency submitting the payment request, the payment recipient, the payment amount and the date the payment was made.

[Search Payments](#)



# OPEN BOOK NEW YORK

## NYS Contract Search

### Search Criteria

Agency Name

Authority Name

Vendor Name

Begins V Agency Name

Contract Number

Contract Type

Original Contract Approved/Filed Date

Contract Period

Current Contract Amount

Search

Reset

Select Agencies

(All State Agencies)

Addition Services and Supports, Office of

Adirondack Park Agency

Aging, State Office for the

Agriculture and Markets, Department of

Alcoholic Beverage Control, Division of

Arts, Council on the



# OPEN BOOK NEW YORK

Home | Overview | Search Tips | Contact Us | Feedback

Home > [NYS Contract Search](#) > Contract Search Results

## Contract Search Results

14,174 Contracts Found - Displaying page 1 of 284  
Agency = Health, 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](#) [25](#) - [Next \(25\)](#) - [Last](#)

[Download Summary Contract Information to a Printer Friendly \(PDF\)](#) 

[Download Summary Contract Information to an Excel Spreadsheet](#) 

[Download Additional Contract and Related Amendment Data for OSC approved transactions](#) 

 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
<a href="#">1 IN 9THE LONG ISLAND BREASTCANCER ACTION COALITION</a>	<a href="#">Department of Health</a>	<a href="#">TM05676</a>	\$10,000.00	\$0.00	09/01/2006	12/31/2006	DIV OF CHRONIC DISEASE PREV. & ADULT HEALTH	Community Projects Fund (Member Initiative)	07/16/2007
<a href="#">1 IN 9THE LONG ISLAND BREASTCANCER ACTION COALITION</a>	<a href="#">Department of Health</a>	<a href="#">M050598</a>	\$25,000.00	\$0.00	01/01/2006	03/31/2006	MUSIC THERAPY FOR PEOPLE WITH CANCER DIV OF CHRONIC DISEASE PREV. & ADULT HEALTH	Community Projects Fund (Member Initiative)	05/10/2007
<a href="#">1 IN 9THE LONG ISLAND BREASTCANCER ACTION COALITION</a>	<a href="#">Department of Health</a>	<a href="#">TM05704</a>	\$5,000.00	\$0.00	12/01/2006	12/31/2006	DIV OF CHRONIC DISEASE PREV. & ADULT HEALTH	Community Projects Fund (Member Initiative)	04/30/2007



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	A	B	C	D	E	F
3	<b>Thomas P. DiNapoli, State Comptroller</b>					
4	<b>Contract Search Results</b>					
5	<b>Agency = Health, Department of</b>					
6						
7	July 12, 2021 - 07:20 AM					
8	<b>VENDOR NAME</b>	<b>DEPARTMENT/FACILITY</b>	<b>CONTRACT NUMBER</b>	<b>CURRENT CONTRACT AMOUNT</b>	<b>SPENDING TO DATE</b>	<b>CONTRACT START DATE</b>
9	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	TM05676	\$10,000.00	\$0.00	09/01/2006
10	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	TM05704	\$5,000.00	\$0.00	12/01/2006
11	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	M050598	\$25,000.00	\$0.00	01/01/2006
12	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	M050164	\$25,000.00	\$23,654.00	01/01/2006
13	104 OLD NIAGARA ROAD OPERATING COMPANY LLC	Department of Health	C32800GG	\$221,559.00	\$11,025.40	05/01/2017
14	1211 WPR MEDICAL SERVICES PC	Department of Health	C32772GG	\$2,700,000.00	\$0.00	05/01/2017
15	1211 WPR MEDICAL SERVICES PC	Department of Health	C31167GG	\$288,800.00	\$0.00	10/01/2015
16	2 COMMERCE DRIVE ASSOCIATES LLC	Department of Health	L00382T	\$445,000.00	\$445,000.00	03/23/2020
17	212 DOWNTOWN CATERING LLC SAGE AND ZEST CATEF	Department of Health	T036726	\$1,181,250.00	\$415,000.00	05/19/2021
18	250 FULTON BR LLC	Department of Health	L001320	\$516,533.00	\$502,530.44	01/01/2005
19	3M COMPANY	Department of Health	X009215	\$0.00	\$0.00	04/01/1991
20	3M HEALTH INFORMATION SYSTEMS	Helen Hayes Hospital	C005531	\$383,807.77	\$9,911.50	03/01/2020
21	800 NORTH PEARL LLC	Department of Health	OPL00000329	\$23,165.56	\$23,165.56	03/07/2017
22	800 NORTH PEARL LLC	Department of Health	L002092	\$0.00	\$0.00	11/01/2016
23	800 NORTH PEARL LLC	Department of Health	OPL00000306	\$1,633.86	\$1,633.86	02/08/2017
24	800 NORTH PEARL LLC	Department of Health	L001601	\$309,880.66	\$309,880.66	10/01/2015
25	800 NORTH PEARL LLC	Department of Health	L001119	\$11,801,730.46	\$11,801,730.46	08/01/2003
26	875 CENTRAL LLC	Department of Health	L001683	\$1,337,976.80	\$1,337,976.80	03/01/2010
27	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	OPL00000372	\$285,107.00	\$285,107.00	07/20/2017



# Identify Contracts for Review

## Sort contracts by:

- Contract Types
- Contract Amount
- Vendor Name & Contract Count
- Vendor Name & Spending to Date



# Identify Contracts for Review (cont.)

## Sort contracts by:

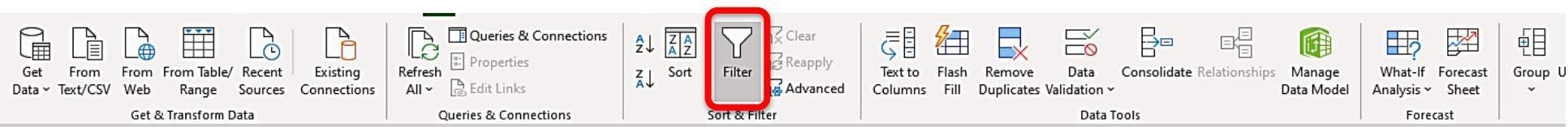
- Contract start date
- Contract description & contract count
- Contract description & contract amount
- % expended - % life of the contract



# Common Concerns

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

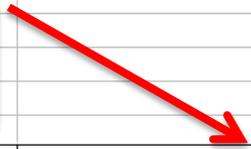




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14	1211 WPR MEDICAL SERVICES PC	Department of Health	C32772GG	\$2,700,000.00	\$0.00	05/01/2017	04/30/2022
15	1211 WPR MEDICAL SERVICES PC	Department of Health	C31167GG	\$288,800.00	\$0.00	10/01/2015	03/31/2022
16	2 COMMERCE DRIVE ASSOCIATES LLC	Department of Health	L00382T	\$445,000.00	\$445,000.00	03/23/2020	08/22/2020
17	212 DOWNTOWN CATERING LLC SAGE AND ZEST CATERING	Department of Health	T036726	\$1,181,250.00	\$415,000.00	05/19/2021	06/30/2021
18	250 FULTON BR LLC	Department of Health	L001320	\$516,533.00	\$502,530.44	01/01/2005	12/31/2014
19	3M COMPANY	Department of Health	X009215	\$0.00	\$0.00	04/01/1991	06/30/2020
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22	800 NORTH PEARL LLC	Department of Health	L002092	\$0.00	\$0.00	11/01/2016	12/14/2016
23	800 NORTH PEARL LLC	Department of Health	OPL00000306	\$1,633.86	\$1,633.86	02/08/2017	03/31/2017
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27	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	OPL00000372	\$285,107.00	\$285,107.00	07/20/2017	03/31/2018
28	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	L002078	\$85,926,284.00	\$20,700,638.55	09/21/2018	08/31/2028
29	99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of Health	L00355T	\$837,023.32	\$837,023.32	11/01/2014	02/17/2016

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



Excel ribbon showing various toolbars: Get & Transform Data, Queries & Connections, Sort & Filter, Data Tools, and Forecast.

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28	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	L002078	\$85,926,284.00	\$20,700,638.55	09/21/2018	08/31/2028
29	99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of Health	L00355T	\$837,023.32	\$837,023.32	11/01/2014	02/17/2016

**Consider Eliminating Fully Expended Contracts**



# Contract Types

Contract Type	Sum of Current Contract Amount	Sum of Spending to Date	Count of Contract Type
+ Commodity	\$ 555,001,257.01	\$ 172,310,150.97	99
+ Community Projects Fund (Member Initiative)	\$ 13,156,897.00	\$ 10,662,947.32	509
+ Consultant	\$ 7,305,957,655.67	\$ 5,043,101,076.48	534
+ Contracts Not Subject to OSC Pre-Audit	\$ 505,364,519.96	\$ 405,947,165.41	1,767
+ Equipment	\$ 46,320,955.22	\$ 40,967,498.77	38
+ Grant	\$ 14,225,068,221.14	\$ 9,538,591,439.48	7,412
+ Inter-government - Other	\$ 71,797,233.54	\$ 33,596,984.98	4
+ Land Purchase	\$ 30,000.00	\$ 30,000.00	1
+ Lease	\$ 438,011,159.03	\$ 305,212,152.89	80
+ Printing	\$ 273,464,215.00	\$ 219,468,473.12	9
+ Repayment to State	\$ 990,969,897.00	\$ -	5
+ Revenue Generating	\$ 1,263,254,569.75	\$ -	898
+ Service	\$ 309,972,036,478.61	\$ 12,791,498,708.82	521
<b>Grand Total</b>	<b>\$ 335,660,433,058.93</b>	<b>\$ 28,561,386,598.24</b>	<b>11,877</b>



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10	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	\$5,000.00	\$0.00	12/01/2006	12/31/2006	DIV OF CHRONIC DISEASE PREV. &ADULT HEALTH	Community Projects Fund (Member Initiati
11	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	\$25,000.00	\$0.00	01/01/2006	03/31/2006	MUSIC THERAPY FOR PEOPLE WITH CANCER DIV OF CHRO	Community Projects Fund (Member Initiati
12	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	\$25,000.00	\$23,654.00	01/01/2006	12/31/2006	CHRONIC DISEASE/FOR GENERAL OPERATIONS	Community Projects Fund (Member Initiati
13	104 OLD NIAGARA ROAD OPERATING COMPANY LLC	\$221,559.00	\$11,025.40	05/01/2017	04/30/2022	STATEWIDE HEALTHCARE FACILITY TRANSFORMATION PRO	Grant
14	1211 WPR MEDICAL SERVICES PC	\$2,700,000.00	\$0.00	05/01/2017	04/30/2022	Statewide Healthcare Facility Transformation Program	Grant
15	1211 WPR MEDICAL SERVICES PC	\$288,800.00	\$0.00	10/01/2015	03/31/2022	CAPITAL RESTRUCTURING FINANCING PROGRAM	Grant
16	2 COMMERCE DRIVE ASSOCIATES LLC	\$445,000.00	\$445,000.00	03/23/2020	08/22/2020	2 Commerce Drive, Woodbury NY	Contracts Not Subject to OSC Pre-Audit
17	212 DOWNTOWN CATERING LLC SAGE AND ZEST CATER	\$1,181,250.00	\$415,000.00	05/19/2021	06/30/2021	COVID-19 Vax POD Meal Services	Contracts Not Subject to OSC Pre-Audit
18	250 FULTON BR LLC	\$516,533.00	\$502,530.44	01/01/2005	12/31/2014	NEW CONTRACT/LEASE RENEWAL FOR 250 FULTON AVE. H	Lease
19	3M COMPANY	\$0.00	\$0.00	04/01/1991	06/30/2020	ELDERLY PHARMACEUTICAL INSURANCE COVERAGE.	Revenue Generating - Other
20	3M HEALTH INFORMATION SYSTEMS	\$383,807.77	\$9,911.50	03/01/2020	12/31/2022	Contract Assignment - dictation and transcription services	Service - Other/ Misc. Services
21	800 NORTH PEARL LLC	\$23,165.56	\$23,165.56	03/07/2017	03/31/2017	PURCHASE ORDER FOR ELECTRICITY 800 NORTH PEARL ST	Lease
22	800 NORTH PEARL LLC	\$0.00	\$0.00	11/01/2016	12/14/2016	800 N PEARL ST MENANDS ALBANY COUNTY	Lease
23	800 NORTH PEARL LLC	\$1,633.86	\$1,633.86	02/08/2017	03/31/2017	PURCHASE ORDER FOR ELECTRICITY 800 NORTH PEARL ST	Lease
24	800 NORTH PEARL LLC	\$309,880.66	\$309,880.66	10/01/2015	12/14/2016	OFFICE SPACE REASSIGNMENT 800 NORTH PEARL STREET	Lease
25	800 NORTH PEARL LLC	\$11,801,730.46	\$11,801,730.46	08/01/2003	10/31/2016	800 NORTH PEARL STREET ALBANY, NEW YORK	Lease
26	875 CENTRAL LLC	\$1,337,976.80	\$1,337,976.80	03/01/2010	08/31/2013	875 CENTRAL AVENUE ALBANY, NEW YORK	Lease
27	90 CHURCH STREET LIMITED PARTNERSHIP	\$285,107.00	\$285,107.00	07/20/2017	03/31/2018	RENOVATIONS DUE TO OGS RESTACKING AT 90 CHURCH S	Lease
28	90 CHURCH STREET LIMITED PARTNERSHIP	\$85,926,284.00	\$20,700,638.55	09/21/2018	08/31/2028	90 CHURCH STREET NEW YORK NEW YORK	Lease
29	99 WASHINGTON LLC & ONE COMMERCE PLAZA	\$837,023.32	\$837,023.32	11/01/2014	02/17/2016	99 WASHINGTON AVENUE 16TH FLOOR ALBANY ALBANY CI	Lease

**Filter on Contract Type and Current Contract Amount**



Microsoft Excel ribbon showing various tool categories: Get & Transform Data, Queries & Connections, Sort & Filter, Data Tools, and Forecast.

