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DEPARTMENT OF  
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CITY OF YONKERS

**TO:** Philip A. Amicone, Mayor  
Chuck Lesnick, City Council President  
All City Council Members  
James LaPerche, Finance Commissioner  
Thomas Collich, Director of Purchasing

**FROM:** Philip A. Zisman, Inspector General

**SUBJECT:** Review of the City's Purchasing Department

**DATE:** June 27, 2007

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The Inspector General's Office has conducted an operational review of the City's Purchasing Department. This memorandum sets forth our findings.

**Background**

On an annual basis the City of Yonkers government enters into hundreds of contracts and purchases thousands of items. In fiscal year 2006-2007, the City will expend approximately \$55 million in procurements.<sup>1</sup>

New York State General Municipal Law ("GML") provides the legal framework for how municipalities must purchase goods and services. Municipalities are mandated to obtain fair and reasonable prices for high quality goods and services that are delivered on a timely basis. Moreover, municipalities must treat vendors fairly, and the procurement process must be open and transparent.

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<sup>1</sup>The estimate, provided by the Department of Finance, includes funds appropriated in the annual operating and capital budgets. This report is based on information pertaining to the City's 2006/2007 annual budget, which ends on June 30, 2007.

Generally, under GML §103, all contracts for public work<sup>2</sup> involving an expenditure of more than \$20,000, and all purchases exceeding \$10,000, are subject to advertised, sealed, competitive bidding. Under GML §104-b, all procurements not covered by GML §103, are subject to local policies and procedures established to ensure that municipalities make purchases at the lowest cost while guarding against favoritism, extravagance, fraud and corruption. It is the Purchasing Department's responsibility to process City procurements in accordance with the requirements of State law and City law, policy and procedure.<sup>3</sup>

## **Scope of Review**

Our review focused on three specific aspects of the Purchasing Department: 1) Office Operations, 2) Compliance with Legal Standards, and 3) Interactions with Other City Departments. Our goal was to determine whether the Department is meeting its stated objective of "adding value" to the procurement process and adhering to sound purchasing practices, and to identify if there are any specific areas of City procurement which could be improved.

Our findings are based on our extensive discussions with Purchasing Director Thomas Collich and members of his staff. We also spoke to the Commissioner of Finance, who the Director of Purchasing reports to, and to Commissioners of other City Departments to assess the service the Purchasing Department provides in the procurement process. In addition, we reviewed all Purchasing Department policies and procedures, the Department's databases, complete files of selected contracts, and other paperwork that is involved in the Department's daily operations.

From the outset, we would like to thank Mr. Collich for his cooperation and candor during this review. In addition to documenting the improvements and successes that he has made as Purchasing Director, he also readily admitted his problems and frustrations and specifically asked us to recommend solutions. Mr. Collich saw this review as an opportunity to solve problems and improve the effectiveness of his Department.<sup>4</sup>

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<sup>2</sup> Public work contracts are defined as City construction projects.

<sup>3</sup> When city projects receive federal funding, federal law and procurement guidelines must also be followed.

<sup>4</sup> In addition, the Inspector General's review of the Purchasing Department benefited from my 15 years of experience working with the Department. Prior to my appointment as Inspector General, starting in 1992, I served as the City's Deputy Corporation Counsel and then Corporation Counsel, and worked directly with a series of Purchasing Directors. Prior to Mr. Collich's appointment in 2000, the Purchasing Department long suffered from a lack of expertise in the field of municipal purchasing. Mr. Collich, with broad experience in municipal purchasing as a director of purchasing at the New York City Transit Authority, was specifically recruited to build a modern and efficient Purchasing Department that met all legal requirements.

## Summary of the Findings

We believe that under Director Thomas Collich's leadership, the Purchasing Department has made important and necessary improvements. Almost single-handedly, Mr. Collich has overhauled and upgraded the Department and is bringing it into compliance with applicable purchasing laws and best purchasing practices. Overall, the Purchasing Department is actively working to achieve its objective of "add[ing] value to the process of acquiring goods and services by adhering to sound Purchasing practices." We also believe that because of the Department's adherence to established policies and procedures and active oversight of procurement matters, the necessary internal controls are in place to ensure the overall integrity of the City's procurement operations.

Still, the effort to upgrade the Department is a work in progress that has experienced growing pains. There are existing policies and procedures that must be refined and new policies and procedures that need to be developed and implemented. In addition, we believe that administratively, the Department needs another level of management to better coordinate the flow of work and to supervise and train the buyers. New policy and procedure initiatives for purchases valued between \$200 and \$10,000, and public works contracts valued at less than \$20,000 are necessary to resolve ongoing problems between some of the user departments and Purchasing. Mr. Collich also needs to be freed from some of the responsibility for the daily management of the Department so that he can focus his considerable talents on the City's most important procurement initiatives and further procurement reform.

We specifically recommend that:

- The Purchasing Department finalizes and issues a City procurement policy and procedure manual.
- The City administration approves the creation of a new position of Deputy Director of Purchasing.
- In order to reduce the problem with "confirming purchase orders", the City implement Director Collich's recommendation that City Departments be authorized to use Procurement Cards or "P-Cards" for certain purchases valued at up to \$1,000.
- All purchases made utilizing State or County contracts and all emergency contracts be submitted to the Board of Contract and Supply as required by applicable law.
- The Purchasing Department expand its database of City vendors to include information regarding contract history and past problems.
- The City Council review its policy under General Municipal Law § 104-b.

## Overview of the Purchasing Department

The City's Purchasing Department, located on the first floor of City Hall, has a staff of nine employees, including Director Collich, who was appointed in 2000. There are five principal buyers and three clerical workers.<sup>5</sup> The Department is part of the City's Finance and Management Services Department, and the Director of Purchasing reports to the Commissioner of Finance.<sup>6</sup> The annual budget for fiscal year 2007 is \$593,763. The Purchasing Department estimates that it will award 400 contracts and process 5,300 purchase orders over the course of the fiscal year.<sup>7</sup>

As set forth in the City's annual budget book and on the City's website, the overall "objective of the Purchasing department is to add value to the process of acquiring goods and services by adhering to sound Purchasing practices, which include:

- Purchasing the right goods and services at the right quality, in the right quantity, from the right source, at the right price, and having them deliver/perform at the right time and place;
- Minimizing the cost of the purchasing process through efficient operations and procedures;
- Achieving lower prices by acquiring goods and services through a competitive solicitation process;
- Developing and maintaining reliable sources of supply to promote competitive pricing and performance;
- Developing and maintaining sound relationships with City departments to maximize support and cooperation;
- Developing formal purchasing policies and procedures to ensure that taxpayer dollars are spent wisely and to ensure that all purchasing actions are conducted fairly and impartially, and in accordance with all applicable City, State, and Federal laws, rules, regulations, and guidelines: and
- Promoting the ongoing development and training of Purchasing personnel to maximize competency."

Although the Purchasing Department does not have a procurement policy and procedure manual, policies and procedures can be found in a series of memoranda and document templates that the Director of Purchasing has issued

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<sup>5</sup> One of the buyers has a Civil Service title of Clerk IV. The three clerical workers, one of whom is part-time, and the Clerk IV – principal buyer, are members of the Service Employees International Union ("SEIU"). The other employees are considered management employees and are not represented by a municipal union.

