

New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Borough of Manhattan Community College: Controls Over Bank Accounts

City University of New York



Report 2015-S-93

August 2016

Executive Summary

Purpose

To determine whether the City University of New York's (CUNY) Central Office (Central) officials adequately ensured that all Borough of Manhattan Community College (BMCC) bank accounts were authorized and used only for appropriate purposes and transactions. The audit covers BMCC bank accounts for the period January 1, 2013 through March 4, 2015.

Background

CUNY is the largest urban university in the United States, consisting of 24 institutions. CUNY provides education for more than 269,000 degree-credit students and 247,000 adult, continuing, and professional education students. BMCC, located in lower Manhattan, is one of CUNY's seven community colleges and has more than 26,000 students.

CUNY's Cash Management and Banking Policy (Policy), effective July 1, 2008, requires the University Controller (UC) and the Vice President of Finance and Administration at each college to ensure that each bank account complies with University policies and procedures. Prior to establishing any new bank account, the Policy requires colleges to notify the UC by completing a "Bank Account Notification Form." The UC notifies the college within five business days of the receipt of the form as to whether there are any concerns with establishing the new account. If not contacted within this time frame, the college can proceed with the account.

Key Findings

- CUNY Central officials provided us a list of 23 bank accounts that they were aware of at BMCC. Seven of BMCC's accounts were opened after CUNY's bank authorization policy was established in 2008. However, CUNY Central did not have the required notification forms for one of these accounts (the BMCC Administrative Income Account, opened in May 2014). Additionally, we identified two accounts, for the BMCC Foundation, that were not on CUNY Central's list. These findings point to weaknesses in the monitoring of bank accounts, which increase the risk that BMCC personnel could conduct transactions using unauthorized accounts.
- A review of the source of funds in BMCC's accounts found \$120,116 that BMCC officials should have transferred to the City of New York (City).
- Of 78 payments (totaling \$3,136,579) paid from six judgmentally selected bank accounts, 45 payments totaling \$563,605 were either improper (did not comply with CUNY, State, and/or City policies and procedures) and/or were unsupported.

Key Recommendations

- Fully comply with prescribed procedures for opening new bank accounts and the monitoring of existing accounts. Develop and implement additional policies and procedures to administer bank accounts, as warranted.
- Strengthen the control environment to ensure that funds are appropriately disbursed from bank accounts by:
 - Reinforcing with staff the importance of adhering to New York State, City, and CUNY requirements; and

- Training Finance and Administration employees on the appropriate policies and procedures related to bank accounts and banking operations.

Other Related Audits/Reports of Interest

[City University of New York – School of Professional Studies: Controls Over Bank Accounts \(2014-S-78\)](#)

[City University of New York – Lehman College: Controls Over Bank Accounts \(2014-S-69\)](#)

[City University of New York – Medgar Evers College: Controls Over Bank accounts \(2015-S-92\)](#)

State of New York
Office of the State Comptroller

Division of State Government Accountability

August 10, 2016

James B. Milliken
Chancellor
City University of New York
205 East 42nd Street
New York, NY 10017

Dear Chancellor Milliken:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Borough of Manhattan Community College: Controls Over Bank Accounts*. This audit was performed 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.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

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Background

The City University of New York (CUNY) is the largest urban university in the United States, consisting of 24 constituent colleges and graduate and professional schools. CUNY provides education for more than 269,000 degree-credit students and 247,000 adult, continuing, and professional education students.

The Borough of Manhattan Community College (BMCC) is one of seven community colleges within CUNY. Its mission is to offer quality education in a pluralistic urban environment, to foster excellence in teaching, to facilitate the enhancement of learning, and to sustain full access to higher education for those who seek fulfillment of personal, career, or socioeconomic goals. BMCC, located in lower Manhattan, has over 26,000 students.

BMCC maintains bank accounts for various purposes, such as tuition and fees. During the period January 1, 2013 through March 4, 2015, CUNY reported there were 567 active or closed bank accounts, including 23 at BMCC. As of December 31, 2015, BMCC had 16 active accounts with balances totaling \$8,875,580.

