March 28, 2014

Mr. Leonard Zinnanti
University Executive Controller
The City University of New York
230 W. 41st Street
New York, NY 10036

Dear Mr. Zinnanti:

In planning and performing our audit of the financial statements of The City University of New York (the University), as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the University's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

As set forth in our fiscal year 2013 audit plan, we conducted campus visits at the following eight campuses:

- The City College
- The College of Staten Island
- Herbert H. Lehman College
- Medgar Evers College
- Kingsborough Community College
- Fiorello H. LaGuardia Community College
- Queensborough Community College
- The Graduate School and University Center

During our audit we noted certain matters involving internal control and other operational matters at the Office of the University Controller (OUC), as well as at the individual colleges. Our observations relating to these matters are presented for your consideration in the attached exhibits. These comments and recommendations, all of which have been discussed with the appropriate members of management for each college or office listed in the accompanying index, are intended to improve internal control or result in other operating efficiencies.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the University's organization gained during our work to make comments and suggestions that we hope will be useful to you.

Each college or office within the University has provided us with a response to each comment presented. Additionally, the status of prior year comments is presented in the respective sections of the attached exhibits for all of the colleges and offices which had comments in the prior year's management letter.

The University's written responses to the comments identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We wish to take this opportunity to acknowledge the courtesy and assistance extended to us by University personnel during the course of our audit. Should you have any questions concerning the comments and recommendations presented in the attached Exhibits, or should you require assistance in implementing procedural changes, we would be pleased to meet with you at your convenience.

This communication is intended solely for the information and use of the Audit Subcommittee, management, and others within the University, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

Index of Exhibits

June 30, 2013

Exhibit

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

OFFICE OF THE UNIVERSITY CONTROLLER AND UNIVERSITY-WIDE AREAS

Status of Prior Year Comment (2012)

Financial Reporting Process

Observation

During the 2012 audit, University management identified certain transactions which had occurred in the last half of the fiscal year at one of the blended component units that had not been properly included within its 2012 financial statements. The omission covered approximately $68 million in debt and investments related to a bond offering which was not recorded by the blended component unit and not identified by the Office of the University Controller (OUC) until a final review of the financial statements was being performed by OUC simultaneous with the results provided to KPMG. This resulted in additional post-closing entries by management to properly reflect the activities of the blended component unit for the year ending June 30, 2012.

The year-end close process for the University is a complex process requiring the consolidation of over 50 entities that may have complex reporting activities and transactions themselves. This requires management to perform account analyses, record journal entries resulting from such analyses and consolidate the financial statements of the individual colleges and the other blended component units. Timely account analysis and journal entry review procedures are key controls impacting the financial statements. Account analysis, such as reconciliations, must be prepared accurately and timely by qualified personnel and reviewed by someone other than the preparer that is in a position of more knowledge than the preparer. After account analyses are prepared and reviewed, appropriate journal entries to adjust the general ledger should be proposed, reviewed and recorded timely in the general ledger. The review and analysis of the University's financial information should also include that of its blended component units, as well as other outside entities that provide information to the University. Any knowledge of large special transactions should be incorporated in this review by OUC.

Historically there have been instances where one college or one blended component unit (and not always the same one each year) have required adjustments to the prepared financial statements either due to the unit not being able to complete the required entries in a timely manner or not being able to explain large variances. OUC, while not responsible for the input of the college or blended component units financial information, has the responsibility to ensure that the financial statements are complete and fairly presented.

Recommendation

We recommended that management reinforce its policies and procedures over its year-end financial close process with its reporting entities and ensure that all entities implement the University's policies and procedures to ensure a timely close process. Additionally, we recommend that management consider requiring the entities to input their financial information on a more frequent basis, such as quarterly. We

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OFFICE OF THE UNIVERSITY CONTROLLER AND UNIVERSITY-WIDE AREAS

understand that the University, based on a recommendation of prior year's finding has instituted a mid year close. While this is helpful we believe that a more frequent closing process would assist University management in ensuring that all transactions are properly recorded and allow a more meaningful account analysis at interim periods during the year and at year-end by management.

In addition, we recommend that the University Office of the Controller require that the reporting package from each entity, including the blended component units, be enhanced to include an operational analysis of the results (management discussion and analysis) by the entity operational and finance staff. The goal of this additional analysis is to ensure that the external reporting matches the operational and financial results. This analysis will then be utilized by the University Office of the Controller as the basis for the required consolidated analysis of operational and financial results. Requiring the local management (finance and operations) to assume responsibility is the most effective way to develop an effective reporting process that includes ownership and responsibility.

University Response

We agree with the recommendations noted by the auditors.