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8	<b>VENDOR NAME</b>	<b>DEPARTMENT/FACILI</b>	<b>CONTRACT NUMB</b>	<b>CURRENT CONTRACT AMOUN</b>	<b>SPENDING TO DA</b>	<b>CONTRACT START DAT</b>	<b>CONTRACT END DAT</b>
9	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	TM05676	\$10,000.00	\$0.00	09/01/2006	12/31/2006
10	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	TM05704	\$5,000.00	\$0.00	12/01/2006	12/31/2006
11	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	M050598	\$25,000.00	\$0.00	01/01/2006	03/31/2006
12	1 IN 9THE LONG ISLAND BREASTCANCER ACTION COAL	Department of Health	M050164	\$25,000.00	\$23,654.00	01/01/2006	12/31/2006
13	104 OLD NIAGARA ROAD OPERATING COMPANY LLC	Department of Health	C32800GG	\$221,559.00	\$11,025.40	05/01/2017	04/30/2022
14	1211 WPR MEDICAL SERVICES PC	Department of Health	C32772GG	\$2,700,000.00	\$0.00	05/01/2017	04/30/2022
15	1211 WPR MEDICAL SERVICES PC	Department of Health	C31167GG	\$288,800.00	\$0.00	10/01/2015	03/31/2022
16	2 COMMERCE DRIVE ASSOCIATES LLC	Department of Health	L00382T	\$445,000.00	\$445,000.00	03/23/2020	08/22/2020
17	212 DOWNTOWN CATERING LLC SAGE AND ZEST CATEP	Department of Health	T036726	\$1,181,250.00	\$415,000.00	05/19/2021	06/30/2021
18	250 FULTON BR LLC	Department of Health	L001320	\$516,533.00	\$502,530.44	01/01/2005	12/31/2014
19	3M COMPANY	Department of Health	X009215	\$0.00	\$0.00	04/01/1991	06/30/2020
20	3M HEALTH INFORMATION SYSTEMS	Helen Hayes Hospital	C005531	\$383,807.77	\$9,911.50	03/01/2020	12/31/2022
21	800 NORTH PEARL LLC	Department of Health	OPL00000329	\$23,165.56	\$23,165.56	03/07/2017	03/31/2017
22	800 NORTH PEARL LLC	Department of Health	L002092	\$0.00	\$0.00	11/01/2016	12/14/2016
23	800 NORTH PEARL LLC	Department of Health	OPL00000306	\$1,633.86	\$1,633.86	02/08/2017	03/31/2017
24	800 NORTH PEARL LLC	Department of Health	L001601	\$309,880.66	\$309,880.66	10/01/2015	12/14/2016
25	800 NORTH PEARL LLC	Department of Health	L001119	\$11,801,730.46	\$11,801,730.46	08/01/2003	10/31/2016
26	875 CENTRAL LLC	Department of Health	L001683	\$1,337,976.80	\$1,337,976.80	03/01/2010	08/31/2013
27	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	OPL00000372	\$285,107.00	\$285,107.00	07/20/2017	03/31/2018
28	90 CHURCH STREET LIMITED PARTNERSHIP	Department of Health	L002078	\$85,926,284.00	\$20,700,638.55	09/21/2018	08/31/2028
29	99 WASHINGTON LLC & ONE COMMERCE PLAZA	Department of Health	L00355T	\$837,023.32	\$837,023.32	11/01/2014	02/17/2016



8	VENDOR NAME	% Expended	CONTRACT START DATE	CONTRACT END DATE	% Life Expended	%Exp - %Life
9	BECTON DICKINSON & CO	100%	11/30/2020	11/29/2025	12%	88%
10	COLUMBIA MEMORIAL HOSPITAL	100%	10/01/2019	09/30/2024	36%	64%
11	ERIE COUNTY MEDICAL CENTER CORPORATION	100%	10/01/2019	09/30/2024	36%	64%
12	LIBERTY RESOURCES INC	100%	10/01/2019	09/30/2024	36%	64%
13	PREMIUM HEALTH INC	100%	10/01/2019	09/30/2024	36%	64%
14	ST JOHNS RIVERSIDE HOSPITAL PAVILION	100%	10/01/2019	09/30/2024	36%	64%
15	GARNET HEALTH MEDICAL CENTER - CATSKILLS	100%	10/01/2019	09/30/2024	36%	64%
16	GHP 145 H LLC	100%	01/15/2021	03/31/2022	40%	60%
17	COMPORT CONSULTING CORP	81%	05/01/2020	04/30/2025	24%	57%
18	CAZENOVIA RECOVERY SYSTEMS INC	100%	05/01/2019	04/30/2024	44%	56%
19	DOMINICAN SISTERS FAMILY HEALTH SERVICE INC	100%	05/01/2019	04/30/2024	44%	56%
20	ELIZABETHTOWN COMMUNITY HOSPITAL	100%	05/01/2019	04/30/2024	44%	56%
21	FAMILY SVCS OF CHEMUNG CO INC	100%	05/01/2019	04/30/2024	44%	56%
22	GOOD SHEPHERD-FAIRVIEW HOME INC	100%	05/01/2019	04/30/2024	44%	56%
23	HOOSICK FALLS HEALTH CTR INC	100%	05/01/2019	04/30/2024	44%	56%
24	METRO COMMUNITY HEALTH CENTERS INC	100%	05/01/2019	04/30/2024	44%	56%
25	NYACK HOSPITAL	100%	05/01/2019	04/30/2024	44%	56%
26	REFUAH HEALTH CENTER	100%	05/01/2019	04/30/2024	44%	56%
27	ST MARYS HOSPITAL FOR CHILDREN	100%	05/01/2019	04/30/2024	44%	56%
28	THE FLOATING HOSPITAL INC	100%	05/01/2019	04/30/2024	44%	56%
29	TRUSTEES OF THE EASTERN STAR HALL & HOME OF THE	100%	05/01/2019	04/30/2024	44%	56%
30	UPPER ROOM AIDS MINISTRY INC ADULT DAY HEALTH C	100%	05/01/2019	04/30/2024	44%	56%
31	VISITING NURSE ASSOCIATION OF ALBANY INC	100%	05/01/2019	04/30/2024	44%	56%
32	GHP 145 H LLC	100%	12/08/2020	03/31/2022	45%	55%
33	TOWN OF MASSENA MEMORIAL HOSPITAL	90%	10/01/2019	09/30/2024	36%	54%
34	NEW ALTERNATIVES FOR CHILDREN INC	97%	05/01/2019	04/30/2024	44%	53%
35	RYAN CHELSEA-CLINTON COMMUNITY HEALTH CTR	96%	05/01/2019	04/30/2024	44%	52%
36	AIDS SERVICE CENTER OF LOWER MANHATTAN INC	96%	05/01/2019	04/30/2024	44%	52%
37	ALCOHOL AND DRUG COUNCIL OF TOMPKINS COUNTY	86%	10/01/2019	09/30/2024	36%	51%
38	NEW PARTNERS INC	93%	05/01/2019	04/30/2024	44%	49%
39	ELMWOOD HEALTH CENTER INC	91%	05/01/2019	04/30/2024	44%	47%
40	FAMILY SERVICES OF WESTCHESTER INC	88%	05/01/2019	04/30/2024	44%	44%
41	FOOD BANK OF CENTRAL NEW YORK	144%	09/01/2011	12/31/2012	100%	44%
42	FRANK JEFFERY KRANER DO	100%	11/01/2019	10/31/2022	57%	43%



# Payment Average Amount

Payee/Vendor	Amount	Payments	Average Payments
UNEMPLOYMENT INSURANCE BENEFITS	\$ 5,385,172,808.15	36	\$ 149,588,133.56
CENTERS FOR MEDICARE & MEDICAID SERVICES	\$ 293,114,562.07	2	\$ 146,557,281.04
COMM OF TAX & FIN AS CUSTODIAN FOR THE	\$ 52,000,000.00	1	\$ 52,000,000.00
DS024 JPMORGAN CHASE BANK	\$ 240,388,500.00	5	\$ 48,077,700.00
SALES TAX ASSET RECEIVABLE CORPORATION	\$ 46,000,000.00	1	\$ 46,000,000.00
EMPIRE BLUE CROSS BLUE SHIELD	\$ 357,064,061.62	8	\$ 44,633,007.70
UNITED HEALTHCARE INS OF NY	\$ 320,397,176.09	9	\$ 35,599,686.23
METROPOLITAN TRANSPORTATION AUTHORITY	\$ 246,483,521.98	7	\$ 35,211,931.71
DS600 OFFICE OF MENTAL HEALTH	\$ 151,475,532.10	5	\$ 30,295,106.42
EXCELLUS - DSH- BLUE CROSS BLUE SHIELD	\$ 53,341,227.25	2	\$ 26,670,613.63
NEW YORK QUALITY HEALTHCARE CORPORATION	\$ 24,558,168.20	1	\$ 24,558,168.20
CAREMARKPCS HEALTH LLC	\$ 288,797,773.21	14	\$ 20,628,412.37
THE STATE INSURANCE FUND	\$ 39,836,556.39	2	\$ 19,918,278.20
SKANSKA ECCO III HPA JV	\$ 31,571,504.50	2	\$ 15,785,752.25
EL SOL DEFOE JV	\$ 31,191,400.00	2	\$ 15,595,700.00
NEW YORK STATE HOUSING FINANCE AGENCY	\$ 59,792,764.59	4	\$ 14,948,191.15
HEALTHFIRST PHSP INC	\$ 13,613,013.28	1	\$ 13,613,013.28
NEW YORK CITY SCHOOL DISTRICT	\$ 1,594,516,176.59	122	\$ 13,069,804.73
DS609 METRO TRANS AUTHORITY	\$ 12,625,000.00	1	\$ 12,625,000.00
DS022 JPMORGAN CHASE BANK	\$ 12,200,000.00	1	\$ 12,200,000.00



# 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 regulations
- **A**ccomplish goals and objectives
- **R**elevant and reliable data
- **E**fficient and effective operations
- **S**afeguarding assets



# Internal Controls Pyramid



# Operating as Intended

How do agency employees and contractors know what is intended?



# Step 2: Understand Contract Terms



# Step 2.

## Understand Contract Terms

- Reasoning
- 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

SMART



# 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????



<b>Specification</b>		
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).		
A card used for fare payment on transportation is 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



# Step 3. Identify Risks: What Can Go Wrong?

- Programmatic
  - What can prevent goals from being accomplished?
- 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**.



# What is Occupational Fraud?

The use of one's **occupation** for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.

