
**Thomas P. DiNapoli
COMPTROLLER**



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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**FASHION INSTITUTE OF
TECHNOLOGY**

**SELECTED FINANCIAL
MANAGEMENT PRACTICES**

Report 2006-S-71

AUDIT OBJECTIVE

Our objective was to determine whether the Fashion Institute of Technology (FIT) has established effective systems of internal control over the following financial management functions: equipment and asset management, procurement and contracting, time and attendance, business continuity planning, and revenue and collection activities.

AUDIT RESULTS - SUMMARY

We determined that FIT did not establish an effective system of internal control over equipment and asset management. In addition, we identified weaknesses in the areas of procurement and contracting, time and attendance of part-time employees, and business continuity planning. We found that controls over revenue and collection activities generally functioned adequately, although there was a need for written policies and procedures in this area.

According to FIT records, FIT has more than \$9 million of equipment. However, we found that FIT's equipment inventory records were unreliable and incomplete. Physical inventories were not conducted annually as required, and the inventory records had not been updated since a physical inventory was performed in 2005. In addition, inventory records were not adjusted to account for equipment disposals, transfers or location changes. We also found the inventory records did not contain a complete description of the inventory items. Because of the various recordkeeping problems, it was difficult to positively identify items during our physical checks.

FIT did not always follow required procurement practices for large-dollar purchases of goods and services. We

reviewed ten purchases from the period July 1, 2006 through September 13, 2006 with a value of \$494,133. We determined that five of the purchases totaling \$215,735 were not made in a manner that allowed for adequate competition. Four of these purchases related to various summer maintenance and upkeep projects on campus. Had FIT officials planned these purchases in advance, we believe they would have been able to adhere to the required bidding requirements. The other purchase related to the procurement of lobbying services for which FIT did not seek competition. In addition, the lobbyist's claims did not detail the specific services (including the personnel involved and numbers of hours they worked) provided by the firm.

We found controls over the time and attendance of part-time employees needed strengthening. In our sample of ten part-time employees, we found that nine had worked more than the number of hours authorized by FIT's budget office. In addition, the leave accrual records of part-time employees were not always accurate, and officials need better assurance that adjunct teachers are working their required hours.

We further determined that FIT should develop: a formal disaster recovery plan to ensure the continuity of key business functions; and adequate written policies and procedures for several financial management functions.

Our report contains 16 recommendations to improve FIT's financial management practices. In their response to our draft report, FIT officials generally concurred with our recommendations. They indicated specific actions that they have taken or will be taking to implement them.

This report, dated October 10, 2007, is available on our website at: <http://www.osc.state.ny.us>.

Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

FIT is a community college that offers associate's, bachelor's and master's degrees in more than 30 programs. FIT is a public institution, receiving its principal financial support from New York State and the City of New York. The college's local sponsorship comes from the New York City Department of Education in cooperation with the Educational Foundation for the Fashion Industries. Like all other community colleges in New York State, FIT is not a State-operated campus. However, for academic program purposes, FIT is affiliated with the State University of New York (SUNY).

FIT's mission is to prepare students for professional excellence in design, fashion, and business. It was founded in 1944 to prepare men and women for work in the fashion industry. FIT was one of the first community colleges authorized to grant the Associate in Applied Science degree. FIT's campus, which is located in Manhattan, features five academic and administrative buildings, and four dormitories that house more than 2,350 students.

Approximately 11,700 students attend FIT. Tuition for the 2006-07 school year was approximately \$5,000; fees, books and miscellaneous charges were about \$2,800; and room and board totaled about \$7,900. Revenue for the year ended June 30, 2006

totaled \$132.6 million, and expenses were \$133.2 million.

AUDIT FINDINGS AND RECOMMENDATIONS

Equipment and Asset Management

FIT's Property Control Unit is responsible for maintaining proper control over the college's equipment, and for adhering to FIT's Asset Management Policy and Procedures. We found the Property Control Unit did not follow required policies and procedures, and as a result, inventory records were unreliable and incomplete.

Annually, the Property Control Unit should conduct a physical inventory of equipment used by the various departments within each building on campus and periodically conduct follow-up physical inventories as necessary. In addition, each department head is required to maintain an accurate inventory of FIT property and adhere to all related policies and procedures. Inventory records should contain appropriate descriptive information, and such records should be kept up-to-date to reflect any changes in the status of the equipment.

