



## COMPLIANCE DEPARTMENT MICRO-PURCHASE REVIEW February 1 to July 31, 2025

### Introduction

On February 6, 2024, the Department of Investigation (“DOI”) published a set of 14 recommendations (“the Recommendations”) to the New York City Housing Authority (“NYCHA”) in connection with bribery and extortion charges related to NYCHA’s micro-purchase program for services at properties. On February 5, 2025, NYCHA submitted the final update to DOI, indicating compliance with the Recommendations. NYCHA agreed to continue to publish an annual report and to make that report available to the public on the NYCHA website.

This report contains the following sections:

- I. **Data Summary:** Data summary of micro-purchase transactions during the covered period, including the total number of micro-purchase transactions for services at NYCHA properties, the average micro-purchase cost, and the frequency with which specific vendors perform work.
- II. **Monthly Review Results:** NYCHA Compliance reviews micro-purchases<sup>1</sup> monthly, and Compliance performs further review for purchases requiring additional scrutiny<sup>2</sup>. Compliance performs reviews of micro-purchases by conducting interviews, reviewing documents, and conducting site visits at properties.
- III. **Compliance with the Recommendations:** NYCHA Compliance continues to gather and review documentation related to the status of each of the Recommendations issued by DOI and provides updates to the general public and DOI on NYCHA’s progress in implementing Recommendations for micro-purchases across the NYCHA portfolio.

This report will be published on NYCHA’s “Transparency and Reports” webpage at <https://www.nyc.gov/site/nycha/about/reports.page>.

#### I. **Data Summary**<sup>3</sup>

The summary data for the December 2025 Semi-Annual Report for the Covered Period is below. The Covered Period for the 2025 Semi-Annual Review spans from February 1 to July 31, 2025. Compliance published this report covering six (6) months of data as an interim review on the micro-purchase program,

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<sup>1</sup> The NYCHA Procurement Standard Procedure Manual defines micro-purchase as “the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the Micro Purchase Threshold.” The default micro-purchase threshold is \$10,000 for goods and services. Micro-purchases may be awarded without soliciting competitive quotations if NYCHA considers the price to be reasonable.

<sup>2</sup> Examples of purchase orders that might lead to additional scrutiny include, but are not limited to, bid splitting; questionable purchases, and high purchase prices.

<sup>3</sup> NYCHA agreed to an annual review starting in 2026, but to first perform an additional semi-annual review in 2025. The last Covered Period ended January 16, 2025. Going forward, Annual Reports will include a full year of data (August 1 to July 31) starting with the 2025/2026 Annual Report.

and moving forward, based on the relatively low risk to the agency and the reduced use of micro-purchases across NYCHA, the Covered Period will include an entire year of data, starting in September of 2026.

During the Covered Period, there were 320 total purchase orders for micro-purchases for services<sup>4</sup> where property management was the administering department. The total cost of purchase orders was approximately \$1,668,000, and the average purchase order for micro-purchases was for a cost of \$5,213.16. There were 99 unique “ship to” locations (a proxy for individual properties or locations) where at least one (1) micro-purchase for services was purchased and where property management was the administering department. Also, there were 57 unique vendors who received a purchase order for at least one (1) micro-purchase for services where property management was the administering department.

The previous Covered Period included the use of micro-purchases between October 11, 2024, and January 16, 2025, which was approximately a three (3)-month period. To compare the data between the two (2) periods, we extrapolated the use of micro-purchases from the last Covered Period from the actual three (3)-month period to an extrapolated six (6)-month period by doubling the number and value of micro-purchases observed. Using the extrapolated data, the use of micro-purchases between the previous Covered Period and the current Covered Period held approximately steady. The number of micro-purchases increased modestly from 298 to 320 and the value of micro-purchases decreased modestly from approximately \$1,712,000 to \$1,668,210. The average value of a purchase order continued to decrease following a trend over the past two (2) years from \$5,746.57 to \$5,213.16. This reflects more careful use of micro-purchases across NYCHA.