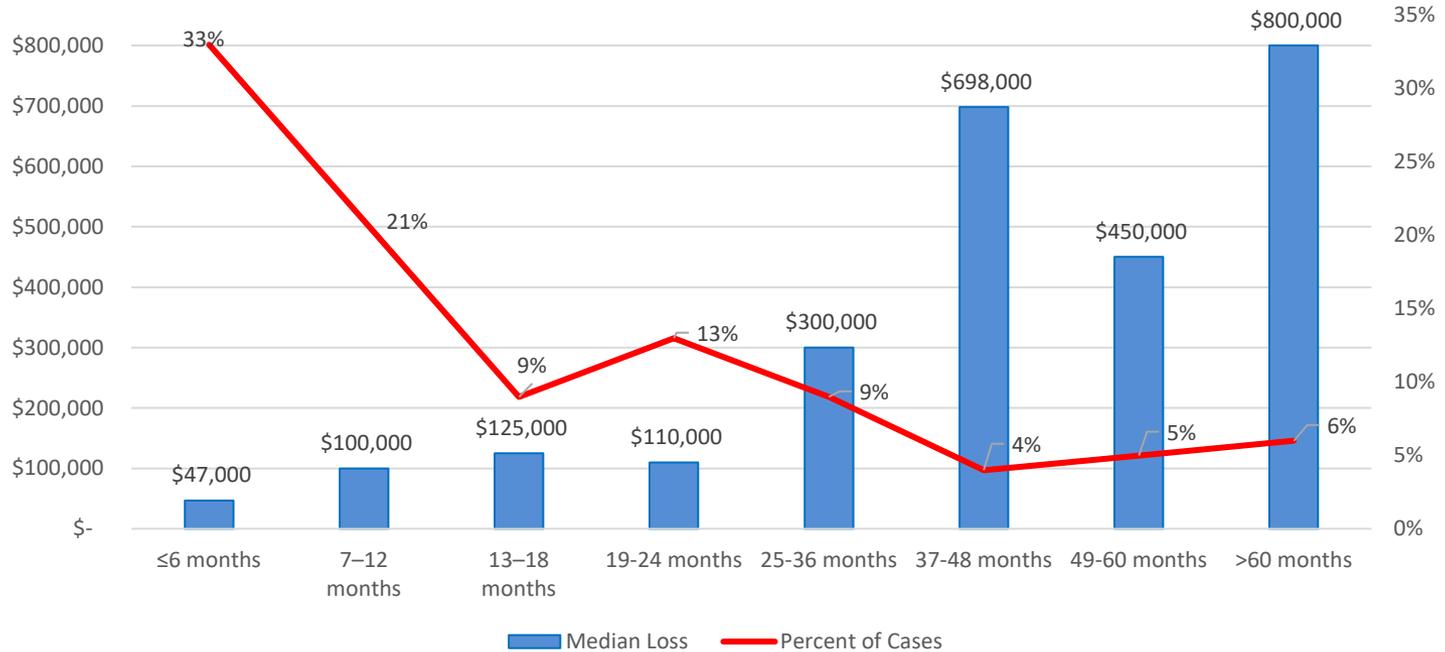


# How Much is Lost?

- 5% of annual revenues
- Median loss of \$117,000
  - \$150,000 for small businesses
  - \$60,000 for not for profits
  - \$138,000 for government
- 21% had losses of at least \$1 million



# Frequency and Median Loss Based On Duration of Fraud



# How is it Committed?

Corruption	Asset Misappropriation	Financial Statement Fraud
<b>Bribery</b> <ul style="list-style-type: none"> <li>• Bid Rigging</li> <li>• Invoice Kickbacks</li> </ul>	<b>Fraudulent Disbursements</b> <ul style="list-style-type: none"> <li>• Check &amp; Payment Tampering</li> <li>• Billing</li> </ul>	<b>Asset/Revenue Over- and Understatements</b> <ul style="list-style-type: none"> <li>• Improper Disclosures</li> </ul>
<b>Conflict of Interest</b> <ul style="list-style-type: none"> <li>• Purchasing Schemes</li> </ul>	<b>Noncash</b> <ul style="list-style-type: none"> <li>• Larceny</li> </ul>	

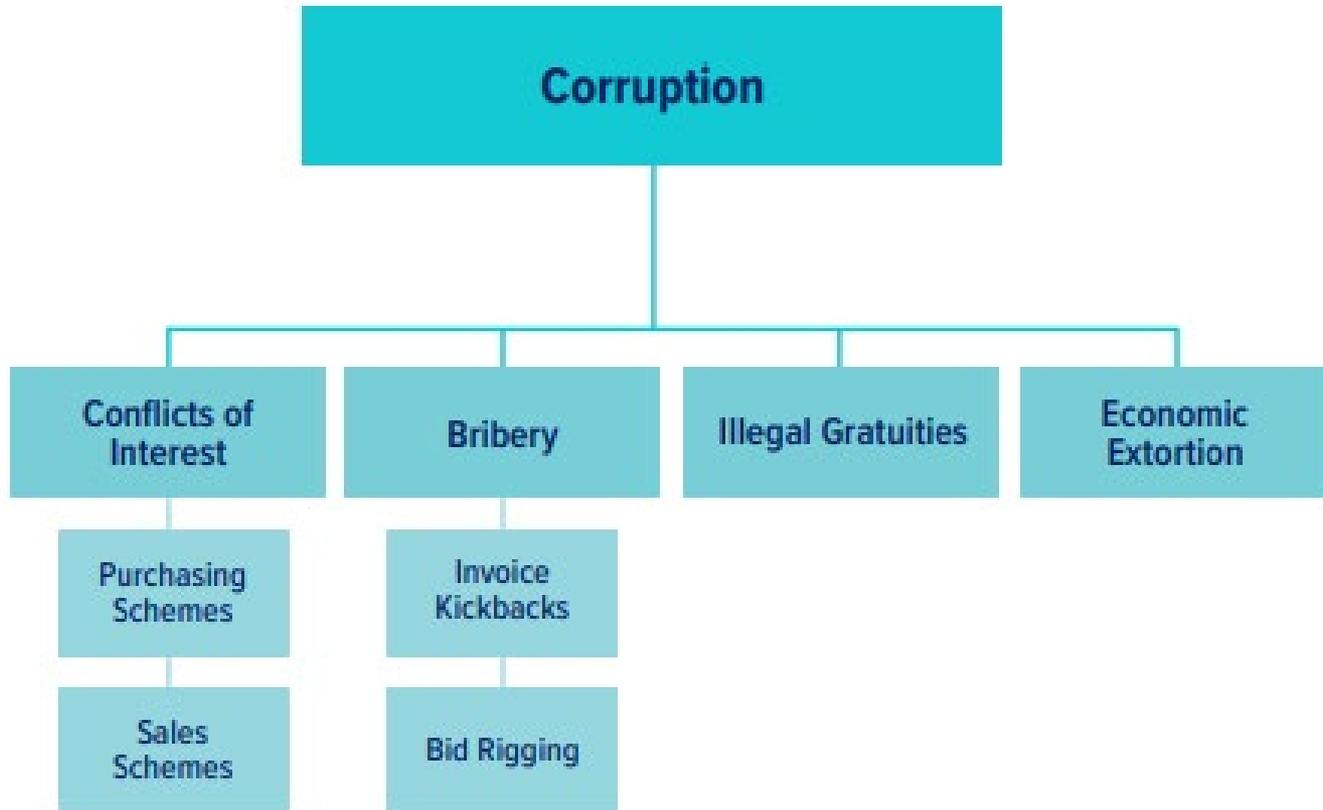
Most  
Common

Least  
Common

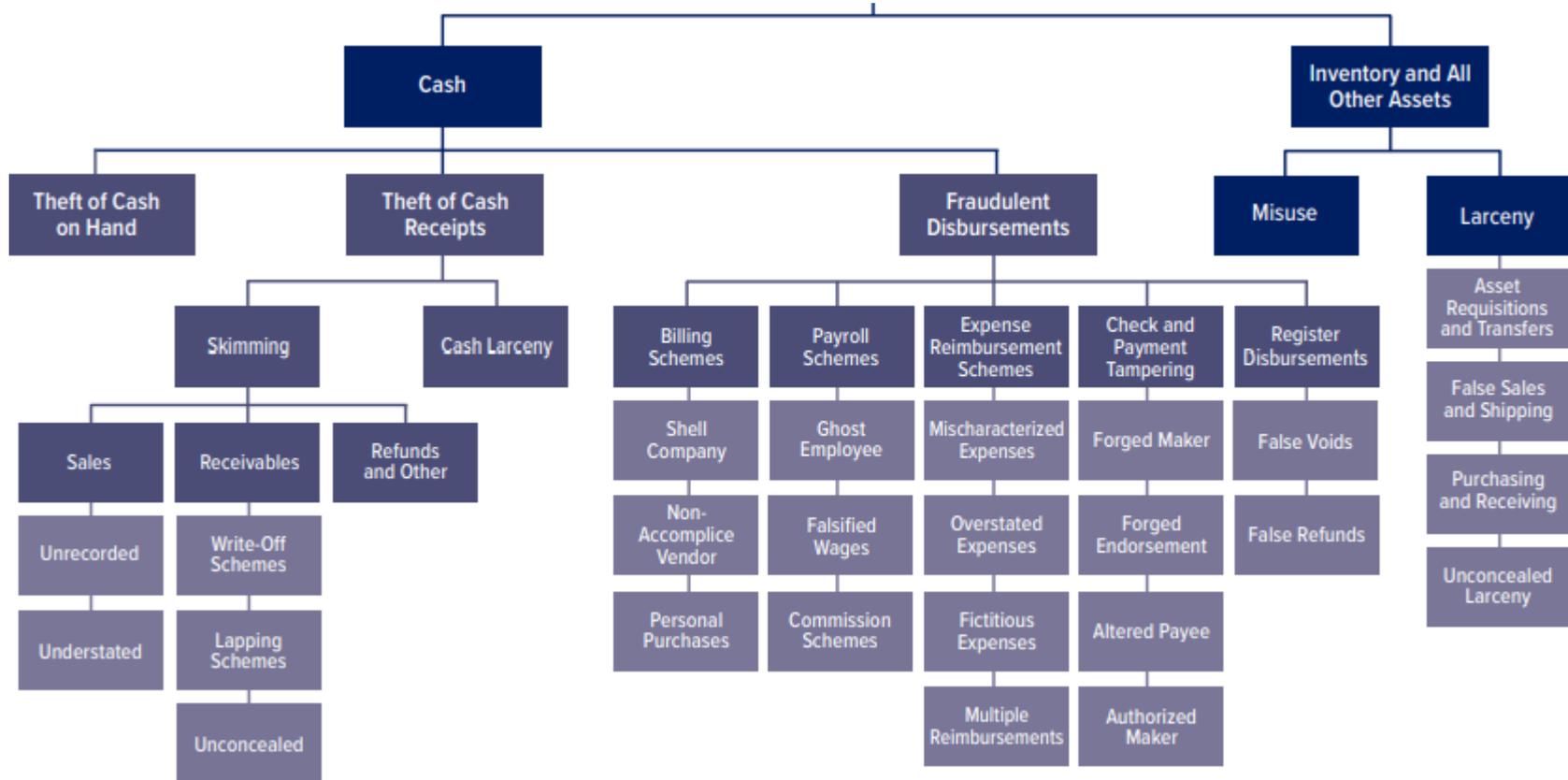
Most \$\$\$

Least \$\$\$





# Asset Misappropriation



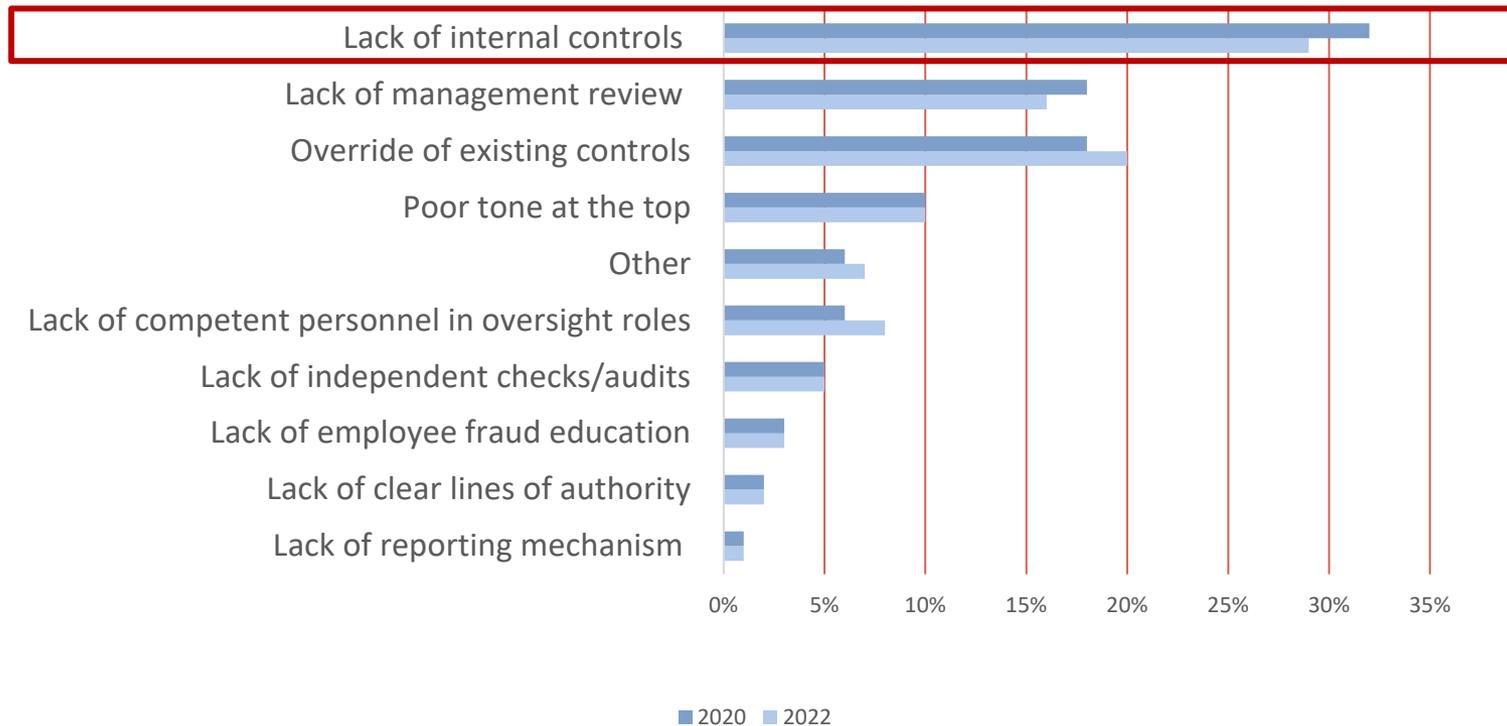
# Where Does it Happen?