However, we found FIT did not conduct annual inventories as required. FIT officials told us that physical inventories were not taken prior to 2005. During the summer of 2005, FIT conducted its first physical inventory, and the next one was not scheduled until mid-2007. According to FIT's electronic inventory record, equipment assets totaled \$9,621,099. However, this number is no longer accurate since the inventory records have not been updated since the summer of 2005.

In addition, we reviewed the inventory records for completeness. Although the records included some descriptive

information, such as equipment serial numbers and location, they did not include the inventory tag number identifying it as FIT equipment or the date of acquisition. We also found that each department we visited did not maintain its own inventory listing as required.

We selected a sample of 16 equipment items from FIT's electronic inventory record and attempted to locate them. We had no assurance that 10 of the 16 sampled items shown to us by FIT officials were the same items listed on the inventory records. Either the records did not contain all appropriate information, or there were discrepancies in the serial numbers, item descriptions, manufacturers and/or model numbers. The ten items include: two laptop computers, one scanner, one multigraphic printer, one camcorder, one typewriter, one monitor/VCR, one copy machine, one printer and one fax machine. The inventory records indicated the value of these ten items exceeded \$400,000, although FIT officials told us there were inaccuracies in the recorded cost information. We also could not locate two printers included in our sample. FIT officials told us that these items had been discarded because they were obsolete. However, FIT's inventory control records did not reflect the disposals of the printers.

In addition, we noted that the inventory records contain numerous errors, and the records have not been updated to reflect changes in the status of equipment, such as disposals, transfers or location changes. In December 2006, FIT's external auditors recommended that FIT use available software to help ensure equipment inventories are complete, accurate and up-to-date. However, FIT officials had not acted substantively on this recommendation at the time of our audit fieldwork.

Without adequate controls over equipment, inventory items can be removed without detection, causing monetary loss to the school. Additionally, management may not know how many inventory items are missing and/or whether missing items have been stolen or lost.

Recommendations

1. Conduct an annual physical inventory of equipment and follow-up inventories as necessary.
2. Require each department head to maintain an accurate inventory of FIT property and adhere to all related policies and procedures.
3. Reconcile and investigate all differences between inventory records and physical counts.
4. Keep inventory records up-to-date by adjusting for disposals, transfers or location changes.
5. Include accurate relevant information on the inventory records, including location (building and room), serial number, description, manufacturer, model, unit cost, tag number and date of acquisition.
6. Formally assess the usefulness of available software packages to help maintain complete, accurate and up-to-date equipment inventory control records. Acquire and make operational such software, as appropriate.

Procurement and Contracting

According to its purchasing records, FIT issued 6,086 purchase orders valued at \$54.6

million for the period January 1, 2006 through February 27, 2007. FIT's Purchasing Policies, Procedures and Practices Manual (Manual) set forth the procurement practices to be followed, including the number of vendor quotes or bids that are required based on the dollar value of the purchase. To determine whether FIT complied with its purchasing procedures, we reviewed a sample of ten purchases from the period July 1, 2006 through September 13, 2006, with a value of \$494,134. We determined that five of the purchases totaling \$215,735 were not made in full compliance with the Manual.

For purchases of goods above \$10,000 and for construction, labor and services above \$20,000, the Manual requires that requests for formal sealed bids be sent to five known vendors. Four of the ten sampled purchases required five formal sealed bids, but the Purchasing Department did not follow these requirements. One purchase was for dormitory mattresses totaling \$11,400 and the other three were for construction, labor and other services totaling \$168,335. These purchases related to various summer maintenance and upkeep projects on campus.

FIT officials told us they were under a deadline to have their facilities ready in time for the Fall semester, and therefore, there was insufficient time to adhere to the required bidding process. Although FIT solicited and received written quotes, we believe the formal bidding would have been possible if planning was better. Specifically, college officials did not contact the contractors in question until July 1, 2006 although they knew the mattress acquisition and building maintenance work had to be completed in August 2006 for the start of the ensuing Fall semester. We believe that the needs for the new mattresses and building repairs should have been anticipated and assessed more timely so that contractors

could have been contacted sooner and formal bidding could have been used.

