



**New York State
Office of Homeland Security**

DEPUTY DIRECTOR
FRANK TABERT

January 12, 2009

Mr. Frank P. McDonald
Executive Director of Safety and Security
Pace University
1 Pace Plaza
New York, NY 10038

Re: Contract Number: C-161857
Contract Period: 10/01/04 – 03/31/07

Dear Mr. McDonald:

This letter is to follow up on the fiscal monitoring visit conducted on October 7, 2008 by Hepburn Williams. The purpose of this review was to obtain a reasonable assurance that Pace University administered federal funds in accordance with State and Federal requirements, including the terms and conditions contained in the above referenced contract.

We reviewed the relevant supporting documentation relating to this award for:

- a) compliance with the award agreement, contract, budget and reporting requirements;
- b) maintenance of accurate and reliable accounting records; and
- c) compliance with allowable cost and expenditure documentation standards in accordance with applicable Federal, State and NYS OHS guidelines.

The review included such tests of the accounting and financial records as we considered necessary under the circumstances. Transactions for our review were specifically selected from Fiscal Cost Reports (FCR) 10/01/04 – 03/31/07. As a result of this fiscal monitoring visit, two observations were made regarding Pace University.

Observation 1 – Procurement-Advertising

As contained in Appendix A-1, paragraph 12(3)(5) of the agreement, a not-for-profit grantee spending in aggregate of \$10,000.00 and above must use a competitive bidding process. At a minimum, the competitive bidding process must incorporate the following: open, fair advertisement of the opportunity to provide services; equal provision of information to all interested parties; reasonable deadlines; sealed bids opened at one time before a committee who will certify the process; establishment of the methodology for evaluating bids before the bids are opened; and maintenance of a record of competitive procurement process.

First, Pace University did not publicly advertise the bidding opportunity for the pan tilt cameras or the shatter resistant window film. Pace University contacted several companies and invited them to bid for the projects.

Secondly, the University obtained three bids for the original window film project and selected the lowest bidder. However, the University subsequently determined that the grant funds they had remaining would not cover the window film project as originally bid and decided to reduce the size of the project. Pace University did not rebid the project for the smaller area, thus all vendors were not given an opportunity to adjust their quotes or potentially allow other businesses to respond to the smaller project. The University should be aware that the inability to provide documentation of a competitive procurement process results in noncompliance of the contract requirements and can negatively impact future funding opportunities. If Pace University needs clarification or assistance with the procurement process, they should contact their OHS Program Representative or Auditor

Observation 2 – Metal Detector

The FY05 Homeland Security Grant Program Guidelines require that the specific goals and objectives funded by this grant program be completed within the contract timeframe. Three portable metal detectors were purchased and received on September 5, 2006 by Pace University, but only two of these detectors were fully assembled and operational at the time of the site visit. One detector was still in its original carton. The University did indicate that the detector would be installed and fully operational within two weeks of the site visit.

Recommendation:

OHS requests that Pace University provide an update on the installation status for the detector. If it has not been installed, the University should establish a corrective action plan to utilize the detector. The action plan should be incorporated into the 30 day requested response.

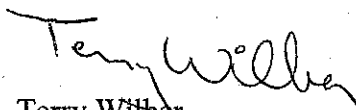
Response Requested:

This report is meant as a tool to assist Pace University in complying with the Federal, State and NYS OHS guidelines. We ask that you review the observations and recommendation and submit a written response, to the Fiscal Monitoring Unit, no later than 30 days from the date of this letter, explaining the following:

1. The corrective actions taken or corrective action plans in relation to our recommendation(s);
2. Any reason(s) why these recommendations may not be feasible; and/or
3. Your disagreement with the observations made upon which the recommendations were based.

We appreciate the time that Mr. Vincent Beatty took to show us the shatter resistant window film, metal detectors and CCTV cameras. Should you have any questions or concerns, please contact Hepburn Williams by either phone or email: (212) 867-1285 and hwilliams@security.state.ny.us respectively.

Sincerely,



Terry Wilber
Principal Auditor
Fiscal Monitoring Unit