It is our goal to continue to move forward toward a quarterly reporting of financial data and eventually to a monthly reporting once CUNYfirst is fully implemented and the various legacy systems are retired. We are also reviewing the year end closing process to ensure that significant transactions occurring during the fiscal year are appropriately recorded by the college or blended component unit in a timely fashion. Training activities for the closing process occur at the mid-year and at year end and we will be adding a discussion and review of college and blended component unit responsibilities to these trainings.

Status

Implemented

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Communication of Internal Control and Other Operational Matters
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OFFICE OF THE UNIVERSITY CONTROLLER AND UNIVERSITY-WIDE AREAS

Status of Prior Year Comment (2008)

Procurement Management – Procurement Processing

Observation

We noted that several Colleges have a manual procurement process through which individual departments manually prepare a purchase requisition form. Information on the purchase requisition is then entered into the purchasing and accounts payable system by procurement office personnel and a computerized purchase order is created.

Recommendation

We continue to recommend that the University review the current procurement workflow at all Colleges, so that technology can be utilized to improve the efficiency of the procurement process and that existing technology can be utilized to greater functionality.

University Response

The Procurement module was fully implemented in July of 2013. The Community Colleges went live in June 2012 and the Senior Colleges went live July 2013.

Status

Implemented

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OFFICE OF THE UNIVERSITY CONTROLLER AND UNIVERSITY-WIDE AREAS

Status of Prior Year Comment (1999)

Accounting Policies and Procedures Manual

Observation

Accounting, internal control, and financial reporting functions performed by OUC, as well as by the individual colleges, have not been formalized and documented. Consequently, operational practices and control procedures that are crucial to the proper accumulation and reporting of financial information are lost in the event of key employee turnover.

Recommendation

We continue to recommend that resources be devoted toward establishing and maintaining a comprehensive accounting policies and procedures manual. An up-to-date accounting manual is a significant element of internal control and will provide a tool for training personnel in new positions, increased standardization of procedures, clarification of responsibilities, and consistent application of management's policies and procedures. While not all-inclusive, sections of the manual should incorporate: organizational charts and job descriptions; summaries of key business processes such as cash, investments, and plant fund (including interaction with DASNY); student financial aid reporting; and a plan for continuance of operations in the event of emergencies. The manual should be updated periodically and should be distributed to all personnel within the accounting area and to other appropriate personnel. The manual should evolve to meet the needs of the University and should provide an accurate reflection of the current policies and procedures. While the manual can be in an electronic form, all changes to the manual should be subject to documented management approval.

University Response

This continues to be an ongoing activity of the University Controller's Office. As part of the CUNYfirst implementation additional policies and procedures are being formally documented in the areas of general ledger, general and revenue accounting, procurement, cash management and student refunds. These are communicated to the colleges through memorandums and will be compiled at a later date into an Accounting Manual compendium. The revised University Tuition and Fee Manual was approved by the Board of Trustees at the June 24, 2013 Board Meeting and is available on the University's website. Additional policies for procurement and accounts payable have been distributed to colleges with an internet version in the process of being developed.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

BERNARD M. BARUCH COLLEGE

Status of Prior Year Comment (2012)

Procurement Management – Invoices Stamped "PAID"

Observation

Once an invoice is processed for payment, the College stamps "PAID" on the invoice in order to avoid duplicate payment. As noted in the prior year, for one of the eight purchases selected, the invoice was not stamped "PAID" after being processed for payment. We tested an additional eight purchases noting no further issues.

Recommendation

We recommended that the College continue to emphasize the process of stamping invoices "PAID" as an additional check to ensure the accurate processing of invoices.

College Response

We continue to mark processed invoices "PAID".

Status

Implemented

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BERNARD M. BARUCH COLLEGE

Status of Prior Year Comment (2012)

Procurement – Expense Codes

Observation

As noted in the prior year, during our procurement testwork, one of the eight purchases selected was incorrectly coded as a capitalized asset. We tested an additional eight purchases noting another purchase was coded in the incorrect expense category.

Recommendation

We recommended that the College implement procedures to ensure that all coding is reviewed and approved by the appropriate Purchasing Department heads to ensure proper coding of purchases and accurate accounting treatment of all fixed and non-fixed assets, and the financial statement presentation is accurately displayed.

College Response

Effective July 2012, the Purchasing staff reviews and verifies the coding prior to issuing the purchase order.

Status

Implemented

Exhibit C
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Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

BRONX COMMUNITY COLLEGE

Current Year Comment and Recommendation (2013)

OMB Circular A-133- Return to Title IV (R2T4)

Observation

As noted in the R2T4 testwork, one of the ten students selected did not receive a post withdrawal disbursement in a timely manner. The incorrect input for "total federal aid that could be disbursed" was used during the initial calculation, which did not trigger the system to award the student a post withdrawal disbursement. This case was corrected upon being selected for the audit.

Recommendation

We recommend that the College implement procedures to ensure that the correct inputs are being used for the R2T4 calculation and that these calculations are being reviewed by an individual other than the preparer.