CUNY's Cash Management and Banking Policy (Policy), effective July 1, 2008, requires that the University Controller (UC) and the Vice President of Finance and Administration (VP) at each college assign a responsible official to ensure that each bank account complies with University policies and procedures. Prior to establishing any new bank account, the Policy requires colleges to notify the UC by completing a "Bank Account Notification Form," which is signed by the VP. All requests for banking services must be justified by the college. The Office of the University Controller notifies the college within five business days of the receipt of the form as to whether there are any concerns with establishment of the new account. If not contacted within this time frame, the college can proceed in establishing the new account. The Policy also specifies the types of expenditures that are prohibited from Petty Cash. Examples of expenditures prohibited from Petty Cash include out-of-town travel advances and travel expense reimbursements.

CUNY also has policies, procedures, and guidelines that impact banking activities and are directly related to the specific types of funds deposited into each bank account and/or if the bank account is established for an incorporated related entity. There are three classifications of bank accounts:

- **Tax Levy Accounts** – These accounts consist of taxpayer dollars, such as monies collected for tuition and fees. Purchases paid with tax levy funds must follow CUNY, State, and/or City procurement guidelines, such as: determining if purchases can be made from preferred source vendors, obtaining bids for purchases of \$5,000 or higher, and ensuring advertisement for contracts over \$20,000. All purchases made with tax levy dollars should be processed through the University's purchasing departments.
- **Non-Tax Levy Accounts** – These accounts consist of funds (also known as "soft monies") that are not derived by tax levy appropriations or from student fees. Purchases paid with non-tax levy funds are not governed by State procurement laws; however, pursuant to CUNY guidelines, sound procurement practices must be followed. If a contract is

partially funded with New York State funds or expected to convert (in full or in part) to New York State funding, then full compliance with State procurement and CUNY procurement guidelines is required from the onset of the procurement process. Also, a CUNY memorandum dated May 3, 1995 states that college presidents are authorized to approve the expenditure of non-tax levy funds and they are responsible for applying the standards prescribed by the Public Officers Law (Section 74), and that such expenditures are reasonable and appropriate, and provide a commensurate benefit to the college and University community.

- **Related Entity Accounts** – Related entity accounts can consist of both tax levy and non-tax levy dollars, depending on the related entity’s source of funding and its overall mission. For example, student fees are the primary source of funding for the Student Associations’ related entities accounts. Thus, according to The City University Fiscal Handbook for the Control and Accountability of Student Activities Fees, all purchases made with student fees must follow State Laws. In addition, whether the Association or the college purchasing department processes a transaction, the University’s purchasing regulations must be followed and the appropriate documentation and internal control requirements must be satisfied. This includes purchasing from sole source with justification and obtaining formal competitive bids and formal contracts for purchases over \$20,000.

Audit Findings and Recommendations

The audit identified multiple internal control weaknesses that CUNY and BMCC officials need to improve related to the use of bank accounts. These weaknesses impacted various aspects of the banking process, from opening and properly authorizing accounts to making deposits to and disbursements from such accounts. For example, BMCC did not always comply with the Policy to notify CUNY Central Office (Central) when opening new bank accounts. Also, funds were sometimes used for improper purposes, including those not consistent with the intent of the accounts.

Bank Account Notification

As noted previously, CUNY colleges are required to notify CUNY Central when opening and closing bank accounts. This Policy became effective as of July 1, 2008. Prior to that date, no formal policy for bank accounts existed. Of the 23 bank accounts CUNY Central identified at BMCC, 16 were opened before the Policy's effective date. For the remaining seven bank accounts, CUNY Central had forms for six of the accounts. There is, therefore, no assurance that CUNY Central was notified of one account (the BMCC Administrative Income Account, opened May 1, 2014).

To test the completeness of CUNY Central's list, we sent confirmation letters to banks located in the proximity of BMCC. Based on the responses, we identified two additional accounts (for the BMCC Foundation), including a money market account and a checking account. Weaknesses in the controls over authorization of bank accounts, coupled with the lack of assurance regarding the completeness of CUNY Central's account list, increase the risk that College personnel could use an unauthorized account and be undetected by CUNY Central.