Nearly **60%** of the frauds in the study were committed by individuals in 1 of 5 departments:

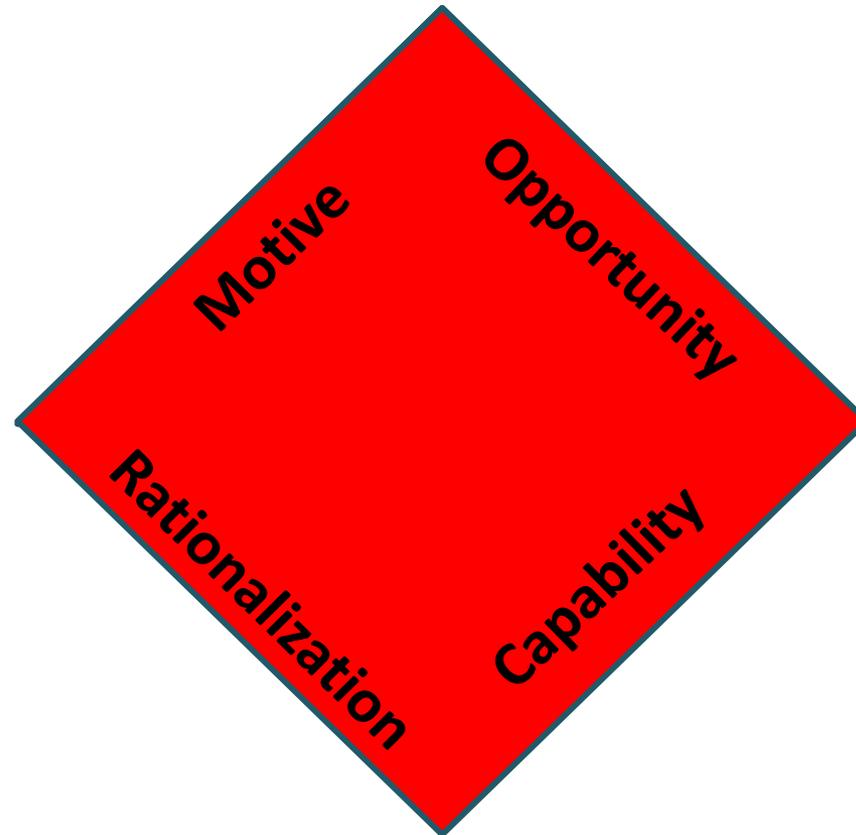
- **Operations** – corruption, noncash theft, billing
- **Accounting** – billing, check tampering, corruption
- **Executive/upper management** – corruption, financial statement fraud, billing, expense reimbursement
- **Sales** – corruption, noncash theft
- **Customer Service** – corruption, skimming



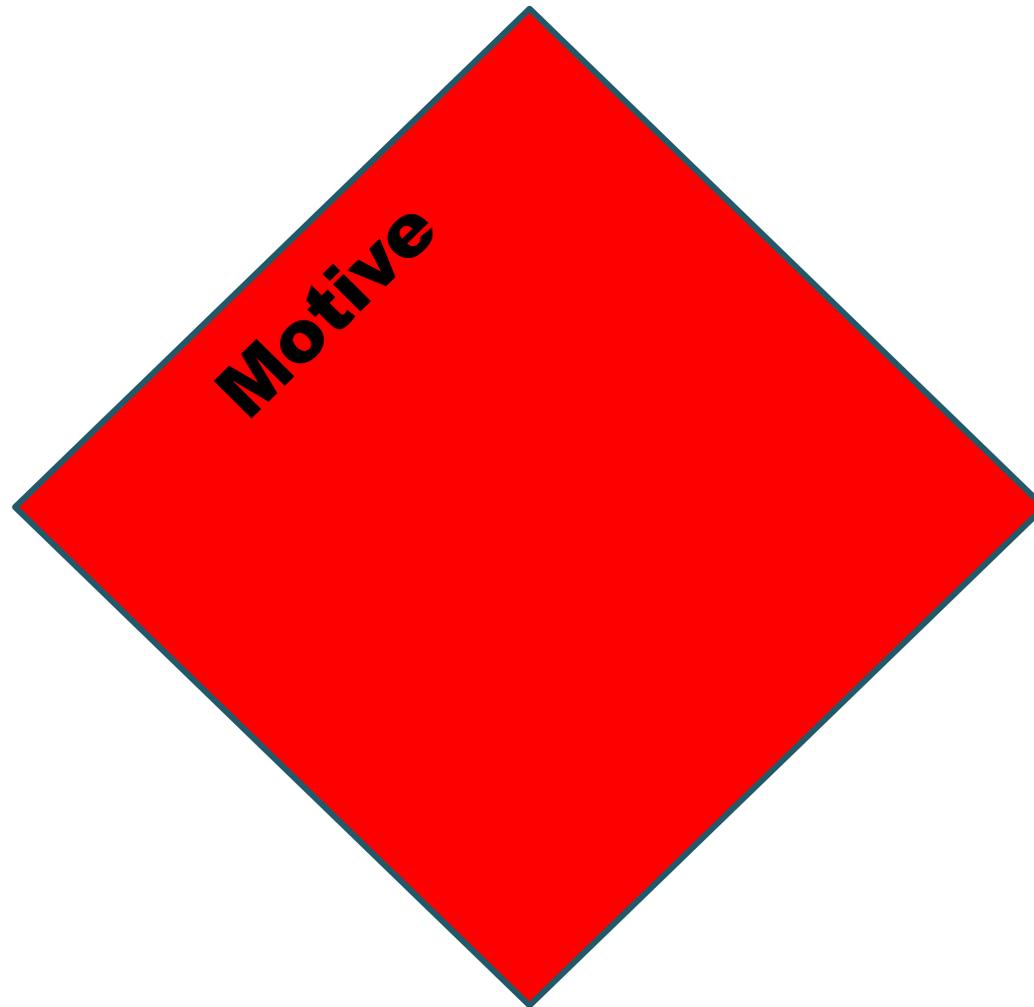
# Internal Control Weaknesses Contribute to Fraud



# How Does Fraud Happen?



# How Does Fraud Happen?



# Motive Flags

- ✍ High debt
- ✍ Significant financial losses
- ✍ Excessive alcohol, drugs or gambling
- ✍ Perceived organizational inequities
- ✍ Job frustration or resentment



# How Does Fraud Happen?

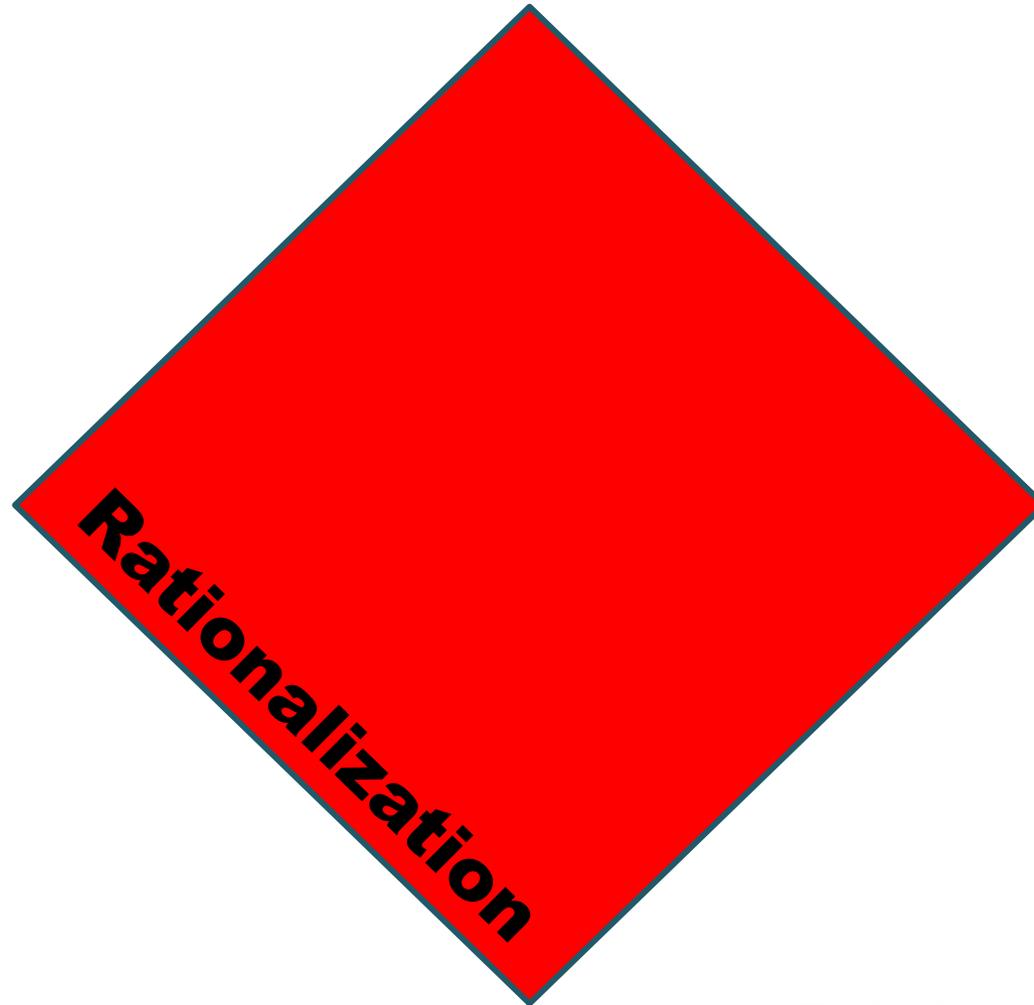


# Opportunity Flags

- ✍ Familiarity with operations
- ✍ Ability to override controls
- ✍ No periodic rotation of key employees
- ✍ No uniform personnel policies
- ✍ Lack of strong internal controls
- ✍ Management does not prosecute or punish fraud perpetrators