College Response

Upon review of our audit files, we discovered that this area needed attention and took corrective action. Working in collaboration with our IT Department, we developed a report that addressed the situation and will prevent this from reoccurring in the future. To date, we have found that the report is working as intended and the matter has been resolved.

Status

In process

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BROOKLYN COLLEGE

Status of Prior Year Comment (2000)

Information Technology –Disaster Recovery Plan

Observation

We continue to note that the College operates its Integrated Financial Accounting System (IFAS) from a mini system located on campus. Upon review, it was determined that the College does not have a formal written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations which would render the system inoperable.

Recommendation

We continue to recommend that the College develop a formal disaster recovery plan to ensure that the College can remain operational at all times. This plan should be tested annually and modified if necessary.

College Response

The College is a primary participant in the CUNY-wide Business Continuity & Disaster Recovery planning committee, which is helping CUNY plan for how to assist all of its various entities with creating the recommended plans. The college is also in the midst of completing a comprehensive IT BC-DR plan, which will include the IFAS system and services. In addition, the college is scheduled to upgrade the IFAS system to a new multi-server more redundant platform with a separate test system mid-Fall 2013. In the meantime, IT maintains a high level of fault tolerance, real-time synchronized redundant offsite system, and offsite backup.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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THE CITY COLLEGE OF NEW YORK

Status of Prior Year Comment (2010)

Tuition Management – Classroom Scheduling

Observation

As noted in the prior year, the College does not have an automated system for classroom scheduling (e.g. Resource 25) which assigns rooms for course offerings. As such, classroom scheduling is performed manually by the Registrar's office.

Recommendation

We recommended that the College consider acquiring software that integrates with the College's current student information system in order to improve efficiency resulting from manual processing.

College Response

Installation of Resource 25 had been completed and is currently used to schedule classes from FY 13. The College is supplementing Resource 25 with shared online room occupancy and reservation calendars, along with shared files designed to improve accuracy and update course information more efficiently as part of the ongoing process to streamline classroom scheduling.

Status

Implemented

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THE CITY COLLEGE OF NEW YORK

Status of Prior Year Comment (2008)

Information Technology – Disaster Recovery

Observation

We continue to note that the College does not have a formal, written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which render the computer systems inoperable.

Recommendation

We continue to recommend the College's Information Technology department develop a formal disaster recovery plan for all College systems. The plan should be tested annually and modified if necessary.

College Response

A procedure to perform a switchover for VMWare Site Recovery Management (SRM) has been developed. Periodic testing of SRM is being conducted every three months. An extensive DR/BC plan has been drafted.

Status

In process

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THE CITY COLLEGE OF NEW YORK

Status of Prior Year Comment (2007)

Information Technology – Back-ups

Observation

We continue to note that the College stores its back-ups of email and file servers locally.

Recommendation

We continue to recommend that the College establish a policy for performing back-ups, which would include storage of its back-up files at an off-campus location outside of Manhattan.

College Response

Locally hosted financial systems are being backed up on a daily basis. Other systems, such as email and file servers are being backed up locally. A plan to implement a more comprehensive backup solution is in place.

Status

Implemented

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Communication of Internal Control and Other Operational Matters
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THE COLLEGE OF STATEN ISLAND

Status of Prior Year Comment (2012)

Financial Reporting Process

Observation

As noted in the prior year, a related entity of the College entered into certain transactions that occurred in the last half of the fiscal year that were not properly included within the University's 2012 financial statements. The omission covered approximately $68 million in debt and investments related to a bond offering which was not recorded by the College and not identified by the Office of the University Controller (OUC) until a final review of the financial statements was being performed by OUC simultaneous with the results provided to KPMG. This resulted in additional post-closing entries by University management to properly reflect the activities of the College for the year ending June 30, 2012.

Timely account analysis and journal entry review procedures are key controls impacting the financial statements. Account analysis, such as reconciliations, must be prepared accurately and timely by qualified personnel and reviewed by someone other than the preparer that is in a position of more knowledge than the preparer. After account analyses are prepared and reviewed, appropriate journal entries to adjust the general ledger should be proposed, reviewed and recorded timely in the general ledger. The review and analysis of the College's financial information should be provided to OUC in a timely manner. In addition, any knowledge of large special transactions should be clearly identified and presented to OUC within this review.

Recommendation

We recommended that the College reinforce its policies and procedures over its year-end financial close process, as well as its policies and procedures to ensure a timely close process. Additionally, we recommend that management consider reporting to OUC their financial information on a more frequent basis, such as quarterly.