Propriety of Bank Account Activities

Transmission of Funds to the State and City of New York

The Manhattan Educational Opportunity Center (MEOC) was established in 1966 by the State University of New York (SUNY) as the Urban Center in Manhattan, as a result of an act of the New York State Legislature. The MEOC has been funded by the SUNY University Center for Academic and Workforce Development (UCAWD) and administered by BMCC during its entire history. The contractual agreement between SUNY and CUNY regarding MEOC states that all encumbrances for the prior year contract must be liquidated by September 30 each year, as the unexpended amount impacts the amount of State aid required from SUNY to CUNY each year. BMCC officials reported to SUNY that there was \$281,330 in unexpended funds as of June 30, 2015; however, as of September 30, 2015, we found the MEOC bank account balance was actually \$608,896. Unexpended funds were thus understated by \$327,566 (\$608,896 - \$281,330). BMCC officials should therefore amend the program's financial reports to ensure that all unexpended funds are deducted from the amounts of any future payments due from the State.

In addition, our review found program funds were transferred into other bank accounts, including CUNY's Research Foundation and BMCC's Exchange accounts. Our review of two transfers from MEOC to BMCC for administrative and security guard services determined that CUNY paid \$120,116 that should have been paid by the MEOC. When the MEOC returned the money to BMCC, it should have remitted the money to the City of New York (City), which provided the funds to CUNY in the first instance.

A BMCC official acknowledged that salary reimbursements for security guard services provided to the MEOC program should have been made to the City, but BMCC management withheld such payments due to concerns about potential cash flow shortages.

Fund Payments and Improper Procurements

We also reviewed a judgmental sample of 78 transactions totaling \$3,136,579 from six judgmentally selected bank accounts to determine if funds were used appropriately. We found 45 payments (totaling \$563,605) that were not in compliance with applicable State and CUNY purchasing policies and/or were unsupported, as summarized in the following table.

Name of Account	Number of Payments Reviewed	Number of Exceptions	Amounts Reviewed	Exception Amounts
Student Faculty Association	14	11	\$283,218	\$220,366
Child Care Center	25	11	270,775	33,765
Depository	13	2	2,281,353	81,998
MEOC- BMCC	12	7	277,258	203,501
MEOC- Book Deposit	9	9	11,997	11,997
MEOC	5	5	11,978	11,978
Totals	78	45	\$3,136,579	\$563,605

The following are examples of improper payments.

The Student Faculty Association Account receives student activity fees that can be used for approved student events and affairs.

- A credit card payment was made for \$53,840, for 85 transactions over a two-month billing period. Our review of 23 of these transactions, totaling \$28,941, identified 12 transactions totaling \$19,652 that did not comply with CUNY, State, and/or City procurement rules and/or were not adequately supported. For example, \$4,224 was paid to a vendor for a bowling event. The cost was based on a fixed amount per person and it was expected that 100 people would attend. However, CUNY did not keep a sign-in sheet for the event and there were only 52 travel release forms from students who attended the event on file. Further, the invoice also showed that \$984 of the \$4,224 was paid for 12 attendees who were charged \$82 each for an additional hour of bowling. However, these charges were also unsupported.
- A travel advance of \$11,250 was made to a professor who accompanied students on a

study abroad trip to Italy. This advance was for local transportation and educational/cultural excursions. Association officials, however, did not provide any documentation to support the expenditure or facilitate reconciliation of the amount advanced.

The MEOC accounts support a program for educationally and economically disadvantaged students, operated under contract with SUNY.

- Two transfer payments totaling \$49,490 were made from one MEOC account to two other accounts. The two other accounts were not monitored by BMCC, because BMCC officials believed that they were closed. Nevertheless, during our audit period, 29 transfers (totaling \$291,619) were made into these accounts. We sampled 14 transactions (totaling \$23,974) from both accounts, and found eight of these transactions (totaling \$17,487) were inappropriate, as they did not comply with relevant policies and procedures. For example, MEOC staff purchased jewelry (e.g., pearl earrings) and accessories (e.g., swirl cut glass vase) totaling \$2,175 for employee service awards. However, program funds are not allowed to be used for such purchases. In response to our preliminary observations, BMCC and MEOC officials stated that they have taken corrective actions to preclude future non-compliant uses of MEOC funds.

Recommendations

1. Fully comply with prescribed procedures for opening new bank accounts and the monitoring of existing accounts. Develop and implement additional policies and procedures to administer bank accounts, as warranted.
2. Ensure that funds that should be transmitted to the State and the City are sent to them timely.
3. Strengthen the control environment to ensure that funds are being appropriately disbursed from bank accounts by:
 - Reinforcing with staff the importance of adhering to New York State, City, and CUNY requirements; and
 - Training Finance and Administration employees on the appropriate policies and procedures related to bank accounts and banking operations.

