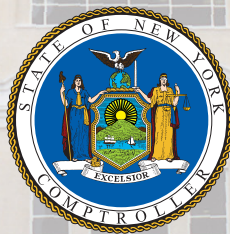




**New York State
Office of Temporary and Disability
Assistance
Minority and Women's Business Enterprise
Reporting**

Report 2009-S-106



Thomas P. DiNapoli

Table of Contents

	Page
Authority Letter	5
Executive Summary	7
Introduction	9
Background	9
Audit Scope and Methodology	9
Authority	10
Reporting Requirements	10
Contributors to the Report	10
Audit Findings and Recommendations	11
Goal Setting	11
Performance Tracking and Data Verification	13
Outreach Efforts	13
Recommendations	14
Agency Comments	15

State of New York Office of the State Comptroller

Division of State Government Accountability

July 15, 2010

Elizabeth R. Berlin
Executive Deputy Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, New York 12243

Dear Ms. Berlin:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Office of Temporary and Disability Assistance's *Minority and Women's Business Enterprise Reporting*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objective

Our objective was to determine if the Office of Temporary and Disability Assistance (OTDA) is appropriately establishing annual goals for procurements from minority- and women-owned business enterprises (M/WBE), making a good faith effort to reach those goals, and accurately reporting their results to Empire State Development (ESD).

Audit Results - Summary

We found OTDA has adequate procedures in place to assure the accuracy of the performance data it reports to ESD. However, it does not have support for its annual M/WBE procurement goals and has historically not made a good faith effort to achieve those goals. Although OTDA has set its combined M/WBE goal at 10.5 percent of eligible purchases for several years, it has never achieved more than the 1.9 percent participation rate that it reported during the 2008-09 year. OTDA hired a new M/WBE program director in 2008, who is now beginning to place additional emphasis on improving goal setting, performance and vendor outreach efforts.

OTDA officials could not provide us with any information explaining how it historically established the eligible pools of purchases for M/WBE participation, or set the agency's annual participation goals in prior years. The new director did analyze OTDA's purchasing patterns to establish the eligible pool of purchases for 2009-10, but indicated there was not enough time to fully research M/WBE spending to establish new participation goals. The director stated that the goals will be re-evaluated for the 2010-11 year.

Our tests showed OTDA does adequately track, capture, and assure the accuracy of the data it reports to ESD. Staff uses an automated system which matches data from its Contract Administrative Tracking System and Procurement Manager Plus System to ESD's M/WBE database each quarter. Officials then send this data to ESD, which generates quarterly reports on M/WBE utilization. As a result, we found OTDA maintained adequate support for the data it submitted to ESD.

We found limited support for OTDA's other M/WBE program activities prior to the hiring of the current program director, who has begun to implement activities to increase M/WBE participation. For example, OTDA currently has no procedures to encourage or capture data on M/WBE program expenditures made by not-for-profit entities with which it contracts for

program services. There is also little evidence to demonstrate any significant outreach by OTDA to identify new M/WBE vendors or make them aware of existing opportunities. We did note that the new program director has taken some initial steps in some of these areas, including directing program staff to encourage not-for-profit service providers to utilize M/WBE-qualified vendors as subcontractors whenever possible; establishing an in-house work group to increase M/WBE participation; organizing a one-day event to encourage existing vendors to become certified; and participating in initial discussions with M/WBE staff from other agencies.

We determined that OTDA can also improve its performance by increasing communication with specific agencies that have similar needs and also contract with M/WBE vendors, such as the Office of Mental Health. We also noted that management could benefit from further outreach to new M/WBE vendors, particularly those that provide goods and services that OTDA has historically purchased only from statewide contracts. In addition, OTDA can assist ESD in its management of the M/WBE program by working with ESD to further clarify eligible expenditures, especially as they relate to the not-for-profit service providers that OTDA contracts with on a regular basis.