<sup>6</sup> Although technically part of the Finance Department, the Purchasing Department has a great deal of autonomy and the Finance Commissioner is not involved in day-to-day operations.

<sup>7</sup> A review of Purchasing Department records for calendar year 2006 revealed that the Department processed approximately 4,600 purchase orders that year.

and are available to all employees with access to the City's computerized database.<sup>8</sup> The documents and templates make it relatively easy for City departments to submit the paperwork necessary to enter into a contract or make a purchase. The Purchasing Department staff is also available to answer questions and help with the mechanics of the purchasing process.

The Purchasing Department serves as the administrative staff to the City's Board of Contract and Supply ("BOCS"). Under the City Charter and Code, the BOCS is the legal entity that must approve City public works contracts over \$20,000, purchase contracts over \$10,000 and personal service contracts over \$2,000.<sup>9</sup> The BOCS is scheduled to meet each month to approve contracts and review other procurement-related matters such as contract amendments. The agenda for the meeting is prepared by the Purchasing Department, and the Director of Purchasing administers both the monthly pre-BOCS meeting (a dress rehearsal for the BOCS meeting for departmental staff with matters on the agenda) and the actual BOCS meetings.

In addition, on February 8, 2007, Mayor Amicone signed an executive order entitled *Procurement Opportunities for Minority and Women-owned Business Enterprises*, which requires the Purchasing Department to identify and work with qualified minority and women-owned businesses in seeking and securing City contracts.

### Procurement Categories

There are three basic types of procurements and each has separate policies and procedures that must be followed: 1) Public Work over \$20,000 and purchases over \$10,000 (GML §103 contracts); 2) Public Work valued at less than \$20,000 and purchases less than \$10,000 (GML §104-b contracts); and 3) Professional Services Contracts. The Purchasing Department follows separate protocols for processing each different type of procurement.<sup>10</sup>

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<sup>8</sup> Mr. Collich has informed us that he has been developing a policy and procedure manual for a number of years and that it is 75% completed. He has not finished it, however, because his first priority is ensuring that the day-to-day work of the office is properly performed. We recommend that the manual be completed as expeditiously as possible.

<sup>9</sup>The Mayor is the chair of the BOCS. For contracts awarded under GML §103, the voting members are the Mayor, City Council President, City Engineer and Commissioner of Finance. For contracts awarded under GML §104-b, the City Council Majority Leader is also a voting member of the BOCS. In 2006, the electorate approved a referendum that raised the dollar amounts requiring BOCS approval for public work contracts to \$20,000 and purchases to \$10,000.

<sup>10</sup> A fourth kind of procurement – petty cash purchases with a value of \$50 or less – is made directly by City departments without Purchasing Department involvement. Purchasing Director Collich did, however, issue a petty cash policy and procedure for departments to follow when utilizing petty cash and keeping records of such transactions.

### Public Work over \$20,000 – Purchases over \$10,000

These contracts are awarded in accordance with the requirements of GML §103. The procedure is as follows:

1. Bid specifications for the public work or item to be purchased are created and bid packages for vendors are prepared.
2. The Purchasing Department advertises the bid in the official City newspapers, trade journals and solicits appropriate vendors to bid.
3. Prospective vendors submit sealed bids by an established cutoff date.
4. The bids are publicly opened and the bids are recorded.
5. The bids are analyzed to determine the “lowest responsible bidder.”<sup>11</sup>
6. The Purchasing Department, in conjunction with the user department, makes a recommendation of award to the BOCS.
7. BOCS votes on the award of contracts.
8. Purchasing oversees the preparation and execution of contract documents.

There are a limited number of exceptions to the sealed bidding requirements. The most significant allows municipalities to access or “piggyback” onto existing State or County contracts which have already been subject to a competitive bidding process. Emergency contracts are also exempt from competitive bidding requirements.

Once a contract for goods is in place, the Purchasing Department processes purchase requisitions that are submitted by the user departments. The Purchasing Department is generally not, however, involved in ensuring that the appropriate goods are delivered, or in processing the City’s payments for the delivered goods and services, unless there is a problem with a particular vendor. It is the responsibility of the user department to receive goods, process payments and ensure that the terms and conditions of the contract are being followed. Moreover, the user department is responsible for initiating the contract process to ensure that the City enters into appropriate contracts to meet operating needs.

### Public Work under \$20,000 and Purchases under \$10,000

Procurements that are under the threshold amounts established in GML §103, fall under the provisions of GML §104-b, and are subject to policies and

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<sup>11</sup> In determining a potential vendor’s “responsibility”, the Purchasing Department considers whether the vendor: 1) possesses the integrity to perform the contract; 2) has performed at acceptable levels on other government contracts, 3) has any necessary licenses or qualifications; and 4) is financially secure and has the required insurance. As part of the City’s analysis, the Inspector General’s Office conducts background reviews on prospective vendors being considered for contracts that exceed \$100,000.

procedures that local governments are required to establish. In implementing the City's §104-b policy, the Purchasing Department has established a "quote" procedure in which items with a value of up to \$1,000, require the solicitation of one quote from a potential vendor; items with a value of \$1,000 to \$2,000, require two vendor quotes; and items valued between \$2,000 and \$20,000 require three quotes. Contracts entered into under the informal quote system are awarded to the lowest bidder providing the best value as determined by the Purchasing Department in conjunction with the department that requisitioned the purchase.<sup>12</sup>

### Personal Service Contracts

According to the Purchasing Department's guidelines, "personal services" (which are also subject to GML §104-b requirements) are those "that require specialized skill, training, and expertise, use of professional judgment/discretion, and/or a high degree of creativity and often involve a relationship of personal trust and confidence."<sup>13</sup> Typical personal service contracts are for legal, architecture, accounting, auditing, medical and other professional consulting services.

Applicable State and local law gives municipalities considerable discretion in selecting consultants, and sealed bidding is expressly not required. The Purchasing Department's preferred method of soliciting for professional services is through Requests for Proposals ("RFPs"). The RFP is a formal invitation to consultants to submit proposals to meet an identified need of a City department. The RFP method allows the City to select a consultant based on factors other than price alone. The use of RFPs, however, is optional and hiring decisions are often made by the user department without utilizing an RFP. For instance, when the Inspector General's Office wanted to hire a confidential investigator, the decision was made solely by the Inspector General, subject to the approval of the BOCS.

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<sup>12</sup> GML §104-b requires that the City Council adopt a resolution setting forth the internal policies and procedures governing all procurements covered by this provision. The policies and procedures are to be reviewed on an annual basis. We note that the City Council last updated the City's §104-b policy in the 1990s. Although the Purchasing Department has implemented procedures that are generally consistent with the City Council policy, it is recommended that the Council work with the Purchasing Department to review and revise the policy.

<sup>13</sup> See, A Vendor's Guide to Contracting with the City of Yonkers, revised April 25, 2007, at page 3.



# Inspector General Review

## Office Operations

### Daily Office Administration

According to Director Collich, it is usual for the Department to receive twenty or more work requests from the various City departments on a daily basis. At any given time there are dozens of active matters being worked on by the staff. Generally, incoming work can be divided into two categories: 1) requests for new contracts, and 2) requests to process purchase requisitions (“REQs”).