In addition, FIT's Manual requires that formal requests for proposals (RFPs) be sent to at least five qualified providers for professional services costing more than \$50,000 and informal RFPs be sent to three or more qualified providers for professional services costing between \$5,001 and \$50,000. Two purchases in our sample met these criteria. We found FIT sent RFPs to 24 providers for one purchase valued at \$210,000. However, for the other purchase valued at \$36,000, there was no evidence that RFPs were sent to potential providers. The provider selected was paid \$3,000 per month to lobby New York City agencies and other entities on subjects of interest to FIT. College officials stated that this purchase was an extension of an earlier contract, and therefore, RFPs were not required. According to available documentation, the firm began working for FIT in 2002, but the original contract was not competitively bid. Therefore, the college has continued to use this firm's services without the benefit of open competition.

Further, the monthly invoices from this provider state only "Consultant Services for Government Relations" with no detail justifying the monthly payments, such as dates of service, number of hours worked, names of people providing services and description of services performed. When we requested additional documentation, FIT officials provided a letter from the firm which included a description of the services provided in fiscal year July 1, 2006 through June 30, 2007. However, the information provided by the consultant did not include the names of the employees who provided the services and the numbers of hours of services provided.

Recommendations

7. Send invitations for bids or RFPs to a sufficient number of prospective vendors specified by FIT's procurement guidelines.
8. Allow sufficient lead time to provide for proper vendor competition, as required by FIT purchasing guidelines.
9. Require consultants to provide detailed written documentation, including the names of personnel and the hours they worked, to support their bills to FIT.

Time and Attendance

FIT employs approximately 725 full-time employees and 250 part-time employees, as well as 200 work study participants. We reviewed controls over the time and attendance of full-time and part-time employees. We determined that the controls over full-time employees were generally adequate. FIT uses an automated system, known as the Banner Attendance System (Banner), to account for their time and attendance. The Banner system accumulates and calculates employee leave accruals for full-time employees. In addition, management uses Banner to monitor full-time employees' time and attendance. However, controls over the time and attendance of part-time employees need improvement, as follows.

FIT's budget office authorizes a certain number of hours, referred to as "certified hours," that a part-time employee can work each week. However, the budget office does not effectively monitor actual hours worked, and as a result, part-time employees are exceeding their certified hours. We selected a sample of ten part-time employees employed

at FIT during 2006. We reviewed pertinent time records for these employees for the 14 pay periods from February 1, 2006 through August 31, 2006. Based on our review, we determined that 9 of the 10 part-time staff worked more than the numbers of approved hours. The excess hours ranged from 6 for one employee to 246 for another. The employee who worked the additional 246 hours exceeded the limit for all 14 pay periods we reviewed. In total, the 9 employees worked 574 more hours than they were approved for, at a total cost of about \$17,800. When part-time employees exceed their certified hours, spending is not controlled as it was intended. Given the number of part-time employees FIT has, the total costs of unauthorized part-time hours could be significant.

Part-time employees submit a manual time sheet to account for their time and attendance. Using a spreadsheet, the payroll department calculates and monitors employee leave accruals based on information from the time sheets. Having an accurate record of employee leave accruals is important to ensure that employees are only paid for hours they are entitled to. However, we found discrepancies in the accrual balances for two of the ten sampled employees. The spreadsheet indicated that one employee took 142 hours of leave from February 1, 2006 through August 31, 2006. However, the time sheets indicated that the employee took 175 hours of leave (32 more hours than indicated on the control spreadsheet). For the other employee, there was a discrepancy of eight hours for the same period.

We also noted that the payroll department does not periodically provide part-time employees with information about their leave accruals, unless it is requested or an employee has insufficient accruals. As a result, employees may not be aware of discrepancies

in their leave accruals in a timely manner. In addition, the payroll department does not periodically reconcile information from the spreadsheets and time sheets. Further, the payroll department does not notify FIT's other operating units when employee time sheets are not received timely.

Part-time adjunct teachers (adjuncts) are not required to submit time sheets. Instead, adjuncts report any absences to their department's secretary, who enters the information into the Faculty Absence Reporting System (System). However, unless an adjunct's department notifies the payroll department of any sick or personal time taken, the adjunct will receive a normal paycheck. In this situation, adequate compensating controls should be in place to ensure adjuncts are not inappropriately paid for absences. For example, department chairs could be required to certify on a monthly basis that the adjuncts assigned to their respective departments were in full attendance, except as noted on the monthly absence reports provided by the System.