Our report contains four recommendations to help OTDA improve its M/WBE program. OTDA officials agreed with our recommendations and reported that they have already taken several steps to implement them.

This report, dated July 15, 2010, is available on our web site at: <http://www.osc.state.ny.us>
Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Introduction

Background

Article 15-A of the Executive Law requires State agencies and public authorities to promote the participation of minority-owned business enterprises (MBEs) and women-owned business enterprises (WBEs) in State contracts and procurement opportunities. Specifically, State agencies must establish annual goals for participation (expressed as a percentage of the agency's total contract spending for the year), make a "good faith" effort to achieve their goals, and report quarterly to ESD on their level of participation. Annual goal plans must be submitted to ESD each October, with quarterly compliance reports due in January, April, July, and October. ESD approves agency plans, monitors compliance, and certifies businesses as eligible MBEs and/or WBEs.

OTDA is responsible for supervising programs that provide assistance and support to eligible families and individuals, including temporary cash payments and assistance with paying for food and heat. OTDA also oversees New York State's child support enforcement program; determines certain aspects of eligibility for Social Security Disability benefits; supervises homeless housing programs; and provides other assistance to certain targeted populations. OTDA reported \$383 million in discretionary non-personal service expenditures for fiscal year 2008-09. This figure does not include items excludable by law, such as travel reimbursements, utilities, postage and other special charges.

Audit Scope and Methodology

Our objective was to determine if OTDA is appropriately establishing annual goals for procurements from M/WBE vendors, making a good faith effort to reach those goals, and accurately reporting their results to ESD. Our audit scope covered the period April 1, 2005 through December 23, 2009. To accomplish our objectives, we met with OTDA officials to confirm and enhance our understanding of their practices for purchasing products and services from M/WBEs. We also reviewed OTDA's process for setting M/WBE goals and its efforts to attain these goals. We reviewed information generated from OTDA's internal systems containing M/WBE information to ensure it reported this data accurately to ESD.

We conducted our 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

**Reporting
Requirements**

A draft copy of this report was provided to OTDA officials for their review and comment. Their comments were considered in preparing this report, and are included at the end of the report.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Temporary and Disability Assistance shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

**Contributors to
the Report**

Major contributors to this report include Frank Houston, John Buyce, Greg Petschke, Heather Pratt, Richard Podagrosi, and Anne Marie Miller.

Audit Findings and Recommendations

We found OTDA hired a new M/WBE program director in 2008, and is now beginning to make progress in analyzing expenditure patterns and encouraging staff to seek out eligible vendors. However, OTDA still has no support for its program goals, has no procedures in place to capture a significant portion of potentially-eligible procurements and has little or no outreach system in place to identify and assist new vendors.

Goal Setting

ESD regulations require that each State agency prepare an annual M/WBE plan. The plan should include the agency's goals for participation by certified minority- and women-owned business enterprises, expressed as a percentage of the agency's aggregate non-personal service expenditures. The plan should also include the agency's justification for those goals.

We examined OTDA's annual M/WBE plans and found that they have not complied with these requirements. We found that OTDA has not established realistic participation goals, and has only recently begun making a good faith effort to achieve these goals. As such, OTDA needs to take action to improve goal setting and to substantially increase participation.

For the 2008-09 fiscal year, OTDA's goal was to award up to 10.5 percent of its reported \$383 million in discretionary expenditures available for potential M/WBE participation to MBE and WBE vendors. Five percent was to be awarded to MBE vendors and 5.5 percent was to be awarded to WBE vendors. OTDA did not achieve either of these goals, reporting only 0.7 percent (about \$2.7 million) awarded to minority-owned firms and 1.2 percent (about \$4.4 million) awarded to women-owned firms.

OTDA's current M/WBE program director was hired after the 2008-09 goals were already set. Neither she, nor other OTDA officials, could provide us with any details on how prior staff had established either the pool of discretionary purchases or the MBE and WBE participation goals. From 2005-06 through 2008-09, OTDA set the same 10.5 percent combined goal every year, yet never achieved more than the 1.9 percent participation that it reported in 2008-09.

