



The City of New York
Department of Investigation

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DOI'S 14 RECOMMENDATIONS TO NYCHA REGARDING MICRO-PURCHASES
—NYCHA has accepted each of these recommendations and agreed to make these reforms—

Below are the 14 recommendations DOI has issued to the New York City Housing Authority ("NYCHA") in connection with bribery and extortion charges against 70 current and former NYCHA employees. Several of the below recommendations, specifically numbers one, seven, and nine are similar to recommendations issued to NYCHA in 2021, and which NYCHA ultimately rejected. NYCHA's current administration has committed to implementing all 14 of the below recommendations.

- 1: Identify and implement an alternative staffing model for the micro-purchase process that removes responsibility for micro-purchases from staff within the housing developments and places the responsibility instead with specialized centralized staff with the necessary expertise.
- 2: Study the micro-purchase process as a whole in order to identify, and if available, to implement, any feasible alternatives that allow for prompt selection of vendors and efficient completion of necessary work but are less vulnerable to abuse.

Pending implementation of recommendations one and two, NYCHA is in the process of implementing the following recommendations of the New York City Department of Investigation to safeguard the micro-purchase process. NYCHA and DOI will continue to collaborate to improve oversight and prevent fraud, waste and abuse and may make adjustments to the process set out below as necessary.

- 3: Require Resident Building Superintendents, Assistant Resident Building Superintendents, and any additional titles/staff involved in the micro-purchase process to attend an annual training that will be created and presented by the Department of Investigation. This training will cover gratuities and bribes, criminal liabilities, and Executive Order 16 of 1978 (the duty to report allegations of bribery and gratuities to the Department of Investigation).
- 4: Create, with the assistance of the Department of Investigation, and disseminate annually to all staff involved in procurement and inspections, a Compliance Advisory Alert pertaining to gratuities and bribes, criminal liabilities, and Executive Order 16 of 1978 (the duty to report allegations of bribery and gratuities to the Department of Investigation) and an acknowledgment form for employees to sign stating that they have read, understood and agree to comply with the Compliance Advisory Alert.
- 5: Create a Pre-Qualified List (PQL) of micro-purchase vendors and require such vendors to undergo a NYCHA/DOI-developed vendor integrity review. Once the PQL is in place, require that a Resident Building Superintendent or Assistant Resident Building Superintendent choose a micro-purchase vendor from the micro-purchase PQL. To the extent practicable, require the Superintendents to rotate through the list of vendors and to minimize repetitive use of a single vendor.

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- 6: Create, with the assistance of the Department of Investigation, a training program that micro-purchase vendors must attend to be placed on the PQL. The program will include information about NYCHA's micro-purchase process, vendor responsibilities and liabilities, and bribes and gratuities. Upon completion of the training, require the micro-purchase vendor to submit to NYCHA a signed acknowledgement form stating: "I acknowledge and understand that offering, giving, and/or accepting bribes, gratuities, and/or gifts is a criminal offense under federal and New York State law."
- 7: As soon as practicable, establish a schedule of cost estimates for the top 15 types of services and goods most often obtained by developments through the micro-purchase method. If a vendor's cost proposal for one of these services exceeds the cost estimate schedule, require the vendor to provide a written explanation for the additional cost, including the specific conditions that warrant the increased cost. Require the Neighborhood Administrator to review the written explanation of the increased cost, and to provide approval if the cost increase is appropriate, prior to the commencement of such services.
- 8: Pending the development of the schedule of cost estimates, require the Executive Vice President for Property Management Operations, working with the Compliance and Quality Assurance Departments, to conduct monthly reviews of all micro-purchases for services at the developments to identify and investigate any irregular or questionable transactions. Any transactions identified as such will be promptly reported to the Department of Investigation.
- 9: For all micro-purchases, whether or not in excess of the cost estimate schedule, NYCHA staff outside the development commissioning the work (e.g., contract manager at the borough level) will conduct a review the following documentation: completed services/receipt of goods, Statement of Services, blanket contract releases (as applicable), before and after photos, and the vendor's invoice, prior to processing any payments for approval.
- 10: Display signage at developments and offices (in conspicuous locations frequented by employees) stating the following: "Offering, giving and/or accepting bribes, gratuities, and/or gifts is a criminal offense under federal and New York State law."
- 11: Program IT systems to generate a pop-up window and acknowledgement check box for employees commissioning the work during the micro-purchase process. The pop-up window will contain the statement: "I acknowledge and understand that offering, giving and/or accepting bribes, gratuities and/or gifts is a criminal offense under federal and New York State law."
- 12: Revise the vendor micro-purchase proposal form to include the following statement: "I acknowledge and understand that offering, giving, and/or accepting bribes, gratuities, and/or gifts is a criminal offense under federal and New York State law."
- 13: Require the Quality Assurance and Compliance Departments to conduct semiannual audits of micro-purchase data (including but not limited to the total number of micro-purchase transactions, average micro-purchase cost, frequency with which specific vendors perform work, recordkeeping, and compliance with the recommendations set out above) and post the findings publicly on the NYCHA website.
- 14: Continue to report any irregularities (e.g., an employee frequently uses a vendor, an employee regularly requests micro-purchases at amounts above the scheduled prices, etc.) to the Department of Investigation.

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