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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 28, 2010

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

Re: Report 2010-F-27

Dear Chancellor Goldstein:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article III, Section 33 of the General Municipal Law, we have followed up on the actions taken by officials of the Borough of Manhattan Community College (BMCC) to implement the recommendations contained in our audit report, *Borough of Manhattan Community College: Selected Financial Management Practices* (Report 2008-N-8).

Background, Scope and Objective

The City University of New York (CUNY) is the largest municipal college system in the United States. It consists of eleven senior colleges, six community colleges, and several other specialized and professional schools. CUNY serves more than 243,000 degree-credit students and 273,000 adult-continuing and professional education students. The Borough of Manhattan Community College (BMCC) is the largest of the CUNY community colleges and is the only community college in the borough of Manhattan.

Internal control is a major part of managing an organization. It comprises the plans, methods, and procedures used to meet missions, goals, and objectives and, in doing so, support performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. It also helps government program managers achieve desired results through effective stewardship of public resources. BMCC's internal control procedures over its financial operations are found, among other places, in CUNY's Purchasing Policy Manual and Tuition and Fee Manual and in BMCC's Policies and Procedures.

Our initial audit report examined whether BMCC established and maintained an adequate system of internal controls over financial operations for payroll, purchasing, cash disbursements, and waiving of tuition. Our initial report was issued on June 4, 2009, covered the period July 1, 2006 through November 7, 2008. The objective of our follow-up was to assess the extent of implementation as of June 11, 2010, of the four recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that BMCC officials have implemented the four prior audit recommendations.

Follow-up Observations

Recommendation 1

Comply with CUNY's Purchasing Policy Manual and prepare purchase requisitions and purchase orders for all purchases greater than \$250.

Status - Implemented

Agency Action - During our follow-up review, we selected a sample of five purchases that cost more than \$250 each to determine whether BMCC officials were in compliance with the CUNY Purchasing Policy Manual. We found that purchase requisitions and purchase orders were prepared for the five purchases that we reviewed.

Recommendation 2

Ensure that bid packages are date and time stamped and that bid tabulation forms are properly completed.

Status - Implemented

Agency Action - We reviewed a sample of five bid packages. Our review found that BMCC officials ensured that bid packages were date and time stamped. We also determined that bid tabulation forms were properly completed.

Recommendation 3

Ensure that tuition waivers are granted to employees who have been employed by CUNY for at least one year.

Status - Implemented

Agency Action - We reviewed a sample of five tuition waivers that were granted to CUNY employees. Based upon this review, we determined that each of the five employees had been employed by CUNY for at least one year prior to attending classes.

Recommendation 4

Ensure that employees scan in and out according to established policy.

Status - Implemented

Agency Action - Subsequent to our audit, BMCC changed its policies regarding employees scanning in and out and the payment for hours worked. BMCC policies now require supervisors to review the Electronic Time Record (ETR) and to note on it any hours that were worked but not covered by the ETR document. We reviewed a sample of ETRs for five employees whose work hours were not recorded on the ETR because of missing scans. We found that each employee's supervisor had followed BMCC's policy and documented any actual hours worked and had initialed each entry that was made on the ETR.

Major contributors to this report were Stephen Lynch, and Rita Verma.

We thank the management and staff of Borough of Manhattan Community College for the courtesies and cooperation extended to our auditor during this process.

Very truly yours,

Kenrick Sifontes
Audit Manager

cc. Dr. Antonio Pérez, President, BMCC
Mr. Gordon Taylor, CUNY Internal Audit and Management Services
Mr. Thomas Lukacs, DoB