### New Contract Requests

A new contract request comes in the form of a purchase requisition or request-to-advertise and includes proposed product specifications or descriptions of the proposed scope-of-work. As a threshold matter, Director Collich reviews the request for completeness and accuracy,<sup>14</sup> and determines the correct method for procuring the requested good or service. Depending on the nature of the request, Director Collich assigns the matter to one of the five Department buyers. In the case of the most complex procurements, Mr. Collich will assign the work to himself.<sup>15</sup> On matters requiring legal expertise, Mr. Collich works closely with the Law Department.<sup>16</sup> Buyers are responsible for processing all aspects of the procurements assigned to them. Depending on the relative complexity and estimated cost of a new contract request, the work required can be routine and quickly completed or complicated and time consuming.

### Purchase REQs

Once a contract for goods has been awarded, the user department accesses that contract by submitting a REQ to the Purchasing Department.<sup>17</sup> The Purchasing Department reviews the REQ for accuracy, ensuring that the items to be purchased and the prices are consistent with the terms of the contract.<sup>18</sup> Upon

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<sup>14</sup> Sometimes considerable work may be required to improve bid specifications and scopes of work, and usually involves collaboration between the user department and the Purchasing Department.

<sup>15</sup> Mr. Collich’s projects have included preparing RFPs for: outsourcing of the DPW’s vehicle parts storeroom; the 311 call system; e-government and the new City website; a remote water meter reading system; and Police and Fire Departments records management systems.

<sup>16</sup> Mark Morphopolous, a legal consultant to the Law Department, works on purchasing matters. His duties include reviewing and negotiating contract terms and conditions.

<sup>17</sup> The REQ procedure does not apply to public work or personal service contracts. With these contracts, the user department sends approved invoices directly to the City’s accounts payable office in the Finance Department. In addition, REQs can be used for non-contract purchases valued at less than \$10,000. In these cases, Purchasing staff solicits quotations before a PO is prepared and issued.

<sup>18</sup> The Purchasing Department processes approximately 5,000 REQs each year, the Department staff spot checks REQs for accuracy with the contract.



approval of the Purchasing Department, a purchase order (“PO”) is created and copies are forwarded to the user department and vendor, and then the order is filled.

Mr. Collich has identified the submission of improper REQs as a significant ongoing problem. After a contract is in place, the REQs are required to be submitted before the goods are ordered. However, departments often submit REQs which request that the Purchasing Department prepare a “confirming PO” to authorize payment of goods and/or services that have already been ordered and received by the departments. In some cases REQs requesting confirming POs are submitted without a pre-existing contract. The departmental practice of using REQs to request the preparation and approval of confirming POs pertain to relatively small purchases of less than \$10,000, and not for contracts that require competitive bidding.

A typical example in which a need for a confirming PO is created is in the following hypothetical situation, which Mr. Collich provided:

A bathroom in a City building needs repair. During the repair, the General Services crew discovers that a \$1,500 part is needed. Someone from General Services orders the part from a vendor who delivers it and the repair is completed. The vendor submits the invoice to General Services, which in turn submits it to Purchasing to be processed for payment. For the invoice to be paid, the Purchasing Department must prepare a “confirming PO” to submit to Accounts Payable in the Finance Department.<sup>19</sup>

According to Mr. Collich the use of confirming POs undermines the Department’s purchasing program because they contravene sound procurement policies and procedures, and they undermine the Department’s efforts to determine the “best value” to the City in making purchasing decisions. The confirming POs bypass the expertise of the Purchasing Department, and bypass the important internal control that ensures that contracts are not steered to “favored” vendors, but are competitively awarded, and that local and minority and women owned businesses have an opportunity to participate. (In the above example, the City’s purchasing policy required that at least two quotes be solicited in an effort to ensure that the purchase price was competitive. According to Mr. Collich, the required quotes can easily be solicited without unduly delaying the delivery of the purchase.) Moreover, the confirming POs create administrative problems for the Purchasing Department, which must decide on a case-by-case basis whether to process each confirming PO.<sup>20</sup>

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<sup>19</sup> Departments cannot submit the invoices directly to Accounts Payable because they will not be paid without the Purchasing Department’s purchase order.

<sup>20</sup> The process for issuing confirming POs has sometimes been contentious. Mr. Collich has delayed the approval of payment to vendors because Purchasing policies and procedures were bypassed. In addition, Mr. Collich sends a warning letter to vendors who have received orders

To address the problem, Mr. Collich has issued a number of “blanket POs” with local retail vendors which allow for relatively small purchases to be made without contracts.<sup>21</sup> Mr. Collich is also currently advocating that the City implement a “procurement card” or “P-Card” program which will authorize the use of City-issued credit cards to make certain pre-approved purchases up to \$1,000. According to Mr. Collich, P-Cards will eliminate the need for a significant number of the confirming POs and the associated clerical work involved with processing purchase orders and paying invoices. Mr. Collich also wants to issue more competitively bid “requirements” contracts<sup>22</sup> which will put in place more standing contracts so that user departments will not have to utilize the quote system as frequently as they do now.<sup>23</sup>

Mr. Collich believes that once the problem with confirming POs is resolved, the Purchasing Department will be better able to meet its overall objective of “adding value” to the City’s overall purchasing program through the use of the Department’s procurement expertise, because the Department staff will have more time to secure the best possible contracts for the City.

### Recordkeeping

The Purchasing Department maintains six separate databases<sup>24</sup> that keep track of all City procurement activity, and an internal filing system that organizes and stores the volumes of paperwork associated with the City’s procurement operations. The paper files of current City contracts are stored in racks of files in

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directly from City departments. The warning letter reminds the vendor that such orders are unauthorized and there is no assurance of payment. See Warning Letter template, attached as Exhibit “1”.

<sup>21</sup> The City currently has established 19 Blanket POs with retail outlets in the City. For example, the Blanket PO with Schall’s Hardware Store on Saw Mill River Road, is utilized by the Departments of Public Works and General Services in facilitating maintenance operations. Purchases are limited to items costing less than \$200, which are not available from an existing City contract. Total purchases under a Blanket PO cannot exceed \$10,000 per year. According to the Purchasing Department’s stated Blanket Purchase Order Policy, the blanket POs are “an efficient way for City departments to procure, on an ‘as needed’ basis various incidental commodities required to perform daily operations.” The Blanket POs eliminate the need for confirming POs, streamline paperwork, and provide the necessary internal controls to ensure that such purchases are for a City purpose. The State Comptroller’s Office has sanctioned the use of such Blanket POs. See, New York State Comptroller’s Financial Management Guide, Procurement subsection, 8-3050.

<sup>22</sup> Requirements contracts allow the City to purchase items on an “as needed” basis, often from a vendor’s catalog, at an established price.

<sup>23</sup> A significant part of Mr. Collich’s strategy to create competition and increase vendor participation includes the City’s participation in the Hudson Valley Municipal Purchasing Group (“HVMPG”) – a regional bid notification system that enables municipalities to post all of their bidding and quoting opportunities on one central website. The use of confirming POs negates the utility of the HVMPG.

<sup>24</sup> The databases are: Purchase Order Log, Contract Log; Minority and Women Business Enterprise Log; Bid Number Log, Request for Proposal Log, and Vendor Log.

a central file room. Closed contracts are stored in City archives. The files contain all contract documentation except for purchase orders which are stored chronologically by vendor in separate filing cabinets. Buyers also maintain individual files of items that they are working on.