## 1. Data For Entire NYCHA Portfolio

**Table 1: Micro-Purchase PO Summary Data Across NYCHA**

| Time Period                   | Total Spend    | Average Spend per PO | Total Count of POs | Total # of Locations w/ PO | Total # of Vendors w/ PO |
|-------------------------------|----------------|----------------------|--------------------|----------------------------|--------------------------|
| Feb 1, 2025-<br>July 31, 2025 | \$1,668,210.89 | \$5,213.16           | 320                | 99                         | 57                       |

The data tool utilized allows users to sort in order of the properties and vendors with the highest amount of spending, the largest total number of purchase orders, and averages per purchase order closest to the \$10,000 per purchase order limit. These properties and vendors may be considered higher risk.

## 2. Data for Top 15 Locations

The top fifteen locations in terms of the total amount of spend (constituting 15% of the 99 total number of locations), accounted for (i) 138 purchase orders (43% of the 320 total purchase orders), and (ii) approximately \$796,000 in spending (48% of the approximately \$1,668,000 spent in the program). In addition, while the average purchase order cost among other properties was \$5,213.16, the average cost among these fifteen locations was \$5,771.52. Locations that remained in the top 15 for micro-purchases

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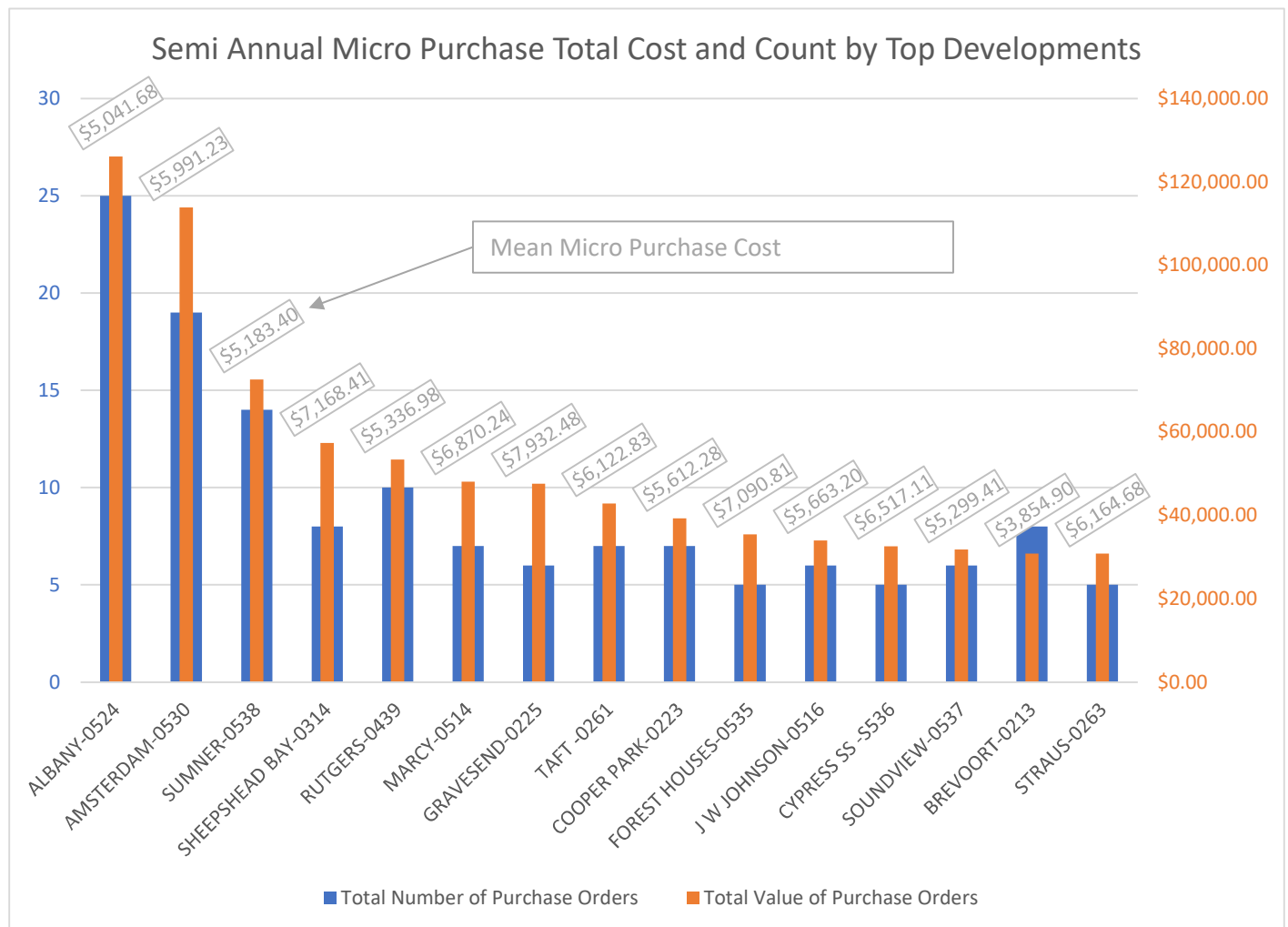
<sup>4</sup> The focus of the DOI recommendations and past micro-purchase reports was on service-related micro-purchases. As of this period, Compliance continues to carefully review service-related micro-purchases but has started to look at materials-related micro-purchases, as well. Compliance will include materials-related micro-purchase data in future reports.

