



University at Buffalo
Office of the Vice President
for Finance and Administration

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EXECUTIVE CORRESPONDENCE

DEC 23 2019

OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

December 31, 2019

Honorable Andrew M. Cuomo
Governor of New York State
Executive Chamber
Albany, New York 12224

Dear Governor Cuomo,

In accordance with Section 170 of the Executive Law, this our 90-day response showing actions taken to address the recommendations contained in the State Comptroller's Audit Report on University at Buffalo's Procurement Practices (2018-S-37).

The University at Buffalo (UB) takes seriously the responsibility to provide affordable, high quality education, and our Procurement Services (Procurement) plays an integral role in meeting that responsibility. UB's Procurement Services is committed to providing professional and value-added service to UB staff and suppliers. In our quest for continuous improvement, UB is implementing an automated procurement system known as Shop Blue. This system will automate a number of internal controls, such as comparing the invoices with the agreed contract pricing and ensuring that departments appropriately purchase goods from a negotiated contract. UB anticipates that this will lead to significant savings by standardizing the procurement process, leading to improved efficiency, effectiveness, and compliance with New York State law.

We were pleased to note that our Procurement program is operating as intended; however, UB aims for operational excellence and continuous improvement. Consequently, we have taken the following actions to respond to OSC's recommendations:

Recommendation 1: Complete an evaluation of the needed administrative research activities to:

- Determine the most appropriate procurement method to obtain such services in the best interest of the State;
- Document selection of vendor reasonableness of prices; and
- Appropriately contract with the vendor to provide such services.

Response: UB discontinued the research- related administrative transactions in the fall of 2018. Going forward, UB commits to written service agreements for future research-related activities involving the University at Buffalo Foundation.

Recommendation 2: Improve internal controls to ensure proper segregation of duties and eliminate any potential conflict of interest.

Response: UB has reviewed and addressed segregation of duties and potential conflicts of interest. Going forward, the senior business officer will provide final approve on select transactions to eliminate the appearance of a conflict of interest in the approval process.

Recommendation 3: Develop a process for low-bid selection that includes evaluating parts and materials prices lists for custodial equipment maintenance and repair services to ensure Buffalo is receiving the true contracted cost.

Response: UB performs a cost comparison during the bidding process that evaluates select parts and/or materials.

Recommendation 4: Improve contract monitoring to ensure:

- All custodial equipment has been included in the contract and has established preventive maintenance schedule;
- Preventive maintenance on custodial equipment is performed on time to minimize the potential cost related to unscheduled repair work and parts and materials;
- Charges to a contract are appropriate; and
- Available funding is not exhausted prematurely and proper agency action is taken if contract amendments or new contracts are needed.

Response: UB performed a comprehensive review of all custodial equipment in all buildings across our campuses. All applicable equipment is documented in our current contract for preventative maintenance. A maintenance schedule has been created, and a recurring review meeting put into place with the vendor, facilities, procurement. The invoices are reviewed for appropriateness. UB does not anticipate exhausting funding prematurely due to the increased pre-bid preparation and contract monitoring.

Recommendation 5: Recover the un-recouped overcharges, as appropriate, and review remaining payments to determine if other overcharges can be recouped.

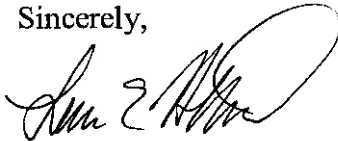
Response: UB has reviewed and recouped the overcharges.

Recommendation 6: Ensure procurement procedures are being followed and document purchases appropriately so purchases are business related and goods or services are obtained at a reasonable price.

Response: UB continues to ensure compliance with state procurement procedures. As such, UB is continually training and reinforcing policies and procedures with faculty and staff.

If you have any questions or would additional information, please contact me.

Sincerely,



Laura Hubbard
Vice President Finance & Administration
University at Buffalo

cc: Chancellor Johnson
Satish Tripathi
Kara Kearney-Saylor
Amy Montalbano

NOTE: The same letter and enclosure were also sent directly to the following individuals in accordance with Section 170 of the Executive Law:

Lieutenant Governor Hochul
Senator Stewart-Cousins
Comptroller DiNapoli ✓
Speaker Heastie
Senator Flanagan
Senator Krueger

Senator Seward
Senator Weinstein
Assemblyman Kolb
Assemblyman Barclay
Mr. Mujica, Jr.
Mr. Lara



University at Buffalo

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