

H. CARL McCALL
STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 8, 2002

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

Re: Report 2001-F-52

Dear Dr. Goldstein:

Pursuant to the State Comptroller's authority as set in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law we have reviewed the actions taken by the officials of the City University of New York as of July 30, 2002, to implement the recommendations contained in our audit report, *Selected Internal Controls Over Equipment Assets* (Report 99-S-42). Our report, which was issued on September 8, 2000, reviewed internal control procedures over equipment.

Background

The City University of New York (CUNY) was created as a public university system in 1961. CUNY ranks third among the public university systems in the nation in terms of student enrollment. CUNY comprises ten senior colleges, six community colleges, one technical school, a graduate school, a law school and Hunter College High School. In 2000-2001, excluding community colleges, CUNY's enrollment totaled approximately 132,560 students and its operating budget was \$1.018 billion.

Management at each campus is responsible for safeguarding and efficiently utilizing equipment assets as well as maintaining accurate and complete equipment inventory records. To fulfill these responsibilities, each campus enlists the services of a property control manager. CUNY Central Administration provides campuses with an automated property management system known as INSITE. An INSITE user procedure manual instructs campus property managers on how to enter data into the system, and identifies reports available to property managers for use in monitoring equipment assets. A Central Administration Director of Fixed Asset Management manages the INSITE system and coordinates its use by campuses. Also, Central Administration furnishes campuses with an overall equipment control manual.

Summary Conclusions

In our prior report we found that there were opportunities for Central Administration to improve its oversight role for the equipment control function at the University. Specifically we found a need for Central Administration to update its equipment control manual. We also noted that there was a need for the Director of Fixed Asset Management to focus efforts on identifying best practices for the equipment control function and helping all campuses achieve such practices.

In our follow-up review, we found that Central Administration has made limited progress in implementing the recommendations contained in our report. CUNY officials stated they have been busy concentrating on meeting new reporting requirements.

Summary of Status of Prior Audit Recommendations

CUNY officials partially implemented three prior audit recommendations and did not implement the remaining two recommendations.

Follow-up Observations

Recommendation 1

Update the equipment manual to define how categories and models of computer equipment are to be consistently identified and recorded into INSITE.

Status - Not Implemented

Agency Action - Central Administration had compiled a manual, *Capital Asset Policy*, which classifies capital assets into categories, with capitalization thresholds and depreciation guidelines. However, this information does not address the information referred to in the recommendation.

Recommendation 2

Update the equipment manual to define what constitutes sensitive equipment items and to instruct campuses on how to consistently identify and record such items into INSITE.

Status - Not Implemented

Agency Action - CUNY Central officials stated that the individual colleges have the authority to deem which items are considered sensitive items.

Recommendation 3

Update the equipment manual to specify that asset control and accountability must be provided for by a recorded acquisition date representing the date that management receives and accepts equipment as its responsibility.

Status - Partially Implemented

Agency Action - CUNY Central officials stated the equipment manual would be formally updated only after numerous updated-memos have been issued. CUNY officials did send out a memo to college property managers regarding acquisition dates after our closing conference.

Recommendation 4

To the extent practical, focus the effort of the Director of Fixed Asset Management on identifying campus best practices for the equipment control function and assisting all campuses to achieve similar results.

Status - Partially Implemented

Agency Action - CUNY has a Fixed Asset Data Base Manager who is in contact with the individual colleges. He is ensuring that data is correctly entered into INSITE.

Recommendation 5

Follow up with officials of Baruch College and the New York City Technical College on the status of their efforts to address the equipment control problems cited in this report, and promote and share the best practices of Queens College, Hunter College, and Brooklyn College.

Status - Partially Implemented

Agency Action - CUNY conducted a meeting with some of the property managers to share some of the best practices with Baruch College and New York City Technical College.

Major contributors to this report were Joan Williams and Tony Carbonelli.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of CUNY Central for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Jerry Barber
Audit Director