# How Does Fraud Happen?

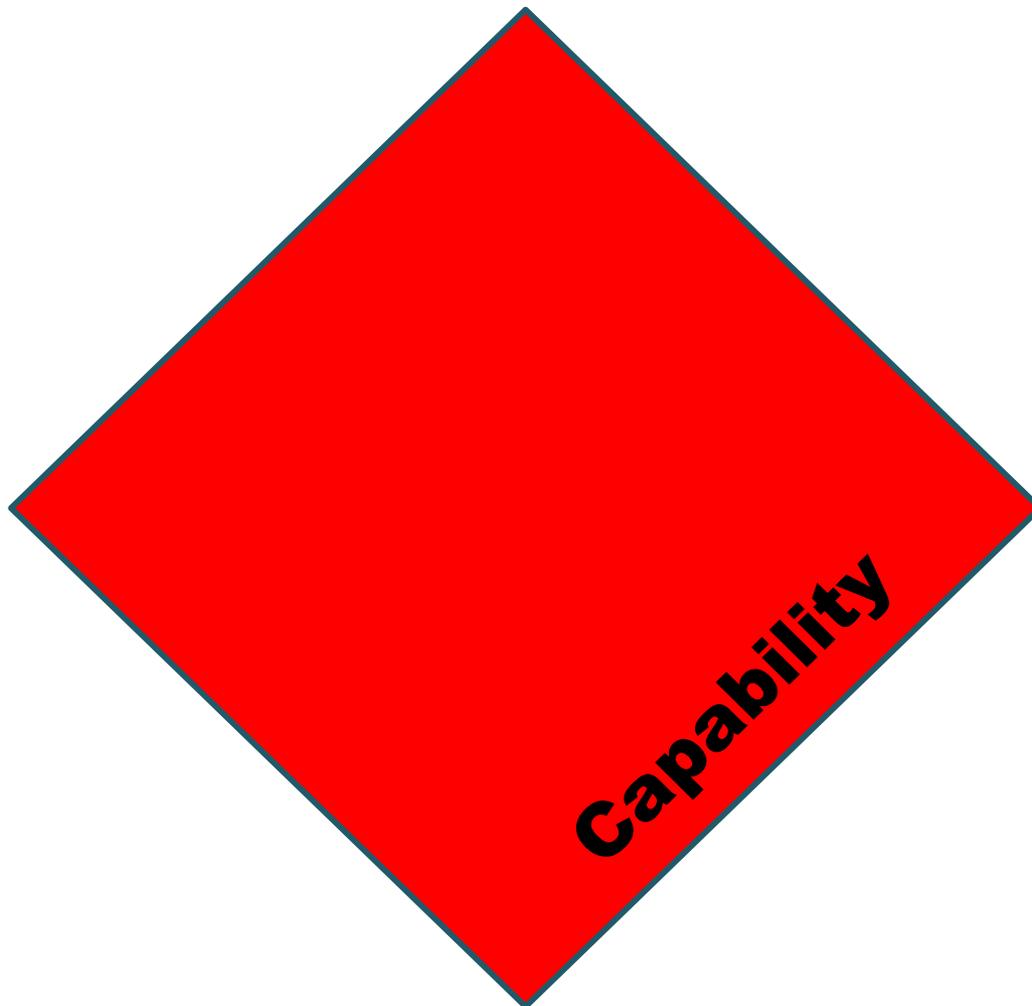


# Rationalization Flags

- ☞ They owe me
- ☞ I'm overworked
- ☞ I do the work of two people
- ☞ They'll never miss it
- ☞ I'll just borrow it; I'll pay it back
- ☞ I'm not really hurting anyone
- ☞ Everyone is a little dishonest



# How Does Fraud Happen?

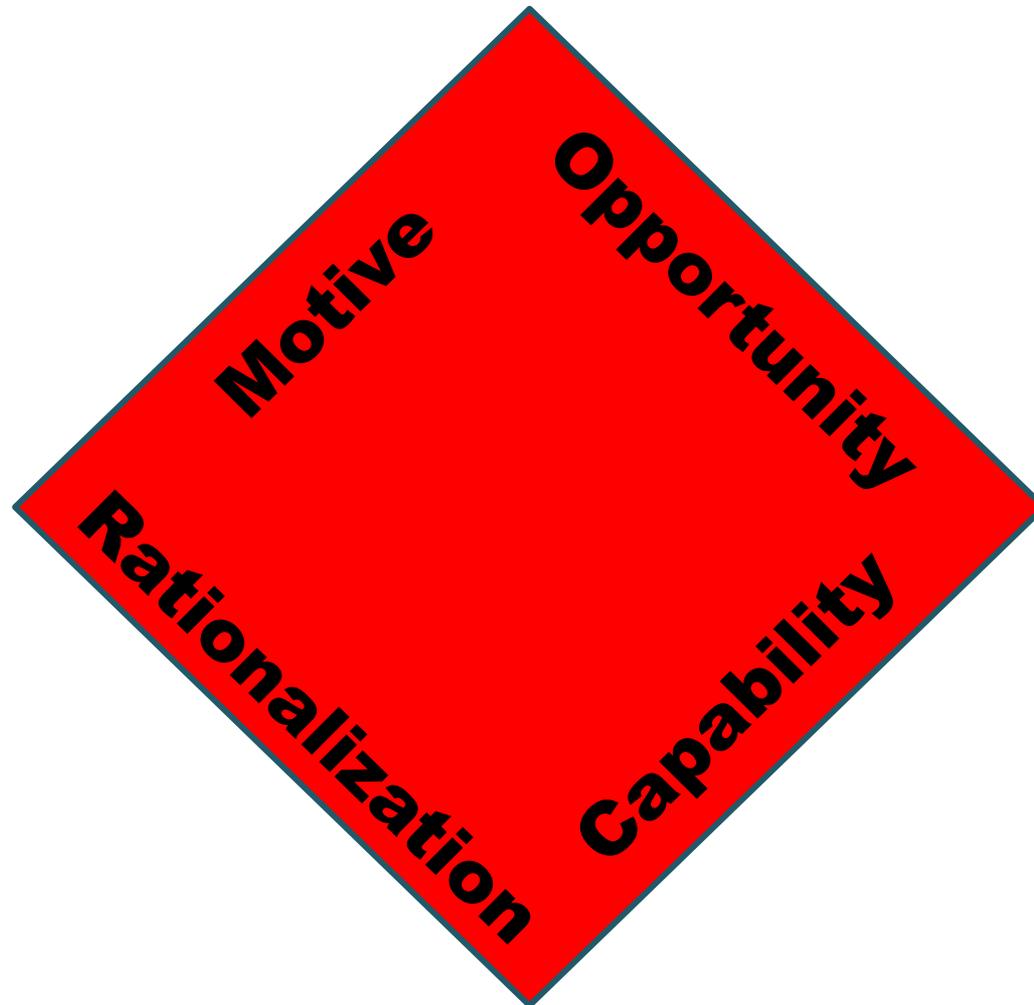


# Capability Flags

- Position/function
- Brains
- Confidence/ego
- Coercion skills
- Effective lying
- Immunity to stress



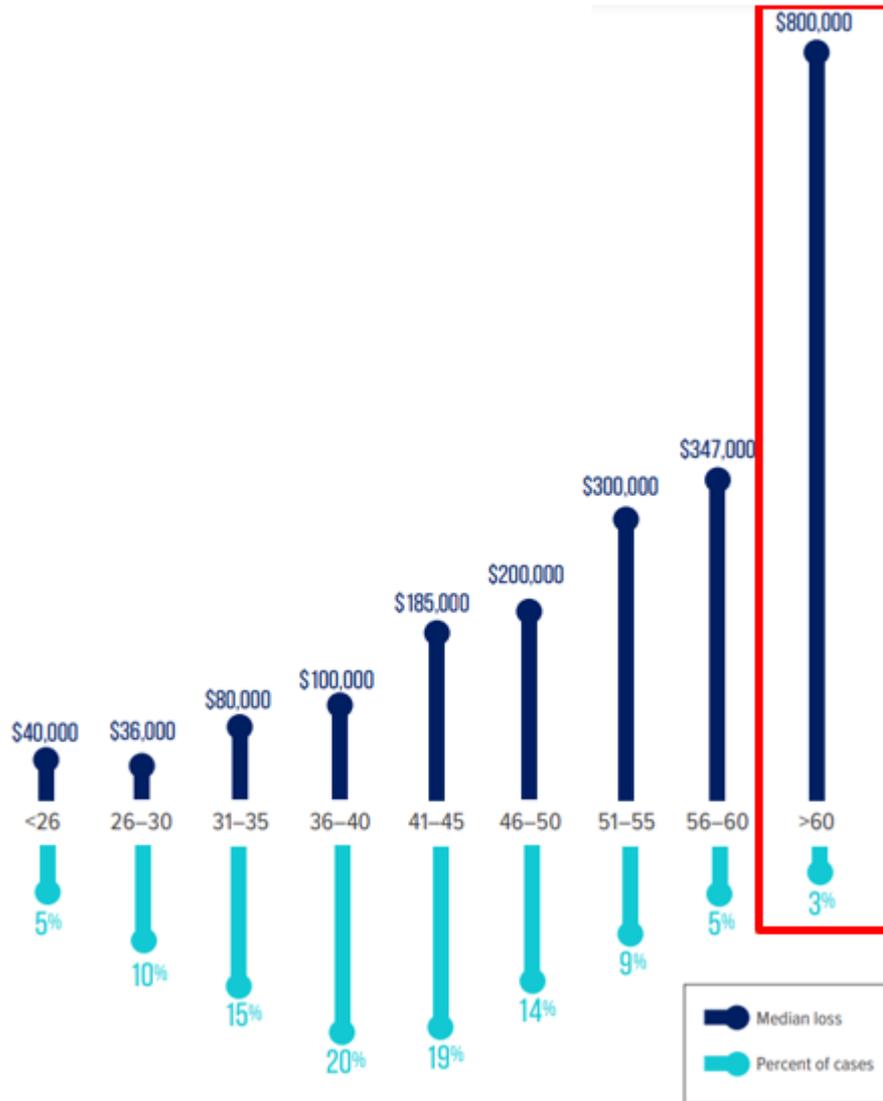
# How Does Fraud Happen?