The City is currently devising an RFP for a new integrated accounting system or Enterprise Resource Planning system. According to Mr. Collich, the new system, which should be in place within two years, should fully automate the current system of processing contracts. This will allow the user departments, Purchasing Department and the Finance Department to process requisitions and purchase orders directly on their computers, and should eliminate much of the paperwork generated by the current system. The new system will also build in automated internal controls that would better ensure that the City contracts were only being utilized for municipal purposes.

### **Findings Regarding Office Operations**

Based on our review of the Purchasing Department's office operations, we make the following specific findings:

- 1) The Purchasing Department is a busy office. Although City departments engage in procurement throughout the year, certain months are busier than others. For example, June, the last month of the fiscal year, tends to be busy because departments are completing their purchasing for the year. All members of the Purchasing Department are under work pressure during busy periods. The deadline for the monthly BOCS meeting also puts pressure on the staff.
- 2) The Purchasing Department has processes and systems in place to manage the heavy flow of paperwork. Records are easily identifiable and retrievable, and the Department staff properly utilizes the offices' automated listings and filing system. Although not a subject of our review, we believe that the proposed new Enterprise Resource Planning System, as explained by Mr. Collich, should provide an automated system which will help further modernize the City's procurement operations.
- 3) Mr. Collich is a very knowledgeable and skillful municipal purchasing professional who has embarked on an ambitious plan to overhaul and upgrade the City's procurement operations.
- 4) Mr. Collich should be given credit for a considerable list of accomplishments that have transformed the City's procurement operations. They include, but are not limited to:

- creating and continually refining comprehensive policies and procedures for all aspects of purchasing.
  - creating user friendly and uniform purchasing documents.
  - creating easily understood instructions to help user departments comply with purchasing requirements.
  - establishing an informal quote system to promote competition and transparency for contracts not subject to sealed competitive bidding.
  - creating a petty cash procedure and associated forms.
  - establishing protocols for administering the sealed bidding process.
  - designing a comprehensive RFP policy and process.
  - publishing the clear and concise *Vendor's Guide to Contracting with the City of Yonkers*.
  - instituting on-line ordering of office supplies.
  - instituting a Blanket Purchase Order policy to streamline ordering of high volume/low dollar purchases.
  - joining the Hudson Valley Municipal Purchasing Group to promote outreach and innovative e-procurement.
  - personally performing the substantive work on all of the City's major procurement initiatives.
- 5) Director Collich does not, as a general rule, have confidence in his staff to perform the Department's most sophisticated work, and does not delegate it to them. As a result, he maintains a significant workload of his own, which is often unmanageable. He is continually under work pressure, which in turn interferes with his management of the Department.
- 6) The staff of the Department, although capable of performing routine work, as a whole does not currently have the experience or expertise to fully implement Mr. Collich's agenda for the Department. The buyers need assistance and training in performing matters that are complicated or otherwise out of the ordinary.
- 7) City departments that have many contract matters with the Purchasing Department question the capabilities of some of the Purchasing Department buyers. Department heads believe that having a dedicated buyer<sup>25</sup> for their specific matters might be helpful, but were concerned that not all buyers are capable of meeting their needs. (See page 22 below.)

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<sup>25</sup> Buyers are generalists who handle all the different aspects of City procurements. Mr. Collich does, however, make work assignments based on buyers experience and expertise.

- 8) City departments create problems for the Purchasing Department by not following established procurement policies and procedures. Specifically, departments too often submit requisitions that require Purchasing to create a confirming PO for purchases valued between \$200 and \$10,000, and public works contracts valued at less than \$20,000.
- 9) The use of confirming POs violates procurement policy and procedure and it needs to be eliminated to ensure the integrity of the contracting process. Confirming POs bypass the Purchasing Department in the procurement process, thus eliminating the important Purchasing Department role of ensuring that proper procurement procedures were followed.
- 10) Mr. Collich and his staff also believe that departments do not adequately plan for their procurement needs. Sometimes, procurements become emergencies<sup>26</sup> because a user department did not provide adequate lead time for a contract to be awarded in a timely manner. The constant emergencies put pressure on the Department buyers and leads to inefficiencies and disruptions in the orderly flow of Department work.
- 11) Mr. Collich has proposed solutions to resolve the problem of confirming POs including the use of authorized Procurement Cards, known as P-Cards, and the use of additional "requirements" contracts.
- 12) Mr. Collich's establishment of City-wide procurement policies and procedures and his vigilance in monitoring the contracting process and efforts to enforce the rules and procedures has established a strong system of internal controls that ensures the integrity of the City's procurement process.
- 13) Other than Director Collich, there is no manager to supervise and assist the Department's buyers. Because of his own heavy workload, Mr. Collich often does not have an adequate amount of time to devote to working with the buyers.
- 14) There is a morale problem in the office and tension exists between Mr. Collich and some of his staff. We attribute this to Mr. Collich's ambitious agenda, the high standards he sets for his staff, and the fact that Mr. Collich is overworked and the staff is subject to significant time pressures.

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<sup>26</sup> The emergencies for failure to adequately plan for their procurement needs, should not be confused with "emergency" contracts under GML § 103, which pertain to unforeseen events that require immediate action. See page 16.

- 15) Because of administrative problems from the need to quickly process emergency procurements, and user departments' failures to follow Purchasing policy and procedures, there are sometimes delays and disruptions in processing contracts and purchase orders.
- 16) Despite internal problems, Mr. Collich has raised the quality of the work product, and when under pressure the staff meets deadlines. Overall, the quality of the services rendered by the Purchasing Department has significantly improved under Mr. Collich's tenure.

### **Recommendations Regarding Office Operations**

Based on our findings, we make three specific recommendations related to the office's operations:

1. It is important that a middle level of management be created in the Purchasing Department. A simple review of the Department organizational chart (attached as Exhibit "2") reveals that Mr. Collich is the Department's sole manager. If he is to continue to perform the City's most complex purchasing work himself, he needs to be freed from much of the daily office administration. Moreover, because of the demands on him, Mr. Collich cannot devote enough time to assisting and training the buyers to help them develop the requisite skills that are required to perform at the high standards that Mr. Collich has set.

It is evident to us that in order for Mr. Collich to fulfill his ambitious agenda of upgrading the Purchasing Department, he needs help. We strongly recommend that the City administration approve the creation of a new position of Deputy Purchasing Director. The new Deputy is critical to solving the administrative problems that currently exist.

2. In order to resolve ongoing administrative problems within the Purchasing Department, the problem with the use of confirming POs must be solved. Departments must stop submitting requisitions to the Purchasing Department that require confirming POs. At the same time, however, the departments need a timely procedure to ensure that their immediate purchasing requirements are met.

We recommend that the City act on Mr. Collich's recommendation to implement a P-Card program in the City. The introduction of the P-Card should obviate the need for departments to require so many confirming POs.

3. The Department's database for vendors should be more comprehensive and provide contract history and document any problems that the City has had with a vendor and its principals. This

information would be invaluable in selecting vendors for future contracts. Thus, we recommend that the Purchasing Department upgrade the information contained in its vendor log. *(According to Mr. Collich, the new Enterprise Resource Planning System will be able to capture this information, and the HVMPG also has similar information available on its website.)*

## **Compliance with Legal Standards**

We conducted a review of a sample of the different kinds of City contracts that the City entered into during 2006. We reviewed eight contracts that were awarded pursuant to GML §103 guidelines; seven purchases utilizing State or County contracts; two emergency contracts; six contracts awarded pursuant to GML § 104-b which included four public work contracts valued at less than \$20,000, and two commodity purchases valued at less than \$10,000; and nine personal service contracts. In addition we reviewed four confirming purchase orders. (A list of all the contracts and purchase orders that we reviewed is attached as Exhibit “3”.)

