



City of New York

OFFICE OF THE COMPTROLLER

Brad Lander
COMPTROLLER



MANAGEMENT AUDIT

Audit Report on the Department of Citywide Administrative Services' Awarding and Monitoring of Its Emergency Contract with Best Buy Stores for WiFi Air Conditioning and Related Services

ME21-091A

May 17, 2022

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

May 17, 2022

To the Residents of the City of New York:

My office has audited the New York City Department of Citywide Administrative Services' (DCAS') awarding and monitoring of its emergency contract with Best Buy Stores for WiFi air conditioning and related services. We conduct audits such as this to ensure that City agencies award emergency contracts with due diligence and that they adequately monitor the implementation of such contracts.

The audit found that DCAS generally complied with the Mayor's Office of Contract Services' guidance on COVID-19-related procurements and with its own COVID-19 procurement process when awarding the contract to Best Buy. DCAS also ensured that it obtained assurances from the New York City Department of Emergency Management (NYCEM) that the air conditioning units had been properly delivered and installed, and that its corresponding payments to the vendor were consistent with the summary invoices and payment amount certifications provided by NYCEM. However, DCAS did not ensure that its understanding with NYCEM concerning the agencies' respective roles in awarding the contract and in monitoring and paying the vendor was clearly formulated in a written agreement.

The audit recommends that DCAS, when it assists another agency in awarding a contract and paying the vendor, clearly establish each agency's roles and responsibilities in a Memorandum of Understanding with the other agency.

The results of the audit have been discussed with DCAS officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Lander".

Brad Lander

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit Report on the Department of Citywide Administrative Services' Awarding and Monitoring of Its Emergency Contract with Best Buy Stores for WiFi Air Conditioning and Related Services

ME21-091A

EXECUTIVE SUMMARY

This audit was conducted to determine whether the Department of Citywide Administrative Services (DCAS): (1) appropriately justified and awarded a WiFi air conditioning and related services contract to Best Buy Stores (Best Buy); (2) ensured that the air conditioning units were delivered and installed as intended; and (3) maintained sufficient controls over its vendor payments.

The mission of DCAS is to support the administrative operations of New York City (City) government. In furtherance of its mission, DCAS has established a centralized purchasing process through which it procures more than \$1 billion in supplies and equipment each year on behalf of City agencies. In May 2020, in response to the COVID-19 pandemic, the Mayor announced the creation of the Get Cool NYC program through which the City planned to install as many as 74,000 air conditioners in the residences of low-income seniors to enable them to spend more time at home during the summer months and thereby limit the chances of their being exposed to COVID-19. The New York City Department of Emergency Management (NYCEM) was tasked to oversee the Get Cool NYC program. NYCEM requested DCAS' assistance in procuring the air conditioners needed for this program.

On June 3, 2020, DCAS entered into a contract with Best Buy valued at up to \$22,704,029 to provide up to 48,201 WiFi air conditioners and related installation services. On May 3, 2021, DCAS closed the contract after Best Buy had delivered and installed 39,419 air conditioners at a cost of \$21,577,576.

Audit Findings and Conclusions

DCAS generally complied with the Mayor's Office of Contract Services' (MOCS') guidance on COVID-19-related procurements and with its own COVID-19 procurement process when awarding the contract to Best Buy. DCAS also ensured that it obtained assurances from NYCEM that the air conditioning units had been properly delivered and installed, and that its corresponding payments to the vendor were consistent with the summary invoices and payment amount

certifications provided by NYCEM. However, DCAS did not ensure that its understanding with NYCEM concerning the agencies' respective roles in awarding the contract and in monitoring and paying the vendor was clearly formulated in a written agreement.

Audit Recommendation

The audit recommends that DCAS, when it assists another agency in awarding a contract and paying the vendor, clearly establish each agency's roles and responsibilities in a Memorandum of Understanding (MOU) with the other agency.