The program director also indicated that OTDA did not yet know enough about expenditure patterns to set reasonable participation goals for 2009-10 and, as a result, has continued to report a combined goal of 10.5 percent. In completing its analysis, OTDA should pay particular attention to the nature and extent of goods and services that it purchases

using centralized contracts established by the Office of General Services (OGS) and from vendors identified as either preferred or sole sources. Some of these purchases may be eligible for inclusion in the M/WBE program if existing vendors are already M/WBE certified. OTDA may also be able to identify new vendors, since it is not obligated to purchase from statewide contracts if it can find a comparable deal elsewhere. Even sole- or single-source procurements could become M/WBE opportunities as more eligible vendors enter the marketplace in various businesses.

Another area where OTDA can likely demonstrate improvement relates to its contracts with not-for-profit organizations, which are not eligible for M/WBE certification since they are not actually “owned” by anyone. As a result, OTDA currently can not credit any of these expenditures toward meeting its M/WBE goals. However, similar to large construction projects that utilize a prime contractor, OTDA would be able to count program purchases that these organizations make from qualified M/WBE vendors or subcontractors. We noted that the program director has made some initial efforts in this area, including providing program staff with policy information reinforcing OTDA’s M/WBE goals and mission, and stressing that staff should educate not-for-profit organizations about seeking out MBE and WBE firms. Additional steps are still needed to encourage organizations to report these transactions and to capture the resulting data.

We also determined that OTDA may be able to increase the participation of M/WBE vendors by improving communication and information-sharing with agencies that have similar procurement needs. These agencies include the Office of Children and Family Services, the Office of Mental Health, and the Office of Alcohol and Substance Abuse Services, all of which have extensive dealings with not-for-profit service providers. We found OTDA has taken some initial steps in this area, as well. In December 2008, the program director began participating in an interagency group that has recently formed to discuss cross agency issues and best practices for M/WBE reporting and participation.

The program director is currently the only employee assigned exclusively to the M/WBE program, although an internal work group has recently been formed to discuss options and strategies for improving M/WBE participation. This group has met with ESD officials to discuss M/WBE program objectives and solicit other guidance. Officials stated the internal work group is in the process of creating a mechanism to monitor program effectiveness, but it is not completed yet.

**Performance
Tracking and Data
Verification**

ESD regulations require each agency's quarterly compliance report to include information on the number and value of contracts awarded during the period, the amounts expended under these procurements and the extent of participation of eligible minority- or women-owned businesses. In addition, while Article 15-A does not require agencies to report data for commodity and service contracts valued at less than \$25,000, or for construction contracts valued at less than \$100,000, ESD requests that agencies report this data so it can maintain complete M/WBE statistics.

We found OTDA has an adequate system for tracking and compiling the data reported to ESD. Staff uses an automated system which matches data from two internal systems to ESD's M/WBE database to compile a text file of the M/WBE vendors it utilized. The vendor information from these systems is matched to ESD's database using tax ID numbers. This file is sent to ESD and is used by ESD to generate the quarterly reports on M/WBE utilization.

Adequate monitoring and oversight of the M/WBE program is dependent upon the accuracy of the data provided by agencies in their quarterly reports. For this data to be useful, it must match the agency's own internal reports, agree with supporting documentation, be complete, and be reported timely. We reviewed OTDA's reports and supporting documentation to gain assurance that the data reported was accurate and complete.

We found OTDA had adequate supporting documentation for its reported data and OTDA's data matched the data reported to ESD. We obtained copies of the text file showing the line-by-line data submitted to ESD for the 2008-09 fiscal year. We compared the results from the text files with the numbers reported by ESD and found they matched with no discrepancies. In addition, we verified that the vendors OTDA used during the fourth quarter of 2008-09 are currently listed in ESD's database as certified M/WBE vendors.

