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September 10, 1999

Mr. Thomas J. Murphy
Executive Director
Dormitory Authority of the State of New York
515 Broadway
Albany, New York 12207

Re: Report 99-Y-47

Dear Mr. Murphy:

To assist in your oversight of the Dormitory Authority of the State of New York's (DASNY's) Year 2000 compliance progress, we reviewed selected steps being taken by DASNY, as of August 13, 1999, to make the J.D. Edwards & Company Financial Management System (FMS), Capital Appropriation Accounting System (CAAS), Bond Management System (BMS), and Project Management System (PMS) Year 2000 compliant. These systems were identified by DASNY as high priority systems. FMS assists in virtually all of DASNY's financial functions, and consists of accounts payable, accounts receivable, general ledger and other financial functions. CAAS tracks the financial aspects of DASNY's health services projects. BMS records and tracks the allocation of bonds among construction projects, bond redemptions, and building sales. PMS, in conjunction with CAAS, tracks the progress of health services construction projects from a funding and completion standpoint.

The steps we selected for review pertained to Year 2000 project planning and management, Year 2000 systems 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 DASNY appears to be taking the necessary steps to address Year 2000 problems related to the FMS, CAAS, BMS, and PMS. To complete our review we interviewed DASNY personnel and reviewed DASNY documents. In addition, we obtained and analyzed DASNY's response to a Year 2000 assessment questionnaire

that we designed (see attached Table). Unlike an audit, a review does not include testing or verification of information and records provided by DASNY and does not include a review of internal controls. Therefore, we cannot conclude whether the FMS, CAAS, BMS, and PMS Systems will be Year 2000 compliant in a timely manner.

The results of our review show that DASNY is taking many of the steps necessary to address Year 2000 problems related to the FMS, CAAS, BMS, and PMS Systems. For example:

- Efforts to correct the Systems are covered by a written Year 2000 project plan and schedule, and DASNY management is monitoring the efforts.
- There are plans for testing the Systems and guidance is available for completing testing. DASNY is not testing FMS; instead it is relying on the vendor of FMS to ensure compliance.
- DASNY identified all data exchanges, included them in an inventory record, and is working with its business partners to ensure compliance of the exchanges.
- DASNY is in the process of preparing both agency-wide and system-specific contingency plans to ensure the continuance of business and service functions that are dependent on these Systems. We encourage DASNY to continue its contingency planning efforts.

However, work on CAAS and PMS will not be completed until October 1999 and work on BMS will not be completed until November 1999. As a result, DASNY will have minimal time to address any unforeseen events that may need to be addressed to make these Systems Year 2000 compliant.

Major contributors to this review were Brian Reilly, Mike Farrar, and Jerry Steigman.

Your comments to this review are welcome. We wish to express our appreciation to the management and staff of the Dormitory Authority of the State of New York 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,

Jerry Barber
Audit Director

cc: Leigh Favitta, DASNY
Karen Graber, DASNY
Gary Davis, OFT

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
YEAR 2000 ASSESSMENT QUESTIONNAIRE
J.D. EDWARDS & COMPANY FINANCIAL MANAGEMENT SYSTEM (FMS)
CAPITAL APPROPRIATION ACCOUNTING SYSTEM (CAAS)
BOND MANAGEMENT SYSTEM (BMS)
PROJECT MANAGEMENT SYSTEM (PMS)**

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?	Yes	There is an overall plan in place at DASNY for the Systems we reviewed.
	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?	Yes	DASNY has a definition of compliance. The definition considers compliance of data exchanges.
	A3. Are there written schedules covering the time frames for achieving compliance for the Systems in question?	Yes	There are written schedules in place for the Systems reviewed.
	A4. Is progress toward completion of the schedules for the Systems in question being monitored?	Yes	DASNY management monitors the progress through regular meetings with staff and weekly and monthly reporting to executive management.

TABLE (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	A5. Are the Systems in question meeting the schedules (no significant slippage being reported)?	Yes	The systems are meeting the schedules. The FMS was completed and returned to production in July 1998. The CAAS and PMS are being retired and will be rolled into the FMS in October 1999. The BMS is scheduled to be completed in November 1999. With the millennium date drawing near, DASNY will have minimal time to address unforeseen events for CAAS, PMS and BMS.
	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?	Yes	DASNY officials provided us with plans for testing the individual Systems, including testing of critical dates. However, there is no overall documented test plan or testing methodology in place. The FMS is central to DASNY business, and is a vendor-owned and certified system that has not been modified from its original, 'off-the-shelf' condition. For FMS, DASNY is relying on vendor certification and upgrades. For the other, in-house developed systems we reviewed, DASNY has performed some of the remediation and testing itself and is contracting with consultants to provide the remainder. For the CAAS migration project, DASNY has involved the user in the development of available functionality. Further, CAAS and PMS, insofar as their systems' functions are being rolled into FMS, may not require such formal documentation of testing performed. The remediation and testing work on the BMS is scheduled for September and October 1999.
	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	Data exchanges between and among the Systems have been identified and included in an inventory record.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plans and the test plan covering the Systems in question?	Yes	Compliance of data exchanges have been considered as part of the overall effort.

TABLE (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	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?	Yes	DASNY is in the process of drafting contingency plans for the agency and for the specific Systems we reviewed. Officials have identified the length of time they believe DASNY can maintain its core business functions without the benefit of the systems, and are considering these time horizons in the contingency planning process.