Agency Response

In its response, DCAS agreed with the audit finding and recommendation.

AUDIT REPORT

Background

The mission of DCAS is to support the administrative operations of City government. In furtherance of its mission, DCAS has established a centralized purchasing process through which it procures more than \$1 billion in supplies and equipment each year on behalf of City agencies. The goal of this centralized purchasing process is to ensure that products that meet the required specifications are obtained at the lowest available prices.

In May 2020, in response to the COVID-19 pandemic,¹ the Mayor announced the creation of the Get Cool NYC program through which the City planned to install as many as 74,000 air conditioners in the residences of low-income seniors to enable them to spend more time at home during the summer months and thereby limit the chances of their being exposed to COVID-19. NYCEM was tasked to oversee the Get Cool NYC program. NYCEM requested DCAS' assistance in procuring the air conditioners needed for this program.

To help facilitate COVID-19-related procurements, the Mayor issued Emergency Executive Order 101 (EEO 101) dated March 17, 2020, which suspended many City procurement laws and rules for COVID-19-related purchases. For such purchases, EEO 101 suspended rules requiring (1) pre-approvals from the City Comptroller and the City's Law Department for emergency procurements; (2) the use of a competitive bidding process; and (3) the submission of contracts for registration by the City Comptroller. Following the Mayor's issuance of EEO 101, MOCS, on March 18, 2020, and again on March 27, 2020, issued guidance to City agencies that detailed the procurement processes that should be followed for COVID-19-related emergency purchases.

On June 3, 2020, DCAS entered into a contract with Best Buy valued at up to \$22,704,029 to provide up to 48,201 WiFi air conditioners and related installation services.² According to DCAS officials, NYCEM was responsible for overseeing the delivery and installation of the air conditioners, and for reviewing vendor invoices. DCAS was responsible for procuring the air conditioners and for reimbursing the vendor based on the amounts certified by NYCEM. On May 3, 2021, DCAS closed the contract after Best Buy had delivered and installed 39,419 air conditioners. DCAS paid Best Buy \$21,577,576 for the goods and services provided.

Objective

The objective of this audit was to determine whether DCAS: (1) appropriately justified and awarded a WiFi air conditioning and related services contract to Best Buy; (2) ensured that the air conditioning units were delivered and installed as intended; and (3) maintained sufficient controls over its vendor payments.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient,

¹ In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic, and the City issued a local state of emergency promoting social distancing guidelines. COVID-19 is a mild to severe respiratory illness that can spread from person to person with symptoms such as coughs, shortness of breath, and difficulty breathing.

² DCAS also awarded contracts to six other vendors to provide WiFi air conditioners for the Get Cool NYC program.

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit was from June 3, 2020 through May 3, 2021. Please refer to the Detailed Scope and Methodology section at the end of this report for a description of the specific procedures followed and tests conducted during this audit.

Discussion of Audit Results with DCAS

The matters covered in this report were discussed with DCAS officials during and at the conclusion of this audit. A preliminary draft report was sent to DCAS on March 23, 2022 and discussed with DCAS officials at an exit conference held on April 5, 2022. On April 28, 2022, we submitted a draft report to DCAS with a request for written comments. We received a written response from DCAS on May 12, 2022.

In its response, DCAS agreed with the audit's finding and recommendation, stating "[w]e are pleased that the audit conducted found that DCAS complied with the Mayor's Office of Contract Services' (MOCS) guidance on COVID-19 related procurement, as well as our own procurement processes in awarding the contract to Best Buy. In addition, the audit also found that DCAS obtained assurances from New York City Emergency Management (NYCEM) that air conditioning units were delivered, appropriately installed, and that vendor payments were consistent with all invoices and payment amounts. ... We accept your recommendation to document roles and responsibilities for each party involved with a Memorandum of Understanding in any similar future project."