As a general matter, we found that in every contract we reviewed, the Purchasing Department was following established procurement laws, policies and procedures. With respect to the confirming POs, the Purchasing Department readily admits that these purchases are inconsistent with standard municipal purchasing procedures. We reviewed these files to understand the paperwork involved and to evaluate how Purchasing is handling these matters. Our specific findings regarding our review are set forth below:<sup>27</sup>

### Competitively Bid Contracts under GML§ 103

We reviewed the files of eight contracts that were awarded pursuant to the guidelines of GML § 103. In each of the files we found a clear paper trail indicating that the eight step process, which is outlined on page 6 of this report, was followed. Thus, we are satisfied that the Purchasing Department is appropriately administering the award of these contracts.

### Purchases from State and County Contracts

We reviewed the Purchasing Department’s procedures for utilizing State and County Contracts. Existing New York State Contracts are available online from the New York State Office of General Services

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<sup>27</sup> Our review of these contracts was not a full contract audit. Our purpose was limited to determining whether appropriate purchasing laws, policies and procedures were followed. We did not evaluate whether vendors properly performed under the contract or audit the accuracy of City-payments to vendors. Conducting contract audits is a regular activity of the Inspector General’s Office, but outside the scope of this review of the Purchasing Department.



website; County contracts are not available online, but the Purchasing Department receives and keeps copies of County contracts that the City may consider accessing. Part of the Purchasing Department's expertise is in knowing what State and County contracts are available for City use.

The decision to utilize a State or County contract is made by the Purchasing Department. Accessing such contracts is often a preferred purchasing method because it eliminates the requirement for the City to enter into its own contracts for many items, and allows the City to benefit from volume discounts.<sup>28</sup> Most of the City's vehicles and computer-related items are purchased off State contracts.

We reviewed the purchase orders and accompanying documentation in seven purchases made under State and County contracts. In two of the purchases that we reviewed, the Purchasing Department compared the price quotes from competing vendors which held applicable State contracts and chose the vendor with the most favorable price. Also, with respect to a purchase under a County of Westchester contract, the Purchasing Department considered but rejected prices from available State contracts. Our review of these purchases revealed that the Purchasing Department is appropriately accessing State and County contracts and "adding value" by researching which contracts afford the best prices.

We note that the City makes hundreds of thousands of dollars of purchases under State and County contracts annually. These purchases have traditionally not been submitted to the BOCS for approval. This is a longstanding oversight that needs to be corrected. Under the City Code and Charter, the BOCS is the governing body that is authorized to approve City contracts and purchases over \$10,000. There are no exceptions for purchases made pursuant to State or County contracts. The State provision allowing a municipality to access State and County contracts obviates the need to advertise and conduct sealed, competitive bidding, but does not, however, allow the City to bypass BOCS. Thus, it is evident that in the future purchases made from State or County contracts must be submitted to the BOCS.<sup>29</sup>

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<sup>28</sup> Sometimes, however, State contracts are more expensive because of added shipping costs. When possible, the Purchasing Department tries to identify local vendors who can underbid the State contracts.

<sup>29</sup> We reviewed this matter with Mitchell Morris, Associate Counsel in the Office of the State Comptroller. Mr. Morris is recognized as the Comptroller's expert on State and local government contracts and has written a treatise on the subject. According to Mr. Morris, there is no State provision that allows municipalities to bypass their procurement boards when State or County contracts are utilized. Moreover, sending these purchases to the BOCS serves an important public policy in ensuring that large purchases for such items as vehicles and computers are approved by the City's procurement policymakers in a public forum.

## Emergency Contracts

One exception to the requirements for sealed, competitive bidding is the need to respond to emergencies, when an unforeseen event occurs

that threatens public or employee safety. In emergency situations, municipalities are authorized to forgo bidding requirements and engage in a reasonable competitive process given the circumstances. In 2006 the City entered into 11 emergency contracts.

We reviewed the files of two of those contracts. In one, the City issued an emergency contract to Verde Electric for \$87,613 for the repair of a traffic signal, which was knocked down in a motor vehicle accident. In the other, the City issued a \$297,253.59 contract to repair a sewer collapse. In each case the emergencies were well documented, an effort was made to solicit quotes for the repair work, and the emergency declaration was issued as required.

We note, however, that neither of the emergency contracts that we reviewed was submitted to the BOCS for ratification after the fact as required by State law. As with the purchases made under State and County contracts, emergency contracts should be included on the BOCS agenda.

## Personal Services Contracts

We reviewed the files of nine personal service contracts. For two of the contracts, the Purchasing Department issued Requests for Proposals ("RFPs") to solicit vendors to submit technical and cost proposals. One contract was for the design of a water main on North Broadway. The files reflected that the City advertised and solicited responses from Engineering firms, that 13 proposals were received and that the contract for \$374,696 was awarded to the firm that submitted the lowest cost proposal. The other RFP contract was for a July 4<sup>th</sup> fireworks display. Again the City advertised and solicited proposals, and awarded the contract for \$35,000 to the company that submitted the sole proposal.<sup>30</sup> In both cases, the decisions were well documented and supported by underlying paperwork.

We also reviewed seven personal services contracts in which vendors were hired at the recommendation of the Mayor's Office, the Office of Economic Development and DPW. The contracts were all properly submitted and approved by the BOCS. The files reflect the discretionary nature of these contracts; support a determination that competition was not required because the work being performed fell within

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<sup>30</sup> Other potential bidders declined to participate because of prior commitments.

the definition of a personal service; and contained paperwork consistent with the policies and procedures for awarding personal services contracts.

#### Public Works Contracts Valued at less than \$20,000 and Purchases under \$10,000

As discussed above beginning on page 8 in the section entitled “Purchase REQs,” we were aware that contracts falling into these categories cause the most problems in the Purchasing Department and some departmental purchases are not in compliance with applicable laws, policies and procedures. Aware of these problems, we selected 4 public work projects – 3 General Service Office contracts and 1 Parks Department contract – valued at less than \$20,000, and 2 purchases valued at less than \$10,000 for review. We wanted to determine whether the informal quote process was being followed and properly documented.

Our review of these contracts<sup>31</sup> revealed that in all cases, the quote system and all other purchasing policies and procedures were followed. Thus, we determined that although these kinds of contracts can cause problems for the user departments, the policies were and can be followed. There did not appear to be any indication of problems in the files we reviewed, and the contracts were in place in a timely manner.

#### Confirming POs

We reviewed the paperwork of four confirming POs to understand and evaluate the circumstances under which these irregular submissions were being made. Two of the confirming POs were submitted by the General Services Department, and two were submitted by DPW.

The first was for a \$2,749.28 payment to Admore Air Conditioning Corp. On February 7, 2006 General Services submitted an emergency declaration to Purchasing in order to receive approval to pay the vendor for purchase and installation of an air conditioner for the MIS computer room. The installation took place between January 19 and 27, 2006. Purchasing policy required that two quotes be solicited before a vendor was selected, but the Purchasing Department was not involved in the process, and on the date of the purchase only the selected vendor provided a quote.

