

A green chalkboard with the words 'WALL ST' written in white chalk. The chalkboard is tilted and placed on a wooden surface. The text 'Organization of Staff Analysts' is overlaid in green, and 'BUDGETS and Contracts' is overlaid in grey.

Organization of Staff Analysts

BUDGETS and Contracts

CURRICULUM

Budget

- ▶ Definitions & Types of Budgets
- ▶ Budget Cycle in NYC
- ▶ Budget Structure

Procurement

- ▶ Types of Procurement Methods
- ▶ Major Players in the Budget & Procurement Processes in NYC

Sample Questions

A Budget...

- ❑ Is a device for managerial control
- ❑ Is used by agencies to monitor internal appropriations / funding
- ❑ Ensures goals are being met
- ❑ Ensures that you do not overspending
- ❑ Is an instrument of good management
- ❑ Ensures efficiency

Types of Budgets

Line Item

1. Specifically estimates cost of each item
2. A detailed budget which includes allocations for individual personal services (PS) and Other than Personal Services (OTPS)

Types of Budgets

Performance

- ❖ Easily understood
- ❖ Specifies what agency / manager intends to achieve and what it will cost
- ❖ Shows costs of each program / activity
- ❖ Encourages program planning and evaluation

Types of Budgets

○ Zero Based

- Starting from zero, process where managers build budgets from the ground up
- Requires detailed information and great involvement from mid-level managers and even line managers

Zero Based Budgets (Cont'd)

- ❑ Decision packages and documentation are substantial
- ❑ Rarely used due to the extensive involvement at all levels

Program

- Line Item (budget) + Service Delivery Costs (performance budget)

NYC Agencies

Mayoral Agencies

- ▶ Operate under jurisdiction of Mayor's Office
- ▶ Subject to the NYC Procurement Policy Board
- ▶ Procurements are governed by the NYC Charter

Non Mayoral Agencies

- ▶ Purchases made are not subject to oversight by the Mayor's Office of Contracts (MOCS)
- ▶ Purchases not directly regulated by the City of New York or the Procurement Policy Board or NYC

Mayoral vs Non-Mayoral

Mayoral

- ▶ HRA - Human Resources Administration
- ▶ DDC - Dept. of Design and Construction
- ▶ DOHMH - Dept. of Health and Mental Hygiene
- ▶ DOT - Dept. of Transportation
- ▶ ACS - Administration of Children's Services

Non-Mayoral

- ▶ HHC - Health and Hospitals Corporation
- ▶ TBTA - Triborough Bridge and Tunnel Authority
- ▶ MTA - Metropolitan Transit Authority
- ▶ NYCHA - New York City Housing Authority

Budget Cycles

New York City

July 1 - June 30

Federal

October 1 -
September 30

State

April 1 - March 31



New York City Budget Timeline

☐ Preliminary
(wish list)