The full text of DCAS' response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DCAS generally complied with MOCS' guidance on COVID-19-related procurements and with its own COVID-19 procurement process when awarding the WiFi air conditioning and related services contract to Best Buy. DCAS also ensured that it obtained assurances from NYCEM that the air conditioning units had been properly delivered and installed, and that its corresponding payments to the vendor were consistent with the summary invoices and payment amount certifications provided by NYCEM. However, DCAS did not ensure that its understanding with NYCEM concerning the agencies' respective roles in awarding the contract and in monitoring and paying the vendor was clearly formulated in a written agreement. The following section of this report discusses this issue in further detail.

No Formal Agreement between DCAS and NYCEM on Each Agency's Roles and Responsibilities Relating to the Best Buy Contract

As mentioned above, NYCEM requested DCAS' assistance in procuring the air conditioners needed for the Get Cool NYC program. DCAS officials stated that although they awarded a Get Cool NYC contract to Best Buy, NYCEM was responsible for overseeing the delivery and installation of the air conditioners, and for reviewing the vendor's invoices. DCAS was responsible for reimbursing the vendor based on summary invoices and payment amount certifications provided by NYCEM.

DCAS stated that its practice of awarding a contract on behalf of another agency and paying the invoices submitted by the vendor based on the other agency's review of the invoices was a common practice. However, when the auditors asked DCAS to provide them with 10 other examples of such a practice, it only provided four, and those examples were not relevant. Three of the four examples were procurements awarded by the Comptroller's Office, not by DCAS. Although DCAS paid for these three purchases using a DCAS capital budget line established to support capital purchases by City agencies (such as the Comptroller's Office) that do not have a capital budget, this is a very different situation than DCAS itself awarding a contract and then paying the vendor the amount another agency instructs it to pay.

The fourth example provided by DCAS was also not relevant. For this example, DCAS referred to the contract with CareFusion 211, Inc. (CareFusion) that it awarded on behalf of NYCEM to provide ventilators to the City to help treat hospitalized COVID-19 patients. However, as explained in an audit report issued by the Comptroller's Office on the CareFusion contract,³ although DCAS awarded the contract, it did not delegate full contract oversight responsibility to NYCEM. DCAS and NYCEM shared the responsibility for reviewing the ventilators that were delivered and for determining what the payments to the vendor should be.

Given the unusual nature of DCAS' and NYCEM's roles and responsibilities for the Get Cool NYC program, it would have been appropriate for each agency's roles and responsibilities to have been documented in a written agreement or an MOU between DCAS and NYCEM. However, there was no written agreement or MOU for this procurement. An MOU would have communicated the mutually accepted expectations of the two agencies and clearly delineated each agency's roles

³ *Audit Report on the Department of Citywide Administrative Services' Oversight of CareFusion 211, Inc. to Provide COVID-19 Ventilators (MG21-056A)*, issued on June 30, 2021.

and responsibilities. With a clear outline of each agency's agreed-upon roles and responsibilities, an MOU decreases uncertainty and minimizes the risks of misunderstandings and disputes interfering with the implementation of a contract.

Recommendation

1. DCAS should, when it assists another agency in awarding a contract and paying the vendor, clearly establish each agency's roles and responsibilities in an MOU with the other agency.

DCAS Response: DCAS agreed with this recommendation.

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit was from June 3, 2020 through May 3, 2021.

To obtain an understanding of DCAS' COVID-19-related emergency contract awarding process, auditors interviewed the Deputy Commissioner of Citywide Procurement, the Citywide Chief Contracting Officer, the Agency Chief Contracting Officer, and the Purchasing Director. To understand DCAS' vendor payment process, they interviewed the Deputy Commissioner of Fiscal and Business Management, and the Director of Audits and Accounts.