from the last semi-annual report include six (6): Albany, Cooper Park, Johnson, Rutgers, Strauss, and Taft. The total number of purchase orders and the total amount is similar to the last reporting period. The average value of the purchase orders for the top 15 locations decreased from \$7,435.51 to \$5,771.52.

**Table 2: Micro-Purchase PO Summary Data for Top 15 Locations**

| Time Period               | Total Spend  | Average Spend per PO | Total Count of POs |
|---------------------------|--------------|----------------------|--------------------|
| Feb 1, 2025-July 31, 2025 | \$796,470.18 | \$5,771.52           | 138                |

**Figure 1: Detailed Data on Top 15 Locations**



### 3. Data for Top 15 Vendors

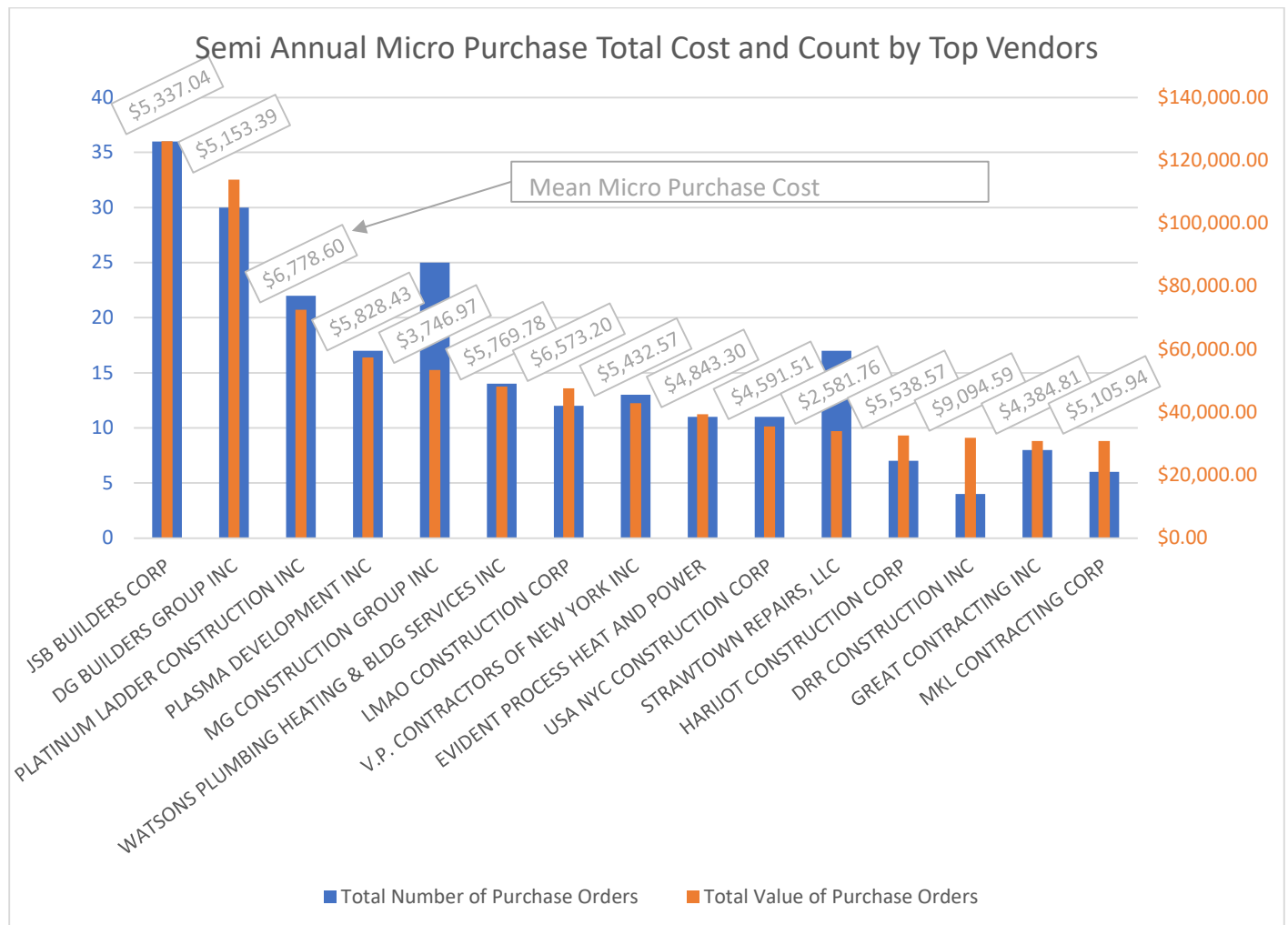
The top fifteen vendors in terms of the total amount of spend (constituting 26% of the 57 total vendors), accounted for (i) 138 purchase orders (43% of the 320 total purchase orders), and (ii) approximately