Outreach Efforts

Each agency should seek out and encourage certified vendors to compete for opportunities as part of its good faith efforts to achieve M/WBE participation goals. OTDA was unable to provide information about any outreach efforts conducted prior to hiring the new program director. We found the new M/WBE program director did organize a Certification-In-A-Day program for current vendors and encouraged those not certified to attend. This initial event focused on getting existing vendors certified, but management has yet to undertake efforts to seek out new vendors to participate in the M/WBE program.

The new program director has expressed a desire to help eligible vendors become certified if they seek assistance. However, there are certain other proactive steps that OTDA can take to seek out and target potential M/WBE vendors. These include attending trade shows and vendor seminars; including information on its website advertising the types of goods and services OTDA generally purchases, as well as information or links to help guide prospective vendors towards M/WBE certification; and placing advertisements in the Contract Reporter or other media looking for potential new vendors.

- Recommendations**
1. Establish realistic goals for M/WBE participation based on analysis of spending and procurement opportunities.
 2. Communicate with the not-for-profit organizations to educate them about subcontracting with M/WBE vendors and reporting these expenditures to OTDA.
 3. Encourage procurement staff to communicate with other agencies that have similar purchasing needs to share information and identify new opportunities to acquire necessary goods and services from qualified M/WBE vendors.
 4. Dedicate resources to more aggressively seek out new qualified M/WBE vendors, such as by utilizing communication channels like OTDA's website, other common media sources, and any other effective means OTDA can identify.

Agency Comments



NEW YORK STATE
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
40 NORTH PEARL STREET
ALBANY, NEW YORK 12243-0001

David A. Paterson
Governor

June 25, 2010

Frank J. Houston
Office of the State Comptroller
Division of State Government Accountability
123 William Street, 21st Floor
New York, New York 10038

Re: Report 2009-S-106

Dear Mr. Houston:

The Office of Temporary and Disability Assistance (OTDA) is in receipt of the Office of the State Comptroller (OSC)-Division of State Government Accountability's draft report of OSC's audit of OTDA's Minority and Women-Owned Business Enterprise (M/WBE) program.

OSC's audit objective was designed to determine if OTDA is appropriately establishing annual goals for procurements from minority- and women-owned business enterprises (M/WBEs), making a good faith effort to reach those goals, and accurately reporting their results to NYS Empire State Development (ESD). OSC identified four recommendations to assist and improve the performance of OTDA's M/WBE program:

1. Establish realistic goals for M/WBE participation based on analysis of spending and procurement opportunities.
2. Communicate with the not-for-profit organizations to educate them about subcontracting with M/WBE vendors and reporting these expenditures to OTDA.
3. Encourage procurement staff to communicate with other agencies that have similar purchasing needs to share information and identify new opportunities to acquire necessary goods and services from qualified M/WBE vendors.
4. Dedicate resources to more aggressively seek out new qualified M/WBE vendors, such as by utilizing communication channels like OTDA's website, other common media sources, and any other effective means OTDA can identify.

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OTDA has already begun to take steps to improve the M/WBE program since OSC's audit. In late March of this year, OTDA moved forward with a plan to increase support for the M/WBE program. OTDA merged the agency's Bureau of Equal Opportunity Development (EOD) with the M/WBE program for the following reasons:

OTDA's EOD is responsible for providing and promoting the agency's Equal Employment Opportunity/Affirmative Action (EEO/AA) policy in employment, compensation and other terms and conditions of employment, and to administer programs without discrimination on the basis of race, color, gender, sexual orientation, religion/creed, age, national origin, predisposing genetic characteristics/carrier status, disability, marital status, victim of domestic violence status, military or Vietnam Era Veteran status.

