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COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 19, 2006

Dr. Matthew Goldstein
Chancellor
The City University of New York
535 East 80th Street
New York, New York 10021

Dr. Marcia V. Keizs
President
York College
94-20 Guy R. Brewer Boulevard
Jamaica, New York 11451

Re: Selected Financial Management
Practices
Report 2004-S-86

Dear Chancellor Goldstein and President Keizs:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law, we audited selected financial management practices used by York College of the City University of New York. Our audit covered the period January 1, 2003 through December 31, 2005.

A. Background

The City University of New York's (CUNY's) York College (College) is located in the borough of Queens in New York City. Founded in 1966, it is one of the eleven senior colleges in the CUNY system. The College provides a broad baccalaureate curriculum with emphasis on the liberal arts and sciences, business, health, and cooperative education, and it confers bachelors' degrees in more than 40 majors. As of the Fall 2004 term, the College had 5,743 students, of which 3,686 students were full-time. The College has an annual budget of about \$32 million and employs about 160 full-time faculty members.

B. Audit Scope, Objective and Methodology

We audited selected financial management practices at the College for the period January 1, 2003 through December 31, 2005. The objective of our performance audit was to determine whether the College has effective internal controls over selected financial management practices. To accomplish this objective, we interviewed employees in the College's Bursar, Payroll, Personnel, Business and Registrar Offices. In addition, we tested selected controls and transactions. We also

reviewed data from Student Information Management System, the State Payroll System, and other College files. We also reviewed the College's compliance with the Tuition and Fee Manual (CUNY Manual) and the New York State Accounting System User Procedure Manual (NYS Manual).

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the College that are included in our audit scope. These standards also require that we understand the College's internal control structure and its compliance with those laws, rules and regulations that are relevant to the College's operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

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, several of which are performed by the Comptroller's Division of State Services. 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 management functions do not affect our ability to conduct independent audits of program performance.

C. Results of Audit

We determined that the College's internal controls over most of the financial management functions we reviewed were generally adequate. However, we also determined that the College should strengthen controls over certain functions. Specifically, College officials should take actions to improve controls over:

- certain payroll-related practices, including those pertaining to overtime payments and unclaimed paychecks;
- employees access to the Student Information Management System; and
- unclaimed student refunds.

1. Overtime and Other Payroll-Related Functions

Our review of the College's internal controls over its payroll function disclosed a number of weaknesses. Specifically, we determined that documentation supporting overtime payments, including the formal pre-approval of overtime, was often lacking. In addition, the College sometimes did not adhere to requirements pertaining to unclaimed paychecks. Also, the College left certain former employees active on the State payroll system for more than a year.

a. Approvals and Documentation of Overtime

Overtime at the College is worked primarily by employees of the Buildings and Grounds Department and the Security Department. The College paid overtime wages totaling \$324,775 to 92 employees and \$338,708 to 86 employees, respectively, during the 2003 and 2004 calendar years. According to the NYS Manual, the College should maintain adequate time and attendance records to support payroll activities, including those pertaining to overtime payments. Non-emergency overtime should be approved in advance, and overtime wages should be paid to employees timely. In addition, proper time and attendance procedures should always be followed. The College's Personnel Department reviews pertinent documents to process overtime payments, and the Payroll Department enters the overtime information (approved by the Personnel Department) onto the State's payroll system.

We identified the 25 employees who earned the most overtime pay during each of the 2003 and 2004 calendar years. Because 16 employees were among the largest overtime earners in both years, we reviewed overtime payments for a total of 34 employees. All of these employees worked in the College's Security Department or Buildings and Grounds Department. For each of the 34 employees, we reviewed their larger overtime payments. This represented 221 overtime payments totaling \$125,553 for 4,070 hours of overtime work. The College requires supervisory staff to prepare a Request for Overtime Coverage (Request) to approve overtime in writing prior to an employee working it, unless an emergency occurs. However, we determined that officials generally did not prepare the Requests. For the 221 overtime payments we reviewed, the College had Requests for only 5 of the payments. Furthermore, none of these five Requests were approved in advance of the employees working the overtime.

