

Report of the Committee on Finance on the Investigation of  
Challenge Advertising Inc.

On March 30, 1977, the Committee on Finance of the City Council conducted a Public Hearing into the dealings with Challenge Advertising Inc.

At that time the Members were presented with approximately ninety (90) invoices from the City Purchasing Department. An investigation of these invoices brought to light several significant findings.

They are:

Apparently no bids were secured for any work Challenge Advertising did for the City.

85.6% of all invoices were made in the Direct Payment manner which is highly irregular.

48% of all invoices were apparently split in an effort to stay below \$1500, which would have required competitive bidding.

There were \$3,418.63 worth of duplicate invoices. We question if duplicate payments were made.

One invoice was for \$1,640.04 and was obviously illegal.

An exceptionally large number of newspaper advertisements were placed for other than announcements of city services. These "political holiday messages", totaled \$6,765.90.

Apparently the city has been paying advertising fees on stationery reorders instead of paying only a single design fee. These totaled 65,500 letterheads and 37,500 envelopes. In addition, 2,600 proclamations were ordered.

At least one and perhaps more invoices for photos which should have been charged to "Citizens for Cianci" were billed to the city. The photos totaled 1946 plus 5000 photos for book covers.

There was at least a \$40,000 discrepancy between previously reported amounts of business between Challenge and the city and the amounts represented by the invoices presented to the Committee on Finance.

The Committee on Finance makes the following interim recommendations:

That Challenge Advertising supply to the said Committee

1. All unpaid bills;
2. All bills submitted to the City to date;
3. All invoices submitted by Challenge Advertising to vendors such as printers, and newspapers.

That the Journal Bulletin be requested to supply copies of their bills to Challenge Advertising for ads on behalf of the City of Providence.

All future advertisements in newspapers and magazines should include a notation as to who has paid for the ad i.e. "This ad paid for by City of Providence."

Practice of splitting invoices be stopped immediately. Perhaps denying payment if it occurs again.

Recommendations

1. Request Challenge to supply Finance Committee with unpaid invoices.
2. Request copies from Roussel for
  1. All invoices submitted to City to date.
  2. All invoices submitted to him by subcontractors i.e. printers, newspapers.
  3. List of City Officials for whom he did work.
3. Contingency fund be itemized as it was in 73 and 74.
4. Future ads should have a line concerning who is paying.  
"Paid for by City of Providence".
5. Request copies Journals bills to Challenge and City for ads.  
Practice of splitting invoices be stopped immediately . Deny payment when it occurs again.

IN CITY COUNCIL

APR 7 1977

READ:  
WHEREUPON IT IS ORDERED THAT  
THE SAME BE RECEIVED.

*Vincent C. Capria*  
CLERK

THE COMMITTEE ON  
FINANCE

Recommendations

*of Be Received*

*Amount Cooper*

*April 4, 1977*

Clerk

THE SAME BE RECEIVED  
WHEREUPON IT IS ORDERED  
APR 11 1977  
CITY CLERK