It appears that there was a legitimate reason for the emergency – the air conditioning failed in the City computer room. The irregularity with this purchase could have been avoided if there had been better

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<sup>31</sup> The public work contracts were for the installation of a service door, the repair of a façade at Engine 13, repair of a fence at the Service Center and a tennis court repair. The purchases were for grease absorbent and barricades.

communication and cooperation between the Purchasing Department and General Services. Only one quote was received because of the emergency nature of the problem. The City's computers could have been damaged without a functioning air conditioner. The emergency should have been communicated to the Purchasing Department at the time of the problem, and not after the fact, and Purchasing should have participated in the procurement process to better ensure compliance with purchasing policies and procedures.

The second confirming PO that we reviewed was for a \$1,044.68 payment to Redi Cut Carpets for carpet installation performed on October 24, 2005. General Services submitted a confirming PO to the Purchasing Department on April 14, 2006. There is no evidence that two quotes as required were provided, and General Services unilaterally authorized the purchase without Purchasing Department input. There is no justification in the file for the failure to follow proper purchasing procedure. It appears that the General Services Department actions violated purchasing procedures.

*In reviewing the confirming POs in the above-two matters, Mr. Collich stated that in addition to concerns that competition was non-existent, such contracts raise concerns about insurance and the required payment of prevailing wages under the State Labor Law. Under normal circumstances the Purchasing Department will review a contractor's insurance to ensure that the City is properly covered, and will also ensure that in public works contracts that a contractor is paying his workers the required prevailing wages. Such reviews are not possible when confirming POs are submitted after the work has been completed.*

We also reviewed two confirming POs for DPW purchases. These were different from the two examples from the General Services Department because in both instances, purchases were made for items under contracts that the City had awarded pursuant to GML §103. The problem with these confirming POs was that DPW did not send purchase requisitions to the Purchasing Department first, as required by purchasing policy and procedure, but instead directly ordered the items from the vendors without Purchasing oversight. After the orders were completed, several confirming POs were sent to the Purchasing Department to receive the necessary Purchasing approval to process payment.<sup>32</sup>

Mr. Collich believes that because a requisition was not submitted to and processed by the Purchasing Department, the Purchasing Department is not accountable for the purchases made under these contracts and therefore there is no "value added" by his Department

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<sup>32</sup> The Finance Department's accounts payable office will reject invoices submitted directly to the Finance Department for payment. They must first be approved by the Purchasing Department.

approving payments after the fact. According to Mr. Collich, the policy that Purchasing issues the POs serves an important internal control in ensuring that departments only make authorized purchases under City contracts.

In response to Mr. Collich's assertions, DPW claims that the City has traditionally allowed confirming POs when contracts are in place, the added requirement of submitting REQs to Purchasing unduly delays delivery and is an unnecessary bureaucratic step, because Purchasing rarely, if ever, reviews the accuracy of the purchases being made.

Our review of the confirming POs gave us insights into this continuing problem. As a general matter, we believe that Mr. Collich is correct in advocating an end to the use of confirming POs. They should be replaced with new policies and procedures that are consistent with sound purchasing policy.

### **Recommendations Regarding Compliance with Legal Standards**

Based on our review of the Purchasing Department's compliance with applicable legal standards, we make the following recommendations:

1. All purchases made utilizing State or County contracts and all emergency contracts should be submitted to the Board of Contract and Supply as required by applicable law.
2. Consistent with our prior recommendation in the section on Office Operations, the Purchasing Department should end the use of confirming purchase orders and establish and implement new policies and procedures for purchases valued between \$200 and \$10,000, and public works contracts valued at less than \$20,000.

### **Interactions with Other City Departments**

All City departments must utilize the services of the Purchasing Department for their contract and purchasing requirements. One of the Purchasing Department's stated objectives is "developing and maintaining sound relationships with City departments to maximize support and cooperation." As part of our review, we wanted to evaluate the service that the Purchasing Department provides to the other departments. In this regard we interviewed the City Engineer and two Engineering staff members, the Director of General Services and his assistant, the Director of MIS, and the Commissioner of the Department of Public Works and one staff member.

All of the departmental personnel that we spoke to commended Mr. Collich's efforts to upgrade the City's procurement operations. There was general

agreement that Mr. Collich has almost single-handedly revamped the department and established improved rules and procedures for procurements. In particular, the departments recognized that the vastly improved procedures for the City's competitively bid contracts under GML §103 have improved the quality of the City's contracts. These improvements have helped ensure that the contractors on the City's public works projects provide quality work, on time and on budget. The departments also praised Mr. Collich's innovative use of blanket purchase orders, which allows departments to purchase directly certain items valued at \$200 or less from designated local retail stores.

With respect to the public works contracts awarded after sealed competitive bidding, the Engineering Department, which oversees most of the City's public works contracts, enthusiastically praised Mr. Collich for streamlining procedures and establishing a pre-bid process that has eliminated problems associated with contractors' questions about bid specifications. The engineers also praised the Purchasing Department for streamlining contract change orders and emergency contracting procedures, and updating and revising contract language. The engineers also commended the work of the buyer who is primarily responsible for processing Engineering contracts. Overall, the Engineering Department was very satisfied with the services of the Purchasing Department.

The other Departments that we interviewed agreed that there had been improvements in Purchasing under Mr. Collich, but voiced concerns about the procurement process for public work contracts valued at less than \$20,000 and goods valued at less than \$10,000 (GML §104-b contracts). Some of the departments complained about unreasonable delays in these procurements caused by Mr. Collich's insistence on micromanaging his department and the lack of adequate staffing. The departments did, however, acknowledge that they often submit requisitions requiring confirming POs from the Purchasing Department.

The Director of the Department of General Services, Joseph Celli, gave the most detailed account of ongoing problems that he has with the Purchasing Department. Although acknowledging that there has been progress in Purchasing in several areas,<sup>33</sup> Mr. Celli stated that at times Mr. Collich had placed unreasonable demands on him, causing unacceptable delays.

According to Mr. Celli, Mr. Collich has repeatedly made it more difficult for the General Services Department to perform its general repair work on City-owned building. Mr. Celli said that his department only maintains a limited inventory of parts and supplies, and that in many of his repairs, he is required to procure goods or services in order to complete a job. Often, in the middle of a job, General Services is delayed by the Purchasing Department because they are not allowed to easily procure parts costing between \$200 and \$10,000.

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<sup>33</sup> In particular Mr. Celli noted the use of blanket POs for the purchase of items valued at less than \$200 as a significant improvement.

As examples of the ongoing problems, Mr. Celli listed the following:

- Mr. Collich caused unnecessary delays in a re-carpeting job in City Hall by requiring sealed competitive bidding after he had already submitted three quotes.
- Mr. Collich required that the Purchasing Department seek additional quotes for the purchase of a generator available on a State contract.
- Mr. Collich unnecessarily complicated the timing of repair jobs by splitting purchases between various vendors, which sometimes led to deliveries being made out of sequence causing worker downtime.
- Mr. Collich did not follow his own policies when he rejected price quotes that Mr. Celli submitted and required Purchasing buyers to seek additional quotes.
- Mr. Collich second-guessed a signed emergency declaration at the City water treatment plant and required the Purchasing Department to solicit additional quotes for the required work.

