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

Dr. Kathleen M. Waldron
President
Bernard M. Baruch College
One Bernard Baruch Way
New York, New York 10010

Re: Report 2006-F-6

Dear Chancellor Goldstein and President Waldron:

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 have followed-up on the actions taken by officials of the City University of New York's (CUNY), Bernard M. Baruch College, to implement the recommendations contained in our audit report, *Bernard M. Baruch College of the City University of New York: Tuition and Fee Accounts Receivables* (Report 2002-S-47).

Background, Scope and Objectives

Located in Manhattan, Baruch College (College) is one of 11 senior colleges in the CUNY system. Each CUNY college uses CUNY's Student Information Management System (SIMS), which contains information about student registration, billing, and payments. The College Bursar, who is responsible for collecting tuition and fee revenues, uses SIMS to generate bills for tuition and fees. The College enrolled about 15,500 students for the 2005-06 school year. According to the CUNY Tuition and Fee Manual (Manual), only students who satisfy all of their tuition and fee obligations before the first day of classes can be allowed to register for classes in the following term.

The Manual states that students who are delinquent or in default in any of their financial accounts are not permitted to register unless this requirement is waived, in writing. According to College officials, a Bursar's stop is placed on students' SIMS records when they have not paid outstanding tuition and fees. The Bursar's stop prevents such students from re-registering and cancels course selections they have already made. It is also the College's policy to write off accounts receivable balances that are more than one year old and to simultaneously refer these accounts to a collection agency.

Our initial audit report, which was issued on September 25, 2003, examined the College's financial management practices for the collection of tuition and fees accounts receivable. We also sought to determine if students were being prohibited from registering for classes if they owed tuition and fees and if unpaid tuition and fees were being referred for collection in a timely manner. The objective of our follow-up, which was conducted in accordance with generally accepted government auditing standards, was to assess the extent of implementation, as of May 30, 2006, of the eight recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that College officials have made significant progress in correcting most of the problems we identified. Of the eight prior audit recommendations, three recommendations have been implemented, four recommendations have been partially implemented, and one recommendation is not applicable.

Follow-up Observations

Recommendation 1

Prepare written procedures designating the appropriate College official who will approve deviations from CUNY policy and allow students with outstanding debt to register for subsequent semesters.

Status - Partially Implemented

Agency Action - The College amended its procedures for allowing students with outstanding debt to register for subsequent semesters. As of the summer of 2006, only the Vice-President for Student Development and Enrollment Services can authorize the Bursar to remove a stop order on a student who has an unpaid balance. The procedures, indicating the circumstances under which the Vice-President should take such an action, were clarified and are scheduled to be implemented in the summer of 2006.

Recommendation 2

To ensure Bursar's stops work effectively: impose stops on the SIMS records of students with outstanding balances as soon as the liability is identified; maintain adequate documentation to justify clearing a stop; and ensure a record is kept of all stop clearances.

Status - Partially Implemented

Agency Action - The Bursar's office generally places stops on student records on a monthly basis, except during the registration period. According to College officials, SIMS does not have the capability to record all stop clearances. Rather, SIMS denotes only the last stop transaction. College officials stated that this capability will be included in the new Enterprise Resource Planning system that CUNY is currently preparing for implementation within the next few years to replace the outdated SIMS system.

Recommendation 3

Formalize all tuition deferral agreements in writing.

Status - Partially Implemented

Agency Action - College officials currently have a form that formalizes all tuition deferral agreements in writing. They are currently working on re-designing the form to make it more explicit, and they anticipate that this change will be in effect by the summer of 2006.

Recommendation 4

Require all students including those in the Executive Programs to remit tuition and fees directly to the Bursar's Office.

Status - Implemented

Agency Action - The Controller's Office no longer has the authority to collect and deposit student checks. In addition, as of November 1, 2005, all payments from Executive Program students were remitted to the Bursar's Office.

Recommendation 5

Require Executive Program officials to remit to the College the tuition and fees they collected from Morgan Stanley (as well as Executive MBA and MSF) students. Adjust these students' records to determine what tuition is still outstanding, and collect that amount from students.

Status - Not Applicable

Agency Action - The programs referred to in the report were unable to recreate accurate records of the tuition collected. As such, it was not possible to determine the accuracy of the balances owed by individual students on the SIMS system. Thus, the programs cannot remit to the College Bursar, the tuition collected from Morgan Stanley, Executive MBA and MSF students. Therefore, the balances on these student accounts were written off and were not referred for collection since there is inadequate information as to whether individual students paid the tuition due.

Recommendation 6

Write off accounts receivable due for students in the College Now program, but do not write off tuition receivables from students in the Honors Program. Instead, apply to CUNY Administration for funding or credit.

Status - Partially Implemented

Agency Action - College officials periodically apply for and receive Honors Now Program credits from CUNY's Administration. College officials do not write-off the accounts receivables for students in the College Now Program because they believe they are not a bad debt. They told us that this part of the recommendation will be implemented only if CUNY's Administration develops an explicit policy on this issue. Moreover, they contend that the

receivables have now been reclassified as unfunded waivers since College Now students are not and were never liable for the Program's tuition. However, we noted that they are still listed as accounts receivables.

Recommendation 7

Establish formal written procedures for the collection and write-off of tuition and fees. Ensure all past due student accounts are referred to collection agents. When feasible, refer accounts to collection more often than once per year.

Status - Implemented

Agency Action - The College established formal procedures for write-offs of receivables. Upon review and approval by the Assistant Vice-President of Finance, the Bursar is instructed to write-off all uncollectible receivables. They are then forwarded to a collection agency for processing every May and November. We noted that a report for referral to a collection agency was prepared for May 2006.

Recommendation 8

Write off past due tuition and fees in accordance with the time frames stated in CUNY's and the College's stated policy.

Status - Implemented

Agency Action - The College has established formal procedures for write-offs in accordance with the time frames stated in CUNY's Manual. The approved accounts are now written off and sent to an authorized collection agency semi-annually, in May and November. All delinquent accounts are approved by the Assistant Vice-President of Finance before being sent to the collection agency. We observed and reviewed the preparation of the report for May 2006.

Major contributors to this report were Tom Trypuc and Bebe Hussain Belkin.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of CUNY and the College for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Kenrick Sifontes
Audit Manager

cc: David Rankert, City University Internal Audit
Robert Specter, Baruch College