

H. CARL McCALL
STATE COMPTROLLER



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

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 4, 2001

Dr. Matthew Goldstein
Chancellor
City University of New York
535 East 80 Street
New York, NY 10021

Re: Selected Office Equipment Procurement
Practices, City University of New York
Report 2000-S-19

Dear Dr. Goldstein:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we reviewed the business equipment-purchasing practices at three City University of New York (CUNY) colleges during the fiscal years of 1998 and 1999.

Our audit sought to answer the following questions:

- * Have selected CUNY colleges used available State contracts for procuring business equipment and related items at the lowest prices?
- * Have excess costs been incurred when these colleges have deviated from the use of State contracts?

A. **Background**

CUNY is the largest urban university in the nation, composed of 20 colleges and associated facilities servicing more than 200,000 students. As a matter of course, CUNY needs sufficient state-of-the-art business office equipment (e.g., computers, printers, photocopiers, etc.) to function in an effective and efficient manner. According to CUNY records, it spent more than \$23 million during calendar years 1998 and 1999 to procure or lease such equipment for administrative and academic use at its senior (four-year) colleges.

New York State Education Law, Section 6218(a)(iii), states that "Rules and regulations promulgated by the City University Board of Trustees shall, to the extent practicable, require that

competitive proposals be solicited for purchases, and shall include requirements that purchases and contracts authorized under this section be at the lowest possible price." In addition, Section 6218(h) states that "Notwithstanding any of the provisions of this section, the Board of Trustees may make purchases, when available, through the State of New York, the City of New York, the Federal government or the Board of Education of the City of New York, provided that the Board of Trustees shall accept sole responsibility for any payment due the vendor." Moreover, prudent business practices require CUNY college-procurement personnel to familiarize themselves with the prices available through these official contract sources.

When procuring business machinery with State funds, State agencies and subdivisions must purchase the equipment outright; they do not have the option of renting or leasing. However, they can procure the equipment through an interest-free payment plan, as long as the cumulative payments do not exceed the price OGS has established for the item.

In January 2000, representatives of the State Comptroller's Bureau of State Expenditures (Bureau) expressed concerns about the monthly bills they were receiving for the purchase of photocopiers on behalf of Queens College, one of CUNY's senior colleges. A steady flow of bills for similar amounts coming through the Bureau via the "Quick Pay" process had prompted staff to investigate the nature of the payments. Upon determining that the payments were for the procurement of two photocopiers, they also learned that the equipment had not been obtained through a State contract even though it had been possible to do so.

It was further determined that the items in question had been procured under a Federal contract at a much higher price than was available through the established State contract. Of the two machines identified in this manner, Bureau staff calculated that more than \$50,000 could have been saved had the machines and the accompanying supplies and service agreements been procured under State contract.

We also note that, according to a February 4, 2000 communication from a CUNY official to the photocopier vendor in question, various copying equipment had been procured by an unauthorized CUNY representative for terms contrary to an existing verbal agreement between the vendor and this official. As a result of the vendor's denial of this assumption, CUNY instructed its member-college purchasing staff to discontinue all future acquisitions from, and payments to, this vendor. In response, the vendor agreed to issue \$80,000 in credit invoices to CUNY in return for CUNY lifting the aforementioned ban.

B. Audit Scope, Objectives and Methodology

We audited the business equipment-purchasing practices of three selected senior CUNY colleges, Queens, Medgar Evers, and Hunter, for items paid for during the CUNY fiscal years of 1998 and 1999. One objective of our performance audit was to determine whether selected CUNY colleges have used available State contracts to procure business equipment and related items, such as maintenance service contracts and copier paper, at the lowest prices. Another objective was to determine the excess costs incurred when these colleges deviated from using State contracts. To

accomplish these objectives, we reviewed applicable policies, procedures, and practices that pertain to the purchasing and leasing of CUNY office equipment. We also analyzed relevant data and interviewed appropriate managers at CUNY's centralized accounting operations (CUNY Central) and each of the three colleges, as well as the New York State Office of General Services (OGS).

We conducted our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those procedures and operations included within our audit scope. Further, these standards require that we understand the internal control systems implemented by the colleges and CUNY Central, and their compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded 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 our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations identified through our preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. Thus, we devote little audit effort to reviewing operations that may be relatively efficient or effective. This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. **Results of Audit**

Our audit identified over \$330,000 in overpayments that were made to vendors, primarily because college officials were not utilizing available State contracts.