The records used by the College to account for overtime hours worked include timecards (or timesheets) and the Request for Approval of Paid Overtime (Approval). After overtime is worked, the College requires an employee's supervisor to prepare an Approval. The Approval and the corresponding timecard are then submitted to the payroll unit to determine the amount of overtime pay due to the employee and to generate the corresponding overtime payment. However, College officials provided us with none of the Approvals and only a few of the timecards to support the \$64,118 in overtime payments we reviewed for 2003. We also requested the Approvals and timecards for the \$61,415 in overtime payments we reviewed for 2004. However, officials had time cards and Approvals for only \$13,321 (21.7 percent) of the overtime payments tested. Without the required supporting documentation, we could not verify the propriety of most of the overtime payments we reviewed for 2003 and 2004. College officials believe that the Requests, Approvals, and timecards were prepared as required; however, appropriate actions were not taken to retain these records on file. Further, when documentation was available, we determined that none of the corresponding overtime pertained to emergencies. Consequently, we believe that officials should have obtained formal pre-approval of overtime on a routine basis.

We also identified 30 instances in which the employees' time records did not properly account for the overtime hours for which they were paid. Employees in the Security and Buildings and Grounds Departments work hours that might vary from week to week. Further, these employees are required to account for all of the hours they work by clocking in and out on timecards. For the 30 instances in question, the employees worked overtime hours in conjunction with their regular shift. However, they did not clock in or out, as appropriate, for their overtime shifts on their

timecards. Consequently, we were unable to verify that employees actually worked the overtime hours for which they were paid. We further determined that overtime payments generally were not paid timely. For the transactions, for which supporting documentation was available, we found that overtime payments were made to employees almost 68 days, on average, after they worked the overtime. In several instances, the overtime was paid more than four months after the employee worked it.

We concluded that personnel responsible for approving overtime and processing overtime payments were not sufficiently familiar with the prescribed procedures, including the prior approval of non-emergency overtime and the related record retention requirements. College officials should ensure that staff prepare and retain all documents required to support overtime payments and provide training to pertinent employees on policies and procedures governing overtime, as needed. Pursuant to our findings, College officials stated that they will review and evaluate the College's overtime policies and procedures. They also stated that they will train employees to ensure that established policies and procedures for time and attendance and payroll processing are followed.

b. Undistributed Paychecks

Some College employees receive paychecks directly from the College (as opposed to using the direct deposit program). Paychecks that are not claimed by the proper employees timely are at a greater risk of being lost or stolen. An unclaimed paycheck could also be an indication that an employee is no longer entitled to compensation. The NYS Manual requires State institutions to return unclaimed paychecks to the Office of the State Comptroller if employees have not claimed them within 30 days of issuance. The purpose of this requirement is to prevent the loss or theft of such checks before they can be delivered to the proper recipient. At the College, checks are normally distributed from the Bursar's Office. When they are not claimed by employees, the Bursar's Office retains them. College officials stated that letters are sent to employees who have not claimed their checks to remind them that the checks are at the Bursar's Office.

We reviewed the College's compliance with the requirements for handling paychecks. On October 4, 2005, the College had 22 paychecks (for 21 employees) that were undelivered and were held in the Bursar's Office for more than 30 days since they were issued. Of these 22 paychecks, 16 were held for 47 days and the remaining 6 for 33 days. We further noted that 4 of the 21 employees in question were no longer employed by the College. About one month later, we performed another review of the 22 paychecks in question, and officials advised us that 17 (of the 22) checks had been distributed to employees. The remaining five checks were still held by the Bursar's Office. Four of the checks had been held for 89 days, and the remaining check was 75 days old. In addition, we identified two more paychecks (that had not been held for 30 days or more as of October 4, 2005) that had gone unclaimed for 61 days.

College Officials were aware of the 30-day requirement. Further, the Bursar's Office policy is to send unclaimed paychecks to the Office of the State Comptroller after contacting the employees twice by mailing letters to them. However, the College sometimes did not mail the two notifications prior to the end of the 30-day period. Consequently, the employees in question were not notified timely to claim their checks, and the College held the checks beyond the 30-day limit. College officials stated that, in the future, they will ensure that two attempts are made to contact the employee within the 30-day period. They also stated that the undistributed checks will be returned

to the Office of the State Comptroller, as required, if the two attempts to contact the employees are unsuccessful.

c. Former Employees Left on the State Payroll System

The payrolls of CUNY's senior colleges (including York) are processed through the State's centralized payroll system. To maintain good internal control over the College's payroll function, management should ensure that employees who no longer work for the College are removed from the payroll system timely. This decreases the risk that paychecks are prepared, cashed, or deposited improperly. At the time of our audit fieldwork, we identified five individuals who were no longer employed by the College, but remained on the State payroll system as active employees. Four of these five employees are former adjunct instructors. Further, three of these five individuals received no paychecks during 2005. One former employee's most recent paycheck was dated July 7, 2005, and the other individual's last paycheck was on October 26, 2005. Pursuant to our findings, College officials stated that they will periodically review the procedures to remove inactive employees (particularly adjunct faculty) from the payroll.

