

H. CARL McCALL  
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE  
COMPTROLLER

September 22, 1999

Mr. Rudolph F. Crew, Ed.D  
Chancellor  
New York City Board of Education  
110 Livingston Street  
Brooklyn, New York 11201

Re: Selected Procurement Practices  
Report 97-N-4

Dear Chancellor Crew:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article 3, Section 33, of the General Municipal Law, we have audited selected procurement practices of the New York City Board of Education for the period July 1, 1996 through June 30, 1997. Field work was performed from May 27, 1997 through June 17, 1998 with certain data analysis being performed through November 13, 1998.

**A. Background**

The New York City Board of Education (Board) incurred about \$1.3 billion of other-than-personal services (OTPS) costs during the period July 1, 1996 through June 30, 1997 (fiscal year 1997). Major categories of OTPS costs include instructional and non-instructional supplies, textbooks, library books, equipment, consultants, rentals, transportation, printing, repairs, and maintenance. Purchases of general office supplies, which were a focus of our audit, totaled about \$20 million in fiscal 1997.

Each of the Board's 89 Financial Management Centers (FMCs) (school districts and central office units) can make OTPS purchases through the issuance of purchase orders to vendors in the marketplace or through use of imprest funds to pay vendors for small purchases for emergency or anticipated needs where other methods are impractical. Imprest funds are checking accounts that are periodically replenished to sustain an approved balance. The FMCs can also make OTPS

purchases by requisitioning items that are available on requirement contracts that the Board's Office of Purchasing Management (OPM) has negotiated with specific vendors. For example, in March 1997 the Board contracted with Corporate Express to furnish and deliver office supplies at discounts up to 75 percent from catalog prices for the Board's top 100 most widely used items. The contract also offers a 55 percent discount from catalog prices for other office supply items.

In 1995, OPM implemented the on-line purchase requisitioning system, FASTRACK, to reduce paperwork, to save time in the procurement process and to improve accessibility to OTPS items. For fiscal year 1997, FASTRACK permitted on-line requisitioning for about 150,000 items.

## **B. Audit Scope, Objectives, and Methodology**

We audited selected purchasing practices of the New York City Board of Education for the period from July 1, 1996 through June 30, 1997. Field work was performed from May 27, 1997 through June 17, 1998 with certain data analysis being performed through November 13, 1998. One of the objectives of our performance audit was to determine whether the Board obtained the best possible prices for general office supplies. Another objective was to determine whether FASTRACK was sufficiently utilized to ensure the efficiency of the procurement process. A final objective was to assess whether imprest funds were properly used and were adequately controlled in certain instances.

To accomplish our objectives, we analyzed OTPS expenditure data for fiscal year 1997. We compared certain general office supply costs incurred by selected FMCs to costs that would have been incurred by these FMCs if the requirement contract had been used. We interviewed appropriate Board officials and reviewed applicable policies and procedures. In addition, we examined the use of FASTRACK and tested certain expenditures made using the imprest fund method.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included in our audit scope. Further, these standards require that we understand the Board's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions reported in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. Therefore, we focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for improvement. Consequently, by design, we use finite audit resources to identify

where and how improvements can be made. We devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our reports on an “exception basis.” This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

**C. Internal Control and Compliance Summary**

Our consideration of the Board’s internal control structure identified weaknesses in compliance with purchasing and imprest fund controls. The weaknesses are further explained in the section of this report entitled “Imprest Fund.”

**D. Results of Audit**

We found that OPM’s Corporate Express requirement contract had favorable general office supply prices, but FMCs were not fully utilizing it. For nine office supply purchase orders that we sampled, FMCs were incurring increased costs by buying from vendors other than the requirement contract vendor. As a result, there is a risk that the Board may be missing significant saving opportunities in this OTPS expenditure category. We also found that more needed to be done to increase the use of FASTRACK and to strengthen controls over certain imprest fund transactions.

