



STATE OF NEW YORK

**DEPARTMENT OF CORRECTIONS
AND COMMUNITY SUPERVISION**

THE HARRIMAN STATE CAMPUS – BUILDING 2

1220 WASHINGTON AVENUE

ALBANY, N.Y. 12226-2050

ANDREW M. CUOMO
GOVERNOR

ANTHONY J. ANNUCCI
ACTING COMMISSIONER

July 7, 2014

Ms. Andrea Inman
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236-0001

Dear Ms. Inman:

The Department of Corrections and Community Supervision (DOCCS) has reviewed the Office of the State Comptroller's Final Audit Report 2012-S-22, *Corcraft's Textile Procurement Practices*. In accordance with Section 170 of the Executive Law, DOCCS's ninety day reply to the audit is attached.

We are complying with the provisions of the Budget Policy and Reporting Manual, Item B-410, by simultaneously forwarding two copies of this response to the Division of the Budget.

DOCCS would like to acknowledge the time and effort of all employees that were involved with this audit and their desire to improve the Department's operation.

Sincerely,

Anthony J. Annucci
Acting Commissioner

Attachment

cc: Governor Andrew Cuomo
Lieutenant Governor Robert J. Duffy
Senator Dean G. Skelos
Senator Jeffrey Klein
Senator Andrea Stewart-Cousins

Senator John A. DeFrancisco
Senator Liz Krueger
Senator Patrick Gullivan
Assemblyman Sheldon Silver
Assemblyman Joseph D. Morelle
Assemblyman Herman D. Farrell, Jr.
Assemblyman Brian M. Kolb
Assemblyman Bob Oaks
Division of the Budget (2)



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ANTHONY J. ANNUCCI
ACTING COMMISSIONER

OSBOURNE A. MCKAY
DEPUTY COMMISSIONER
CORRECTIONAL INDUSTRIES & ACCREDITATION

July 7, 2014

Ms. Andrea Inman
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236-0001

Re: "Corcraft's Textile Procurement Practices"
Report 2012-S-22

Dear Ms. Inman:

Thank you for the opportunity to respond to the Office of the State Comptroller's (OSC) Final Audit Report, "Corcraft's Textile Procurement Practices," dated May 16, 2014. First, I would like to again thank your staff for their professionalism; and for their diligent efforts to improve Corcraft's procurement practices and material testing procedures.

Below are the Department of Corrections and Community Supervision's (DOCCS) responses to OSC's three recommendations:

1. Strengthen controls for procuring textiles by appropriately segregating duties among procurement personnel and/or by developing compensating controls to mitigate the procurement risks identified in this report.

DOCCS agrees. Corcraft practices have been and will continue to be reviewed by appropriate supervisory personnel and managers, to ensure appropriate segregation of duties exists among procurement personnel. The need for segregation of duties in procurement is amplified by the fact that the Purchasing Unit currently administers over one hundred (100) contracts and this amount continues to grow as the demand for raw material increases. Therefore, a proposal for a structural change to the Procurement Unit has been submitted that will strengthen the textile procurement controls by segregating duties among procurement staff and supervisory personnel. The objective is to provide a fair and equitable procurement process for all vendors that will assure appropriate stewardship of State funds, and mitigate the procurement risks identified in the OSC audit report. Additionally, an Invitation for Bid (IFB) checklist for all IFBs and existing contract extensions was developed and then implemented in May of 2014. The checklist requires a three way signature approval by the following separate and distinct entities: the originator, the purchasing supervisor, and managerial level staff. The checklists have been attached to illustrate this control measure.

DOCCS believes this provides appropriate supervisory review and a measure of compensating controls to the process. Other control activities that remain in place are the clarification in the IFB with regard to specification and testing requirements, and a description as to how the test results will impact IFB award decisions.

2. Take steps to provide better assurances that open competition takes place and only responsive and responsible vendors are awarded textile contracts. These steps should include, but not be limited to:
 - Documenting the procurement process and requiring that it be consistently followed;
 - Clarifying in the IFB which specifications are required and will be tested and how the results will impact award decisions;
 - Properly testing all required IFB specifications and documenting the results with lab reports;
 - Ensuring that personnel can adequately test specifications or using an external lab if Corcraft staff do not have the necessary expertise; and
 - Rejecting bidders that fail tests for required IFB specifications.