2. Employee Access to the Student Information Management System

The College uses CUNY's automated Student Information Management System (SIMS), which includes information about students' registration, charges, account balances and payments. According to College officials, the Registrar reviews and approves requests for employee access to SIMS. Access to SIMS enables employees to make changes to students' records. Although there are no formal CUNY guidelines to limit the number of employees who can access SIMS, access should be limited to only those employees who need it to perform their standard work tasks. Moreover, the more people who have access to SIMS, the greater the risk that inappropriate changes could be made to SIMS records. This could result in loss of revenue to the College or student records being altered inappropriately.

To access SIMS, a user ID is required. According to College records, there are 441 user IDs assigned to specific employees who can access the College's SIMS records. We determined that 115 user IDs had "read only" access to SIMS, and the remaining 326 user IDs had the ability to access and change student records. These 326 user IDs were assigned to 242 employees working throughout the various College offices, including Admissions, Registrar, Student Financial Services, Enrollment Services, Bursar, Business Academic Disciplines, Career Services and Cultural Diversity, among others. In addition to the 441 user-specific IDs, there were 76 user IDs that were not assigned to any particular employee or department. Instead, some of these IDs were assigned to generic job titles or departments, such as "Student," "Auditor," or "Registration." Other user IDs were assigned to no specific job title or department at all. Consequently, these user IDs could be used anonymously by any employee who had knowledge of them. Moreover, we question the propriety of issuing 517 user IDs and the need for so many College employees to have the capability to change SIMS records. We determined that the College had not established formal standards to determine the employees who should have access to SIMS and the level of access they should have. In addition, College officials advised us that they have not formally assessed employees' individual needs to access SIMS in recent years.

Based on our review, we concluded that College officials need to take actions to reduce the risk that inappropriate changes will be made to SIMS data that could result in revenue loss to the

College. Specifically, officials should formally assess the need for all employees with SIMS access to determine if such access is necessary and if the employees' levels of access are appropriate. In addition, officials should assess their policies for issuing user IDs and terminate those IDs which can be used by multiple employees. Pursuant to our findings, College officials stated that they will ensure that employees' access to SIMS is consistent with their specific job functions. Officials also stated that they will review SIMS access controls and eliminate user IDs not assigned to specific employees.

3. Unclaimed Student Refunds

The College's Bursar is responsible for the collection of tuition and fee revenues and the maintenance of students' financial accounts. Students may be due a refund from the College for several reasons. For example, a student may be awarded more in financial aid than anticipated, and therefore, the student's account is overpaid. Also, a student could withdraw from the College after paying tuition, and therefore, be entitled to a refund of at least a portion of the tuition paid. When a student is due a refund, a check is drawn and mailed to the student. If a refund check is not claimed by a student or is returned by the Postal Service, it becomes an unclaimed refund, and it is retained by the College's Business Office. College officials reported that they generally have few unclaimed refund checks on hand, and they do not maintain a list of these checks. At our request, officials determined that the College's Business Office had 51 unclaimed checks totaling \$6,731 on hand as of January 2006.

According to a directive (from April 2004) from CUNY's University Comptroller, unclaimed refunds are to be held in the College's bank account for a period of five years, after which the funds should be deposited with the City University Construction Fund (CUCF). CUNY officials also indicated that they do not have (and are not required to keep) records of the amounts of unclaimed refunds that were sent to the CUCF. Although College officials stated that annual attempts are made to locate or contact students who are owed refunds, we determined that these actions generally were not documented. Most refund checks that are returned after the initial mailing are added to the College's tuition revenue funds. These funds are transferred subsequently to the CUCF, consistent with CUNY's formal policy.