\$796,000 in spending (48% of the approximately \$1,668,000 spent in the program). In addition, while the average per purchase order cost among all vendors was \$5,213.16, the average cost per purchase order among these fifteen vendors was \$5,771.52.

**Table 3: Micro-Purchase PO Summary Data for Top 15 Vendors**

| Time Period               | Total Spend  | Average Spend | Total Count |
|---------------------------|--------------|---------------|-------------|
| Feb 1, 2025-July 31, 2025 | \$796,470.18 | \$5,771.52    | 138         |

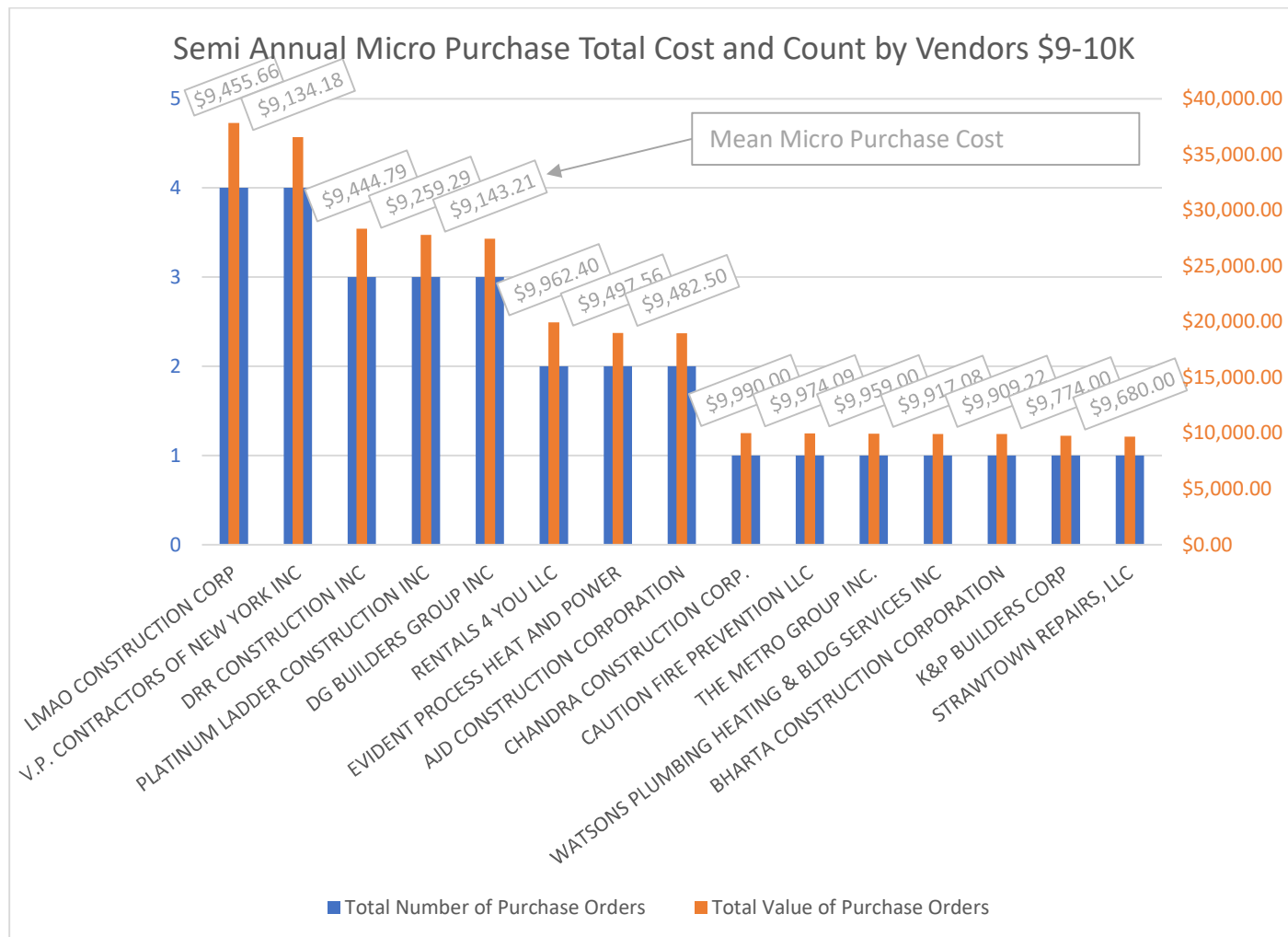
**Figure 2: Detailed Data on Top 15 Vendors**



