

H. CARL McCALL  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

April 8, 2002

Mr. Robert King  
Chancellor  
State University of New York  
State University Plaza  
Albany, NY 12246

Re: Report 2001-S-38

Dear Mr. King:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance law, we audited the State University of New York (SUNY) College at Old Westbury's (College) award of contract D031812 to Gruzen Samton and Hudson Design to complete a Campus Development Plan. We also audited the College's selection of Hudson Design to complete a Campus Conceptual Development Plan and to provide interior design services for the College President's office. In addition, we audited the support for payments made for work pursuant to these two projects and contract D031812. Our audit covered the period January 1, 1997 to June 30, 2001.

**A. Background**

The SUNY College at Old Westbury (College), a four-year arts and sciences college founded in 1965, is located 20 miles east of New York City in Nassau County. The Old Westbury Foundation (Foundation) is also located on the College campus. Like similar entities at other SUNY institutions, the Foundation is a private, not-for-profit corporation headed by an Executive Director and organized exclusively for charitable, religious, educational, literary and scientific purposes. The Foundation's Guidelines state that the primary role of a campus-related foundation should be the solicitation and management of funds in accordance with the provisions of its corporate charter. Foundation funds, which derive from donations and other private sources, should be used for purposes supportive of University programs and consistent with University policies and State laws, rules and regulations. The Guidelines further state that the College president should have direct access to Foundation officers to ensure the work of the Foundation will be fully compatible with University purposes. Ordinarily, foundations should not administer programs that are the responsibility of the campus or an auxiliary service corporation under contract with the University.

The College Council, established under Chapter 356 of the Education Law, provides for local supervision of the operations and affairs of each State-operated SUNY institution. The purpose of the College Council is to develop and foster strong relationships between the institution and local communities and to promote campus and university interests. Of the ten members who serve on the College Council, the Governor appoints nine and students at the institution elect one. The Governor appoints one member as chairperson. The College encountered recent turnover among top administrators, including the President, the Vice President for Administration, the Executive Director of the Foundation, and the College Council Chairperson.

The College paid Hudson Design to complete the following three consulting projects at the campus during our audit period:

- Initially using its private funds, the College Foundation hired Hudson Design at a cost of \$19,252 to produce a Conceptual Development Plan. This Plan was to promote a vision for the College's physical layout, including existing buildings, proposed buildings, and site improvements. The College subsequently expended \$19,252 of State funds to reimburse the Foundation for this cost.
- The College contracted with Hudson Design as a 40 percent partner and Gruzen Samton, as a 60 percent partner, on a \$175,000 contract (D031812) for the preparation of a Campus Development Plan. This Plan was an in depth study of the College's growing facility needs, taking into consideration a series of development initiatives legislated by the State relative to College property. SUNY System Administration officials stated that the College was preparing an amendment to contract D031812 to account for \$51,706 of additional work that had been performed and invoiced.
- The College hired Hudson Design to render interior design services for the College President's office at a cost of \$18,376.

Hudson Design also was paid \$92,917 during our audit period to prepare a program study for a police training facility at the College at Old Westbury. This work was performed pursuant to contract D004265 between Hudson Design and the State University Construction Fund. On November 7, 2001 we issued our final audit report (2001-S-29) about this contract to the State University Construction Fund. Our report identified several problems pertaining to the timing and the adequacy of the contract award decision. In addition, the media reported that favoritism may be a factor in the selection of Hudson Design for work at the College. According to conversations we had with the First Deputy Inspector General of the Office of the New York State Inspector General, the Office had been investigating the circumstances surrounding the award of work to Hudson Design since at least May 2001.

(On March 28, 2002, the Office of the Inspector General released its report entitled *Review of Contract Awards by the State University Construction Fund and the State University of New York at Old Westbury to Hudson Design*. The Office of Inspector General's report covered both the matters included in our final audit report to the State University Construction Fund and the matters included in a draft copy of this audit report to the State University of New York. The date of the Office of the

Inspector General's report coincided with the State University of New York's response to this audit report.)