Recommendations

10. Actively monitor the certified hours that part-time staff are paid to ensure compliance with budget restrictions.
11. Improve control over the leave accruals of part-time employees by periodically reconciling time charges recorded on the time sheets with the information on the leave accrual spreadsheet and by periodically providing accrual information to part-time employees so that they can monitor their balances.
12. Formally notify operating units whenever employee timesheets are not submitted timely.

13. Implement controls to ensure adjuncts are not inappropriately paid for absences.

Business Continuity Planning

The Information Security Policy of the State's Office of Cyber Security and Critical Infrastructure Coordination (OCSCIC) must be followed by all State entities. It requires State entities to participate in the development, implementation and maintenance of disaster recovery processes to ensure the continuity of the business, in the event of an extended period of computer resource unavailability. A disaster recovery plan covers the data, hardware and software critical for a business to restart operations in the event of a natural or human-related disaster. The primary elements of a plan include (but are not limited to): a description of the conditions under which a disaster is declared; an emergency call list of management and a recovery team; recovery tasks and procedures; a list of hardware and software requirements; and a list of recovery-assistance consultants.

As noted previously, FIT is a community college. It is not a State-operated campus. Consequently, FIT is not required to comply with the policies of OCSCIC. Nonetheless, we believe that FIT should conform with the basic tenets of OCSCIC's policies to help ensure the continuity of business operations should a severe problem render FIT's information technology systems inoperable.

In 2005 and 2006, FIT's external auditors reported that FIT did not have a formal disaster recovery plan. Each time, FIT management responded that the plan could not be implemented until sufficient funding was approved for an alternate computer operations site. We determined that FIT still did not have a formal disaster recovery plan.

as of April 2007. According to officials, FIT creates periodic data back-ups that are sent to offsite storage locations, and FIT also has procedures to report security incidents or a hardware failures. However, an alternate processing site was still not yet available to complete the development of a recovery plan. In the meantime, in lieu of having its own alternate site, we conclude that FIT management should consider making arrangements with another party for information technology services in the event of a major system failure - and take whatever other steps are needed to develop and implement a comprehensive recovery plan.

Recommendations

14. Develop and implement a formal disaster recovery plan.
15. In lieu of a FIT-owned alternate computer site, formally assess potential options for back-up computer services with an outside information technology service source.

Written Policies and Procedures

According to the State Comptroller's Standards for Internal Control, documentation of policies and procedures is critical to the daily operations of an organization. These documents set forth the fundamental framework and the underlying methods and processes all employees rely on to do their jobs. They provide specific direction to and help form the basis for decisions made every day by employees.

We requested FIT officials to provide us with written policies and procedures for seven financial management functions, as follows: tuition and fees; accounting and information systems; cash and investments; payroll;

equipment and asset management; procurement and contracting; and budgeting. The college provided us with documentation that FIT considered to be policies and procedures for each of these areas. We reviewed the documents and concluded that FIT had adequate written policies and procedures for three areas: equipment and asset management; procurement and contracting; and budgeting. However, for the remaining four areas, we determined that the documents provided to us did not sufficiently constitute appropriate policies and procedures, as follows:

Tuition and Fees - Available documents included procedures to de-register students and process student account collections and write-offs. Also, we were provided with a list of Bursar Office responsibilities, including the maintenance of student accounts. However, there were no current written policies and procedures for the administration of these responsibilities. FIT has a "Manual for Student Accounts and Bursar" that was issued in August 1996. However, officials advised us that it is outdated and rarely used.

Accounting and Information Systems - FIT's external auditors reported in December 2006 that FIT's Accounting Policies and Procedures Manual was not complete. Finance office staff provided us with a compilation of assorted memos, forms, screen shots, and procedural announcements pertaining to accounting and information systems. However, this information has not been compiled and integrated into a single document (or manual) for users. According to FIT's Controller, the manual is still a work in progress.

Cash Management and Investments - School officials told us there are no policies and procedures for cash management, other than the ones in the Accounting Policies and

Procedures Manual, which is still being developed. FIT officials told us they use best practices for investments, and that they do not have policies or procedures to address this area. According to FIT's Controller, FIT invests surplus balances in certificates of deposit only.

Payroll - We were provided with FIT's "Human Resource Employee Policy Manual" that addresses matters such as employment principles and practices, employee health and safety, and employee conduct. However, the policies and procedures in this manual related to the administration of payroll and were limited. This manual does not include policies and procedures for many payroll-related functions, including the distribution of checks, processing of direct deposits, replacing lost paychecks, and handling of unclaimed checks. This manual also did not include policies for maintaining time and attendance records for part-time employees.