1. **Queens College**

We visited Queens College and performed a physical inventory of all of the photocopiers located at the College and the adjacent CUNY School of Law (Law School). We determined that, even though all of the 103 machines the team located could have been obtained through a State contract, at least 63 had been purchased or leased under Federal contracts.

It did appear that 52 of these 63 photocopiers had been purchased at the lowest available price; but we found that the Law School had overpaid for the remaining 11. With the assistance of Bureau personnel, we performed an analysis that revealed a total overpayment of \$277,614, as follows:

On July 1, 1994, the Law School leased six photocopiers, at \$592,644, for the period between July 1994 and June 2002. These same machines could have been obtained for \$365,490 under the State contract that OGS, the State's procurement service agency, had negotiated with the same vendor covering the same period. Three years later, on July 1, 1997, the Law School leased five more

photocopiers on Federal contract for a total price of \$93,960. These machines could have been obtained through a State contract for a total price of \$43,500. In both instances, we based our cost estimates on the Average Annual Cost (AAC) of owning and operating a photocopier developed by OGS including the purchase price, supply costs (excluding paper), and maintenance costs averaged over the guaranteed performance period.

2. Medgar Evers College

We also reviewed the office equipment-purchasing practices at Medgar Evers College in the Crown Heights section of Brooklyn to determine whether officials there were obtaining equipment at the best-available contract price.

According to its financial records for the audit period, Medgar Evers College spent \$695,989 from various funding sources (e.g., State, City, Research Foundation, etc.) to procure 425 computers, printers, and photocopiers. Of this total expenditure, \$223,048 came from State funds -- \$173,861 for computers, \$29,143 for printers and \$20,044 for photocopiers. Medgar Evers College procured most of these items under available State contracts. For the three purchase orders written on non-State contracts, the items had been procured at a price lower than, or similar to, the amount available on State contract. Thus, the purchases did not result in overpayments by the State.

However, Medgar Evers College is currently paying a vendor for 11 photocopiers of various models on a 60-month interest-free installment payment plan ending November 30, 2001. For one of these machines, we found that the price was \$18,805 higher than it should be. In this instance, the photocopier in question should have cost the State \$106,190 instead of the \$124,995 that Medgar Evers College agreed to pay. Thus, Medgar Evers College should be paying \$1,769.83 per month for this item over the 60-month installment payment period, not the \$2,083.25 per month it has been paying.

Medgar Evers College officials told us that, as part of the purchase price, various accessories, such as an upgraded sorter tray, had been included resulting in the increased price. In support of this assertion, they submitted a copy of the OGS contract price listing for the various accessories reportedly purchased with this machine, as well as a recent letter from the vendor stating that the machine in question included the noted accessories. We note, however, that the accessories reportedly purchased for this machine were not listed on any of the procurement documentation provided to us, and the Medgar Evers liaison who accompanied us on our physical inspection was not able to identify all of the accessories reportedly attached to this machine. Further, the photocopier serial number listed on a letter from Xerox (see Appendix A, Attachment 1), was not the same as the serial number on the photocopier we physically inspected.

3. Hunter College

Hunter College is the third CUNY facility we reviewed to determine whether officials were purchasing photocopiers and other selected office equipment items at the best-available contract price. Hunter College is situated at five locations throughout Manhattan.

According to Hunter College records, it spent \$3.4 million during the audit period to procure 1,495 computers, printers, and copiers. Of this total, over \$2 million of equipment was procured with State funds (\$1.8 million for computers, \$64,000 for printers, and \$212,000 for copiers). Here too, we found that most of these equipment items had been procured through available State contracts or other procurement sources at the best-available price.

However, we did find one instance in which Hunter College officials had apparently overpaid for the equipment items they purchased, as follows: In December 1998, they used a Federal contract to procure two photocopiers at a cost of \$143,056 (\$71,528 each). They received a trade-in allowance of \$104,176 for two older models already in their possession, bringing the net purchase price for the new machines to \$38,880 (\$19,440 each). Payments were to be made over a 60-month period at no interest. In addition, Hunter College officials purchased a service maintenance agreement from the same vendor for \$2,932 per month for both machines. Thus, the total cost of the purchased equipment over the 60-month period totals \$214,800 (\$38,880 for the machines and \$175,920 for the maintenance), taking into account the trade-in allowance.

When we asked OGS personnel whether these machines had been available on State contract at the time of purchase, they informed us that the model in question could have been obtained on State contract from another vendor at a significantly lower price.

Under State contract, each of these copiers cost \$48,485 exclusive of a maintenance plan. The maintenance plan for both machines totaled \$1,450 per month, bringing their total cost over the 60 months to \$183,970 -- \$135,000 less than the GSA price -- assuming this vendor would have offered a similar trade-in allowance on the older machines.