**B. Audit Scope, Objectives and Methodology**

We audited the College's award of contract D031812 to Gruzen Samton and Hudson Design to complete a Campus Development Plan. We also audited the Foundation's selection of Hudson Design to complete a Campus Conceptual Development Plan and the College's use of this firm to provide interior design services for the President's office. In addition, we audited the support for payments made for work pursuant to these two projects and contract D031812. Our audit covered the period January 1, 1997 to June 30, 2001. The objectives of our financial-related audit were to determine whether work was awarded appropriately to Hudson Design and whether the payments for consulting services for the Conceptual Development Plan, the Campus Development Plan (contract D031812) and the President's office were adequately supported with documentation.

To accomplish our objectives, we reviewed relevant laws, rules, regulations, policies and guidelines; examined SUNY and College procurement and contract award procedures and practices; and interviewed former and current College and Foundation officials. We also reviewed the specific processes and supporting documentation for awarding contract and non-contract consulting services to Hudson Design for work at the College. In addition, we examined the documentation maintained to support the payments made for services rendered for the projects included in our audit scope.

In addition, we attempted to secure the cooperation of the Office of the New York State Inspector General to coordinate our respective audit and investigative efforts. Since the Office of the Inspector General had already begun an investigation and taken statements under oath, we did not want to duplicate their work. The Office of Inspector General was able to share with us some Foundation records gathered during their investigation. However, during its investigation the Office of Inspector General did not provide information regarding its findings. Consequently, our audit report was prepared without the benefit of information identifying whether there were illegal activities or intentions related to our audit findings.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those College operations which are included within the audit scope. Further, these standards require that we understand the College's internal control structure and compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. We, therefore, focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort to reviewing

operations that may be relatively efficient or effective. As a result, we prepare our audit reports on an Exception basis. This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

### **C. Results of Audit**

During our audit scope period, from January 1, 1997 to June 30, 2001, the College paid Hudson Design a total of \$107,628 for the three projects at the campus. If a proposed \$51,706 amendment to contract D031812 is processed by the College and approved by the Office of the State Comptroller (OSC), Hudson Design may receive an additional \$20,682. For the \$19,252 Conceptual Development Plan, Hudson Design was selected to provide services by the former Executive Director of the Foundation without the benefit of competition, as required by SUNY Guidelines in effect at that time for such a procurement. It appears that no other firm was considered for this work. Moreover, we were provided with no documentation to adequately support the basis of the College's selection of Hudson Design for \$18,376 of interior design services for the President's office as required by SUNY Guidelines in effect at that time. Although the third procurement (contract D031812) was competitively bid as required, the firm ranked first, Gruzen Samton, was requested to accept the firm ranked eleventh, Hudson Design, as a partner for the contract award. The College provided us with no documentation for either the basis for the decision to use partnering firms or for the decision to include the eleventh ranked firm as a partner with the top ranked firm.

As detailed in the body of this report, the three procurement transactions that we examined involving Hudson Design included a pattern of noncompliance with policy and procedures, mismanagement, and/or illogical and undocumented decision making by a number of former officials. A troubling overall result stemming from these problems is the appearance of partiality or favoritism toward Hudson Design in the award of state funded projects. Whether the problems were caused by intentionally inappropriate or illegal actions on the part of the responsible officials, is something that we did not assess as this would presumably be addressed by the Office of Inspector General's investigation. Finally, we found that payments made for the projects that were included in our audit were supported with documentation indicating satisfactory completion of work.

(The Office Inspector General's March 28, 2002 report confirms our audit findings of favoritism in the award of work to Hudson Design by the College at Old Westbury. The Inspector General's report states that "...Hudson's Design's ability to win these contracts stemmed from an alliance between its principal, James Copeland, and newly-installed SUNY Old Westbury officials, some of them longstanding, personal friends, who influenced the entire process." The Office of Inspector General's report also confirms our prior final audit report findings that the consultant contract procurement procedures and practices of the State University Construction Fund were flawed as evidenced in the award of work to Hudson Design. The Office of Inspector General reported that it will refer to the Albany County District Attorney's Office for its review the evidence regarding a fabricated November 25, 1998 memorandum and matters related thereto. This memorandum was addressed in our prior final audit report to the Fund and was reported in the news media as an attempt by Fund officials to falsely show that Hudson Design only provided services after a contract award decision had been made. The Office of Inspector General's report stated that the fact that top agency officials tolerated and, in fact, participated in a process that ignored fundamental guidelines and sound procurement principles is an issue that SUNY and Fund Trustees

must address. However, the Office of Inspector General's report did not identify specific violations of Law.)