Recommendation

16. Prepare and maintain up-to-date documentation of policies and procedures for all financial management functions, particularly those functions cited previously for which existing documentation was deficient.

AUDIT SCOPE AND METHODOLOGY

We conducted our audit in accordance with generally accepted government auditing standards. We audited FIT's controls over selected financial management practices for the period July 1, 2004 through May 31, 2007. With the exception of our review of selected aspects of employee time and attendance, we did not review internal controls over FIT's payroll function. FIT officials were reviewing a potential employee

malfeasance that was identified prior to the initiation of our audit, and consequently, they requested that we exclude the payroll function from the scope of our audit. We honored FIT's request, but plan to address FIT's payroll function in a future audit.

To accomplish our objective, we interviewed officials and employees of FIT and reviewed laws, policies and procedures related to the financial operations of the school. We also examined the financial records of FIT. We assessed controls over revenue and collection activities.

In addition, we selected a sample of 16 items from FIT's inventory records to determine if we could locate the items and whether the items were accurately recorded in FIT's inventory records. We reviewed a sample of ten purchases to determine whether FIT was complying with its procurement procedures. We also reviewed FIT's time and attendance procedures and recordkeeping practices for full-time and part-time employees.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system, preparing the State's financial statements; and approving State contracts, refunds and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution, and Section 33 of the General Municipal Law.

REPORTING REQUIREMENTS

We provided draft copies of this report to FIT officials for their review and formal comments. We have considered FIT's comments in preparing this report and have included them as Appendix A. FIT officials generally concurred with our audit recommendations and indicated the steps they have taken or will be taking to implement them.

Within 90 days after the final release of this report, we request the President of the Fashion Institute of Technology to advise the State Comptroller of the steps taken to implement the recommendations herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Brian Mason, Karen Bogucki, Harry Maher, Tania Atria, Rita Verma, Adele Banks, and Paul Bachman.

APPENDIX A - AUDITEE RESPONSE



**Fashion Institute
of Technology**

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September 27, 2007

Mr. Brian E. Mason
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236

Dear Mr. Mason:

I write in response to your request for comments regarding the draft audit report of selected financial management practices at the Fashion Institute of Technology (Report 2006-S-71). We appreciate the exemplary work of your auditors and commend them for their diligence and commitment to detail in assessing the selected management practices.

Although the audit was described as one of "selected" practices, the audit team reviewed most, if not all, of the College's financial management functions, including cash controls over revenue and collection activities, time and attendance, procurement and contracting, travel reimbursement, and inventory control.

We are pleased to note that the auditors did not identify any reportable problems involving the most inherently vulnerable areas of tuition and fee collections, student refunds and the overall handling and controlling of cash activities.

We also are in general agreement with the recommendations contained in the draft report and appreciate your efforts subsequent to the audit work to address many of our concerns regarding the content of the prior preliminary reports.

As a unique public institution, we strive constantly to improve and will use the opportunity raised by your audit findings and recommendations to examine, modify and expand policies and procedures where appropriate and to support the successful implementation of our overall strategic objectives.

The College is cognizant of its responsibilities for determining proper actions in response to audits. The attached response reflects our responsive action to each of the recommendations by functional area contained in the draft report.

A State University of New York College of Art and Design, Business and Technology

Thank you for the opportunity to respond to this draft report. If you have any questions regarding the attached response, please contact Mr. David Rankert, Internal Auditor, at (212) 217-4014.

Sincerely,



Sherry F. Brabham
Vice President for Finance and Administration

c: President Joyce F. Brown
Vice President Loretta Lawrence Keane
Vice President Gregg Chottiner
Ms. Shari Prussin
Mr. Mark Blaifeder
Mr. David Levin
Dr. Robert Otto
Ms. Laura Solomon
Mr. John Dunn
Mr. David Rankert

Fashion Institute of Technology
Selected Financial Management Practices
Report 2006-S-71

Equipment and Asset Management

- 1. Conduct an annual physical inventory of equipment and follow-up inventories as necessary.**

Response: The College's current practice is to conduct physical inventories every two years. However, we plan to initiate a review of this practice as part of an overall assessment of our fixed asset policy, including an analysis of the fixed asset capitalization threshold for tracking equipment, which is \$500 for all equipment and furniture with a useful life of two or more years.