When discussing this issue with Hunter College officials, the Purchasing Director pointed out that this purchase predated his appointment. Therefore, he could not explain why the Federal contract was used instead of the less-expensive State contract. He also advised us that in February 2000 -- 15 months after the procurement date -- he had reviewed the usage of these photocopiers versus the potential output, and had concluded that they were being underutilized. He said he returned them to the vendor and discontinued payment. Thus, for the 15-month period that the machines were on campus, Hunter College paid \$33,750 more than it would have under the available State contract.

We note that, as a result of negotiations between the vendor and CUNY legal counsel, the matter was resolved by Hunter paying \$20,000 to settle the nearly \$250,000 originally requested by the vendor to invalidate this agreement. Further, the replacement equipment was purchased under an existing State contract.

Recommendations

1. Recover the overpayments identified in this report.
2. Require all College purchasing agents to review all available procurement sources before they enter into a purchase agreement. Select the lowest price available from a responsible source.

A draft copy of this report was provided to officials of CUNY Central, Queens College, Medgar Evers College and Hunter College for their review and comment. Their comments have been considered in preparing this final report and are included as Appendix A. Where appropriate, we have made revisions to our report. In addition, in light of the concerns raised in the response regarding the copier at Medgar Evers College, our auditors returned to the college to examine the copier. The results of that examination are reflected in the text of this report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the City University of New York shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefore.

Major contributors to this report were Douglas Boettner, David Hancox, Frank Patone, William Lichtenberg, Peter Schmidt, Frank Barno, Tim Donovan, Jim Morrissey, Ricardo Pimental, Robert Tabi and Marticia Madory.

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

Very truly yours,

William P. Challice
Audit Director

cc: Louis Chiacchere
Charles Conaway



OFFICE OF INTERNAL AUDIT AND MANAGEMENT SERVICES

535 East 80th Street, New York, NY 10021

Voice:(212) 997-5820 Fax:(212)997-2301

e-mail: ljcbh@cunyvm.cuny.edu

April 3, 2001

Mr. William Challice
Audit Director
Office of the State Comptroller
Division of Management Audit & State Financial Services
123 William Street, 21st Floor
New York, NY 10038

Dear Mr. Challice:

I write in response to your draft audit report of equipment procurement practices at three CUNY senior colleges during fiscal years of 1998 and 1999 (2000-S-19). The three senior colleges selected for the audit were Hunter, Medgar Evers and Queens Colleges (including the CUNY School of Law). These colleges responded to the draft report and their responses are contained in **Exhibit I**. The responses from Hunter and Medgar Evers indicated that there were no copier overpayments. In addition, my comments below address the overall results of the audit and the specific situation reported about the acquisition of certain photocopiers for the CUNY School of Law.

The University and its colleges remain committed to ensuring that internal controls are properly carried out and risks are effectively managed. Accordingly, we appreciate audits conducted by the Office of the State Comptroller that assess the adequacy of these control procedures and evaluate the effectiveness of management practices over operating functions and activities. As indicated in the draft report, the audit covered the payment of personal computers and document reproduction equipment (including copiers and printers) during the fiscal years of 1998 and 1999. The State auditors documented purchasing procedures and reviewed a significant number of purchase orders pertaining to the payments of this equipment. At Hunter College for example, the State auditors examined the purchasing documentation supporting \$2.07 million worth of equipment (\$1.8 million for personal computers, \$64,000 for printers and \$212,000 for copiers). With a few exceptions, the auditors generally found good procurement practices existing at each of the selected Colleges. Nearly all the equipment covered by the audit was obtained at the lowest available price and the acquisition of this equipment did not result in an overpayment by the State.

While the exceptions consisted of isolated instances and did not amount to a pervasive condition existing within the University, the audit did reinforce the importance that periodic training plays in the efficient performance of assigned duties by purchasing personnel. With regards to training, the University Contracting Office sponsors an annual University-wide purchasing and accounts payable training seminar (with the

participation of the State Comptroller's Bureau of Contracts and State Expenditures). The seminar provides training on a variety of internal control topics and issues. The State auditors' recommendation about purchasing agents reviewing all available procurement sources to ensure selection of lowest price will be included as an agenda item at this year's seminar, which will be held in May, 2001.