Audit Scope and Methodology

The objective of this audit was to determine whether CUNY Central officials adequately ensured that all BMCC bank accounts were authorized and used only for appropriate purposes and transactions. The audit covers BMCC bank accounts for the period January 1, 2013 through March 4, 2015.

To accomplish our objective, we interviewed BMCC officials to obtain an understanding of the internal controls related to banking operations and their policies and procedures. We

reviewed sections of State procurement policies and CUNY guidelines. We reviewed supporting documentation, procurement files, and disbursements made from our judgmental sample of bank accounts. We also canvassed eight banks located near BMCC to determine whether there were any accounts that were not disclosed by CUNY Central.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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. 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 (some of whom have minority voting rights) to certain boards, commissions, and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

This audit was performed 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.

Reporting Requirements

We provided a draft copy of this report to CUNY/BMCC officials for their review and formal comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of this report. In their response, BMCC officials indicated they will continue to work on improvement of BMCC's internal controls over banking operations and procurement processes. Also, our rejoinders to certain BMCC comments are included in the report's State Comptroller's Comments.

Within 90 days after the 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, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Contributors to This Report

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Vision

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To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments



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June 13, 2016

Ms. Carmen Maldonado
Audit Director
Office of the State Comptroller
Division of State Government Accountability
59 Maiden Lane - 21st Floor
New York, NY 10038

Re: BMCC: Controls Over Bank Accounts
Report# 2015-S-93

Dear Ms. Maldonado:

We appreciate the opportunity to respond to the above-referenced audit of BMCC's bank account controls. The audit covered banking operations at BMCC for the period of January 1, 2013 through March 4, 2015. The following represents the auditors' findings and BMCC's responses to those findings:

1. Bank Account Notifications and Completeness of Account list

The auditors pointed to weaknesses in the monitoring of bank accounts, stating that this may increase the risk of BMCC personnel's conducting transactions using unauthorized accounts, based on the following findings:

- 1.1 BMCC opened Administrative Income account in May 2014 without a required CUNY Central authorization.

College's response.

In January 2014, all checking privileges provided for BMCC Administrative Income investment account maintained by Morgan Stanley had been suspended. This necessitated the detachment of the checking aspect of the account from the investment managed account and the creation of a new account number by Morgan Stanley. This action was not the result of a request by BMCC to open a new account but was initiated by Morgan Stanley to prevent the disruption of BMCC's ability to write checks out of the Morgan Stanley account. Therefore BMCC did not view the account modification as an account opening requiring CUNY Central authorization. (See the attached letter from Morgan Stanley)

* Comment 1

*See State Comptroller's Comments, Page 18.

- 1.2 Additionally auditors identified two accounts that were not on CUNY Central's List.

College's response.

The two bank accounts were JP Morgan Chase accounts: the BMCC Foundation operating account and the BMCC Foundation Money Market Account. Both accounts were opened prior to July 1, 2008, the date when CUNY's Cash Management and Banking Policy was made effective requiring notification to CUNY Central before opening new bank accounts. Nevertheless, the University Comptroller's Office did not require the accounts of the BMCC Foundation to be reported, as the BMCC Foundation was not included in the University's Financial Statements.

* Comment 2

2. Propriety of Bank Account activities

- 2.2. OSC identified \$120,116 in BMCC accounts that should have been transferred to the City of New York.

College's response.

BMCC provided security personnel to the Manhattan Educational Opportunity Center (MEOC) and received a reimbursement for the cost of these contractual services. BMCC is making arrangements to transfer these funds to New York City as a refund of an appropriated expenditure. All future reimbursements from MEOC for services provided by BMCC will be returned to New York City.

- 2.3. OSC found that as of September 30, 2015, the balance on the bank account used to accept NYS funding for the MEOC, exceeded the reported amount of unexpended funds as of June 30, 2015 by \$327,566. Based on this fact the conclusion was made that MEOC understated the unexpended funds, and BMCC, therefore, should amend the program reporting to ensure that all unexpended funds are deducted from the amounts of future allocations.

College's response.