Also, the EEO/AA policy administered by EOD applies to the agency's procurement and purchasing contracts, thereby facilitating more efficient and effective coordination of M/WBE activities by merging EOD and M/WBE programs. The policy requires that minority and women-owned businesses have equal access to the agency's contract bidding process and receive fair consideration as potential contractors, sub-contractors, and/or vendors. The policy also requires equal employment opportunity/affirmative action language in all of its contracts and requires a review of the contractor's current staffing and hiring patterns and projected staffing plans in order to ensure compliance with Article 15-A of the Executive Law. Contractors are responsible for giving equal and fair consideration to minority and women-owned businesses in their sub-contracting and procurement activities and providing EOD with an appropriate Subcontractors' Utilization Plan and Forms demonstrating their commitment to utilizing minority and/or women-owned businesses. The Office states in its EEO/AA policy and procurement documents that these are flexible goals; they are not quotas.

In addition, OTDA's M/WBE program now has additional staff to assist and support the full-time M/WBE Director, and to devote more resources to the M/WBE program as a result of the merger with EOD.

The draft report acknowledges that OTDA's M/WBE director has taken additional steps toward improving the M/WBE program performance, and despite the need for improvement in some areas, it appears that OTDA is moving in the right direction in implementing OSC's recommendations.

With regard to the recommendation to establish realistic goals for M/WBE participation based on analysis of spending and procurement opportunities, OTDA intends to keep the combined M/WBE goals as is, at 10.5 percent, with five percent (5%) for minority-owned business enterprises and five and one-half percent (5.5%) for women-owned business enterprises. In re-evaluating the goals for the 2010-11 year, the M/WBE Director determined that OTDA can achieve greater support for its annual M/WBE procurement goals by concentrating efforts to increase both outreach and M/WBE participation on commercial, IT and other large procurements. OTDA will require all proposers and contractors to document good faith efforts to meet contract goals. Since contractors have the entire term of the contract to meet M/WBE goals, the necessity for issuing total waivers at the time of bid proposal should be minimal. Requests for waivers will be diligently reviewed and such waivers, including total waivers, will only be issued to those requesters that can meet the waiver eligibility guidelines. All requests for waivers will follow a comprehensive and established process/procedure for review. After contract award, if OTDA determines that the Contractor has not demonstrated compliance with

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its previously approved Contractor's M/WBE Subcontractor Utilization Plan and has made no good faith effort to do so, OTDA and the Contractor shall make every effort to resolve any deficiencies identified and to bring the Contractor into compliance with such requirements.

OTDA will also continue to pay particular attention to the nature and extent of goods and services that it purchases using centralized contracts established by the NYS Office of General Services (OGS) and from vendors identified as either preferred or sole sources, as some of these purchases may be eligible for inclusion in the M/WBE program if existing vendors are already M/WBE certified. OTDA is establishing processes and procedures (both internally and for external use) to address the issues described here.

OTDA has implemented several initiatives to make a good faith effort toward achieving the goals:

- OTDA's M/WBE Program Unit has established a bi-monthly schedule of meetings with the agency's personnel essential to M/WBE activities, including the agency's Executive Deputy Commissioner, Office of Contract Management and Office of Legal Affairs to review the M/WBE program's activities and address and resolve issues as they arise to prevent barriers and/or impediments to the success of the agency's M/WBE program.
- OTDA has standardized and implemented newly revised M/WBE language (also labeled and referred to as Appendix Z) that more fully details Article 15-A of the Executive Law procedures which is to be included with all procurements. Additionally, all M/WBE forms have been updated and standardized.
- The new revised standard language and forms also require that the proposer/contractor identify and name an M/WBE liaison, when known at the time of bid/application.
- A concerted effort has taken place to make the standardized language and M/WBE forms accessible to the agency's Programs and contract managers, as well as proposers/contractors.
- A standard letter has been developed that includes uniform M/WBE language for existing contracts that have been amended, extended and/or renewed, notifying current contractors of the expectation that they be M/WBE compliant pursuant to clause 12 of Appendix A.
- The M/WBE program has created an internal agency flow chart identifying M/WBE involvement in the agency's procurement process from the initial planning stage to approval and sign off on all procurements and contracts.
- Request for partial and/or full M/WBE Subcontracting Waivers - The M/WBE program Unit will honor a "cure" period for the proposer/contractor to respond to the M/WBE requirements. The M/WBE program will be available to offer assistance to proposers/contractors who may be having difficulty identifying M/WBE subcontracting opportunities. As part of any request for a waiver, proposers/contractors are expected to provide reasons for such proposer/Contractor's inability to meet any or all of the participation goal requirements, together with an