Regarding the finding that certain copiers for the CUNY School of Law were not obtained at the lowest available price, I will first comment on the reported statement attributed to the Purchasing Director of Queens College. We agree with the College that this statement should be excluded from the final report. The statement was neither confirmed in writing nor consistent with the results of the detailed audit test of over 100 photocopiers located during the audit at the College and the CUNY School of Law. The State auditors reviewed the payments of 103 copiers and supporting purchasing records, and did not find any procurement problems with copiers purchased by the Director during the two fiscal years of 1998 and 1999. The exceptions noted in the report pertained to copiers obtained by the CUNY School of Law several years before 1998. The audit results neither uncovered any errors or weaknesses nor identified the need for any corrective action regarding the existing purchasing operations of Queens College. Since the State auditors did not find a need for improvement in the existing purchasing operations, it would be a form of inaccuracy to include an unconfirmed statement attributed to the Purchasing Director about purchasing practices in the final report. A common courtesy in auditing is to request an auditee for written confirmation of a statement being attributed to them to ensure that the person is not misquoted and an auditor is not mistaken about what was said by the auditee. This written confirmation was not requested by the auditors during this review. The fair and objective reporting of the audit results should rely solely on what is factual and significant, and refrain from material such as the unconfirmed statement that is prone to misunderstanding and conflicting interpretation. In addition, while reading the draft report, we found other factual inaccuracies and have enclosed a marked-up copy of the report with the corrections (see **Exhibit II**).

During the course of the audit fieldwork and report preparation process (which covered nearly an 11-month period from April 2000 through February 2001), the CUNY School of Law took responsive action regarding the questions raised by the State auditors about whether certain copiers were obtained at reasonable costs based on published prices. Since mid-November 2000, the Law School has suspended all monthly payments for these copiers as well as the maintenance contracts supporting these machines. The Law School's initial efforts to resolve the pricing problem with the vendor resulted in an account credit of \$47,587. However, since then, discussions with the vendor to negotiate additional reimbursement of payments made for these copiers have been unsuccessful. The Law School now plans to consult with University legal counsel about taking legal action against the vendor to resolve this payment dispute. The Law School will continue to withhold payments to the vendor until this matter is fully resolved.

In addition, I would like to comment on the frustrating experience encountered by Medgar Evers College in responding to the preliminary and formal draft reports. The College continues to maintain (with supporting documentation) that the copier in question contains all of the accessories billed by the vendor. The apparent confusion by the auditors over the existence of these accessories could have been easily resolved

if the auditors had taken the time to personally examine the copier to determine what accessories came with the machine. If they had taken the time, they would have satisfied themselves about the existence of these accessories and thus, eliminated the need for a response by the College.

The University and its colleges understand the importance of evaluating external audit findings and taking responsive action when warranted. The comments above and the attached responses indicate the steps taken to address the audit concerns identified in the draft report.

I would appreciate that the comments above and the attached responses from the Colleges that were audited be included in their entirety as an appendix in the final report. If you have any questions, please call me.

Sincerely,



Louis Chiacchere

c: Chancellor Matthew Goldstein
Interim President Evangelos John Gizis (w/o enclosure)
Interim President Russell K. Hotzler (w/o enclosure)
President Edison O. Jackson (w/o enclosure)
Dean Kristin Booth Glen (w/o enclosure)
Vice Chancellor Sherry Brabham
Vice President Arthur Taylor
Acting Vice President Thomas Tyburczy
Acting Vice President Hrach Zadoian
Associate Dean Dave Fields
Helen Woo
Eric Leung

IA#1063

Responses Provided By The Following Colleges:

- Hunter
- Medgar Evers
- Queens

Executive Director of
Finance and Business Affairs
Phone (212) 772-4475



March 28, 2001

TO: David Rankert

FROM: Bill Fox 

SUBJECT: State Audit of Selected Office Equipment Procurement Practices

I am writing in response to your Fax request to me of February 26 concerning the State's Audit of Selected Office Equipment Procurement Practices at CUNY, Report # 2000-S-19. The only item for Hunter College concerned the lease/purchase of equipment which, although on State contract, was leased/purchased on a Federal GSA contract for an amount in excess of the State contract price. When the State refused to pay for the invoice, primarily because the contract never received the appropriate State approval, the Business Office then got involved.

The nexus of this case (beyond not receiving the appropriate State approvals) focuses upon Oce signing a contract with an unauthorized Hunter College representative. Oce was requesting almost \$100,000 for each of the two machines to cancel the lease/purchase agreement, as well as an more than \$50,000 in existing usage fees. The College's position (as well as that of CUNY as stated through its Office of General Counsel) was that we were not liable because Oce had a responsibility for knowing who they were contracting with. In fact, CUNY Legal Counsel responding to Oce's attorneys stated from case law (in part) that, "A party contracting with the State is chargeable with knowledge of the statutes which regulate its contracting powers and is bound by them..."