# Profile of an Occupational Fraudster

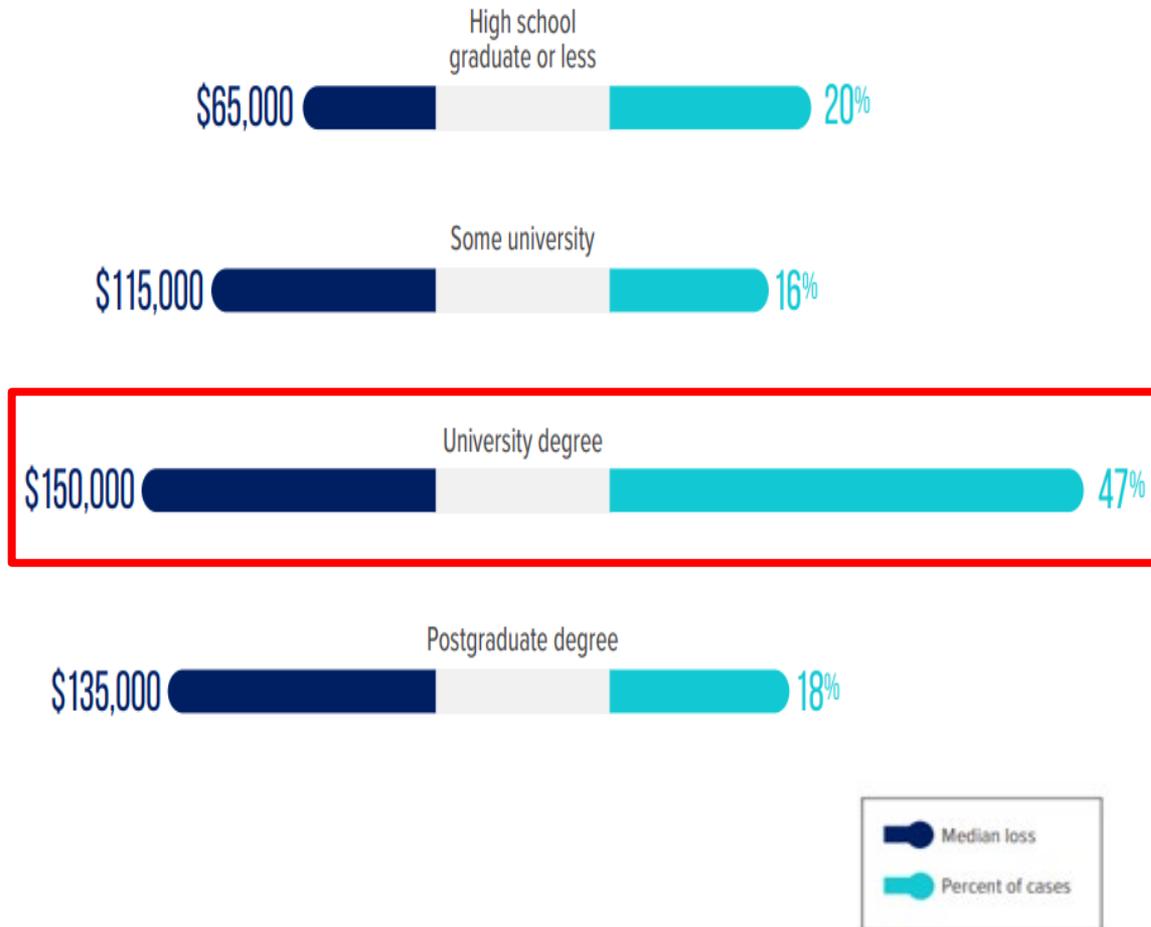


# Age

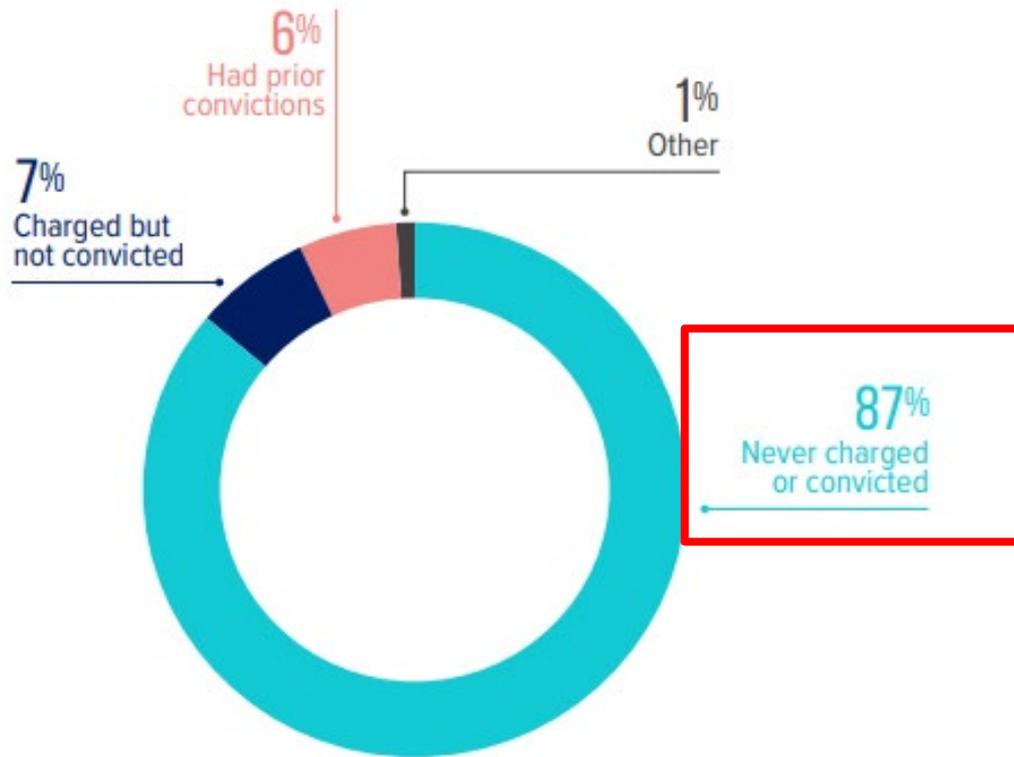


NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

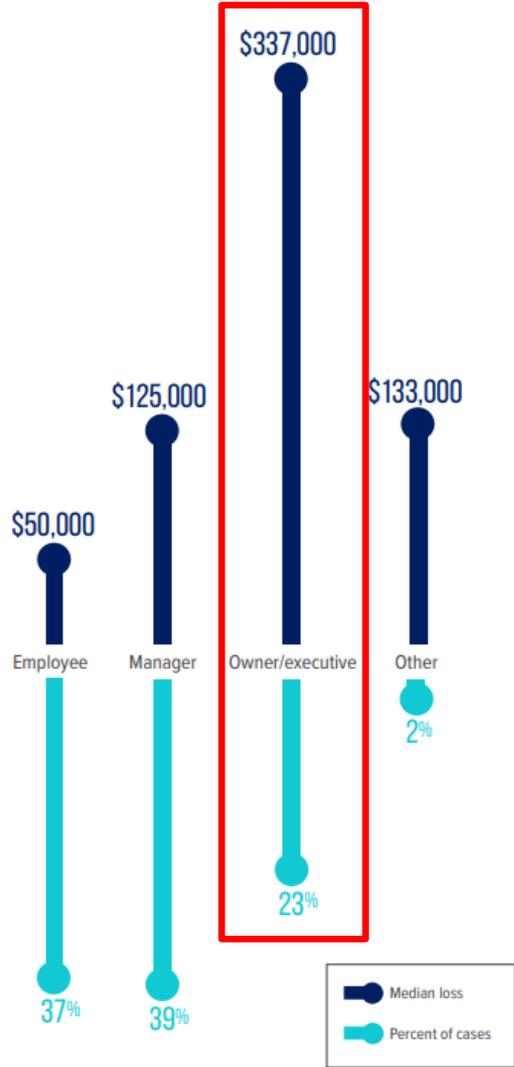
# Education



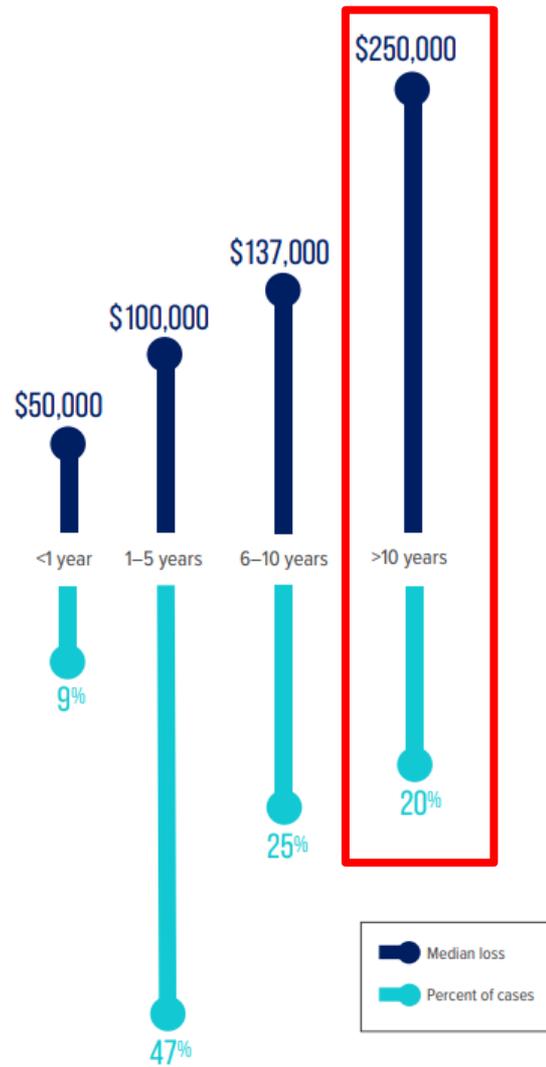
# Criminal History



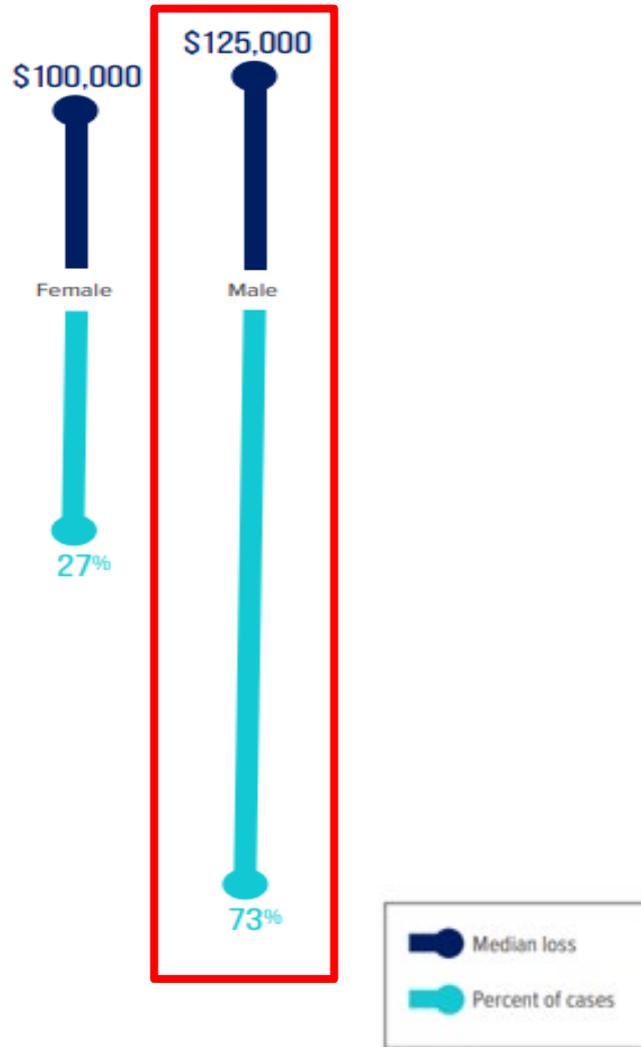
# Occupation



# Tenure At Organization



# Gender

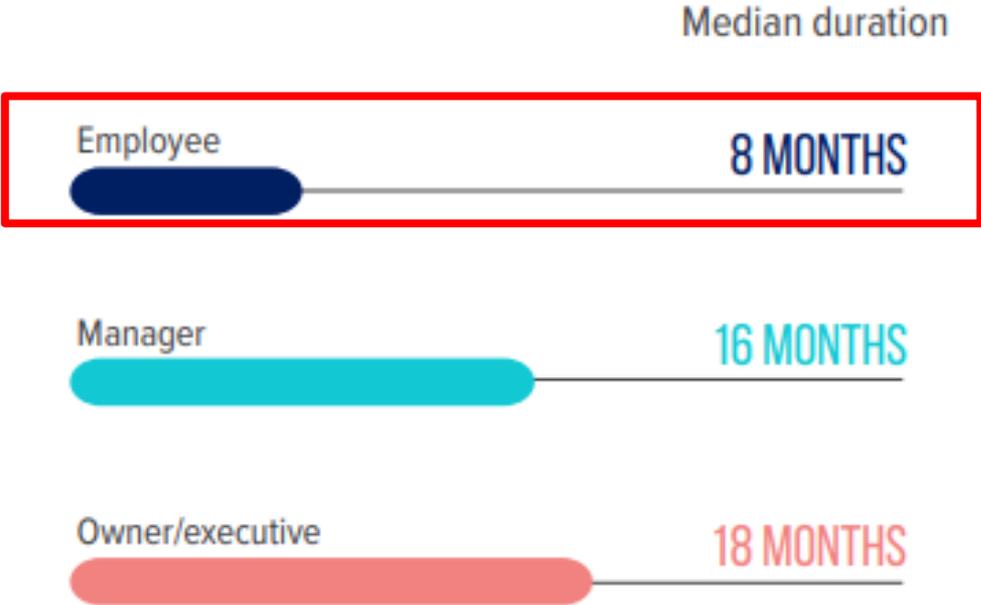


# How Long Does Fraud Go Undetected?

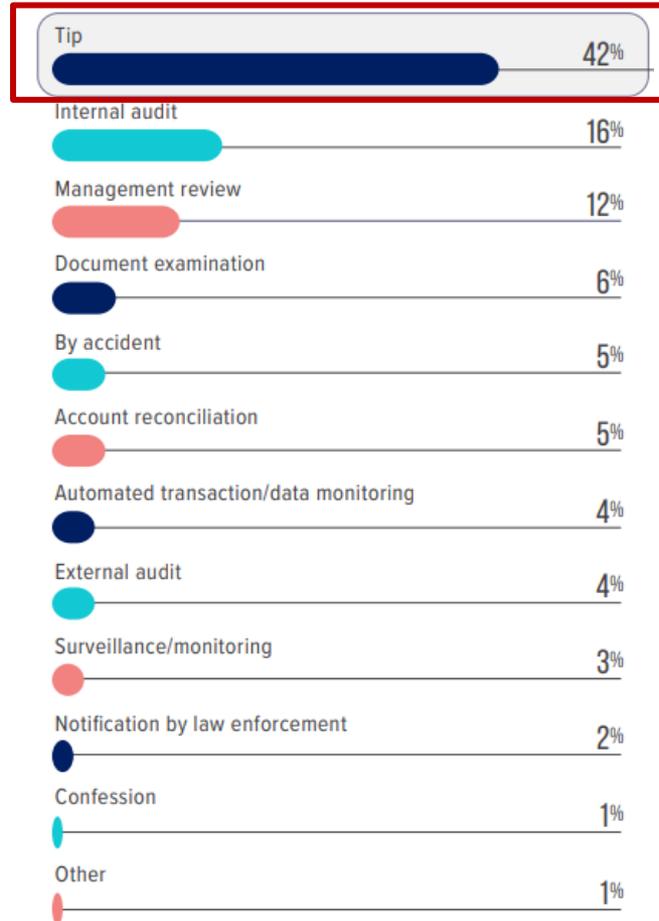
A one-year study conducted by the Association of Certified Fraud Examiners consisting of 2,110 cases worldwide of occupational fraud found the typical fraud continued for \_\_\_\_\_ before being detected.