However, we question whether this practice is consistent with State Law. Specifically, Section 1315 of the Abandoned Property Law, in conjunction with Section 102 of the State Finance Law, requires an unclaimed check issued by New York State to be submitted to the State Comptroller's Bureau of Unclaimed Funds one year after the check has been issued. However, the College does not remit any unclaimed refund checks to the State Comptroller's Office, and therefore, the State is not receiving these funds.

CUNY Central Office officials disagreed with our determination stating that CUNY is not the "State," but instead a "separate and distinct body corporate." Officials further indicated that CUNY is a hybrid agency having elements of both New York City and State agencies, but is in fact neither. Consequently, officials believe that no CUNY four-year campus is required to transmit unclaimed refund checks to the State. We acknowledge CUNY's unique corporate existence. Nonetheless, CUNY is still subject to most of the standard budgetary and financial controls established for State agencies. Consequently, we maintain that any tuition refunds that remain unclaimed for one year or more be remitted to the Office of the State Comptroller, consistent with State Law.

Recommendations

1. *Instruct and remind staff to prepare and retain all required records to support the approval and payment of overtime.*
2. *Require supervisors to formally approve all non-emergency overtime prior to employees working it.*
3. *As necessary, provide training to employees on the administrative processes governing overtime, including (but not limited to) the requirements for prior approvals, time and attendance recording, payment approvals, and record retention.*
4. *Ensure that all overtime payments due are made timely.*

(College officials agree with recommendations numbers 1 through 4. They have developed revised procedures, instructed supervisory staff regarding their responsibilities to approve non-emergency overtime in advance, and provided training to administrative staff. Officials will also strive to pay overtime in a timely manner.)

5. *Return all paychecks to the Office of the State Comptroller's Remittance Control Unit if they are not delivered to the proper employee within 30 days of issuance.*

(College officials agree with this recommendation and have revised their procedures.)

6. *Delete individuals from the State payroll system timely when they are no longer active College employees.*

(College officials will review their procedures to ensure that separated or terminated employees will be removed from the payroll system in a timely manner.)

7. *Limit user IDs for SIMS access to individual College employees. Do not issue user IDs for generic use by multiple employees. Terminate any existing generic user IDs that are used by multiple employees.*

8. *Periodically, perform a formal assessment of employees' access to SIMS. For each employee, determine if access is necessary and if the access level is appropriate. Make adjustments to employees' access to SIMS, as appropriate per the results of the formal assessment.*

(College officials agree with recommendations numbers 7 and 8. They have eliminated any generic user IDs and will assess the appropriateness of employee access on a periodic basis.)

9. *Maintain listings of unclaimed tuition refunds and retain pertinent information regarding the disposition of refund checks.*

(College officials agree with this recommendation.)

10. *Attempt to locate students due tuition refunds and document the results of those attempts. If students cannot be located, transmit the unclaimed funds to the Office of the State Comptroller.*

(College and CUNY officials disagree with part of our recommendation. College officials state that they will document their attempts to contact students who are due tuition refunds. Regarding unclaimed tuition refunds, CUNY officials disagree with our conclusion that unclaimed refunds should be sent to the Office of the State Comptroller. Officials contend that the sections of the State Finance Law and the Abandoned Property Laws cited in our report do not apply to CUNY and they will continue to remit unclaimed refunds to the CUNY Construction Fund.)

We provided draft copies of this report to College and CUNY officials for their review and formal comment. College and CUNY officials generally agreed with our recommendations, except for part of recommendation number 10. We have considered their comments in preparing this draft report and have included them as Appendix A. Our rejoinders to the College's comments are presented in Appendix B, State Comptroller's Comments.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the City University of New York shall report to the Governor, State Comptroller, and the leaders of the State Legislature and the fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Major contributors to this report were Tom Trypuc, Sheila Jones, Orin Ninvalle, Teeranmattie Mahtoo, and Hector Arismendi.

We wish to thank the management and staff of the College and CUNY's Central Administration for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Brian E. Mason
Audit Manager

cc: David Rankert, CUNY Internal Audit
Lisa Ng, Division of the Budget



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Office of Internal Audit and Management Services
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June 7, 2006

Mr. Brian E. Mason
Audit Manager
Office of the State Comptroller
State Audit Bureau
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Mason:

I write in response to your request for comments regarding the draft report of selected financial management practices used by York College (2004-S-86).