Based upon negotiations between Oce's legal representatives and CUNY's legal counsel representing Hunter College, Hunter paid \$20,000 to settle the nearly \$250,000 Oce had originally requested to invalidate this agreement. The machines which replaced the Oce equipment were leased/purchased under an existing State contract.

If I can be of any further assistance, please feel free to call me.

c: Vice President Thomas Tyburczy
Mr. Akbar Lotfipour, Director of Purchasing

HunterAudits/StateProcurementPractices2000S19/wif

Hunter College of the City University of New York

695 Park Avenue New York NY 10021

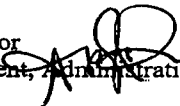


MEDGAR EVERS COLLEGE
of the City University of New York
1650 Bedford Avenue, Brooklyn, New York 11225

Office of the Vice President
Administration & Finance
(718) 270-6103 (718) 270-6918

MEMORANDUM

TO: Mr. Louis Chiacchere
Director, Office of Internal and Management Services

FROM: Arthur Taylor
Vice President, Administration & Finance 

RE: State Audit of Selected Office Equipment Procurement
Practices (2000-S-19)

DATE: March 23, 2001

I write in response to the draft audit response on selected office equipment procurement practices recently issued by the Office of the State Comptroller. The College continues to maintain that the monthly installment payments for the copier in question were correctly made in accordance with published prices under State contract.

The monthly payment included the cost of the copy machines and accessories. The accessories for this machine were identified in a letter from the manufacturer (see Attachment I) and were matched to the particular NY State contract (see Attachment II). Also note that College personnel conducted a physical inventory of this copier and found all of the purchased accessory items connected to the machine.

The copier in question came with accessories that increased the price of the basic machine. The monthly payments currently being paid, account for the additional features and thus, the College is not overpaying for this copier.

If you have any question, please call me at (718) 270-6103.

Xerox Corporation
105 Froehlich Farm Blvd.
Woodbury, New York 11797



Ms. Kareen George
Executive Assistant
Medger Evers College
1150 Carroll Street
Brooklyn, New York 11225

Dear Ms. George

Mr. David Rankert from the Office of Internal Audit and Management Service has requested information be provided on the Xerox Docucolor 40 Color Copier. The serial number of your machine is DOC-573310. It is currently equipped with an Automatic Document Feeder, High Capacity Paper Deck. The Docucolor 40 has the ability to work with both accessories at the same time. The existing machine is configured with the 2 standard paper trays and the High Capacity Paper Deck. One of the additional options available is a High Capacity Paper Deck with an additional 2,000 sheet paper capacity.

In fact current configuration is the most common and most efficient way to use the Docucolor 40. Hopefully this answers your questions and provides you with the information you needed.

As the Color Specialist for Xerox Corporation it is my responsibility to support our color products and answer any questions from our customers. Please feel free to contact me at (516) 677-1244 if you require any additional assistance.

Ken Lesser

Ken Lesser
Color Solutions Specialist
N.Y / N.E. Public Sector Operations
Xerox Corporation

cc: David Rankert

color
The ^ Document Company
XEROX



OFFICE OF INTERNAL AUDIT AND MANAGEMENT SERVICES

535 East 80th Street, New York, NY 10021

Voice:(212) 997-5820 Fax:(212)997-2301

e-mail: ljbh@cunyvm.cuny.edu

August 25, 2000

Mr. William W. Lichtenberg
Auditor-In-Charge
New York State
Office of the State Comptroller
123 William Street, 21st Floor
New York, New York 10038-3804

Dear Mr. Lichtenberg:

I write in response to your preliminary draft report regarding the office equipment procurement and leasing practices at Medgar Evers College. The attached response was prepared by Medgar Evers College and includes documentation supporting the monthly payments made by the College for the photocopier in question.

The copier, a Docucolor 40 copy machine with accessories, was purchased under NYS contract number P006026 and cost the College \$124,995 over the 60-month period. Thus, the College was correct in making the monthly payments of \$2,083.25 to the vendor. The payment records supporting this purchase were not readily available at the time of the audit because they resided in storage. Lack of office space necessitated the transfer of these records to storage.

The attached documentation addresses your concerns about a possible copier overpayment and removes any criticism regarding the purchasing practices utilized by the College to comply with New York State Education Law, Section 6218, which governs the University's procurement practices.