Mr. Celli believes that Mr. Collich micromanages the Department because he personally has to review every matter sent to Purchasing before it is assigned to a buyer. Mr. Celli believes that Purchasing needed to be more sensitive to city-departmental needs, that Mr. Collich should delegate more work to the buyers, and that a dedicated, capable buyer for the General Services Department could help solve problems. He also believes that the Purchasing Department is understaffed.

Mr. Celli stated he understood Mr. Collich's philosophy and recognized that purchasing rules are important, but claimed that Mr. Collich's actions were sometimes counterproductive because they unnecessarily delayed his jobs, which in turn cost the City money.

Although stating that he was a strong supporter of Mr. Collich, the Department of Public Works Commissioner John Liszewski voiced concerns about Purchasing not having the expertise to rewrite contract specifications but nonetheless engaging in such rewrites, and also stated that the policy regarding the requirement that user departments solicit competitive price quotes was not clear or consistently applied. Mr. Liszewski also expressed concerns about delays in issuing a new Request for Proposal for DPW's automobile and truck parts operation.

In addition to the comments of Mr. Celli and Mr. Liszewski, several of the other department representatives questioned the abilities of the Purchasing Department's buyers, stating that the quality of the services provided by the buyers was not consistent. Despite these concerns, however, overall, there was



a general consensus that the Purchasing Department met the user department needs “at crunch time” when the circumstances dictated that a matter had to be completed.

In response to Mr. Celli’s specific claims, Mr. Collich stated that he was sensitive to user departments needs to get jobs done expeditiously, but that he could not abrogate proper purchasing laws, policies and procedures to accommodate City Commissioners. He recognized that in some instances Purchasing Department requirements caused delays for the General Service Department; however, he believed that the root cause of the delays was the General Services Department’s failure in some instances to conform to the laws and procedures governing purchasing and best purchasing practices. He believed that with better planning and communication, delays could be avoided.

With respect to Mr. Celli’s particular allegations, Mr. Collich stated:

- The City was required, as a matter of law, to conduct a sealed bid for carpeting because City expenditures had exceeded \$10,000. Moreover, the General Services quotes did not include quotes from Yonkers vendors or women and minority vendors. With proper planning, a carpeting contract that met Mr. Celli’s specifications could have been put in place long before the carpeting was ordered and scheduled for installation.
- With respect to the purchase of the generator, multiple vendors held State contracts for commercial, industrial supplies which would include generators. In an effort to ensure that the City paid the lowest price for the generator, the Purchasing Department would seek quotes from the vendors on the State contract and possibly vendors who did not have State contracts. The Purchasing Department would expedite such a purchase if the Department had communicated a need for urgency.
- The problem with split awards has never been raised by General Services. The Purchasing Department is generally unaware of scheduling matters when it awards a contract. With better communication, however, scheduling concerns of General Services can be incorporated into the bid specification. Split awards ensure that the City receives the lowest possible price for all required items.
- With respect to rejecting price quotes from the General Services Department, in a number of instances the quotes did not appear competitive and did not include Yonkers vendors or minority and women owned businesses as required under the new City policy. Although departments can submit quotes to help facilitate the process, the Purchasing Department is not bound by the quotes collected by a user Department, and that it is the role of the Purchasing Department to ensure that the City enters into

contracts that are consistent with the best purchasing practices. *(With respect to the policy of recruiting women and minority businesses, Mr. Celli stated that he would be glad to solicit bids from such companies, and recommended that the Purchasing Department provide him with a list of qualified companies for future reference.)*

- With respect to allegedly second-guessing an emergency declaration, Mr. Collich stated that although he was concerned that the bid may not have been competitive, he did not second-guess the bid because it was properly declared an emergency, and it was processed without delay.

In response to the comments of Mr. Liszewski and others, Mr. Collich stated:

- That the Purchasing Department does not independently rewrite technical bid specifications, but has the expertise to recognize defective specifications. When specifications are defective, usually because they are vague or unduly restrictive, Purchasing will work with the user department to improve them. It is the initial defective specification that causes delays.
- With respect to delays in issuing a new RFP for DPW's automobile and truck parts requirements, he acknowledged that he had not been able to carve out the time to work on this project.<sup>34</sup>
- He recognized that the Department's buyers had varying skill levels, and that he spent a good deal of his time reviewing buyer's work to ensure its accuracy.

In discussing the concerns of the various Departments, Mr. Collich believed that the problems were almost all related to the low dollar procurements valued at between \$200 and \$20,000. Mr. Collich recognizes the need to streamline these procurements and has devised strategies for eliminating the ongoing problems. First, he wants the City to authorize the use of procurement cards or P-cards for purchases up to \$1,000. According to Mr. Collich, this will eliminate a significant number of the confirming POs and the associated clerical work necessary to process purchase orders and invoices. Second, he wants to issue more competitively bid requirements contracts, which will provide additional standing contracts so that the quote system does not have to be used as frequently as it is now.

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<sup>34</sup> Subsequent to our discussion of this matter with Mr. Collich and Mr. Liszewski, this project is now moving forward.

## **Findings and Recommendations Regarding User Departments' Interaction with the Purchasing Department**

Based on our review of user departments' interaction with the Purchasing Department, we make the following findings and recommendations:

1. Department Heads recognize that Mr. Collich has upgraded and streamlined the City's procurement operations, and vastly improved the policies and procedures for conducting competitive bidding under GML §103, and for purchasing items valued at less than \$200.
2. Ongoing problems exist between the Purchasing Department and user departments with respect to purchases valued at between \$200 and \$10,000, and for public works contract valued at less than \$20,000.
3. Conflicts sometimes arise between a user department's objective of expeditiously completing a particular task, and the Purchasing Department's insistence that required purchasing laws, policies and procedures be followed.
4. The Purchasing Department's policies and procedures are not merely bureaucratic hurdles that unnecessarily delay the award of City contracts. These policies and procedures ensure the integrity of the City's procurement practices, and the Purchasing Department's enforcement of the policies and procedures is essential.
5. In order to avoid conflicts and ensure the integrity of the contracting process, user departments must adequately plan for their purchasing requirements and cannot expect the Purchasing Department to forego laws, policies and procedures.
6. Communication between the Purchasing Department and the user Department is very important if delays in purchasing are to be avoided. The Purchasing Department must continuously work with user departments to ensure that they understand purchasing rules and regulations, and adequately plan ahead for their purchasing needs.
7. The Purchasing Department has the ability to accommodate the needs of the user departments if there is adequate communication and proper planning. The Purchasing Department needs to help develop purchasing strategies to avoid undue delays.
8. Innovations including the use of P-Cards and the issuance of additional requirements contracts should resolve many of the problems associated with purchases valued between \$200 and \$10,000 and public works contracts valued at less than \$20,000.

9. Once problems associated with purchases and public works contracts valued between \$200 and \$20,000 are resolved, the Purchasing Department will have the time and resources to more promptly respond to user departments sophisticated contract matters, such as DPW request for an RFP to solicit bids for a new automobile and truck parts supplier.

## **Conclusion**

We believe that under Director Thomas Collich's leadership, the Purchasing Department has made important and necessary improvements. Almost single-handedly, Mr. Collich has overhauled and upgraded the Department and has brought it into compliance with applicable purchasing laws and best purchasing practices. Overall, the Purchasing Department is working to achieve its objective of "add[ing] value to the process of acquiring goods and services by adhering to sound Purchasing practices." We also believe that because of the Department's policies and procedures and active oversight of procurement matters, the necessary internal controls are in place to ensure the overall integrity of the City's procurement operations.