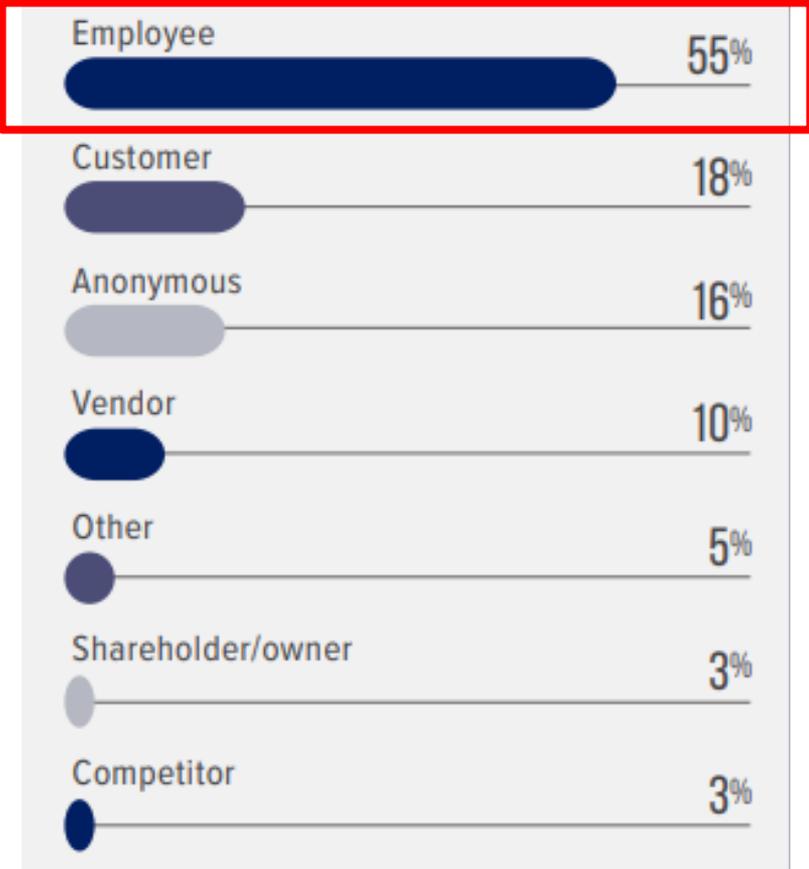
# How Long Does Fraud Go Undetected?



# Fraud Detected By:



# Source of Tips:



# Break Time!

Please return on time to remain on schedule.

Thank you.



# Red Flags

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



# Document Flags

- Ⓡ Inadequate, copied, or apparently altered documents
- Ⓡ Invoice figures do not add up
- Ⓡ No letterhead
- Ⓡ Misspellings on document
- Ⓡ Vague information



# Document Flags

- ✍ Handwritten endorsement
- ✍ No phone number or fake phone number
- ✍ Altered payee name
- ✍ PO Box, suite number, mail drop address
- ✍ Company name - initials or personal name



# Document Flags

- Ⓡ Round amounts or amounts under approval levels
- Ⓡ Large dollar payments made with cash
- Ⓡ Vendor address is not local, but check is cashed locally



# Bid Rigging Flags - Vendors

## Fake Vendors

- Employee created bids

## 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



# 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
- ☞ Close socialization with or acceptance of inappropriate gifts from a vendor
- ☞ Unexplained increase in wealth of employee





NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

# Additional Red Flags

- ✘ Verifying services is more difficult
- ✘ No supporting documentation submitted with payment request
- ✘ Relationships between the sponsoring state representatives and Executive(s) at the vendor or organization



# Finding Relationships

- Check the Financials
  - NFP's 990 - [www.guidestar.org](http://www.guidestar.org)
  - For Profit – Published
- Google / Google Maps
- White Pages
- LexisNexis/Accurint

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**  
 Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
(2)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
(3)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation



# 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).



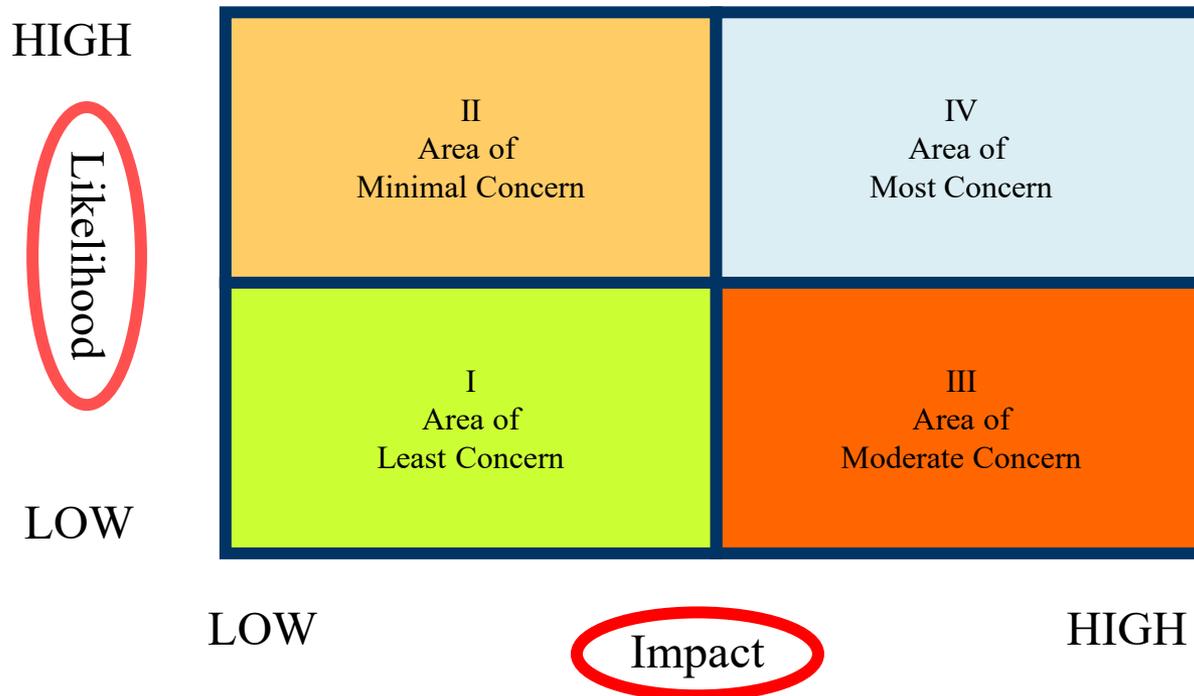
Specification	What can go wrong?	
Administer the pre-tax transportation program for eligible employees.	Program services provided to ineligible employees.	
Auto-answer customer service calls within 7 seconds (99% annual compliance), with a representative on the line within 2 minutes (90% annual compliance).	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.	



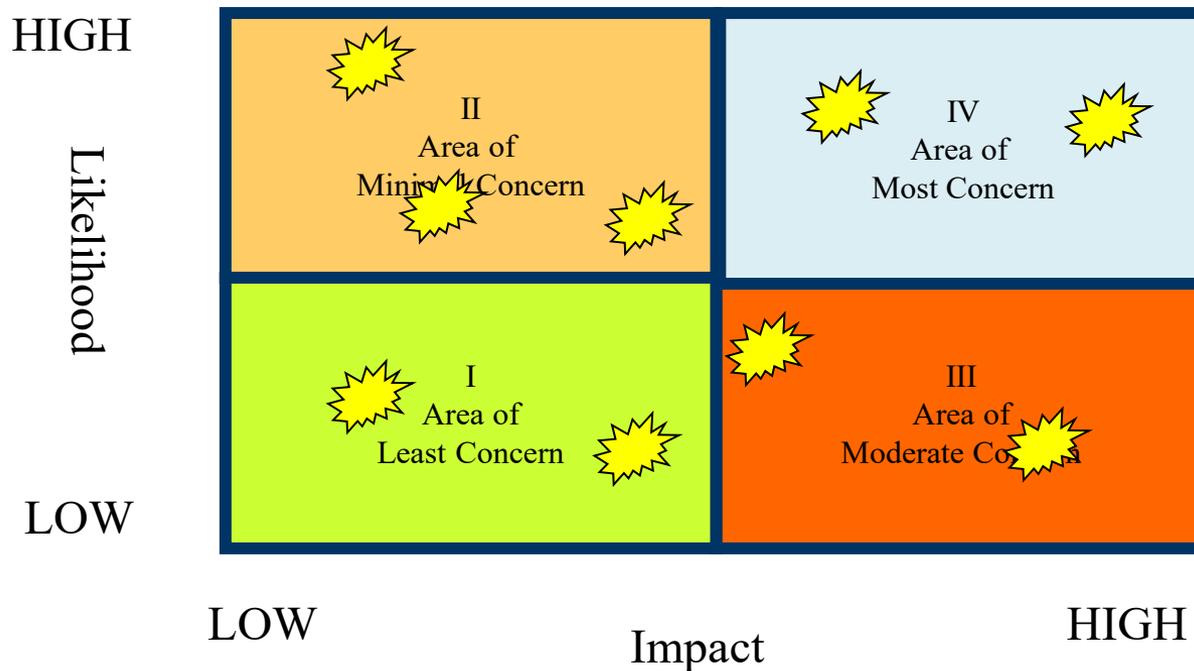
# Step 4: Prioritize Risks



# Step 4. Prioritize Risks: So, What's the Big Deal?



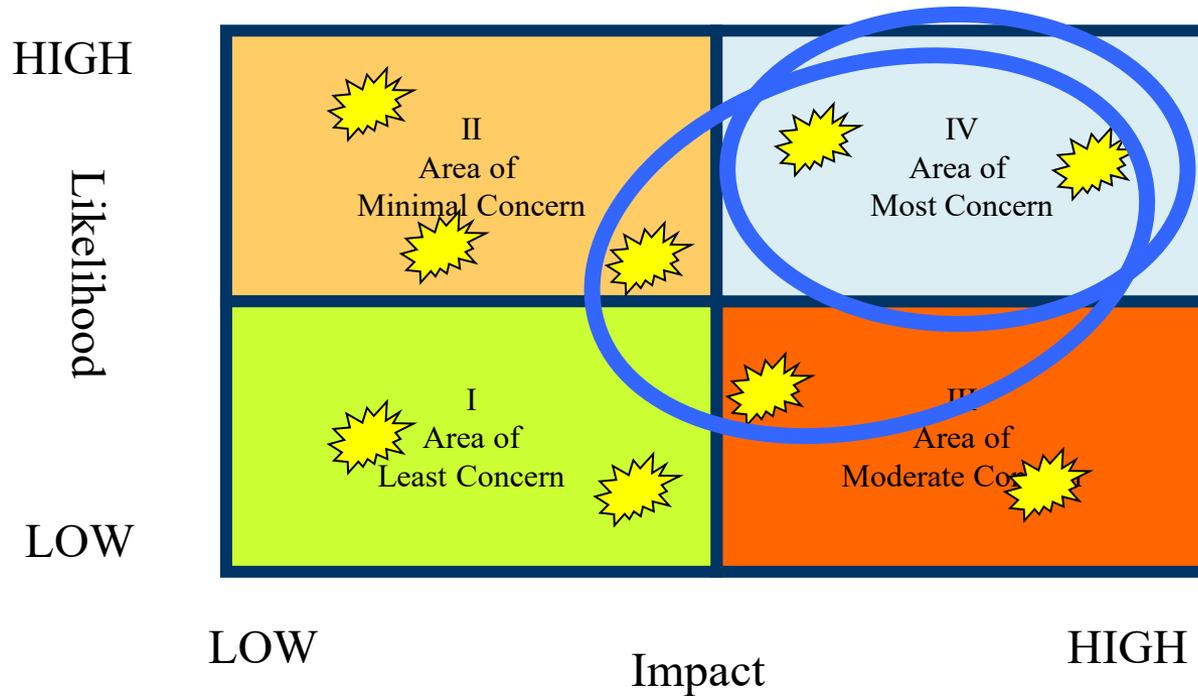
# Step 4. Prioritize Risks: So, What's the Big Deal?



# Step 5: Determine Risk Response



# Step 5. Determine Risk Response



# Determine Agency's Response to the Risks

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



# Step 6: Design/Execute Monitoring Activities



# 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?
- To whom are they going to give the documentation?



# 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)



# Evidence

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



<b>Specification</b>	<b>What can go wrong?</b>	<b>How can agencies monitor?</b>
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 on time.
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.