**D. Projects at Old Westbury Involving Hudson Design**

SUNY policy and procedure specifies how to transact the procurements that we audited. However, the procurement for the Conceptual Development Plan and the procurement for interior design services for the President's Office were not transacted in compliance with key aspects of policy and procedure. For example, required competition was not sought for the procurement for the Conceptual Development Plan, thus preventing opportunity for other firms to obtain business and limiting assurances that reasonable prices were paid. Also, requirements for documenting both the reasonableness of the prices and the basis of vendor selection for the interior design services for the President's were not adhered to. In addition, the procurement for the Campus Development Plan (contract D031812) was very unusual primarily because, the highest ranked of 13 competing firms, Gruzen Samton, was requested to partner with another competing firm, Hudson Design, in order to win a share of the contract award. Moreover, Hudson Design was ranked eleventh of the competing firms. The overall effect of these and other conditions discussed in the subsequent subsections of this report, in our opinion, indicate partiality toward Hudson Design.

**Conceptual Development Plan**

Records and testimony provided to us during our audit, show that the former Executive Director of the College Foundation made the decision to hire Hudson Design to undertake the Campus Conceptual Development in 1998 at cost of \$19,252. We scheduled a meeting with the former Executive Director to further confirm his role in this procurement, but he cancelled his appointment with us.

According to the former College Vice President for Administration, who also was the Foundation Treasurer, the Foundation's private funds were used to expedite payment to Hudson Design for services, with the understanding that the College's State funds would reimburse the Foundation for this cost. Accordingly, in August of 2000, the former Vice President certified vouchers resulting in State reimbursement to the Foundation.

However, the Old Westbury Foundation is a not-for-profit corporation that exists to solicit and manage private donations received by the College. SUNY Guidelines governing its operation explicitly require that, ordinarily the Foundation should not be undertaking the administration of programs that are the responsibility of the campus or an auxiliary service corporation. The use of Foundation funds to pay for the services of Hudson Design violated these Guidelines because the Conceptual Development Plan was a campus project and there were no extraordinary reasons to justify handling it through the Foundation.

Accordingly, the Foundation's former Executive Director should not have used the Foundation to initiate the procurement for a Conceptual Development Plan with Hudson Design, or any other vendor. Similarly, the former College Vice President for Administration, acting in his capacity as Foundation Treasurer, should not have approved the use of Foundation monies to pay for a Campus Conceptual Development Plan. Moreover, the expenditures of the Foundation, unlike

those of the College, are not subject to pre-audit by OSC. Therefore, the Foundation decision to hire and pay Hudson Design for the Campus Conceptual Development Plan was initially shielded from OSC oversight.

In addition, according to SUNY Guidelines, the College President should have direct access to Foundation officers so that the Foundation's work will be compatible with University purposes. Therefore, we further conclude that it was the College President's ultimate responsibility to be fully aware of the campus Conceptual Development Plan and to ensure that services necessary to fulfill the Plan were transacted in accordance with SUNY Guidelines. In this regard, the former College President stated that he never knew that the former Executive Director hired Hudson Design until after the work on the Conceptual Development Plan was completed. This lack of executive oversight is a significant internal control breakdown, especially given the importance of this visionary project for the campus and the extent of noncompliance involved in this transaction.

SUNY Procurement Guidelines dated April 15, 1996 were in effect at the time of the hiring of Hudson Design for the Conceptual Development Plan. The Guidelines require that for purchases or contracts in excess of \$10,000, but not exceeding \$20,000, a campus should provide advance notice to persons or entities on a campus bidder list for that service or commodity or publish the planned procurement in the New York State Contract Reporter. The campus should solicit a minimum of five written quotations or sealed bids from responsible vendors offering the commodity or service.

Nevertheless, we were provided with no documentation to indicate that competition was sought when the Foundation hired Hudson Design for the Conceptual Development Plan. In our opinion, the former Executive Director of the Foundation should not have hired Hudson Design without seeking competition as a matter of sound business practice. Moreover, the Vice President for Administration should not have certified State reimbursement in the absence of any support that the procurement proceeded with competition required by SUNY Guidelines.

