



New York City Comptroller
Scott M. Stringer

NEWS

PRESS RELEASE

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**STRINGER REJECTS \$30 MILLION IT CONTRACT WITH
COMPUTER AID, INC. THAT OUTSOURCES OVERSIGHT
AND ACCOUNTABILITY TO THIRD-PARTY VENDOR**

NEW YORK, NY – New York City Comptroller Scott M. Stringer today rejected a \$30 million Department of Information Technology and Telecommunications (DoITT) contract to outsource the selection and oversight of all New York City Information Technology (IT) contractors to a sole vendor, Pennsylvania-based Computer Aid, Inc (C.A.I.).

“At the core of this contract is an unproven service model which provides no adequate fail-safe if the system is unsuccessful,” Stringer said. “Information Technology contracts have been a recurring issue for the City: ballooning costs and insufficient oversight are a toxic mix for taxpayers. DoITT should come back to us with a plan that spells out why this vendor – and this model – actually makes sense.”

The contract between DoITT and C.A.I. proposes a three-month pilot “Managed Service Model” which allows one vendor, C.A.I., to take over the selection of all IT consultants. Currently, DoITT operates under a “Multiple Services Model,” in which the Agency conducts mini-bids within a pool of qualified Information Technology Consulting Services (ITCS) to identify which vendors best fit the needs of City agencies – with the contract vehicles centralized through DoITT.

In a letter sent to DoITT Acting Commissioner Evan Hines on Wednesday, the Comptroller’s Office wrote:

The newly proposed *Managed Services Model* limits and restricts the City’s direct role in the administration, management, and oversight of the contracting process. Under the proposed model, the City intends to outsource the selection of all IT consultants to a single third-party intermediary consultant, C.A.I. The creation of an additional level of outsourcing between end users and IT consultants may prevent consultants from understanding the proposed scope of services.

Further, DoITT's categorization of professional IT consultants selected by C.A.I. as "suppliers" instead of "subcontractors" removes essential due diligence and accountability requirements from the City, such as VENDEX and formal determinations of responsibility. The City would lose the contractual relationship with the companies providing consultants, thus losing a crucial oversight tool for determining whether IT consultants are qualified to receive taxpayer dollars.

Additional questions and concerns were raised about the C.A.I. contract including:

- Non-competitive procurement, which does not afford the City the opportunity to benefit from a process in which it leverages its considerable bargaining power;
- A three-month pilot period to test the "Managed Service Model" which does not allow for an appropriate review;
- No limitations on the initial \$30 million investment, meaning funds could be fully depleted over the three-month pilot process;
- No calculation of how much the model would cost the City if rolled out to additional agencies. Annual citywide usage via the current citywide ITCS service model exceeds \$70 million.

The contract was initially submitted to the Comptroller's Office on December 20, 2013, but was returned to DoITT for additional questions and review. It was resubmitted for registration on February 19, 2014 and returned on Wednesday following a 30-day review period.

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