**1. Utilization of Requirement Contract**

The requirement contract with Corporate Express went into effect on March 25, 1997. On a judgmental basis, we selected 5 FMCs (FMC 2, Community School District 2, Southern Manhattan; FMC 10, Community School District 10, Northwest Bronx; FMC 17, Community School District 17, Central Brooklyn; FMC 27, Community School District 27, Southwest Queens; and FMC 85, Central Office Chancellor’s District, Citywide) to determine the extent of purchases made for general office supplies using the requirement contract. Through the end of the fiscal year on June 30, 1997, results of our analysis show that the FMCs used the requirement contract with Corporate Express to make \$51,522 in purchases. From April 1, 1997 through June 30, 1997, these FMC’s issued purchase orders totaling \$363,609 and made imprest fund transactions totaling \$77,310 to obtain general office supplies from other vendors. As discussed in the paragraph which follows, cost savings can be obtained when the requirement contract is used for general office supplies. Therefore, we recommend that the Board routinely monitor and, where appropriate, follow up on instances where the requirement contract is not being used to procure these OTPS items. OPM pointed out that it has promoted the use of requirement contracts and has invited FMC staff to report instances in which items were purchased for lower prices through other means. Board officials also indicate that they are conducting a survey to identify ways to improve the methods for purchasing office supplies and to determine the level of customer satisfaction with the primary requirement contract vendor.

We selected a judgment sample of nine purchase orders totaling \$5,337 that did not use the requirement contract. The purchase orders were selected from the 603 purchase orders requested by four of the five previously discussed FMCs (FMC 2, FMC 10, FMC 17, and FMC 27) between April 1997 and June 1997. As shown in the following table, our review of these nine purchase orders found that the Board incurred increased general office supply costs because the FMCs did not take advantage of the requirement contract and its lower prices. Our analysis focused on 102 items, such as pens, file folders and staple removers, that were covered by the nine purchase orders and for which the FMCs paid \$3,805 in total.

Purchase Order	Vendor Cost Paid	Available Requirement Contract Cost	Excess Cost Incurred
1	\$345.90	\$182.58	\$163.32
2	140.07	87.98	52.09
3	1,231.20	873.00	358.20
4	168.76	92.37	76.39
5	245.27	101.38	143.89
6	161.37	111.82	49.55
7	681.29	448.47	232.82
8	758.07	691.04	67.03
9	73.25	66.83	6.42
	\$3,805.18	\$2,655.47	\$1,149.71

## **2. Use of FASTRACK**

FASTRACK was used for only about \$5.4 million of the approximately \$20 million spent for general office supplies in fiscal year 1997. Overall, FASTRACK accounted for about \$146.5 million of the Board's approximately \$1.3 billion OTPS costs for fiscal year 1997. We interviewed FMC personnel to determine their reasons for not using the FASTRACK on-line requisition process more frequently. They indicated that use of FASTRACK is limited because purchase orders can be "faster" to use than FASTRACK, procurement personnel need training in using the on-line system, FASTRACK cannot accommodate multiple "quick codes" (budget codes), and delays sometimes occur when purchases are processed through FASTRACK. OPM officials stated that they have provided, and continue to provide, training in the use of the FASTRACK system and that requisitions for the office supply contract result in the printing of orders twice a week. They point out that because FASTRACK cannot yet charge multiple budget codes, purchase orders do need to be used for this purpose. We believe that the Board should

continue to enhance FASTRACK to meet these and any other users' needs and should continue to promote the use of FASTRACK to obtain further processing efficiencies.

### **3. Imprest Fund**

We reviewed imprest fund transactions to determine whether these transactions complied with required procedures and resulted in the purchase of goods and services at the lowest-available prices. We found that the Board needs to improve its monitoring controls over imprest fund transactions to identify recurring opportunities to intervene and to better assure attainment of these objectives.

#### **a. Purchases Exceeding \$250**

The Board's Standard Operating Procedures Manual (Manual) provides that, with proper approval of an authorized Board official, imprest fund purchases can exceed \$250 when expenditures involve:

- discounts or sales on non-contracted items, such as fabrics for home economic classes;
- admission fees, postage, tokens, magazines, refreshments, and food for home economic classes;
- travel and conference expenditures; and
- emergency repairs.

We analyzed the Board's \$23.5 million of imprest fund payment transactions for fiscal year 1997. We found that 7,848 transactions totaling \$4,931,548 (21 percent of the total) exceeded the \$250 limitation. After eliminating 1,436 payment transactions for postage totaling \$669,375 and 217 payment transactions for travel expenses with MTA-New York City Transit totaling \$101,583, there remained 6,195 payment transactions totaling \$4,160,590 that exceeded the \$250 limit. Since imprest fund expenditures are not subject to competitive bidding requirements, there is increased risk that some portion of these payments may not have been at the lowest-possible prices. We recommend that the Board undertake further analysis and evaluation of imprest fund expenditures over the \$250 limit to determine whether controls currently in place at FMCs are adequate to ensure exception transactions are appropriate. If the evaluation warrants it, take additional steps to ensure compliance with the \$250 limit requirement.