DOCCS agrees. Corcraft has modified existing procurement documents and created new documents to enhance and improve the current procurement process as recommended in the final OSC audit report. Modifications include: clear and concise documentation of all required testing as outlined in the IFB specifications, ensuring that personnel can adequately test the required specifications, documentation of the testing processes and any corresponding lab reports, including the use of an external lab if staff do not have the necessary expertise, and award methodologies such as rejecting bidders that fail to meet the required IFB test specifications. Some of the specifics behind these modifications include, but are not limited to: the requirement that all bidders, including the current contract holders, must submit a new sample for the IFB, the testing of material specifications at the entry points of facilities, testing by the Quality Control Analyst in the Division of Industries Albany facility, and/or testing by external laboratories as determined to be needed and when appropriate. Additionally, the IFB template language has been altered to clarify the test method and/or the material specifications that will be used to analyze the materials submitted for contract award purposes.

3. Develop a process for testing products provided by current vendors to ensure they continue to meet IFB specifications after contracts have been awarded and before related payments are made.

DOCCS agrees. Corcraft continues to manage the detailed specifications of materials received. This includes external laboratory testing, if applicable, in conjunction with staff input at receiving facilities and the Quality Control Analyst. The Department's May 9, 2014 preliminary audit response noted that a construction request for a new laboratory designed to improve Corcraft's ability to perform testing was submitted. This project is currently projected to be completed by the close of the 2015 Calendar Year. Additionally, the testing protocols for materials both at the IFB and intermittently throughout the contract term are now outlined in the Division of Industries Directive, IND #12018, "Quality Control Program." This internal management policy statement was also revised to address the procedural processes at both the IFB and during contract cycles. It was reissued effective June 16, 2014, and distributed to all Corcraft staff, in an effort to ensure compliance.

If there are any questions, please contact Paul Guenette, Director of Internal Controls at (518) 485-1394.

Sincerely,

A handwritten signature in black ink, appearing to read 'Osbourne A. McKay', is written over a circular stamp or seal.

Osbourne A. McKay
Deputy Commissioner

Attachments (2)

cc: Anthony J. Annucci, Acting Commissioner
Maureen E. Boll, Deputy Commissioner and Counsel
Daniel Martuscello III, Deputy Commissioner Administrative Services
Robert Kennedy, Assistant Commissioner
Michael Hurt, Director, Correctional Industries
Sandra Downey, Director, Division of Budget & Finance
Paul Guenette, Director, Bureau of Internal Controls
Jeff Nesich, Director, Internal Audit Unit