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explanation and supporting documentation demonstrating the efforts undertaken by such proposer/Contractor to obtain the M/WBE subcontractor participation goals as specified in a procurement/contract. Pursuant to OSC Bulletin G-241 regarding Procurement and Disbursement Guidelines, OTDA will comply with the amendment to Executive Law article 15-A requiring an agency to post on its website contractor utilization plans and any waivers of compliance approved by the agency.

- OTDA's M/WBE will implement an electronic data collection system to capture all M/WBE subcontracting activities, which will facilitate the establishment of reasonable participation goals supported by an analysis of spending and procurement opportunities.
- M/WBE developed a standard introduction clause to be included in all RFPs and included within the Proposal Requirements, Evaluation and Selection section of all procurements which incorporates by reference the standardized M/WBE compliance language.

The second recommendation is that OTDA communicate with the not-for-profit organizations to educate them about subcontracting with M/WBE vendors and reporting these expenditures to OTDA. The report noted that the M/WBE director has made some initial efforts in this area, including providing program staff with policy information reinforcing OTDA's M/WBE goals and mission, and stressing that staff should educate not-for-profit organizations about seeking out MBE and WBE firms. The M/WBE Director will continue to proactively educate and conduct outreach to for-profit and not-for-profit organizations on the M/WBE program and reporting requirements in bidders' conferences and will attend trade shows and vendor seminars. As additional outreach efforts, the M/WBE Director will include M/WBE information on OTDA's website advertising the types of goods and services OTDA generally purchases, as well as information or links to help guide prospective vendors towards M/WBE certification. The M/WBE Director will work with contract staff to place advertisements in the Contract Reporter, and with OTDA's Public Information Office to advertise in other media looking for potential new vendors.

As the audit report indicated, the M/WBE program director has taken some initial steps directing program contract staff to encourage not-for-profit (NFP) service providers to utilize M/WBE certified vendors and/or suppliers as subcontractors whenever possible. The M/WBE program has availed itself to ensure that it is present at every step of the procurement process and to encourage M/WBE subcontracting opportunities. The M/WBE program has reached out to contractors informing them of OTDA's M/WBE compliance requirements and goals, as well as to promote M/WBE participation as a partnership opportunity with OTDA and the M/WBE program.

The OTDA M/WBE Program has also taken additional steps by requiring that the standardized M/WBE language and forms are included in all procurement solicitations involving NFPs. The M/WBE program intends to hold the NFPs accountable in responding to the M/WBE requirements.

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The report found that OTDA has an adequate system for tracking and compiling the data reported to NYS Empire State development (ESD). The report also found that OTDA had adequate supporting documentation for its reported data and OTDA's data matched the data reported to ESD. However, the report noted that OTDA currently has no procedures to encourage or capture data on M/WBE program expenditures made by not-for-profit entities with which it contracts for program services. All NFP M/WBE activities will be captured via the new M/WBE electronic data collection system to remedy this deficiency. The M/WBE electronic data collection system will facilitate the adequate and accurate monitoring and oversight of OTDA's M/WBE program, including NFP activities. It will also help to identify agency areas that are showing limited and/or no M/WBE activities. By identifying underperforming areas, the M/WBE program can focus on these areas and strategize with the program areas on how best to improve activities. The electronic data collection system will facilitate OTDA's assistance to ESD in its management of the M/WBE program to further clarify eligible expenditures, especially as they relate to the NFP service providers that OTDA contracts with on a regular basis.