☐ Executive

☐ Adopted

☐ January Plan

☐ April Plan

☐ September Plan

The Budget Players

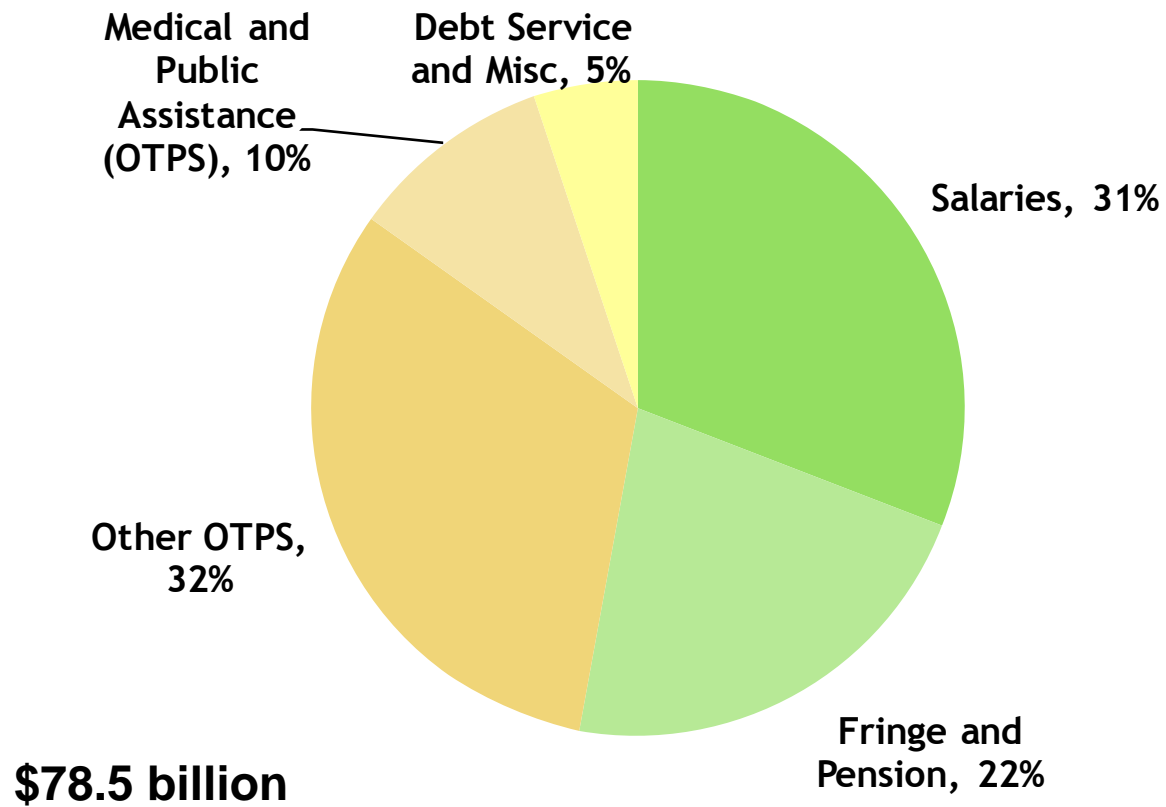
- Mayor
 - ▶ Community Boards
 - ▶ Comptroller
 - ▶ City Planning Commission
 - ▶ Independent Budget Office
 - ▶ Financial Information Services Agency (FISA)
- Office of Management & Budget (OMB)
- Agencies
- City Council
- Borough Presidents

Budget Component # 1

Expense

- ▶ Covers all expenditures for daily operations of city agencies and offices
 - ▶ OTPS [furniture, equipment, travel, rent, consultants, office temps, program services, etc.]
 - ▶ PS [salaries, fringe benefits (i.e. health, unemployment benefits, pensions)]

NYC FY2015 Expense Budget



Budget Component # 2

Revenue

► Covers projections of income from all sources

Citywide Revenue (60% on average):

□ Anticipated amounts and sources of funds to be collected or obligated for any given budget year such as...

○ **TAXES:** real property, individual, commercial, real property transfer, sales, excise

Revenue Component (Cont'd).

Federal and State Sources (33% on average):

Revenue reimbursements and grants given to agencies as offsets for expenses related to:

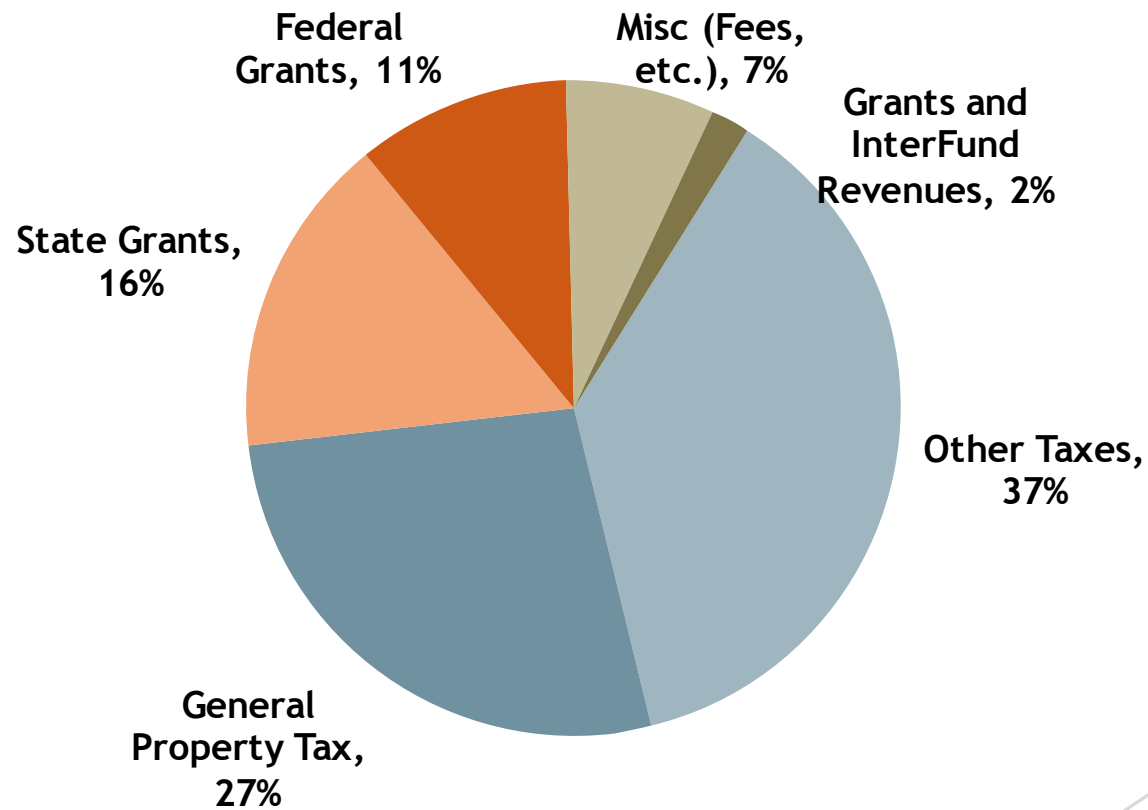
Medicaid; education; social services; homeland security; transportation

Revenue Component (Cont'd)

Miscellaneous (7% on average):

- *Fines - parking, environmental, sanitation*
- *Liens against personal properties*
- *User Fees*
- *Licenses*
- *Application Costs*

NYC FY2015 Revenue Budget



\$78.5 billion

Capital Budget

Major fiscal commitments funded through general obligation or special purpose **bonds**

Funds are used for improvement or purchase of physical infrastructure in order to facilitate

- ▶ government operations
 - ▶ government offices, schools, and fire stations
- ▶ general public use
 - ▶ roads, bridges, libraries, and parks

Capital Eligibility - Comptroller's Directive 10

- ▶ \$35K minimum
- ▶ period of probable usefulness (PPU) of at least five (5) years

Capital Projects can be deferred (rolled) from year to year

Definitions

- ▶ Contract- a binding agreement between two or more persons or parties; one legally enforceable; a business arrangement for the supply of goods or services
- ▶ Procurement - Buying, purchasing, renting or acquiring goods, services or construction.



Procurement Policy Board (PPB)

- Established in 1988
- 5 members appointed by Mayor and Comptroller
- “authorized to promote and put into effect **rules** governing the procurement of goods, services, and construction”



PPB Rules

“The underlying purposes of these Rules are to simplify, clarify and modernize the law governing procurement by the City of New York;”

Establish rules and regulations by which Agencies and Elected Officials

- ▶ Purchase Goods and Services
- ▶ Conduct Contract Bidding
- ▶ Select Vendors
- ▶ Administer Procurement process

Methods of Contractor Selection

- **Competitive Sealed Bidding** (preferred Method)

Special Cases

- **Competitive Sealed Proposal** (Request for Proposal or RFP)
- Competitive Sealed Proposal from Pre-Qualified List (PQL) of suppliers
- **Small Purchase**
- Negotiated Acquisition
- Sole Source Contract
- Emergency
- **Accelerated**
- Innovative products, procurement methods
- Government to Government

Invitation to Bid

- 1) Open to all qualified bidders
- 2) Contract awarded to lowest responsible/responsive bidder.
Those that are able to fulfill all criteria of the contract at the lowest price

Who is ineligible to be awarded a contract?