**NEW YORK STATE-DEPARTMENT OF CORRECTIONS & COMMUNITY SUPERVISION
DIVISION OF INDUSTRIES - PROCUREMENT**

CONTRACT CHECKLIST IFB # _____	
Group # _____	
Commodity/Service	_____
The purchasing preparer shall check all applicable boxes, sign, place checklist on top of bid package, and forward bid package to supervisor for supervisory and Agency level review and signature.	
<input type="checkbox"/>	PROC-41 **
<input type="checkbox"/>	IFB Approval Form **
<input type="checkbox"/>	Award Approval Form **
<input type="checkbox"/>	Two (2) Original Cover Letters to Dept. of Law (for service contracts)
<input type="checkbox"/>	AC340 or Purchase Order
<input type="checkbox"/>	PA Contract Award Letter (3 copies each containing original signature)
<input type="checkbox"/>	PA Contract Award Notice (3 copies) or Contract Service Agreement (3 copies each containing original signatures) (two copies shall be sent to OSC and one copy shall be kept in bid file)
<input type="checkbox"/>	Procurement Record Checklist
<input type="checkbox"/>	Attachment A Request (B1184)
<input type="checkbox"/>	Approved Contract Reporter Exemption Request (if applicable)
<input type="checkbox"/>	Contract Reporter Ad
<input type="checkbox"/>	Certified Bid Tabulation & (if applicable) Excel Worksheet Breakdown
<input type="checkbox"/>	Mandatory Site Visit/Pre-Bid Conference Sign-In Sheet and Transcript (if applicable)
<input type="checkbox"/>	Cover Letter to OSC
<input type="checkbox"/>	Bidder's Original Bid - must include the following:
<input type="checkbox"/>	IFB Checklist
<input type="checkbox"/>	IFB Response Sheet
<input type="checkbox"/>	IFB Cover Page with Tax ID number, NYS Vendor ID number, and signature
<input type="checkbox"/>	Bid Price Page(s)
<input type="checkbox"/>	Certified Vendor Responsibility Questionnaire (if over \$100,000)
<input type="checkbox"/>	Proof of Compliance for Workers' Comp <u>AND</u> Disability Benefits Coverage <u>OR</u> Attestation of Exemption
<input type="checkbox"/>	Proof of Required Insurance (if applicable)
<input type="checkbox"/>	Completed Bidder Questions
<input type="checkbox"/>	Manufacturer's Affidavit of Recycled Content and/or Manufacturer Certificate(s) (as required)
<input type="checkbox"/>	Bidder Compliance & Understanding of SFL 139-j and 139-k
<input type="checkbox"/>	Form ST-220-CA
<input type="checkbox"/>	M/WBE – EEO Policy Statement
<input type="checkbox"/>	Price List/Schedule, Complete Literature and Specifications for All Items & Catalog (if required)
<input type="checkbox"/>	All required documentation/information as evidence that bidder meets service qualifications (for service contracts)
<input type="checkbox"/>	Consultant Disclosure Form A (for service contracts for analysis, evaluation, research, training, data processing, computer programming, engineering, environmental, health and mental health services, accounting, auditing, paralegal, legal, or similar services)
<input type="checkbox"/>	Sample Test Results (if applicable)
<input type="checkbox"/>	Bidder's Signed Purchasing Memorandum(s)
<input type="checkbox"/>	Bid Protests and Our Response (if applicable)
<input type="checkbox"/>	Canvass of No Replies (if less than 3 bids received)
<input type="checkbox"/>	Justification for Award (if less than 3 bids received)
<input type="checkbox"/>	Price Justification
<input type="checkbox"/>	Original Rejected Bid(s) with Memo of Explanation or Withdrawn Bids
<input type="checkbox"/>	Blank Bid Document (including all appendices and Purchasing Memorandums)
<input type="checkbox"/>	Vendor Responsibility Profile
<input type="checkbox"/>	Governmental Entity Representation Form (Agency procurement lobbying form)
<input type="checkbox"/>	Copy of Other Bidder's Bid(s) (if less than 3 bids received)

**These items are not required in bid package, but should be kept in bid file.

Purchasing Preparer's Signature: _____

Purchasing Supervisor's Signature: _____

Agency Signature: _____
(Director or Designee)

**NEW YORK STATE DEPARTMENT OF CORRECTIONS & COMMUNITY SUPERVISION
DIVISION OF INDUSTRIES - PROCUREMENT**

CONTRACT CHECKLIST (Renewals & Amendments)

Contract # _____

Vendor Name _____

Commodity/Service _____

The purchasing preparer shall check all applicable boxes, sign, place checklist on top of contract package, and forward package to supervisor for Supervisory and Agency level review and signature.

<input type="checkbox"/>	AC340
<input type="checkbox"/>	Vendor Contract Renewal – Formal Letter (3 copies each containing original signatures) (two copies shall be sent to OSC and one copy shall be kept in bid file)
<input type="checkbox"/>	Attachment A Request (B1184)
<input type="checkbox"/>	Cover Letter to OSC
<input type="checkbox"/>	Re-Certified Vendor Responsibility Questionnaire (required only if it has been more than six (6) months since last certification)**
<input type="checkbox"/>	Vendor Responsibility Profile
<input type="checkbox"/>	Proof of Compliance for Workers' Comp AND Disability Benefits Coverage
<input type="checkbox"/>	Signed Appendix A Affidavit form (if required)
<input type="checkbox"/>	Contractor Certification TO Covered Agency (ST-220 CA)
<input type="checkbox"/>	Purchasing Memorandum – Notice of Contract Award Update

**These items are not required in contract package, but should be kept in contract file.

Purchasing Preparer's Signature: _____

Purchasing Supervisor Signature: _____

Agency Signature: _____
(Director or Designee)