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June 28, 1999

Mr. Timothy S. Carey
President and Chief Executive Officer
Battery Park City Authority
One World Financial Center
New York, New York 10281

Re: Report 99-Y-28

Dear Mr. Carey:

To assist in your oversight of the Battery Park City Authority's (Authority) Year 2000 compliance progress, we reviewed selected steps being taken by the Authority, as of April 21, 1999, to make its Accounting System, Personal Computer network operating software (Novell), and network file server equipment Year 2000 compliant. We selected these systems for review because the Authority identified them as being critical to its operations. The Accounting System (RealWorld), is a vendor supplied system which provides general ledger, receivables, payables, and other accounting support. The network file server equipment (hardware) provide software and data handling for the Authority's office computer network. The network operating software provides the necessary software support to enable the network to function properly. The steps we selected for review pertained to Year 2000 project planning and management, Year 2000 system testing, identification and correction of system data exchanges, and the establishment of contingency plans for continuing important business and service functions in the event of a year 2000-related failure.

The objective of our review was to assess whether the Authority appears to be taking the necessary steps to address Year 2000 problems related to their Accounting System, and networking software and equipment. To complete our review we interviewed Authority personnel and reviewed Authority documents. Based on these interviews and documents we completed a Year 2000 questionnaire (see attached Table) to assess specific Year 2000 issues. Unlike an audit, a review does not include testing or verifying information and records provided by the Authority and does not include review of internal controls. Therefore we cannot conclude whether the Accounting System, and the networking hardware and software will be Year 2000 compliant in a timely manner.

The results of our review show that the Authority is taking many of the steps necessary to address Year 2000 problems related to the Accounting System, and networking software and equipment. For example:

- Year 2000 compliance efforts were monitored through status reports provided to senior management. The April 19, 1999 status report indicated all application and hardware systems have been upgraded to make them Year 2000 compliant.
- The Authority has received Year 2000 compliance statements from the software and hardware vendors.
- The Authority has also retained an outside firm to perform a full-system test for year 2000 compliance.

However, the Authority has neither promulgated a formal definition of compliance nor does it have formal test plans in place. Although Authority staff and an independent consultant tested the hardware, operating system and software and found them to be Year 2000 compliant, they did not have documentation of sign-off and approval of test results.

The Authority does not have a written contingency plan. We were advised that in the event of any system failures, the Authority would revert to a manual accounting system, while its vendors install software upgrades. The Authority also has three consultants under contract who can be on site quickly to address any system failures. We encourage the Authority to develop written contingency plans.

Major contributors to this report were Robert Mehrhoff, Richard Perreault and Abe Fish.

Your comments to this review are welcomed. We wish to express our appreciation to the management and staff of the Authority for the courtesies and cooperation extended to our auditors during this review, and hope that it is helpful to your Year 2000 monitoring and oversight responsibilities.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Enzo Iannozzi, BPCA
Robert Serpico, BPCA
Gary Davis, OFT

**BATTERY PARK CITY AUTHORITY
YEAR 2000 ASSESSMENT QUESTIONNAIRE
ACCOUNTING SYSTEM
NETWORKING HARDWARE AND SOFTWARE**

TABLE

A colored "traffic light" Legend is included in the table below to assist management in focusing an appropriate level of attention on the issues identified in the Status and Comments sections of the Review Findings.

Legend:

	Status/Comments contain matters which may be of immediate concern to management.		Status/Comments contain matters which management may wish to consider.		Status/Comments do not contain issues which require immediate management consideration.
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Review Findings:

	YEAR 2000 STEPS	STATUS	COMMENTS
	A. PROJECT PLANNING & MANAGEMENT		
	A1. Are there written Year 2000 Project Plans and do they include/identify steps needed to correct the systems in question?	No	The Authority does not have a formal Year 2000 Project Plan. Authority management stated that a formal plan is not necessary due to the small size of the organization, without many layers of management.
	A2. Do the Plans (or any other available record) define what is meant by "compliance" when describing systems at the agency which are Year 2000 ready?	No	The Authority has not promulgated a formal definition for "compliance." However the consultant retained to test the systems does have a definition for compliance.
	A3. Are there written schedules covering the time frames for achieving compliance for the systems in question?	Yes	The Authority maintains a status report with estimated completion dates.
	A4. Is progress toward completion of the schedule for the systems in question being monitored?	Yes	The Authority's status reports show the progress towards completion.

TABLE (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	A5. Are the systems in question meeting the schedule (no significant slippage being reported)?	Yes	Authority management stated its belief that as of April 19, 1999, all systems are in compliance.
	B. TEST PLANS		
	B1. Are there documented test plans and do they include/identify steps needed to ensure that the systems in question will process as expected after they have been corrected to comply with Year 2000?	No	The Authority does not have formal test plans in place. Agency officials have tested system components and software changes, but sign-off documentation was not available. They have retained a consultant to perform final system testing.
	C. DATA EXCHANGES		
	C1. Have all data exchange partners/interfaces for the systems in question been identified and included on a written inventory record?	Yes	The Authority does not have any data interchanges with other systems.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plan and the test plans covering the systems in question?	Yes	The Authority does not have any data interchanges with other systems.
	D. CONTINGENCY PLANS		
	D1. Are there written business contingency plans in place for the systems in question and do the plans specify steps for completing vital business functions if the systems in question are noncompliant or inoperable for Year 2000 purposes?	No	The Authority does not have written business contingency plans. Officials stated that the Authority could revert to manual processing in the event of a system failure.