- 1) not qualified
- 2) poor past performance
- 3) past disbarment
- 4) Fail vendor screening process (VENDEX)
- 5) Bidders did not meet specifications (non-responsive)

Request for Proposal

Request for Proposal - Open bidding process most commonly used for social service contracts

- 1) Bidders rated based on objective standards established by the agency
- 2) Bidders must be able to meet tailor made specifications for services sought
- 3) Low bid **only one** of several elements to be considered in making award
- 4) Other criteria: experience of contractor, ability to meet completion deadline, quality of parts used, method of effectuating repairs with minimal disruption to services

Small Purchase Guidelines

Value not to exceed \$100,000

- Fewer requirements for solicitation
- Purchase Order can be used instead of contract

Small Purchases over \$20,000

- Solicit at least five vendors from prequalified bidders list

Micro Purchases -- \$20,000 or less

- No competition required



Negotiated Acquisition

Allows a negotiated additional term on the same basis as the initial contract.

- Time sensitive situation requiring quick vendor selection
 - Agency must respond to a court order or stipulation
 - Current supplier of service terminated and it would take too long to put out a new RFP
 - Compelling need that cannot be timely met through Competitive sealed bidding or RFP
- Limited number of suppliers who can provide the service but since it is not just one, it is not a sole source situation

Compelling need to extend contract beyond permissible twelve month limit

Other methods of Source Selection

Emergency Procurement - Purchase of items due to unforeseen danger to life, safety, property or a necessary service

Accelerated Procurement - Expedited purchases due to market fluctuations.

- Food, gasoline, heating oil, etc.

Sole Source Contract

Awarded to one person or vendor based on following criteria:

- ❑ No one else can provide service
- ❑ Additional cost of awarding contract to someone else would be prohibitive

Contract Overview- Procurement Structure

Procurement includes the following:

- 1) Planning
- 2) Description of Requirements
- 3) Solicitations & Selections of Sources
- 4) Preparation & Award of Contracts
- 5) All phases of Contract Administration
 - a) Receipt & acceptance of services
 - b) Evaluation of performance
 - c) Final payment

Contract Players

Mayor's Office of Contract Services

- ▶ Responsible for the oversight of city contracts
- ▶ Directed by the Chief Procurement Officer
- ▶ Chief Procurement Officer has delegated power to make and review procurement decisions

Agency Responsibilities

A. Agency Chief Contracting Officer (ACCO)

Position delegated authority by agency head

Responsibilities to organize and supervise the procurement activity of subordinate agency staff in conjunction with City Chief Procurement Officer (CCPO)

B. Agency Heads

Organize and supervise the procurement functions

Make decisions concerning awards and
administration of contracts

Primary Officials Involved in Procurement Process

1. Mayor - Express Responsibilities
2. Comptroller - Audit/Investigate Finances
Agency Compliance Monitor
Register Contracts
3. City Council - Set dollar thresholds requiring formal competitive procedures
4. Procurement Policy Board
5. Mayor's Office of Contract Services (MOCS)
 - a) Responsible for oversight of city contracts
 - b) Organize & supervise activities of subordinate agency procurement staff

Primary Officials Involved in Procurement Process

6. Department of Investigation (DOI)
 - a) Investigates affairs, functions, accounts, personnel or efficiency of an agency
7. Department of Citywide Administrative Services (DCAS)
 - a) Responsible for procurement of goods on city required contracts
 - b) Provision of autos, vehicles, communication, energy, and data processing services
 - c) Disposition of surplus real property
 - d) Acquisition of real property other than housing

Corporation Counsel

1. Attorney and Counsel for the City
2. Sole Authority for language & form individually or by standard type contracts and contract amendments

Office of Administrative Trials and Hearings (OATH)

1. Authority & Responsibility to conduct & adjudicate hearings
2. Hears disputes arising out of the procurement function

Sample Questions

A properly administered budget should provide assurance that certain conditions will prevail. Which of the following is NOT appropriate to this statement?