If you have any questions regarding this response, please call me at (212) 997-5820.

Sincerely,


Louis Chiacchere

c: Vice Chancellor Sherry Brabham
Vice President Arthur Taylor



MEDGAR EVERS COLLEGE
of the City University of New York
1650 Bedford Avenue, Brooklyn, New York 11225

Attachment

Office of the Vice President
Administration & Finance
Tel: (718) 270-6103/6106
Fax: (718) 467-2245

MEMORANDUM

TO: Mr. David Rankert
Office of Internal Audit and Management Services/CUNY

FROM: Arthur Taylor
Vice President, Administration & Finance

RE: Response to State Audit Findings – Copiers

DATE: August 24, 2000

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Please note that the copier in question, as mentioned in the State Auditor's preliminary findings, was purchased and installed on December 31st, 1996 under NYS Contract number: P006026.

After conducting further research from past records (see attached NYS Contract price list), the following is a breakdown of the prices with a deferred payment plan over 60 months at zero percent interest:

<u>PRODUCT & ACCESSORIES</u>	<u>NY STATE PRICE</u>
DOCUCOLOR 40 Base Unit	\$106,190.00
DOCUCOLOR 40 Automatic Document Feeder	\$ 2,125.00
DOCUCOLOR 40 Edit Pad	\$ 2,430.00
DOCUCOLOR 40 High Capacity Feeder	\$ 6,450.00
PC14T05 Memory Upgrade to Version .5	\$ 3,000.00
100 Base – T Upgrade Kit	\$ 2,500.00
Splash Web Server Kit	\$ 1,800.00
Color Central Lite Control Screen: (E6P)	\$ 500.00
TOTAL PURCHASE PRICE:	<u>\$124,995.00</u>

\$124,995.00/60mths = \$2,083.25 per month.

As indicated above, the cost of accessories on the College's Docucolor 40 copy machine are priced separately from the base unit under the NYS Contract, which explains the price variance indicated in the Auditor's findings. Also note that based on the NYS Contract price list, the cost of the base unit is \$106,190 and not \$104,235 as stated in the Auditor's findings. Therefore, all assumptions of overpayments are incorrect and the monthly payment of \$2,083.25 is correct.

Note that the college has and will continue to procure all of its copiers and other equipment within NYS, NYC, and CUNY procurement policies, rules and regulations.

Should you require further information, I can be reached at (718) 270-6103.

Thanks for your attention on this matter.



NEW YORK STATE
OFFICE OF GENERAL SERVICES
PROCUREMENT SERVICES GROUP
23rd Floor - Corning Tower Building
Empire State Plaza
Albany, New York 12242



CONTRACT ADDENDUM

DATE: February 3, 1998

CONTRACT INFORMATION

Group Number: 75511 - Xerox Production
Publishing Systems

Award No.: CL-20

Contract No.: P006026

Contractor: Xerox Corporation

Contract Period: July 1, 1993 - December 31, 1997

ADDRESS INQUIRIES TO:

Shirley A. Brand

Purchasing Officer

Phone: (518) 474-8739

Fax: (518) 486-6867

TO ALL STATE AGENCIES, POLITICAL SUBDIVISIONS AND OTHERS AUTHORIZED
BY LAW:

CONTRACT EXTENSION

The above contract is now extended through April 30, 1998, or until a new contract is issued,
whichever occurs first.

UPDATED PRODUCT AND PRICE LIST XEROX DOCUTECH AND COLOR PRODUCTS

Please replace all product and pricing information for Xerox Production Publishing Systems on the
above contract with the following updated listing.

NOTE: Agencies should always ask their Xerox representative to verify with GSA whether additional
temporary discounts, not yet reflected on the State contract, are available. Since these discounts are
provided only when a trade-in is not involved, agencies should determine whether a discount or trade-
in is more favorable. Agencies should also keep in mind that the discounts shown on this addendum
are temporary and may expire prior to publication of the next addendum. Do not hesitate to contact the
OGS Purchasing Officer with questions concerning products and pricing included on this contract.