The bank account in question was opened in 2006 to accept the NYS funding from SUNY's University Center for Academic and Workforce Development (UCAWD) for the MEOC and administer its expenses. The procedure for transfer of UCAWD funds into this MEOC account and funding of the expenses underwent several modifications over the history of the account. Until January 2009, BMCC received the entire amount of UCAWD funding for MEOC and funded and processed their personal services expenses using ADP, and their OTPS expenses by transferring to their operating account the amounts corresponding the total amounts of checks issued by the MEOC. In January 2009, CUNY converted MEOC employees into University employees, and payroll processing was assumed by New York City. As a result of this change, BMCC was reimbursing CUNY for payroll and benefits costs of the MEOC employees. A couple of years later, CUNY began accepting from the state the entire funding on behalf of all five CUNY-administered EOCs and allocated to the colleges, including BMCC, only the amount equal to the EOC's OTPS budget.

Unexpended funds have always been appropriately deducted from the subsequent fiscal year's funding. The balance in the account in excess of unexpended funds reported was accumulated as a result of under-reimbursed personal service expense provided by CUNY. BMCC is seeking a reconciliation of this account with CUNY to resolve any and all reimbursement amounts outstanding. We will forward any unreconciled amounts to SUNY. The funding agency UCAWD confirmed at the exit conference that there is no MEOC liability to NYS.

*
Comment
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3. **Fund Payments and Improper Procurements**

OSC identified 45 payments totaling \$565,605 that were either improper (did not comply with CUNY, State, and/or City policies and procedures) and/or were unsupported.

BMCC reinforced with staff of its related entities the importance of adhering to New York State, New York City and CUNY cash management and procurement requirements. Based on a NYS audit the financial operations at the MEOC, the MEOC underwent a substantial reorganization. All bank accounts under the MEOC tax ID number were closed, and payments made by the MEOC are funded from the BMCC account directly, all disbursements are approved by the BMCC Business Manager. The BMCC Purchasing department oversees procurement for the MEOC to ensure full compliance with New York State, New York City and CUNY policies and procedures.

The internal controls were strengthened in the BMCC Child Care Center and BMCC Student Activity Association as well.

BMCC provided the support and explanations for several transactions that comprise \$177,893, which NYS auditors did not accept. These include the following transactions:

- 3.1. Payment of \$75,000 by the BMCC Association to Madison Square Garden for the Commencement Ceremony without bids solicitation.

College's response.

BMCC, located in downtown Manhattan, enrolls approximately 26,500 students. Each year, approximately 1,500 students attend the annual commencement ceremony in May/June. In addition, their families and friends are invited to celebrate the students' graduation. The space options available for this event in the borough of Manhattan are The Theater at Madison Square Garden (MSG), MSG Arena, Radio City Music Hall and Jacob Javits Center. While not in Manhattan, we also looked at the Barclays Center in Brooklyn, which is in close proximity to Manhattan. BMCC approached all of these venues and a summary of all possible arrangements with each venue was presented to the OSC auditors. None of these venues submitted formal bids. The decision to choose the Madison Square Garden Theater was based on all factors: financial, organizational, capacity, and location. It was extensively discussed at the College's Cabinet level and the contract was approved by CUNY's legal department. The auditors have not accepted our documents or business decision citing the absence of formal bids.

*
Comment
4

- 3.2. Payment of \$20,984.89 was made to Delta Airlines for airline tickets for students travelling to Pisa (Italy) participating a in study abroad program. This transaction was identified as not meeting the NYS procurement rules because there were no bids from other airlines to support this purchase.

College's response.

Delta Airlines was selected as the only carrier providing a direct flight for this trip, but the auditors did not accept this explanation citing the absence of formal bids. Because of differences in flight offerings between carriers and frequent price fluctuations, airline ticket procurements do not lend themselves easily to formal solicitations. Had the payment been made to a travel agency that arranged transportation, then we might agree that a formal solicitation would have been warranted.

*
Comment
4

- 3.3 Two payment made by BMCC to the New York Public Interest Research Group (NYPIRG) in 2013 were identified as inappropriately supported.

A payment from the Depository account for \$2,346 was based on the number of students indicated in a Student Activity Fees Payment Report, while a prior payment for \$79,652 to NYPIRG, utilized the Form A enrollment report which shows the official numbers reported by CUNY, showing an inconsistency in how BMCC calculated the amount NYPIRG was paid.

College's response.