In summary, the transaction to hire and pay Hudson Design to complete a campus Conceptual Development Plan is riddled with problems including inappropriate use of the Foundation, an absence of competition for an important campus project, noncompliance with SUNY Guidelines, avoidance of sound business practices, the shielding of a transaction from oversight at the State level, lack of executive oversight and mismanagement. One overall outcome associated with these problems is to indicate partiality toward one firm, Hudson Design.

(In response to our draft audit report, SUNY officials stated that the Foundation, in retaining Hudson Design for the Conceptual Development Plan, acted within its authority to support the educational mission of the College and did not violate SUNY's Guidelines governing foundations. SUNY officials point out that the Guidelines sanction use of foundations for development programs.)

Auditors' Comments: We reiterate that the Campus Conceptual Development Plan was not an extraordinary initiative justifying use of the Foundation for a campus project. The fact that State funds ultimately paid for this initiative is further support that it was not an appropriate Foundation activity. Moreover, the Guidelines reference a "development program" in the context of establishing

productive community relationships and seeking voluntary support for fiscal flexibility. The Plan presented a vision for development of physical improvements of State land and buildings. In and of itself, we do not believe the Conceptual Development Plan constitutes a “development program” as intended by the Guidelines for a foundation to administer.

### **Campus Development Plan Contract D031812**

The College prepared a request for qualifications from vendors seeking to contract for the Campus Development Plan. As a result, 13 firms responded with details about their qualifications to complete this project. Following an established methodology, three campus raters ranked the qualifications of the competing firms based on such items as state government experience, proximity to the campus, and design/technical experience. This process was documented and identified that Gruzen Samton was the highest ranked firm.

After the initial ranking was finalized, several College Administration and College Council officials created a short list of five finalist firms that included the firms ranked first, fourth, eighth, tenth and eleventh. According to the former President, the former Vice President for Student Affairs as well as the former College Council President advocated to include Hudson Design as a finalist. The former President indicated to us that he agreed to include Hudson Design to build his relationship with the former College Council President. The former Vice President for Student Affairs confirmed to us her support for Hudson Design. However, it is not clear and there was no documentation provided to us to support what criteria and methodology these officials used to create the list of five finalists. We believe that, to properly support the integrity of this significant procurement, the establishment of the finalists should have been at least as clear and as documented as the initial process to rank all 13 firms. The absence of this control coupled with the disparity in the rankings of the firms considered as finalists, including Hudson Design as the eleventh ranked firm, at a minimum creates a perception of error and/or mismanagement. In addition, the involvement of College Council officials in the award of a campus contract is inconsistent with the overall goal of the College Council that is to foster relationships between their institutions and local communities to promote campus and SUNY interests. All but one of the College Council members are appointed by the Governor’s Office and, based on Council goals, we find it highly unusual that these officials participated actively in administering the procurement of a contractor.

Next, four College Administration officials and two College Council officials interviewed the five finalists. According to three former College Administration officials involved in the interviews, each of the interviewed firms was asked at the interview if their firm would agree to partner with another firm to obtain the contract for the project. This was confirmed when we spoke with Gruzen Samton officials. We find it highly irregular and particularly troubling that, at the final interview stage, the procurement parameters were changed by asking finalists to consider partnering in order to share the contract award. In our opinion, this action violates the spirit of the request for qualifications advertised to seek a qualified vendor to win the award. The 13 firms that competed for the contract did not do so with an understanding that the contract could be awarded to a combination of competing finalists.

According to the three former College Administration officials previously mentioned, the contract award decision then took place at a meeting that included three College Administration officials and two College Council officials. No meeting minutes were provided to us, but the three former officials told us that the consensus result of the meeting was to award the contract to Gruzen Samton, the finalist initially ranked first, and to Hudson Design, the finalist initially ranked eleventh. Gruzen Samton officials told us that they agreed to this arrangement after it was clarified that Hudson Design would be working under the direction of Gruzen Samton.