This audit represented the fifth in a series of comprehensive evaluations undertaken to determine the adequacy of controls over the major administrative functions operating on our senior college campuses. These prior audits recommended ways to strengthen already existing safeguards. As confirmed by your follow-up reviews, the colleges that were audited took responsive action to address the audit findings and to satisfy the intent of the audit recommendations.

As with these prior audits, the results of this current audit were prepared on an "exception basis" and thus, the draft report excluded many activities and functions that were operating properly. The draft report noted procedural weaknesses in the areas of payroll, access to the Student Information Management System (SIMS) and unclaimed student refunds. The College's response, which is attached to this letter, addresses the concerns raised by the auditors in each of these three areas. My comments below provide additional information regarding Recommendation #10 (transit unclaimed funds to the Office of the State Comptroller).

The University's position regarding unclaimed student refunds is that the State's Abandoned Property Law (APL) does not apply to CUNY and thus, CUNY is not required to remit tuition refunds that remain unclaimed for one year or more to the Office of the State Comptroller. The University's General Counsel has opined (with the support of our External Auditor [KPMG]) that Section 102 of the

* Note 1



* See State Comptroller's Comments, Page 14

State Finance Law and the State's APL do not apply to CUNY (see **Attachment I**).

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Note
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Basically, the State Education Law represents the legal basis for CUNY. Title 7 of the law and especially Article 125 present the definitions, rules, and regulations governing the operations of the University.

In 1961, CUNY was created by the State Legislature from the pre-existing municipal college system – Section 6201 of the Education Law states that:

"The legislature intends that the city university of New York should be maintained as an independent system of higher education governed by its own board of trustees responsible for the governance, maintenance and development of both senior and community college units of the city university. The university must remain responsive to the needs of its urban setting and maintain its close articulation between senior and community college units."

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Note
1

Under current statutes, CUNY is a separate entity governed by a Board of Trustees with significant and broad de jure powers and responsibilities. CUNY is viewed neither as a covered state or mayoral agency and exceptions to the rules and regulations governing covered agencies are provided to CUNY. Even your draft report noted "CUNY's unique corporate existence" and this status sets us apart from other state agencies especially when it comes to compliance with laws and regulations, and differences of interpretations. In addition, the fact that our community colleges were excluded from these APL regulations further supports CUNY's unique hybrid status as a large and extremely complex organization.

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Note
2

Unlike state agencies, CUNY has its own audited financial statements and is excluded from the state's General Fixed Asset Account Group. In addition, CUNY has its own Federal Tax I.D. number and none of our bank accounts include "The State of New York" in their account titles. Unlike state agencies, CUNY does not request the approval of the Office of the State Comptroller prior to making any arrangements for new bank accounts as indicated in Section 106 of the State Finance Law. Instead each CUNY college president has been delegated the responsibility for establishing college bank accounts under existing University regulations.

*
Note
3

With two exceptions, college accounts are not used to receive, hold or disburse state funds. The two exceptions are bank depositories for travel and imprest funds, which involve state monies.

The student tuition refund checks are issued from the major tuition depository account at each campus. As indicated previously, none of the colleges' accounts were designated state bank accounts and only the two accounts identified above were depositories for state funds. The funds in the tuition accounts were transferred directly to the City University Construction Fund

* See State Comptroller's Comments, Page 14

(CUCF). Section 6215 of Article 125 of the Education Law states that the CUCF is required to receive, accept, invest, administer, expend and disburse these funds in accordance with the City University Construction Fund Act. Thus, it is the responsibility of the CUCF and not CUNY, per se, to report on and disburse for its corporate purposes all funds received.

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Note
4

In addition, acceptance of our position will serve the best interests of our students through our explicitly established procedures, (which were effective for fiscal year 2004), for notifying students and for making refunds available in a timely and easily accessible fashion (see **Attachment II**). Our current arrangement for paying refunds is beneficial to our students and any change to the process would be detrimental to and impose an undue hardship for a population of students most in need of these refunds. Students currently have ready access to these funds from their home colleges without the need to file for and wait for their requests to be processed at the state-level.

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Note
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Note
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In conclusion, we want to commend the work of your auditors in conducting these comprehensive evaluations and believe that the knowledge and experience captured during these audits would provide a valuable resource for state agencies to find useful and promising practices for working smarter in an environment of limited resources. Accordingly, we would appreciate any advice and guidance that your Office could share with us and other state agencies regarding the best approaches and lessons learned from these audits of financial management practices. In offering ideas about what works best in a given situation, you ensure that limited resources are managed in an efficient and effective manner.