#### **b. Expenditures in Excess of \$1,000**

At the time of our audit, the Board's procedures required written bids from vendors whenever total purchases were expected to be between \$1,000 and \$10,000 in one fiscal year and

were to be made from a single vendor. If total purchases were expected to be greater than \$10,000, but were not to exceed \$15,000, the procedures required opening of written bids at public meetings. Purchases expected to exceed \$15,000 in one fiscal year were subject to the Board's formal contract-letting guidelines and, therefore, required public advertising for vendors and formal contract approval by the Chancellor or Board. Our review of the Board's imprest fund transactions for fiscal year 1997 disclosed that at least 256 vendors each received total imprest fund payments equaling or exceeding \$5,000. These vendors received a total of \$6.8 million of the \$23.5 million in imprest fund payments made that year (28.9 percent). Therefore, certain transactions being handled through imprest funds may, alternatively, need to be subject to these procedures. In addition, such high dollar imprest fund transaction activity with particular vendors may be indicative that available contracts with these vendors are being bypassed or volume discounts that these vendors may provide are not being identified.

We noted, that the FMCs authorized imprest fund payments totaling \$45,972 to three large package-delivery companies; \$29,249 to one, \$10,926 to a second, and \$5,797 to a third. When we contacted customer service representatives from these three companies, they informed us that they do offer volume discounts to customers. For example, one offers a discount as high as 40 percent, based on a volume of \$20,000 a year. In addition, Board officials told us that the Board has a contract with this company and can purchase from State contracts with the other two. By purchasing package-delivery services from multiple vendors through the imprest fund, the Board might not be taking full advantage of more favorable contract prices and discounts that companies offer to large volume customers.

Similarly, effective August 6, 1996, the Board had a requirement contract for the purchase of bottled purified water and water coolers, and for the cleaning of water coolers. The Board's Office of Financial Operations informed the FMCs about this contract when it distributed its 1996-1997 Catalog of Selected Equipment, Services, and Supplies. We found that, during fiscal year 1997, the Board had made imprest fund payments of \$26,762 to three other bottled water vendors in individual amounts of \$14,638, \$8,662, and \$3,462. The FMC for the central office district for School Programs and Support Services (FMC 56), had incurred the largest proportion of these expenses (38 percent).

A third example is food, beverage, and catering services. We identified 15 such businesses, each of which received over \$1,000 in imprest fund payments in fiscal 1997, with total payments of \$189,219. The two largest received \$55,330 and \$36,774, respectively. Such amounts would ordinarily have required formal contract procedures, and Chancellor approval. FMC 10 accounted for 26 percent of the total food service costs we identified.

A Board official informed us that imprest fund purchases were not reviewed to identify instances where new contracts may be appropriate or where greater savings could be obtained by using existing contracts or by taking advantage of volume purchase discounts available to the Board. We recommend that the Board establish risk-based controls for monitoring imprest fund transactions to identify such savings opportunities for future consideration.

**c. Imprest Fund Expenditures for Transportation Expenses**

The FMC for the central headquarters Division of Student Support Services (FMC 67), had 1,992 payment transactions totaling about \$2 million which exceed the \$250 limitation in fiscal year 1997. This FMC had the greatest number of imprest fund transactions that exceeded the \$250 limitation in fiscal year 1997. Most of the transactions exceeding the limitation were to cover the cost of transportation services for special education students. For example, FMC 67 charged \$1.4 million to ambulance/ambulette service and almost \$300,000 to parent-initiated transportation costs.

By purchasing these transportation services through the imprest fund without using contracts, the Board might not have obtained the lowest-possible prices. In the cases where parents chose the vendors, the Board was not involved in the vendor-selection process. Moreover, because the Board did not follow contracting procedures, it also did not perform important steps, such as checking the transportation providers' backgrounds and insurance coverage before assigning them the responsibility of transporting children.

The Board indicated that ambulette services contracts were entered into in September 1998. We were advised that these contracts took two years to finalize because the process of obtaining certifications for the drivers and the emergency medical technicians was so lengthy.

However, as of June 1998, the Board has not established transportation contracts that parents can use when they take students for evaluations. These services are largely provided by car service companies throughout New York City. Other agencies, such as the Board of Elections, have been able to establish requirement contracts for this type of service and following such a compliance process makes it possible to monitor quality and to control costs. We recommend that the Board establish contracts for parent-initiated transportation costs for special education students.