PRODUCT CODE	DESCRIPTION	NYS PRICE (including 90 day warranty)	ADDITIONAL, TEMPORARY DISCOUNTS (if no trade-in is involved)
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DOCUTECH PRODUCTS

NSCUSTKIT	CHPO Netwrk Server	\$19,905	
DES-IND	DES Indexing	\$795	
8Y9	Magneto OPT Drive	\$4,785	
DPATHNT95	Docupath W/Dimage	\$14,580	
DPATHW31	Docupath W/Docucs	\$18,415	
EC-PJM	Extended Conn-PJM	\$9,500	
EC-DTKIT	EC-DT Thinnet Kit	\$140	
EC-TOKRNG	EC-Token Ring	\$250	
JM-I	Docutech Job Manager	\$3,000	
MSERV	Docutech Media Server	\$23,455	
4CK	Multiple Media	\$180	
PCI128BNP	PCI1280B W/O Kit	\$19,325	
PCI128SNP	PCI1280S W/O Kit	\$22,565	
E6P	Color Central Lite	\$500	
PCI4T05	Upgrade to Ver .5	\$3,000	
SPLSHWEB	WEB Server Kit	\$1,800	
UTCPIP	UNIX TCP/IP Kit	\$800	
PCI640BNP	PCI640B W/O Kit	\$15,000	
PCI640SNP	PCI640S W/O Kit	\$18,360	
E6P	Color Central Lite	\$500	
PCI4T05	Upgrade to Ver .5	\$3,000	
SPLSHWEB	Web Server Kit	\$1,800	
UTCPIP	UNIX TCP/IP Kit	\$800	
EC-TOKRNG	EC-Token Ring	\$250	
MRTBL	Make Ready Table	\$1,500	
133PUP	P5133 Pers Upgrade	0	
133SSUP	P5133 Scan Upgrade	0	
41UPGR	XDOD 4.1 Upgrade	0	
CNTRLUL2A	DT6135 Controller	\$23,755	
H8Y	8 GB Tape Drive	\$1,900	
CNTRLUL2B	DT Print Module	\$31,835	
H7Y	2GL GB Ext Drive	\$2,020	
SBMF-1	Doctech Book Maker	\$43,955	Free DTBYPAS with SBMF
CIM-A	Cover Insertion	\$8,600	
SBM-PKIT	SBM Productivity Kit	\$695	

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PRODUCT CODE	DESCRIPTION	NYS PRICE (including 90 day warranty)	ADDITIONAL, TEMPORARY DISCOUNTS (if no trade-in is involved)
CIM-1	Cover Insertion	\$8,600	
6135PM-1	DT Print Module	\$252,195	
DTBYPAS1	Bypass Transport	\$8,630	Free with purchase of SBMF
DTFIN1	6135 Finisher	0	
AGATE	Appletalk License	\$1,000	
DXGF1-3	XRX Generic Format	\$10,270	
DXGF4PLUS	XRX Generic Format	0	
MRTBL	Make Ready Table	\$1,500	
NGATE	Novell License	\$1,000	
PHUB	Prod. Mini Net Kit	0	
6135INT	6135 Interposer	\$17,635	
XDJC-HI	Docujob Converter	\$24,025	
XDJC-SI	Docujob Converter Software	\$9,575	
6180PM	DT Print Module	\$376,900	
DTBYPAS3	Bypass Transport	\$8,610	Free with purchase of SBMF
DTFIN2	Finisher	0	
DTFIN3	Finisher	0	
AGATE	Appletalk License	\$1,000	
DXGF1-3	XRX Generic Format	\$10,270	
DXGF4PLUS	XRX Generic Format	0	
MRTBL	Make Ready Table	\$1,500	
NGATE	Novell License	\$1,000	
PHUB	Prod. Mini Net Kit	0	
6180INT	6180 Interposer	\$17,635	
NP1353	Network Pub 135	\$256,640	\$10,000 and \$30,000
DTFIN1	6135 Finisher	0	
TAPESTOR	Online Tape Kit	\$5,550	
NP2-1353	Network Pub 135	\$243,385	\$10,000 and \$30,000
DTFIN1	6135 Finisher	0	
TAPESTOR	On-Line Tape Kit	\$5,550	
PP1353	Network Pub 135	\$239,680	\$10,000 and \$25,500
DTFIN1	6135 Finisher	0	
TAPESTOR	Online Tape Kit	\$5,550	

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PRODUCT CODE		NYS PRICE (including 90 day warranty)	ADDITIONAL, TEMPORARY DISCOUNTS (if no trade-in is involved)
NSP-KIT3	10 Base T to Thin Net	\$350	