I would appreciate that both the comments above and the attached College response be included in their entirety as an appendix to the final report. If you have any questions, please call me at (646) 746-4290.

Sincerely,


David Rankert
Acting Director

- c: Chancellor Matthew Goldstein
- President Marcia V. Keizs
- Senior Vice Chancellor Allan Dobrin
- Vice Chancellor Ernesto Malave
- Vice President Jerald Posman
- Dean Ronald Thomas
- Marcia Green
- Thomas Trypuc

IA#1933

* See State Comptroller's Comments, Page 14

York College
Response to:
The Selected Financial Management Practices
NY State Report #2004-S-86

1. Overtime and other Payroll – Related Functions

a. Approvals and Documentation of Overtime (Recommendations # 1-4)

Since the last response to the State's recommendation, the College has reviewed its procedures for authorizing and approving employee overtime. The new procedures in effect include providing instructions to appropriate staff to remind them of the process by which to prepare and retain all supporting documents that authorize the payment of overtime. Supervisors are now reminded regularly that all non-emergency overtime must be approved prior to being worked; that administrative staff must be trained how to correctly keep time and attendance records, verify that all overtime was duly authorized, that payment of overtime is consistent with time worked, and that all appropriate records are retained. Finally, the College will continue to make every effort to assure the timely payment of overtime to employees.

b. Undistributed Paychecks (Recommendation #5)

The College has revised its procedures to comply with the State Comptroller's Payroll Bulletin No.456, which requires the return of undistributed paychecks to the Office of Remittance Control Unit of the State Comptroller after two failed attempts and within 30 days.

c. Former Employees left on the State Payroll System (Recommendation #6)

During the academic year, a significant number of adjuncts are appointed for one semester per year and, as a result, their payroll status appears inactive until the next reappointment. The college will review its payroll procedure to ensure that separated or terminated employee records are deleted.

2. Employee Access to the Student Information Management System (Recommendations #7 & 8).

The College is in the process of terminating any existing generic user IDs that are used by multiple employees. Moving forward, all employees who are authorized to access SIMS will have unique user IDs assigned for their specific needs.

The College will revise its policy and procedures to include a periodic review of employees with access to SIMS. The review will help to determine if access is still needed and, if so, at what level. The review process will also include the issuance of approvals by the department head who is requesting access and by the Registrar's Office, which is responsible for administering SIMS. Based on the results of the periodic reviews, the policy will be revised, as needed.

3. Unclaimed Student Refunds (Recommendation # 9 & 10).

* See State Comptroller's Comments, Page 14

The College will maintain a list of all unclaimed tuition refunds and records regarding the disposition of refund checks.

In addition, the College will revise its procedure to document the results of its efforts to locate students who are due tuition refunds. If students can not be located, the College will adhere to the policy of the City University of New York regarding the handling of unclaimed student refunds. This matter will be addressed further by the Office of Internal Audit Control and Management Services of The City University of New York.

* See State Comptroller's Comments, Page 14

State Comptroller's Comments:

1. The statute does not explicitly nor implicitly exempt CUNY from the State Finance Law or the Abandoned Property Law. Consequently, we maintain that CUNY should comply with the pertinent sections of those laws as referenced in our report.
2. CUNY officials have misquoted our report. In fact, our report states that CUNY is still subject to most of the standard budgetary and financial controls established for State agencies. Moreover, although CUNY's community colleges were exempted from the Abandoned Property Law requirements, CUNY's senior colleges (including York) were not.
3. We acknowledge that certain CUNY financial operations vary from those established for most State agencies. Nonetheless, these variances do not obviate CUNY's senior colleges from complying with the pertinent sections of the State Finance and Abandoned Property Laws.
4. The funds in question are not CUCF funds. These funds (tuition refund checks) belong to CUNY students who paid tuition in the first instance. Consequently, because the refund checks are the property of the students, we maintain that all unclaimed refund checks should be remitted to the State Comptroller, as prescribed by the State Finance and Abandoned Property Laws.
5. CUNY officials provide no basis for their assertion that the remittance of unclaimed refund checks to the State Comptroller would be detrimental and cause unnecessary hardship to students.
6. We have not included Attachments I and II in Appendix A of the report. These documents are available for inspection in our office.