To better understand and to analyze DCAS' handling of the Best Buy contract, auditors reviewed and used the following criteria:

- Mayor's Emergency Executive Order 101;
- *MOCS Guidance in Response to COVID-19*, dated March 18, 2020;
- *MOCS Guidance on COVID-19 Related Emergency Contracts*, dated March 27, 2020;
- DCAS' *COVID Procurement Process*;
- *Invoice Review and Payment Processing*, issued by DCAS' Bureau of Audits and Accounts; and
- *Comptroller's Directive #1, Principles of Internal Control*.

To determine whether DCAS awarded the contract to Best Buy in compliance with MOCS' guidance and in accordance with the agency's COVID-19 procurement process, auditors reviewed (1) DCAS' analysis of the quotes submitted by various vendors, (2) documents relating to DCAS' assessment of the vendor's responsibility, and (3) the Best Buy contract file.

To determine whether DCAS appropriately reimbursed Best Buy for the WiFi air conditioning units and related services provided, auditors compared all 26 vendor payments made by DCAS to the summary invoices submitted by NYCEM to DCAS, as well as to NYCEM's emails to DCAS certifying the delivery and installation of the units by Best Buy and the corresponding payments to be made to the vendor. To determine whether DCAS provided records relating to all of its payments to Best Buy, auditors compared the payments identified by DCAS to the payments noted in Checkbook NYC.

The above testing provided the auditors with a reasonable basis to assess the adequacy of DCAS' awarding of an emergency COVID-19-related contract to Best Buy, of DCAS' monitoring of Best Buy's delivery and installation of the air conditioning units, and of DCAS' handling of the payments to Best Buy.



Dawn M. Pinnock
Commissioner

May 12, 2022

Sandra Abeles
Executive Deputy Comptroller
Office of the New York City Comptroller
1 Centre Street, Room 1100
New York, NY 10007

RE: Audit Report: DCAS's Awarding and Monitoring of Its Emergency Contract with Best Buy Stores for Wi-Fi Air Conditioning and Related Services - Audit Number: ME21-091A

Dear Executive Deputy Comptroller Abeles,

Thank you for sharing the draft report for the above audit. We are pleased that the audit conducted found that DCAS complied with the Mayor's Office of Contract Services' (MOCS) guidance on COVID-19 related procurement, as well as our own procurement processes in awarding the contract to Best Buy. In addition, the audit also found that DCAS obtained assurances from New York City Emergency Management (NYCEM) that air conditioning units were delivered, appropriately installed, and that vendor payments were consistent with all invoices and payment amounts.

In regard to the finding and recommendation, we have read the draft report to conclude that the Comptroller agrees that DCAS and NYCEM had a shared understanding of their roles and responsibilities. We also note that the draft report does not identify any conflicts that arose between the agencies about those roles and responsibilities. We confirm that there were none. We accept your recommendation to document roles and responsibilities for each party involved with a Memorandum of Understanding in any similar future project.

Should you have any questions, please contact Sonia Lamrhari, Acting Executive Director of DCAS's Audit and Compliance Services at 212-386-6266.

Sincerely,

A handwritten signature in black ink, appearing to read "Dawn M. Pinnock".

Dawn M. Pinnock
Commissioner

Enclosures

NYC Department of Citywide Administrative Services
Response to NYCC Audit Recommendations

Audit Name: DCAS's Awarding and Monitoring of Its Emergency Contract with Best Buy Stores for WiFi Air Conditioning and Related Services

Audit Number: ME21-091A

Date: May 12, 2022

Audit's Recommendation(s)	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 1:</p> <p>DCAS, when it assists another agency in awarding a contract and paying the vendor, clearly established each agency's role and responsibilities in an MOU with the other agency.</p>	<p>Agree</p> <p>As stated in the report DCAS complied with the Mayor's Office of Contracts Services (MOCS), as well as DCAS's own procurement process. Also, both DCAS and NYCEM understood their roles and responsibilities between each agency.</p> <p>We accept your recommendation to document the understanding with a Memorandum of Understanding in any similar future project.</p>	<p>DCAS/OCP</p>	<p>None</p>	<p>N/A</p>