**d. Split-Orders**

The Board's Manual states that bills must not be split to bring the purchase amount under the \$250 limit. The Manual provides that all invoices and receipts will be examined and compared to determine if bills are being split. We reviewed a sample of 90 imprest fund payment transactions valued at a total of \$17,912 for FMC 10, FMC 17, and FMC 27 for evidence of split-ordering. We found 8 instances of split-ordering, involving 17 invoices with a total value of \$3,565. For example, FMC 10 had two invoices dated May 27, 1997, and one invoice dated May 22, 1997 from the same vendor. Each of the three invoices were for the same types of instructional supply items and each had a total value of \$249.28. In addition, the items were all delivered to the same person and the same Board official approved payment for all three invoices on June 5, 1997. Such split-ordering intentionally bypasses requirements and risks that the Board might not be getting the lowest possible prices for the items purchased. We recommend that the Board reemphasize its requirement that bills not be split to avoid the \$250 limit.

**e. Data Validation**

The Board's file of imprest fund expenditures contains a field for payees' names. However, information that is entered in this field is not always consistent. For example, the imprest file contained payments to Nor Wood, Norwood Caterers, and Nor-Wood Caterers. Postage expenditures are listed under Postmaster, U.S. Post Office and specific borough Postmasters. In addition, individuals receiving imprest fund payments are listed under either their given names or their surnames. This ability to enter data in different ways makes it difficult for the Board to determine the number of transactions it has undertaken with specific payees. Thus, the ability to monitor imprest fund activity is made more difficult. For example, without consistency of the payee name field, it becomes more difficult to detect split-ordering with vendors or payments to an illegitimate vendor with a payee name that is similar to a legitimate vendor. We recommend that the Board establish procedures and system controls for ensuring, to the extent practical, the consistency of payee names for imprest fund transactions.

**Recommendations**

1. *Routinely monitor and, where appropriate, follow-up on instances where the general office supplies requirement contract is not being used for this OTPS category.*
2. *Continue to enhance FASTRACK to meet users' needs, including those identified in this report, and continue to promote its use to obtain further processing efficiency.*
3. *Further evaluate the appropriateness of imprest fund transactions that exceed the \$250 limit. If warranted by the evaluation, take additional steps to ensure compliance with requirements.*
4. *To identify future saving opportunities, establish risk-based controls for monitoring and following-up on imprest fund transactions that collectively account for large dollar purchases with specific vendors.*
5. *Contract for parent-initiated transportation costs for special education students.*
6. *Reemphasize requirements that bills not be split to avoid the \$250 limit for imprest fund transactions.*
7. *Establish procedures and system checks to ensure consistency in payee names for imprest fund transactions.*

(Board officials agree with recommendations number two through number six and indicate a number steps that have been taken to implement them. Board officials point out that implementing recommendation number one is the responsibility of the District local procurement office. Officials disagree with recommendation number seven. However, they identify appropriate alternative steps to ensure consistency in payee names.)

A draft copy of this report was provided to Board officials for their review and comment. Their comments have been considered in preparing this report and are included in Appendix A.

Within 90 days after release of the final audit report, the Chancellor of the New York City Board of Education should report to the State Comptroller, advising what steps were taken to implement the recommendations contained therein, and where recommendations were not implemented, the reasons therefor.

Major contributors to this report were Robert Lindholm, Michael Solomon, Robert Mehrhoff, Emma Wohlberg, Debra Wolrich, Victoria Saks and Donna Sylvester.

We wish to thank the management and staff at the New York City Board of Education for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber  
Audit Director

cc: Len Davis



**BOARD OF EDUCATION OF THE CITY OF NEW YORK**

**RUDOLPH F. CREW, Ed. D., Chancellor**

**LEN L. DAVIS, Auditor General**

---

August 23, 1999

Jerry Barber, Audit Director  
Office of the State Comptroller  
A. E. Smith State Office Building  
Albany, New York 12236

Re: Draft Audit Report on Selected  
Procurement Practices  
(97-N-4)

Dear Mr. Barber:

Enclosed is the Board of Education's response to the above draft audit report.

The Board's Division of Financial Operations (DFO) agrees with five of the seven audit recommendations and has either implemented, or partially implemented them. Although DFO will not implement recommendations one and seven, we believe that our procedures are adequate.