- A. all agency heads will express their financial assumptions in the same terms
- B. diverse statements of expenses will be reviewed and coordinated by responsible officials
- C. the agency head will be able to look to the budget director, after final acceptance of the budget, to defend and support his individual role and contribution to the overall budget plan
- D. it will be possible to review and analyze variances between anticipated and actual financial results to determine what went wrong

Sample Questions

The major value of performance budgeting is that it

- A) distinguishes between programs and performance
- B) enables program planning
- C) relates output to input
- D) requires the participation of top officials

Sample Questions

The most important phase of the budget cycle, from a legal point of view is

- A) appropriation
- B) classification
- C) execution
- D) formulation

Sample Questions

The success of a budget allotment program depends primarily on the budget examiner's knowledge of

- A) departmental accounting procedures
- B) departmental budget codes
- C) seasonal patterns of departmental expenditures
- D) workflow charts of departmental activities

Sample Questions

After a budget has been developed, it serves to:

- A) assist the accounting department in posting expenditures
- B) measure the effectiveness of department managers
- C) provide a yardstick against which actual costs are measured
- D) provide the operating department with total expenditures

Sample Questions

- ▶ Which city agency is responsible for the procurement of goods on citywide contracts?
 - A) NYC Department of Investigation
 - B) NYC Department of Procurement of Goods
 - C) NYC Department of Finance
 - D) NYC Department of Citywide Administrative Services

Sample Questions

- ▶ Which of the following is true of the agencies involved in the procurement process?
 - A) The Mayor can register contracts once a vendor is found to have the lowest responsible and responsive bid.
 - B) The Mayors office of contract services can design different types of contracts to meet the needs of the city agency awarding the contract.
 - C) The NYC Department of Investigation is responsible for investigating allegations of misconduct by a vendor contracted by the city.
 - D) The City Council can vote to register a contract if vendor is ready to perform the functions of the contract and 90 days have passed since the award date.

Sample Questions

Which of the following are the functions of the Procurement Policy Board?

- A) Set rules governing procurement process in New York City
- B) Oversee performance of contracts and contractors
- C) Set Time Schedules for contract milestones
- D) All of the above

Sample Questions

Which of the following contract bidding processes is most commonly used for social service contracts?

- A) Sole source contracts
- B) Negotiated acquisition contracts
- C) Request for proposal contracts
- D) None of the above

Sample Questions

The NYC Administration for Children's Services has an annual \$100 million dollar budget for child abuse related prevention services.

In 2014, they spent 80% of their budgeted amount for fiscal year and can carry over 5% of the remainder to the following year. In fiscal year 2015, they project spending 90% of their total budgeted amount. How much will be left at the end of fiscal year 2015?

- A)** \$90.9 million
- B)** \$10.5 million
- C)** \$10.1 million
- D)** \$1 million

Sample Questions

The ACCO has just awarded a \$5 million, 4 year social service contract to the organization "*Help the People.*" The contract allows 5% of estimated annual costs for cash advance for start up costs. If the organization had \$5,000 left from the cash advance, then how much total money did they spend on start up cost?

- A)** \$5,000
- B)** \$245,000
- C)** \$4.95 million
- D)** \$57,500

Sample Questions

The Department of Sanitation has run out of chains for its trucks to use during a dangerous snow storm in New York City. Historically, due to the exact measurement of the chains relative to the trucks used, one vendor had been used for past purchases. As an analyst, what would be the proper method to procure the purchase of chains?

- A)** Request for Proposal
- B)** Sole Source Process
- C)** Responsible Bidding Process
- D)** Emergency Procurement Process

Sample Questions

The Mayoral Administration is preparing a budget for the new fiscal year and wants all options for cuts on the table. Which method of budgeting would provide details on **every** budget item starting from the beginning of the process?

- A)** Performance Based Budgeting
- B)** Individual Procurement Budgeting
- C)** Fiscally responsible departmental budgeting
- D)** Zero based budgeting