There were also 20 vendors whose purchase orders were over \$9,000 during the covered period. NYCHA did not use any of those 20 vendors more than four (4) times for purchase orders greater than \$9,000 during the Covered Period. Vendors that remained in the top 15 for micro-purchases from the second to the third semi-annual report include (4): DG Builders Group Inc, DRR Construction Inc, JSB Builders Corp,

and Northvalley Construction Inc. The visual below shows additional detail on NYCHA’s use of these vendors.

**Figure 3: Detailed Data on Vendors with PO of \$9,000 to \$10,000 and Frequency of Use**



## II. Monthly Review Results

As detailed in Appendix A, NYCHA’s Compliance Department conducts routine reviews of micro-purchases for services at properties. These reviews include summarizing the details of the purchase order, interviews with staff, a review of applicable records for completeness, and observations of the completed work. Starting with the current Covered Period, Compliance began to look at micro-purchases for materials as well. This is a new program and Compliance only looked at a limited number of the more than 7,000 materials-based micro-purchases.

As noted above, Compliance selects properties based on a monthly review of NYCHA procurement data. Compliance reviewed seven (7) individual purchase orders during the Covered Period<sup>5</sup>. Of the seven (7), one (1)<sup>6</sup> was a materials contract that was not fulfilled. In five (5) of the seven (7) cases reviewed during the Covered Period, as detailed in Appendix A, Compliance observed potential anomalies. Compliance investigated each of these potential issues and either found no evidence of wrongdoing or escalated the issue to Property Management Operations (“PMO”) and Quality Assurance.

Findings included:

- The Micro-Purchase Form proposal template was found for all six (6) service purchase orders;
- The Statement of Service (“SOS”) package was produced for all six (6) service purchase orders;
- Vendors did not sign the virtual logbook for four (4) of the six (6) service purchase orders at the following developments: O’Dwyer and Sheepshead Bay; and
- Compliance verified through before and after photos that vendors completed repairs for all reviewed purchase orders.

Compliance has provided recommended corrective actions to the Executive Vice President of Property Management Operations and Quality Assurance related to these potential deficiencies. Compliance will continue to work with PMO, QA, and other required Business Units, such as Procurement, to ensure the implementation of these or other appropriate corrective actions to address the identified concerns.