The Division of Financial Operations continues to promote the use of requirement contracts and to develop methods to improve the Board's procurement practices.

Sincerely,

Lewis H. Spence  
Deputy Chancellor for Operations

LHS:rr  
Enclosures

c: Lynne Savage  
Beverly Donohue  
Lou Benevento

E.A. Palmer  
Richard Carlo  
Len L. Davis

Adam Barsky  
Sandy Goodman

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison/Audit Implementation Unit

PAGE \_\_\_\_ OF \_\_\_\_

RESPONSE DATE: August 19, 1999

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: New York State Office of the Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**D. RECOMMENDATION WHICH THE AGENCY  
(AGREES) OR DISAGREES WITH AND WILL NOT IMPLEMENT (circle one)**

1. Routinely monitor and, where appropriate, follow-up on instances where the general office supplies requirement contract is not being used for this OTPS category.

**RESPONSE TO RECOMMENDATION  
(ALTERNATIVE SOLUTIONS ON CURRENT SITUATION CITED IN AUDIT REPORT)**

Agree with recommendation, but it's the responsibility of the District local procurement office to monitor compliance. However, the Office of Purchasing Management will continue to provide information about its requirement contract to the Board of Education schools and offices through monthly workshops and OPM web site.

**RESPONSIBILITY CENTER**

Office of Purchasing Management

Signature: E.A. Palmer  
Print Name: E.A. Palmer

8/19/99  
Date

Print Title: Administrator

Updated July 98

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison/Audit Implementation Unit

RESPONSE DATE: August 19, 1999

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: New York State Office of the Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**B. RECOMMENDATION WHICH THE AGENCY  
HAS PARTIALLY IMPLEMENTED**

2. Continue to enhance FASTRACK to meet users' needs, including identified in this report, and continue to promote its use to obtain further processing efficiency.

**WHAT HAS BEEN IMPLEMENTED?**

The Office of Purchasing Management has noted the users' comments and continues to make every effort to address their concerns. However, we would be remiss if we didn't mention that there has been steady growth in the use of the FASTRACK System by users. (see attached schedule)

OPM continues to enhance FASTRACK to meet users' needs and continues to promote its use to obtain further processing efficiency.

**WHAT HAS TO BE IMPLEMENTED?**

Workshops will continue to be conducted throughout the year.

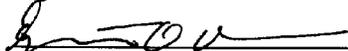
**EXPECTED IMPLEMENTATION DATE**

On going

**RESPONSIBILITY CENTER**

Office of Purchasing Management

Signature:

 \_\_\_\_\_

Print Name: E.A. Palmer

8/19/99  
Date

Print Title: Administrator

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison / Audit Implementation Unit

PAGE \_\_\_ OF \_\_\_

RESPONSE DATE: 8/10/99

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: Office Of The State Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**A. RECOMMENDATION WHICH THE AGENCY  
HAS IMPLEMENTED**

Recommendation #3:

Further evaluate the appropriateness of imprest fund transactions that exceed the \$250 limit. If warranted by the evaluation, take additional steps to ensure compliance with requirements.

**RESPONSE TO RECOMMENDATION – IMPLEMENTATION PLAN**

The Division of Financial Operations will continue to review imprest fund documentation, on a quarterly basis, for transactions that exceed \$250 for district and central financial management centers. Evaluate transactions and, where appropriate, inform districts with recommendations to ensure compliance to purchasing guidelines with respect to the bidding requirement.

**IMPLEMENTATION DATE**

July 1, 1998

**RESPONSIBILITY CENTER**  
Division of Financial Operations

Signature: 

Richard Carlo  
Print Name: \_\_\_\_\_

8/17/99  
Date

Print Title: Deputy Administrator

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison / Audit Implementation Unit

PAGE \_\_\_\_ OF \_\_\_\_

RESPONSE DATE: 8/10/99

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: Office Of The State Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**A. RECOMMENDATION WHICH THE AGENCY  
HAS IMPLEMENTED**

**Recommendation #4:**

To identify future saving opportunities, establish risk-based controls for monitoring and following-up on imprest fund transactions that collectively account for large dollar purchases with specific vendors.

**RESPONSE TO RECOMMENDATION – IMPLEMENTATION PLAN**

The Division of Financial Operations will review periodically, purchases that were procured through a imprest fund or purchase order transaction to determine if contracts are essential for substantial expenditures, that may result in better prices and other favorable terms and conditions.