No documentation or adequate explanation was provided to us to address our inquiry about why this decision unfolded as it did. According to College and Gruzen Samton officials, the Conceptual Development Plan that Hudson Design completed for the campus in 1998 was not a factor for the development of the Campus Development Plan procured under the contract. Therefore, this prior experience was not a relevant factor in the partnering selection. The \$175,000 contract (D0319812) for the Campus Development Plan, with a term of June 1, 1999 through May 21, 2000, was awarded to Gruzen Samton as a 60 percent partner and Hudson Design as a 40 percent partner after Gruzen Samton agreed to this arrangement. SUNY officials advised us that a formal contract amendment for \$51,706 was being prepared for *special services related to the Academic Village re-use study* that had been completed on June 30, 2001. This amendment should have been submitted to OSC for approval, as required, before work was assigned and completed. If this amendment is submitted and approved after the fact, Hudson Design will receive an additional \$20,682 (40 percent) under contract D031812 and Gruzen Samton will receive an additional \$31,024.

In summary, the transaction to contract for a vendor for a Campus Development Plan proceeded properly with adequate documentation through the initial ranking process. However, subsequently, problems arose including the involvement of College Council officials in matters not related to their stated goals, the lack of documented criteria and methodology for the selection of finalists, the questionable decision to have competing finalists partner for the contract award, and the lack of an adequate explanation and the absence of documentation for the decision for the eleventh ranked firm, Hudson Design, to be the partner with the first ranked firm, Gruzen Samton. Finally, the campus permitted additional work to proceed without first obtaining the required contract amendment approval of OSC. One overall outcome of these problems is to once again indicate a partiality to Hudson Design. While Hudson Design competed with other vendors for this contract, its inclusion as a winning partner with Gruzen Samton is not supportable by the facts or the available documentation.

### **Interior Design Services for the President's Office**

SUNY Procurement Guidelines dated November 1999 state that, for purchases or contracts up to \$30,000, a campus may purchase commodities or services directly from a responsible vendor of its choice. The Guidelines further state, however, that campuses that elect to purchase directly from a vendor without using competitive bidding should maintain written documentation to support both the selection of the vendor and the reasonableness of the price. These Guidelines were in effect when the College hired Hudson Design to provide interior design services for the President's office.

The College reported asking Hudson Design if the firm was interested in performing interior

design services for the President's office after having learned that Hudson Design did such work and after gaining experience with the firm's work at the campus. Hudson Design was hired to perform the work beginning in August 2000 at a cost of \$18,376. However, the College provided no written documentation to justify the selection of Hudson Design for this project, or the reasonableness of the consultant's price, as is required by November 1999 SUNY Procurement Guidelines. As a result, the College had inadequate assurances that this transaction was not based on partiality and that it provided for reasonable costs.

### **Recommendations**

1. *Determine the underlying factors that led to the apparent favoritism towards Hudson Design in the award of work covered by this audit.*
2. *Comply with SUNY procurement procedures when the College expends State funds. Maintain written documentation supporting compliance, the basis for vendor selection and the reasonableness of price.*
3. *Use Foundation monies for Foundation purposes only; do not use the Foundation to administer or pay for campus projects. Discontinue the practice of initiating campus projects with Foundation monies that are subsequently reimbursed with State monies.*
4. *Do not authorize or proceed with contract amendment work prior to obtaining the required approval from the Office of the State Comptroller.*

We provided College and University officials with a draft copy of this report for their review and comment. Their comments have been considered in the preparation of this report and are included as Appendix A. Officials indicate agreement with each of our recommendations. However, regarding recommendation number 1, officials indicate that they will take additional action regarding the underlying factors that led toward favoritism to Hudson Design as additional facts become available. We believe that SUNY officials should take a proactive approach to making the recommended determinations, rather than waiting for additional facts to surface.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps are taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Major contributors to this report were Michael Solomon, Arthur Smith, Nadine Morrell, Alexander Marshall, Emily Lonczak and Nancy Varley.

We wish to thank the management and staff of the College at Old Westbury for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber  
Audit Director

cc: Dr. Calvin O. Butts III  
C. Kevin O'Donoghue  
Deirdre A. Taylor

THE STATE UNIVERSITY *of* NEW YORK



*Richard P. Miller, Jr.*  
*Vice Chancellor and*  
*Chief Operating Officer*

*State University Plaza*  
*Albany, New York*  
*12246*

*518 443 5804*  
*fax - 518 443 5603*

March 27, 2002

Mr. Jerry Barber  
Audit Director  
Office of the State Comptroller  
Management Audit  
110 State Street  
Albany, New York 12236

Dear Mr. Barber:

In accordance with Section 170 of the Executive Law, we are enclosing the comments of State University College at Old Westbury and SUNY System Administration regarding the draft audit on award of contract D031812 to Gruzen Samton and Hudson Design to complete a Campus Development Plan (2001-S-38).