Still, the effort to upgrade the Department is a work in progress that has experienced growing pains. There are existing policies and procedures that must be refined and new policies and procedures that need to be developed and implemented. In addition, we believe that administratively, the Department needs another level of management to better coordinate the flow of work and to supervise and train the buyers. New policy and procedure initiatives for purchases valued between \$200 and \$10,000, and public works contracts valued at less than \$20,000 are necessary to resolve ongoing problems between some of the user departments and Purchasing. Mr. Collich also needs to be freed from some of responsibility for the daily management of the Department so that he can focus his considerable talents on the City's most important procurement initiatives and further procurement reform.



**CITY OF YONKERS**

*Purchasing*

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*Philip A. Amicone, Mayor*

*Thomas E. Collich, Director*

Dear Vendor,

This is a reminder that employees of City using departments **are not authorized** to place orders orally or by other informal means, such as by faxing vendors a requisition.

A City of Yonkers **Purchase Order** (attached) or **Contract** is required **before** you can provide goods or services.

The Purchase Order / Contract is the **legal document** that indicates the City's intent to **commit funds** to acquire specific goods and/or services at specified prices and assures that taxpayer dollars are being spent properly.

Vendors who provide goods or services **without the prior authorization of the Purchasing Department** do so at their own risk and have **no assurance of payment**.

If you have any questions regarding this policy, please call.

Yours truly,

Tom Collich  
Purchasing Director

CONTRACT NUMBER	VENDOR NAME	DESCRIPTION	CONTRACT TYPE	USER DEPARTMENT	CONTRACT AMOUNT	B.O.C.S. APPROVED
<b>GML 103 Contracts</b>						
6653	VERNON HILLS CONTRACTING	Rehab. of H. Boo Wilson Park	Public Works	Parks	\$356,062.50	05/31/06
6697	M & S MASONRY & CONSTRUCTION	Sidewalk Replacement	Public Works	Engineering	\$498,000.00	08/30/06
6743	EMPIRE ENERGY SPECIALISTS	2nd Pct. Window & Door Replacement	Public Works	General Services	\$115,800.00	09/27/06
6752	GTIS	Provide & Install Laptops and other Hardware for Yonkers FD Trucks	Commodity	MIS	\$268,074.65	10/25/06
6560	CAMPBELL FOUNDRY CO.	Manhole Covers, Grates, Frames	Commodity	DPW	\$5,335.00	04/26/06
6506	A PLUS TRANSPORTATION	Camp Rays Bus transportation	Services	Parks	\$3,952.00	03/29/06
6737	CAMPBELL SUPPLY COMPANY, INC.	American LaFrance 75' Tower Ladder Apparatus	Commodity	YFD	\$811,810.00	09/27/06
6560	VELLANO BROS	Megalug Mechanical Joints	Commodity	DPW	\$5,836.76	06/28/06
<b>State &amp; County Contracts</b>						
NYS PT55524	CDW GOVERNMENT, INC.	IBM Micro Computer System	Commodity	MIS	\$45,460.00	
NYS PC62008	THERMO EBERLINR LLC	Hazardous Incident Response	Commodity	YFD	\$58,439.32	
NYS PC60958	HOSELTON CHEVROLET INC.	Jeep Grand Cherokee 4x4	Commodity	YPD	\$18,761.00	
NYS PC61254	AAA EMERGENCY SUPPLY	Self Contained Breathing Appratus	Commodity	YFD	\$205,665.15	
NYS PC57449	GRAINGER W W INC	Parts and Small Tools	Commodity	YFD	\$6,094.63	
NYS PC60927	MOTORS FLEET	Ford F-350 Super Duty Pick-Up's	Commodity	DPW	\$113,894.00	
WEST. CTY. 99-1076	BURQUIP	Plow Kits for F-350 Pick-Up Trucks	Commodity	DPW	\$20,970.00	
<b>Emergency Contracts</b>						
6797	VERDE ELECTRIC	Emerg. Repair (MVA) Traffic Signal Tuckahoe Rd / Wainwright Ave.	Emergency / Public Works	Traffic Engineering	\$87,613.00	Emergency 11/28/06
6801	DELANEY ASSOCIATES	So. Broadway Emergency Sewer Repair.	Emergency / Public Works	Engineering	\$297,253.59	Emergency 09/20/06
<b>GML 104-b Contracts</b>						
<b>Public Works &gt; \$20,000 and Purchases &gt; \$10,000</b>						
6553	DEEGAN OVERHEAD DOOR	Service Door Installation	Public Works	OGS	\$4,825.00	04/26/06
6726	MARBLEWORKS	Repair Façade Engine 13	Public Works	OGS	\$11,900.00	09/27/06
6728	CARJEN FENCE	Fence Repair at Service Center	Public Works	OGS	\$3,500.00	09/27/06
6632	AMERICAN SPORTS TECHNOLOGIES CORP	Kinsley Park Tennis Court Repair	Public Works	Parks	\$15,660.00	06/28/06
6551	CG INDUSTRIAL SAFETY	Grease Absorbent	Commodity	YFD	\$6,750.00	04/26/06
6744	TRAFFIC SAFETY & EQUIPMENT CO., INC.	A-Frame Barricades	Commodity	DPW	\$8,440.00	10/25/06
<b>Personal Services</b>						
6715	HAZEN & SAWYER, P.C.	Design Water Main, No. Broadway	Advertised RFP	DPW	\$374,696.00	09/27/06
6528	PYRO ENGINEERING, INC dba: BBAY FIREWORKS	July 4th Fireworks	Advertised RFP	Parks	\$35,000.00	04/26/06
6523	ZANZARELLA MARKETING	Advertising Consultant for Business Week 2006	Department Recommendation	OED	\$100,030.50	03/29/06
6567	IMAGEMAKERS	Consulting Services	Department Recommendation	Mayors Office	\$240,000.00	04/26/06

EXHIBIT 3

6713	VISION INTERNET	Website Hosting & Maintenance	Department Recommendation	Mayors Office	\$26,460.00	04/26/06
6747	WAYNE MARTIN	Preventive Maint. of Chlorinators at Various Water Treatment Facilities	Department Recommendation	DPW	\$200,000.00	10/25/06
6491	WILLIAM MASCETTA	Prog. Mgr. Ashburton Ave Redev. & Mulford Gardens	Department Recommendation	Mayors Office	\$349,600.00	03/29/06
6472	IMAGEMAKERS	Video Production Shoot	Department Recommendation	Mayors Office	\$3,900.00	02/22/06
6521	ISSAC NATIONWIDE EXPO SERVICE, INC	Provide Booths for Business Week 2006	Department Recommendation	OED	\$8,500.00	03/29/06

**Confirming Purchase Orders**

**P/O Number**

P95160	ADMORE AIR CONDITIONING CORP.	Emerg. Service Call for A/C Unit in MIS Computer Room.	Public Works	OGS	\$2,749.28	
P95360	REDI CUT CARPETS	Carpet for 2 Rooms in Health Bldg.	Public Works	OGS	\$1,044.68	
PG09832	JCI JONES CHEMICAL	Caustic Soda	Commodity	DPW	\$3,241.00	Contract R6507
PG 08946	METRO TRUCK TIRE SALES CENTER, INC.	Automobile Tires	Commodity	DPW	\$35,726.82	Contract R5165