COLOR PRODUCTS

DCOLOR 40	Docucolor 40	\$106,190	
DCOL40HCF	DOCUCOLOR HCF	\$6,450	
DC40ADF	ADF for Docucolor 40	\$2,125	
DC40EDIT	Edit Pad	\$2,430	
DC40SS	DC40 Stacker/Stapler	\$4,730	
DIC	Sorter	\$4,655	
FIERY-SI	Fiery SI Controller	\$9,205	
FIERY-SINP	Fiery SI W/O Port	\$8,760	
CWSTO325	Upgrade Kit	\$15,000	
E5W	Token Ring	\$850	
E6W	Comm Work Stand	\$300	
UPTO325	Upgrade Kit	\$15,000	
PCI1280B	PCI1280 Board Kit	\$19,730	
PCI1280S	PCI1280 System	\$22,970	
E3R	Top/IP Option Kit	\$800	
E6P	Color Central Lite	\$500	
PCI4T05	Upgrade to Ver .5	\$3,000	
SPLSHWEB	Web Server Kit	\$1,800	
UTCP/IP	UNIX TCP/IP Kit	\$800	
PCI640B	PCI640 Board Kit	\$15,120	
PCI640S	PCI640 System	\$18,780	
E3R	TOP/IP Option Kit	\$800	
PCI4T05	Upgrade to Ver .5	\$3,000	
SPLSHWEB	Web Server Kit	\$1,800	
E6P	Color Central Lite	\$500	
UTCP/IP	Unix TCP/IP Kit	\$800	
XJP525	Fiery XJP525	\$38,905	
E5W	Token Ring	\$850	
100BASET	100 Base-T U/G Kit	\$2,500	
5750 Edit	DC 5750 W/Edit Pad	\$18,245	\$500
5750NEdit	DC 5750 W/O Edit Pad	\$16,820	\$500
F5K	Empress Edit Pad	\$2,425	
K3H	5750 Left Wing	\$150	
K6K	5750 Foreign Intfc	\$225	
K8K	4 Tray	\$350	
5750ADF	5750 ADF	\$1,140	

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PRODUCT CODE	DESCRIPTION	NYS PRICE (including 90 day warranty)	ADDITIONAL, TEMPORARY DISCOUNTS (if no trade-in is involved)
5750SORT	Sorter	\$1,520	
5760ADF	Color Copier	\$22,950	\$4,900
2EK	35MM Projector	\$4,405	
OEF	Sorter	\$3,050	
1EK	Edit Pad Option	\$2,545	
5765EDIT	Color Copier	\$23,090	\$4,900
2EK	35MM Projector	\$4,405	
OEF	Sorter	\$3,050	
5790Edit	Color Copier	\$32,110	\$5,600
5790NEdit	Color Copier	\$31,085	\$5,600
4UW	ADF Kit	\$1,635	
5UW	Sorter	\$3,240	
8UW	Film Projector Kit	\$4,680	
7UW	Edit Pad Kit	\$2,725	
XJP325	Fiery XJP325 W/Kit	\$18,210	
XJP325NP	Fiery XJP325 W/Out	\$17,815	
CW325	XJP325 CWS Kit	\$4,550	
DUALM/R	Dual Copier Kit	\$6,000	
E5W	Token Ring	\$850	
E6W	Comm Work Stand	\$300	
4-32-MB SIM	4-32 MB SIMM	\$8,830	
DUALS750	Dual Copier Kit	\$6,000	
SPLSH320	SPLASH E320	\$11,485	
E6P	Color Central Lite	\$500	
SPLSHWEB	Web Server Kit	\$1,800	
UTCPIP	UNIX TCP/IP Kit	\$800	
SX3000	SCITEX SX3000	\$56,110	
SPLASHDC	Splash For DC40	\$41,230	
E6P	Color Central Lite	\$500	
K1G	TCP/IP Conn. Kit	\$800	
K6F	Web Server Kit	\$1,800	

"OGS...COMMITTED TO TOTAL CUSTOMER SATISFACTION"



QUEENS COLLEGE
THE CITY UNIVERSITY OF NEW YORK
FLUSHING, NEW YORK 11367-1597

OFFICE OF THE VICE PRESIDENT
FOR FINANCE AND BUSINESS

718 997-5775
718 997-5616 FAX

MEMORANDUM

March 19, 2001

TO: David Rankert
Office of Internal Audit and Management Services

FROM: M. Hratch Zadoian

RE: NYS Draft Report on Selected Office Equipment Purchases

I have reviewed the Draft Report and discussed it with our Purchasing Director.

I am writing to request that the second paragraph on page 4 of the report be deleted. I am quite certain that the auditors misinterpreted the Director's statements. The accuracy of the report and fairness to a conscientious and competent manager would be served by deleting the indicated paragraph.

The College is currently working with the University Central Office to address the concerns raised by the state auditors regarding the eleven photo copiers previously acquired for the CUNY Law School at Queens College.

Thank you for your assistance in this matter.