OTDA and the M/WBE program intends to encourage procurement staff to communicate with other agencies that have similar purchasing needs to share information and identify new opportunities to acquire necessary goods and services from certified M/WBE vendors/suppliers. The M/WBE Director and other agency staff participate in the M/WBE Human Services cluster group sponsored by ESD. As suggested in the report, M/WBE program staff will increase communication with the NYS Office of Children and Family Services, the Office of Mental Health, and the Office of Alcohol and Substance Abuse Services, all of which have extensive dealings with not-for-profit service providers. OTDA anticipates that these networking efforts will assist OTDA in identifying new vendors to increase M/WBE participation in its procurement activities. If OTDA can find comparable deals elsewhere after identifying new vendors, OTDA can increase M/WBE participation and, where applicable, will not be obligated to purchase from State contracts. Additionally, our procurement staff is well aware of the ESD M/WBE certification process and the ESD directory of certified M/WBE vendors and/or suppliers to provide further support assistance to NFPs.

The M/WBE program is currently working on developing an OTDA Directory of certified M/WBEs statewide and regionally. This will help to provide information to contractors and/or subcontractors about M/WBE vendors and/or suppliers who may not exist in their region but do exist in another region nearby, in relation to specific OTDA needs and to support OTDA prime contractors in their overall operations.

As the report noted, the M/WBE director established an internal work group comprised of agency staff representing the Bureau of Contract Management, Program Contract staff and Program Technical staff. This group was formed to identify issues, and to discuss options and strategies for improving M/WBE program opportunities and participation. The internal workgroup will take part in the pilot presentation of the M/WBE electronic data collection system to ensure that the system created captures essential M/WBE information and that it is user friendly. This activity will assist the internal workgroup to finalize creation and implementation of a mechanism to monitor program effectiveness.

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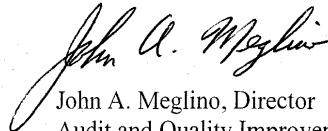
With regard to the recommendation to dedicate resources to more aggressively seek out new qualified M/WBE vendors, such as by utilizing communication channels like OTDA's website, other common media sources, and any other effective means OTDA can identify, OTDA has taken steps to remedy this. OTDA now has an Internet Webpage: <http://www.otda.state.ny.us/main/contracts/mwbe/> specifically dedicated to M/WBE. The webpage is an introduction to OTDA's commitment to New York State's goal of providing greater opportunities to Minority and Women Owned Business Enterprises (M/WBEs). Minority and women owned businesses are encouraged to become certified as such with New York State.

We share web links to NYS Division of Minority and Women Owned Businesses Development website and to the NYS Directory of Certified Minority and Women Owned Business Enterprises. OTDA can also be contacted for information via a link to OTDA's Contracts and Grant Opportunities page.

The M/WBE program director and staff continue to attend vendor and business forums to network and meet potential certified M/WBEs statewide as well as to afford OTDA the opportunity to share agency information. As a result, we have an ever expanding directory of potential M/WBEs who are interested in conducting business with NYS as well as with OTDA. The M/WBE program also receives emails, and this information is included in the directory as well.

We thank you for your draft audit report and appreciate the opportunity allowed OTDA and the M/WBE program to review and respond to the OSC recommendations. We particularly appreciate OSC's recognition that OTDA and the M/WBE program have begun to take meaningful steps toward implementing the recommendations outlined in the draft audit report. OTDA and the M/WBE program are committed to continuing our efforts to improve on and have a successful M/WBE program, and more importantly, to achieve the agency's established goals.

Sincerely,



John A. Meglino, Director
Audit and Quality Improvement

Cc: Wilma Brown Phillips