# Contractor Concerns



# Who Should Monitor?

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



# Monitoring Process

- Timing
- Extent



# Human Communication

- \_\_\_% communicated through **words**
- \_\_\_% communicated in hidden **messages**
- \_\_\_% communicated through **nonverbal behavior**



# Human Communication

- 3.5% communicated through **words**
- 3.5% communicated in hidden **messages**
- 93% communicated through **nonverbal behavior**
  - **55% body language/facial expressions**
  - **38% tone/voice**



# Facial Expressions



# 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.



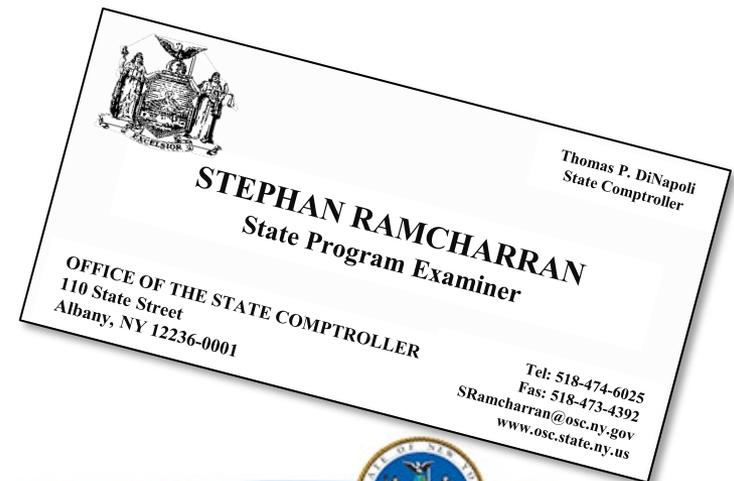
# Questioning Mind

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



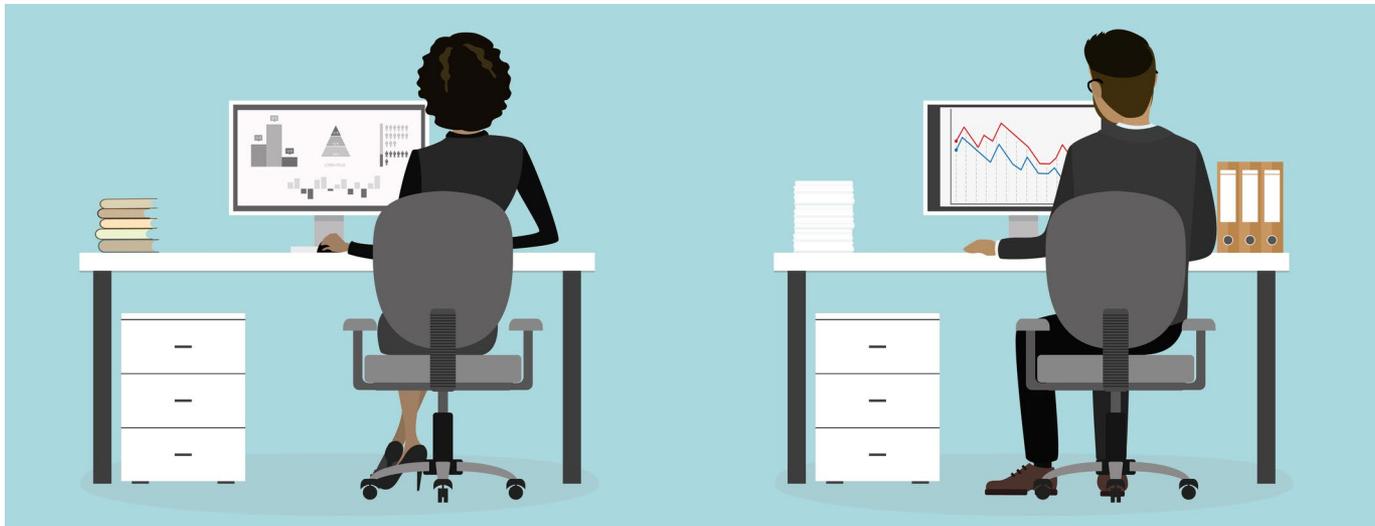
# The Interview

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



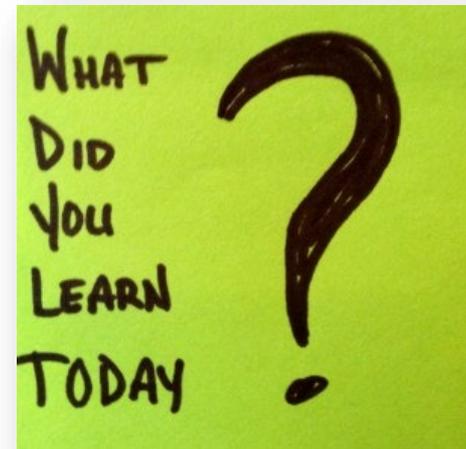
# Desk Audit

- 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?



# Qualities of an Effective Monitor



# Step 7: Follow Up



# Step 7. Follow Up

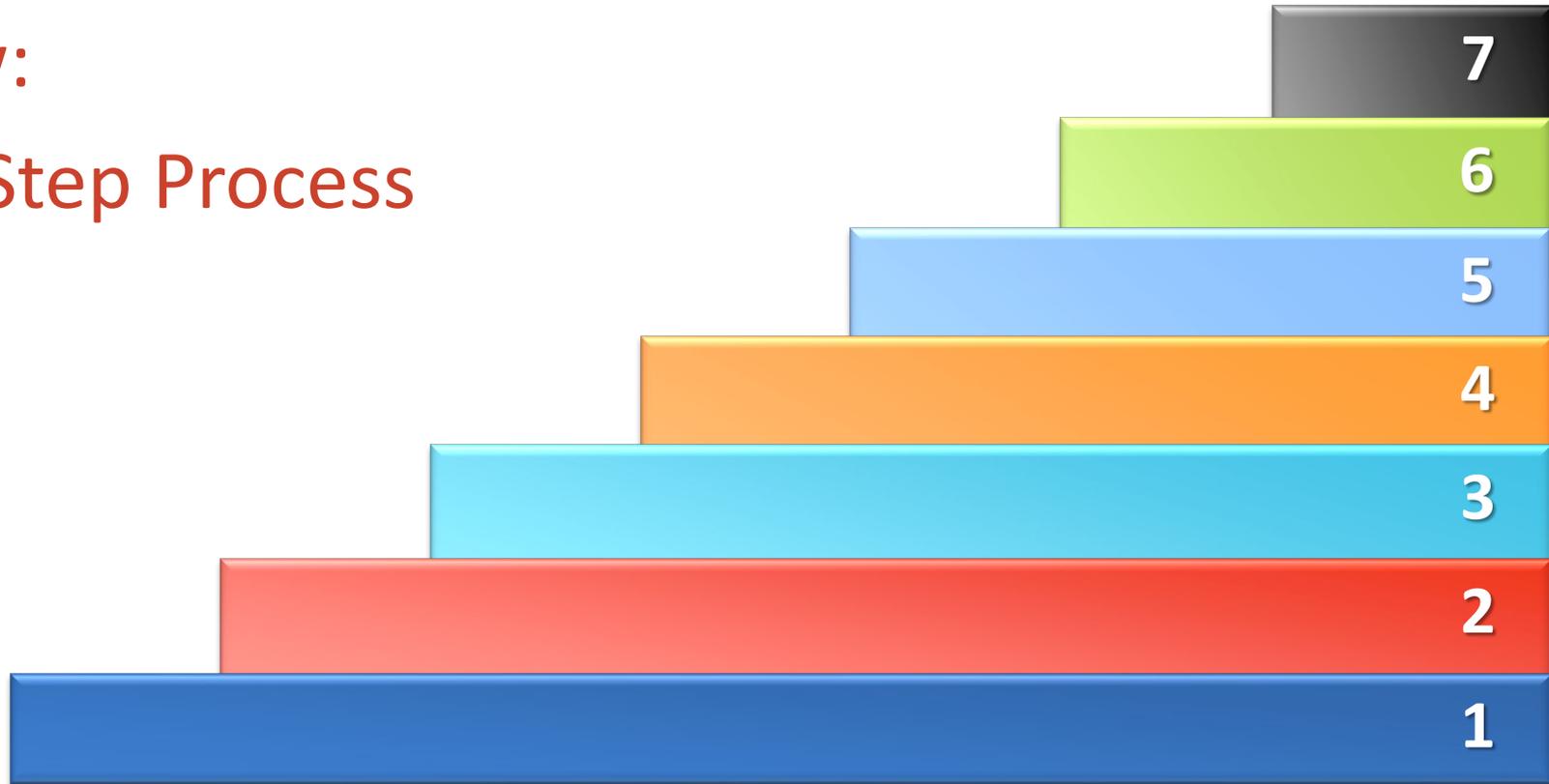
Degree of Compliance	Agency Response
<b>High</b>	<ul style="list-style-type: none"> <li>• <b>Re-evaluate</b> and possibly <b>reduce</b> monitoring frequency</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Direct the contractor to <b>correct identified deficiencies</b></li> </ul>
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



# Review



# Review: The 7-Step Process



# Step 1. Identify Contracts for Review

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



# Step 2. Understand Contract Terms

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

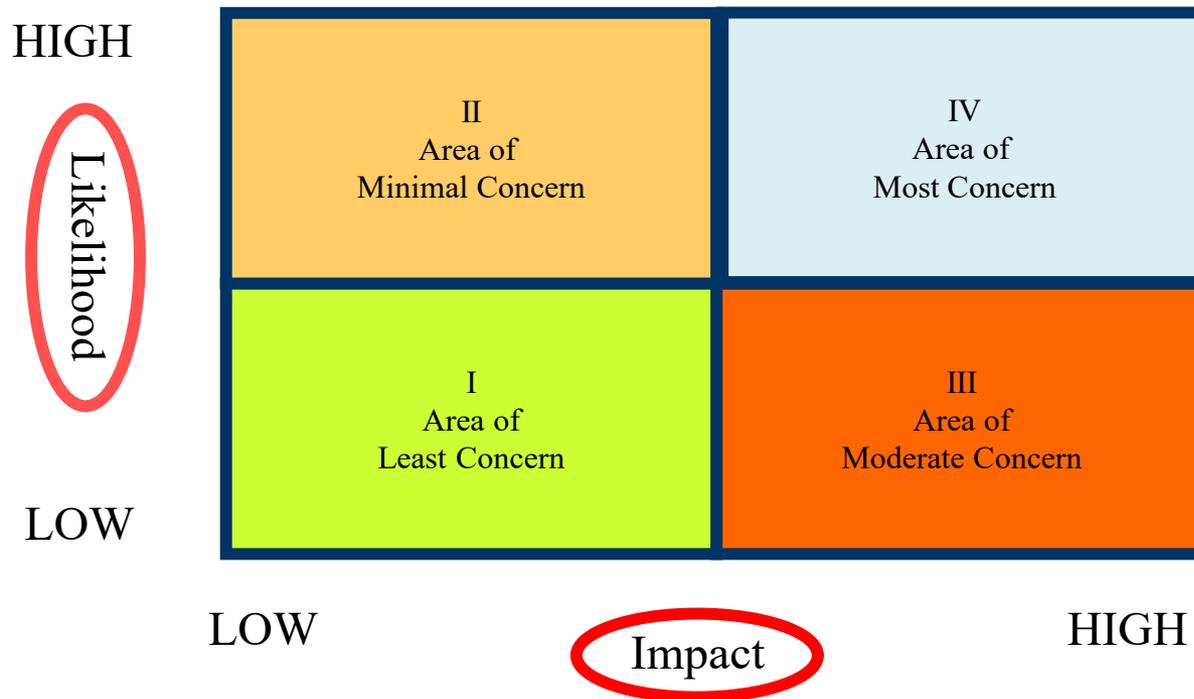


# Step 3. Identify Risks: What Can Go Wrong?

- Programmatic
  - What can prevent goals from being accomplished?
- Fiscal
  - How can the contractor get money they didn't earn?



# Step 4. Prioritize Risks: So, What's the Big Deal?



# Step 5. Determine Risk Response

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# Step 6. Design and Implement Monitoring Activities

Design steps to mitigate risks

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# Step 7. Follow Up

Degree of Compliance	Agency Response
<b>High</b>	<ul style="list-style-type: none"> <li>• Re-evaluate and possibly reduce monitoring frequency</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Direct the contractor to correct identified deficiencies</li> </ul>
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	<ul style="list-style-type: none"> <li>• Identify and recover any overpayments</li> </ul>
	<ul style="list-style-type: none"> <li>• Consider referral for prosecution</li> </ul>



# For Future Reference

## *Guide to Financial Operations*

- [Section XI, Chapter 11.F Contract Monitoring](#)

## *New York Codes, Rules and Regulations*

- [Department of Audit and Control](#)



# Final Thought



Margaret Mead