**IMPLEMENTATION DATE**  
July 1, 1998

**RESPONSIBILITY CENTER**  
Division of Financial Operations

Signature: 

Richard Carlo  
Print Name: \_\_\_\_\_

8/12/99  
Date

Print Title: Deputy Administrator

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison/Audit Implementation Unit

PAGE \_\_\_\_ OF \_\_\_\_

RESPONSE DATE: August 19, 1999

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: New York State Office of the Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**C. RECOMMENDATION WHICH THE AGENCY  
AGREES WITH BUT IS PENDING IMPLEMENTATION**

5. Contract for parent-initiated transportation costs for special education students.

**RESPONSE TO RECOMMENDATION**

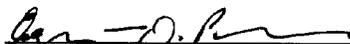
Staff members of the Office Purchasing Management are currently meeting with representatives of Special Education to assist them with the procurement of parent-initiated transportation services.

**TARGET IMPLEMENTATION DATE**

On going

**RESPONSIBILITY CENTER**  
Office of Purchasing Management

Signature:

  
Print Name: E. A. Palmer

8/19/99  
Date

Print Title: Administrator

Updated: July 98

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison / Audit Implementation Unit

PAGE \_\_\_ OF \_\_\_

RESPONSE DATE: 8/10/99

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: Office Of The State Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**A. RECOMMENDATION WHICH THE AGENCY  
HAS IMPLEMENTED**

Recommendation #6:  
Reemphasize requirements that bills not be split to avoid the \$250 limit for imprest fund transactions.

**RESPONSE TO RECOMMENDATION – IMPLEMENTATION PLAN**

The Division of Financial Operations will continue to reiterate the purchasing guidelines (e.g. OTPS workshops and publications), specifically, the bidding requirement for purchases that are in excess of \$250 and, that bills are not to be split to avoid the requirement. In addition, we had recommended that the \$250 limit be increase, however, approval must come from the State.

**IMPLEMENTATION DATE**

July 1, 1998

**RESPONSIBILITY CENTER**

Division of Financial Operations

Signature: 

Richard Carlo

Print Name:

Print Title: Deputy Administrator

8/13/99  
Date

BOARD OF EDUCATION OF THE CITY OF NEW YORK  
OFFICE OF AUDITOR GENERAL  
External Liaison / Audit Implementation Unit

PAGE \_\_\_\_ OF \_\_\_\_

RESPONSE DATE: 8/10/99

AUDIT TITLE: Selected Procurement Practices

AUDITING AGENCY: Office Of The State Comptroller

DIVISION: \_\_\_\_\_

DRAFT REPORT DATE: July 23, 1999

AUDIT NUMBER: 97-N-4

**D. RECOMMENDATION WHICH THE AGENCY  
AGREES OR (DISAGREES) WITH AND WILL NOT IMPLEMENT (circle one)**

Recommendation #7:  
Establish procedures and system checks to ensure consistency in payee names for imprest fund transactions.

**RESPONSE TO RECOMMENDATION**  
**(ALTERNATIVE SOLUTIONS ON CURRENT SITUATION CITED IN AUDIT REPORT)**

The Board's accounting system has a field for the vendors' tax I.D. number. However, it would be impractical to request this information from vendors for small over-the-counter purchases. Additionally, the accounting system has insufficient space to accommodate the high volume of vendors that would be added to the file. The Division of Financial Operations will review imprest fund transactions to identify expenditures that are substantial for a particular commodity and similar name. This process will determine if transactions are in compliance with the Board's purchasing guidelines (split order). Also, evaluate imprest fund documentation and, where appropriate, recommend the use of a contracted vendor or through a bidding and purchase order process.

**RESPONSIBILITY CENTER**  
Division of financial Operations

Signature: Richard Carlo

Richard Carlo  
Print Name: \_\_\_\_\_

8/13/99  
Date

Print Title: Deputy Administrator

**NEW YORK STATE COMPTROLLER'S OFFICE AUDIT OF THE  
BOARD OF EDUCATION'S PROCUREMENT PRACTICES (97-N-4)**

<b>FMCS' USE OF FASTRACK FYs 97-99</b>		
<b>YEAR</b>	<b>TRANSACTIONS</b>	<b>GROWTH</b>
<b>1997</b>	<b>99,778</b>	<b>Base year</b>
<b>1998</b>	<b>134,792</b>	<b>135%</b>
<b>1999</b>	<b>135,349</b>	<b>136%</b>