The number of students indicated on the Student Activity Fee Payment report is the same as the number of students billed for student activity fees. As per CUNY OUC FY 2011 Year End Tuition and Fees Seminar directive, the college was instructed to make payments to the entities (BMCC Association, NYPIRG, ECE Center) based on the number of students billed. When the initial payment of \$79,652 was sent on 3/20/2013 to NYPIRG, we used Form A merely as a method of estimating a pre-payment. Ultimately, we used the Student Activity Fee Payment report to obtain the final billed number to make the subsequent payment because Form A does not include students who withdrew but were still liable for the activity fee.

*
Comment
5

- 3.4 The initial payment of \$79,652 was identified as an exception because calculation includes non-degree students.

College's response.

Non-degree students are billed for student activity fees and, therefore, should be included in the calculation of fees paid to the entities.

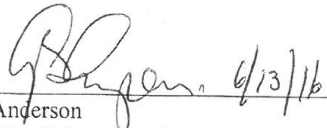
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Summary statement.

BMCC will continue to work on improvement of its internal control over the banking operations and procurement process, but we would also like the OSC auditors to reconsider the documentation and explanations we provided. Nevertheless, we appreciate the guidance we received.

If you need further information or clarification on the responses above, please do not hesitate to contact me.

Very truly yours,



Scott Anderson
Borough of Manhattan Community College
VP for Administration and Finance

E.S.

Cc: President Antonio Perez

Morgan Stanley

June 8th 2016

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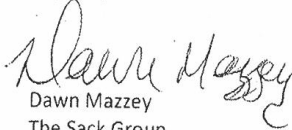
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To whom it may concern,

In 2012 any investment management account at Morgan Stanley with checking account privileges had to be suspended and closed by Morgan Stanley. We were able to get an exception and grandfather the BMCC Fund Inc. Administrative Income account and reopen the checking portion for an additional year or so. However in January 2014 all grandfathered investment managed accounts with checking privileges that were not previously suspended by Morgan Stanley became suspended. This resulted in BMCC having to have the checking account portion separated out of the investment managed account and a new account number created. This was not a request by BMCC this was done by Morgan Stanley as to not interrupt BMCC's ability to write checks out of the Morgan Stanley account.

Should you need anything in addition to this letter please let us know.

Regards,



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State Comptroller's Comments

1. Although Morgan Stanley initiated the actions for the account in question, we maintain that BMCC should have notified CUNY Central of the pertinent account changes. Further, we note that CUNY's Cash Management and Banking Policy states that the colleges are required to notify CUNY Central of "...services for new accounts and changes to services for existing accounts."
2. Based on formal CUNY policy, it is unclear that the University Controller's Office did not require BMCC's Foundation Accounts to be reported. According to CUNY's Cash Management and Banking Policy, CUNY will assign a responsible official to a bank account to ensure compliance with University policies and procedures. Further, bank accounts established and maintained outside of the scope of CUNY or a recognized college-related entity do not normally constitute CUNY funds. Accordingly, organizations that maintain such accounts may not use the names City University of New York, CUNY, or any CUNY college or related entity on the name of the account. Thus, because the two accounts in question included "BMCC Foundation" in their names, we concluded that they were subject to CUNY policies. Also, according to CUNY's Financial Management Guidelines – College Foundation, audits of the foundations must be completed to enable the University to include pertinent information in its annual financial statements. Given the aforementioned CUNY policies, we concluded that the BMCC Foundation accounts should have been reported to the University Controller.
3. It is unclear that unexpended funds have always been appropriately deducted from the subsequent fiscal year's funding. As noted in its response, "BMCC is seeking a reconciliation of this account with CUNY to resolve any and all reimbursement amounts outstanding." BMCC officials further added that they will forward any unreconciled amounts to SUNY.
4. We acknowledge that formal bidding is not always appropriate, particularly when circumstances significantly limit the availability of vendors who can meet specification and delivery requirements. Further, in such instances, it is incumbent upon agency officials to prepare and retain adequate supporting documentation of the justifications for selecting particular vendors. However, BMCC did not provide documentation of the extensive discussions at the college's cabinet level or that only Delta Airlines offered direct flights to Piza, Italy that was contemporaneous with the payments in question.
5. During our audit field work, BMCC officials provided auditors with inconsistent explanations of the method(s) used to calculate the payments to NYPIRG. Consequently, it remains unclear that the payments in question were calculated properly.