Sincerely,

A handwritten signature in black ink, appearing to be the name of the sender, written over a faint circular stamp or watermark.

Enclosure

**State University of New York  
College at Old Westbury  
Award of Contract D031812 to Gruzen Samton  
And Hudson Design to Complete a  
Campus Development Plan  
2001-S-38**

**Background**

In Section A and throughout the report (pages 5, 6) there are references to the College Foundation and the propriety of its procurement of services for the Conceptual Development Plan. As pointed out in the report, "Foundation funds, which derive from donations and other private sources, should be used for purposes supportive of University programs and consistent with University policies and State laws, rules and regulations." Further, the report states "*Ordinarily (emphasis added)*, foundations should not administer programs that are the responsibility of the campus or an auxiliary service corporation under contract with the University."

We agree with the above statements but we also believe that the procurement, although not considered an *ordinary* Foundation expenditure, was supportive of the College's mission and thus allowable under SUNY's Guidelines and the expanded authority granted the Foundation under its Certificate of Incorporation and By-Laws. The Guidelines further state that "Development programs are appropriate and essential activities of each campus in establishing productive relationships with the local community and in seeking voluntary support which will provide fiscal flexibility in responding to University needs".

The Foundation's Certificate of Incorporation and By-Laws state that the corporation should have the power to "purchase, lease, or otherwise acquire and to own, use, hold, sell, convey, lease, mortgage, *develop (emphasis added)* and otherwise handle, deal in and dispose of real and personal property." These incorporated powers, provided that they do not conflict with the authority of the State of New York, give the Foundation broad latitude in supporting the educational purpose of the College for which it was established. Therefore, the Foundation, in retaining Hudson Design for the Conceptual Development Plan, acted within its authority to support the educational mission of the College and did not violate SUNY's Guidelines governing foundations.

**Errata**

- In the second bullet on page 2 and also on pages 3 and 7, the amount of additional work performed and invoiced by Gruzen Samton - Hudson Design is \$51,706; \$45,500 for work completed on the extended analysis of the Academic Village re-use and \$6,206 for reimbursable expenses.

\*  
**Note**  
1

\* See State Comptroller's Note, Appendix A-4

- In the last sentence of the paragraph preceding Section B, page 2, the word “conservations” should be changed to conversations.

### **Recommendations**

1. *Determine the underlying factors that led to the apparent favoritism towards Hudson Design in the award of work covered by this audit.*

#### **Response**

We agree that the underlying factors leading to the award of work should be determined. As additional facts become available, we will take any additional action which may be appropriate.

2. *Comply with SUNY procurement procedures when the College expends State funds. Maintain written documentation supporting compliance, the basis for vendor selection and the reasonableness of price.*

#### **Response**

We agree with this recommendation. We believe that since the occurrence of the circumstances described in the draft audit, the College has materially complied with the SUNY procedures for the procurement of goods and services. Under the direction of its new chief financial officer, the College has reaffirmed with appropriate personnel the procedures and controls regarding the procurement of goods and services.

3. (a) *Use Foundation monies for Foundation purposes only; do not use the Foundation to administer or pay for campus projects.*  
  
(b) *Discontinue the practice of initiating campus projects with Foundation monies that are subsequently reimbursed with State monies.*

#### **Response**

We agree that the College should not initiate campus projects via the Foundation that would ultimately require a reimbursement to the Foundation through state accounts. Such practices have ceased under the direction of the new executive director. As mentioned in the response to the Background section of the audit, above, it is appropriate under the SUNY Guidelines for a campus foundation to undertake and fund certain kinds of projects in support of the campus.

4. *Do not authorize or proceed with contract amendment work prior to obtaining the required approval from the Office of the State Comptroller.*

**Response**

We agree with the recommendation. Under the direction of the College's new chief financial officer, procedures and controls regarding the amendment of existing contracts have been reaffirmed with all pertinent staff.

**\* State Comptroller's Note:**

1. Certain matters addressed in the draft report were revised or deleted in the final report. Therefore, some SUNY comments included in Appendix A may relate to matters no longer contained in this report.