- 2. Require each department head to maintain an accurate inventory of FIT property and adhere to all related policies and procedures.**
- 3. Reconcile and investigate all differences between inventory records and physical counts.**
- 4. Keep inventory records up-to-date by adjusting for disposals, transfers or location changes.**

Response: A new Inventory Control Manual is being prepared to establish procedures for the management and accountability of College owned and controlled equipment and property. The Manual will include procedures over a number of activities such as receipt and tagging of equipment, completion of a physical inventory count/reconciliation, transfer of equipment, removal of equipment from campus, report of missing and stolen equipment, and disposal of equipment that is no longer needed. With the issuance of this Manual, all applicable departments will know exactly what their respective responsibilities are for the management and control of equipment, and will be accountable for carrying out these responsibilities. The new Manual will be distributed to all department heads. Training on the responsibilities of these employees involved in equipment inventory will also be provided.

- 5. Include accurate relevant information on the inventory records, including location (building and room), serial number, description, manufacture, model, unit cost, tag number and date of acquisition.**
- 6. Formally assess the usefulness of available software packages to help maintain complete, accurate and up-to-date equipment inventory control records. Acquire and make operational such software, as appropriate.**

Response: The College's Operational Services Department, which provides guidance for the campus community in establishing and maintaining control over equipment, is currently working with the College's IT support staff to implement a new fixed assets

management module that is being integrated with our Bi-Tech financial system. The module will also interface with a new digital/barcode-based scanning device system.

Procurement and Contracting

7. Send invitations for bids or RFPs to a sufficient number of prospective vendors specified by FIT's procurement guidelines.

Response: The College agrees with the recommendation. In response to the specific audit finding involving the purchase of construction services, the College is taking steps to clarify its procurement guidelines concerning the application of blanket purchase orders. To avoid any future confusion over the appropriate use of blanket purchase orders, the guidelines will be modified to include the purchase of construction services, including repairs and renovations, in the list of acceptable purchases processed through a blanket purchase order. The use of such a purchase order will make the invoice processing for construction service payments more efficient and will serve as a monitoring tool to measure the progress of a construction project.

8. Allow sufficient lead time to provide for proper vendor competition, as required by FIT purchasing guidelines.

Response: The College agrees with the recommendation. In response to the specific audit concern regarding the need for better advanced planning for work in the dorm facilities area, the College has reiterated to the Residential Life Department its policy requiring the submission of approved requisitions well in advance of the expected delivery/completion dates. Any exceptions to this policy will only be made in documented emergency situations and in accordance with sound procurement practices. Any exceptions will require the approval of the College's Vice President for Finance and Administration.

9. Require consultants to provide detailed written documentation, including the names of personnel and the hours they worked, to support their bills to FIT.

Response: The College agrees with the recommendation. The campus departments and consulting firms will be reminded that payments will not be processed without an invoice containing sufficient data including the names of the firm's employees who provided the professional service and the number of hours of services provided.

Time and Attendance

10. Actively monitor the certified hours that part-time staff are paid to ensure compliance with budget restrictions.

Response: While your audit compared the part-time employee's certified weekly work hours with his/her bi-monthly actual hours reported to identify budget variances; our

practice has generally been to monitor budget variances on an overall department level. This approach allows a department the flexibility of directing (transferring) its resources where needed, particularly when unanticipated circumstances occur during the year, and at the same time, ensures budgetary oversight responsibility and accountability for a department's actions. However, as a result of your audit, we are examining our budget monitoring procedures in this area and where appropriate, will consider measures to strengthen the existing budget monitoring process.

11. Improve control over the leave accruals of part-time employees by periodically reconciling time charges recorded on the time sheets with the information on the leave accrual spreadsheet and by periodically providing accrual information to part-time employees so that they can monitor their balances.

Response: The College previously implemented a web-based attendance system for full-time employees that included an automated calculation of accrued leave balances for this group of employees. Plans are currently being developed to initiate a similar web-based attendance system for part-time employees that will address the concerns raised by the auditors.

12. Formally notify operating units whenever employee timesheets are not submitted timely.

Response: The web-based attendance system for full-time employees has simplified the process and made it more efficient for submitting time reports by this group of employees. A similar system is planned for part-time employees. During the interim, the College will remind departments about the need to submit time reports of part-time employees on a timely basis. It should be noted that the State auditors did not find any instances of missing time reports or of providing time reports late during the course of their audit.