The reviewed purchase orders are tabulated below in **Table 4**.

**Table 4: Proposals Reviewed**

| Month Reviewed | Development           | Proposal Number   | Proposal Type              | Proposal Description              | Reason for Review               |
|----------------|-----------------------|-------------------|----------------------------|-----------------------------------|---------------------------------|
| March          | Bronx Borough         | 2093965           | Materials (see footnote 4) | Office Furniture                  | Possible unauthorized purchases |
| March          | O’Dwyer Gardens       | 2087208           | Services                   | Light Installation in 4 Buildings | Possible inflated labor costs   |
| April          | O’Dwyer Gardens       | 2100982           | Services                   | Light Installation in 4 Buildings | Possible bid splitting          |
| May            | Sheepshead Bay Houses | 2107480 & 2107281 | Services                   | Replacing lobby doors             | Possible bid splitting          |
| July           | Sumner Houses         | 2140601 & 2140614 | Services                   | Pump out waste and replace pipe   | Possible bid splitting          |

<sup>5</sup> This includes – (i) Bronx Borough- one (1) requisition; (ii) O’Dwyer Houses- two (2) requisitions; (iii) Sheepshead Bay- one (1) requisition; and (iv) Sumner- two (2) requisitions

<sup>6</sup> Per Procurement, shipping was not included in the total price and the PO was rejected. The separate shipping charge does not offer a complete total for comparison across vendors.

### III. DOI Policy and Procedure Recommendations

Compliance reviewed ongoing implementation of the DOI Recommendations. A brief description of the Recommendations and the current state of NYCHA compliance with the Recommendations are below in **Table 5**.

**Table 5: Compliance with DOI Recommendations in Covered Period\***

| Recommendation    | 2025 Compliance | Notes                                                                                                                                                                |
|-------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recommendation 1  | Yes             | 27 of 29 Neighborhood Contract Manager positions are currently filled and NYCHA is recruiting for two (2) positions.                                                 |
| Recommendation 2  | Yes             | No change to the micro purchase study previously issued by NYCHA's Procurement Department.                                                                           |
| Recommendation 3  | Yes             | The DOI-approved training went into effect on April 1, 2024; it was assigned to all staff who use NYCHA iProcurement and must be taken on an annual basis            |
| Recommendation 4  | Yes             | The required Compliance Advisory Alert was distributed in February 2024. It is automatically distributed to new hires and will go out annually starting in 2026.     |
| Recommendation 5  | Yes             | All sampled micro-purchases utilized the PQL.                                                                                                                        |
| Recommendation 6  | Yes             | This training remains a requirement each time a vendor is being considered for the PQL to ensure all participants are aligned with the current evaluation standards. |
| Recommendation 7  | Yes             | All sampled micro-purchases used cost estimates.                                                                                                                     |
| Recommendation 8  | Yes             | Compliance reviews micro-purchases monthly.                                                                                                                          |
| Recommendation 9  | Yes             | All paperwork included for sampled properties.                                                                                                                       |
| Recommendation 10 | Yes             | Signage in place for sampled properties.                                                                                                                             |
| Recommendation 11 | Yes             | iPro popup box still in effect.                                                                                                                                      |
| Recommendation 12 | Yes             | Updated micro-purchase form still in use.                                                                                                                            |
| Recommendation 13 | Yes             | This is the semi-annual publication.                                                                                                                                 |

|                   |     |                                                         |
|-------------------|-----|---------------------------------------------------------|
| Recommendation 14 | Yes | There were no irregularities during the covered period. |
|-------------------|-----|---------------------------------------------------------|

\*See below for Recommendation text

**Recommendation 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.”*

**Recommendation 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.”*

**Recommendation 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).”*

**Recommendation 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.”*

**Recommendation 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.”*

**Recommendation 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.”*

**Recommendation 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 review of the written explanation of the increased cost, and the Neighborhood Administrator must provide approval prior to the commencement of such services.”*

**Recommendation 8-** *“Pending the development of the schedule of cost estimates, require the EVP 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."*

**Recommendation 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."*

**Recommendation 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."*

**Recommendation 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."*

**Recommendation 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."*

**Recommendation 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."*

**Recommendation 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."*