13. Implement controls to ensure adjuncts are not inappropriately paid for absences.

Response: The College has initiated a new process whereby department chairs are required to certify the monthly attendance of adjuncts assigned to their respective departments in accordance with the academic calendar, except as noted on their monthly faculty absence reports (**see attached copy of a department chair's certification form**). This approach will address the audit concerns and in the process improve existing accountability for the time spent each day by adjunct faculty in a cost beneficial manner.

Business Continuity Planning

- 14. Develop and implement a formal disaster recovery plan.**
- 15. In lieu of a FIT-owned alternate computer site, formally assess potential options for back-up computer services with an outside information technology service source.**

Response: Business continuity planning is a constant concern for FIT. We are currently exploring alternative back-up site possibilities in consultation with the New York State Educational Research NETwork (NYSERNET) in addition to considering the development of our own on-campus back up site. However, this planning and assessment initiative has been slowed as funds originally set aside for this project were re-allocated to address critical infrastructure needs of our main computer facility. We will continue to move forward on formal continuity planning once the work is completed on the main computer facility. The College continues to balance its finite resources to ensure that the IT infrastructure, telecommunications and software applications meet current needs and to ensure that future needs will be met as well. The College takes seriously the importance of securing information, computers, networks, and systems and these reported steps reflect our ongoing commitment to maximizing our finite resources on an incremental basis.

Written Policies and Procedures

- 16. Prepare and maintain up-to-date documentation of policies and procedures for all financial management functions, particularly those functions cited previously for which existing documentation was deficient.**

Response: The College agrees that the existence of written policies and procedures covering the major financial operations represents good business management practices. As noted in your audit report, a number of our major operational areas (equipment and asset management, procurement and contracting, and budgeting) effectively maintained written policies and procedures. For other areas such as the accounting and financial reporting functions, we will use the opportunity raised by the audit to review, modify, and expand policies and procedures where appropriate. These actions are part of a broader initiative to assess the ongoing effectiveness of business processes and modifying business processes to effectively respond to internal and external changes and challenges. This initiative is one of a series of concrete and positive steps being taken to implement the College's Strategic Plan that set out future priorities and goals. The Plan included the establishment of effective and efficient administrative processes to support the successful implementation of our overall strategic objectives.

Faculty Absence Listing By Department

From 7/1/2004 To 8/30/2004

School: Business & Technology

Department: FASHION MERCHANDISING MGMT



Faculty Member	Absent Type	Contact Hours Before Sub	Date Of Absence	Course # and Section	Course Type	Charged Hours	Non Charged Hours	How is the time being made up	Absence Reason
[REDACTED]	D	15.00 12.00	08/30/2004	FM213-201	Day	3.00	0.00	Students being asked to do additional assignments.	Personal Business
Total Hours Taken For							3.00 0.00		
[REDACTED]	E	3.00 6.00	08/30/2004	FM262-25A	Evening	3.00	0.00	Work will be spread over the balance of the semester.	Personal Business
Total Hours Taken For							3.00 0.00		
[REDACTED]	D	15.00 12.00	08/30/2004	FM223-202	Day	3.00	0.00	Work will be spread over the balance of the semester.	Sick
[REDACTED]	E	15.00 12.00	08/30/2004	FM118-25A	Evening	3.00	0.00	Work will be spread over the balance of the semester.	Sick
Total Hours Taken For							6.00 0.00		
[REDACTED]	D	21.00 12.00	08/30/2004	FM122-209	Day	3.00	0.00	Students being asked to do additional assignments.	Personal Business
Total Hours Taken For							3.00 0.00		
[REDACTED]	D	24.00 12.00	08/30/2004	FM121-202	Day	3.00	0.00	Work will be spread over the balance of the semester.	Personal Business
Total Hours Taken For							3.00 0.00		

The absence history of the above absent faculty members has been reviewed by the Chair and the Dean.
The signatures below indicate that a paid substitution accords with the terms of the current collective bargaining agreement.

Chairperson's Signature / Date:

I certify that all faculty members were in full attendance in accordance with the academic calendar, except as indicated on the dates noted above.

Dean's Signature / Date:

Please send these forms to Payroll within 7 days after the end of the month.