College Response

The College will continue to reinforce policies and procedures over its year-end financial close process. It is our goal to continue to move forward towards a quarterly reporting of financial data and to continue to ensure that staff attend training activities offered by the University at mid-year and year-end.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

THE GRADUATE SCHOOL AND UNIVERSITY CENTER

<u>**Current Year Comment (2013)**</u>

OMB Circular A-133 – Return to Title IV (R2T4)

Observation

As noted in the R2T4 testwork, the return of funds for one of the ten students selected was remitted to the Federal government 65 days late. The R2T4 coordinator entered the refund amount on the graduate loan line in the calculation system, rather than the unsubsidized loan line. Since it was entered in the incorrect cell, the system was not triggered to refund the funds.

Recommendation

We recommend that the College implement procedures to ensure that the correct inputs are being used for the R2T4 calculation and that the calculations are being reviewed by an individual other than the preparer.

College Response

The Graduate Center agrees with the recommendation by KPMG. Alternative review of all R2T4 calculations will be conducted by a second person.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

THE GRADUATE SCHOOL AND UNIVERSITY CENTER

Status of Prior Year Comment (1999)

Information Technology – Disaster Recovery Plans

Observation

We continue to note that the School does not have a formal written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which would render the computer system inoperable.

Recommendation

We continue to recommend that the School's Information Resources Department develop a formal disaster recovery plan for all School systems. The plan should be tested annually and modified, if necessary.

College Response

The Graduate Center continues to make progress in its efforts to establish and provision an off-site disaster-recovery (DR) facility at the GC Apartment Building. To date, the following have been accomplished:

- The IT Room at the GC Apartment Building is now connected to the CUNY fiber ring, providing a robust link between that location and the data center at the Graduate Center.
- Procurements have been completed for the necessary DR equipment to be staged at the GC Apartment Building; equipment includes network switches, firewalls, servers, storage systems and the like.
- All equipment is currently on site and being configured; scenario testing is scheduled throughout the summer.
- Once properly configured, services currently running in a cluster environment at the GC data center will be split between that location and the GC Apartment Building, providing appropriate DR redundancy.
- At that point, specific DR procedures will be formally documented in the form of an established disaster recovery plan for targeted IT services.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

EUGENIO MARIA de HOSTOS COMMUNITY COLLEGE

Status of Prior Year Comment (2008)

Information Technology – Disaster Recovery Plan

Observation

As noted in the prior year, the College has a "Call Tree" system in place which documents who should be contacted if a disastrous event occurs. However, we noted that the College does not have a formal, written, disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which render the computer system inoperable.

Recommendation

We recommended that the College's Information Technology department develop a formal disaster recovery plan for all College systems. The plan should be tested annually and modified if necessary.

College Response

The college has completed the first phase of its IT Disaster Recovery Plan, which includes an on-site alternate recovery data center for critical servers/services.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

EUGENIO MARIA de HOSTOS COMMUNITY COLLEGE

Status of Prior Year Comment (2002)

Tuition Management – Classroom Scheduling

Observation

We continue to note that the College has not implemented an automated system for classroom scheduling (e.g. Schedule 25) which assigns rooms for course offerings. As such, classroom scheduling is performed manually by the Registrar's office.

Recommendation

We continue to recommend that the College implement the automated system previously acquired in order to improve efficiency and reduce errors resulting from manual processing.

College Response

The College continues to utilize an automated system for classroom scheduling (e.g. Schedule 25) as a repository for classroom assignments; whereas, the Registrar's Office manually prepare the classroom assignments, and upon completion of assigning the classrooms to their associate classes, the data is exported into the Schedule 25 system for further processing and/or analysis.

The College's plan is to incorporate Schedule 25 into the 'front-end' of the workflow process by the end of Q3 of fiscal year 2013-2014. Moreover, it is anticipated that the College will implement the 'enhanced' Web-based version of the Schedule 25 product (Series 25®), which was demonstrated recently at National Association of College and University Business Officers (NACUBO) conference by Queensborough Community College/CUNY.

Status

In process

Exhibit I
Page 1

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

HUNTER COLLEGE

Status of Prior Year Comment (2007)

Property / Procurement Management – Purchase Requisitions

Observation

We continue to note that each department within the College has an authorized signatory for purchase requisitions and a purchase requisition creator. However, some purchase requisition creators may also be designated to be an authorized signatory for that department. This may cause the purchase requisition to be approved by the same person who prepared the purchase requisition.

Recommendation

We continue to recommend that the authorized signatory be someone other than the purchase requisition creator. This will ensure there is proper segregation of duties among the purchasing process.

College Response

The College's policy is that a department's signatory and creator should be different people. In preparation for the CUNYfirst procurement implementation, we have assigned roles in accordance with the procurement roles as dictated by CUNY. Hunter will be using CUNYfirst for its budget, procurement, and accounts payable functions effective July 1, 2013.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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JOHN JAY COLLEGE OF CRIMINAL JUSTICE

Status of Prior Year Comment (2006)

Tuition Management –Tuition Refund Checks

Observation

We continue to note that the College processes approximately 5,400 refund checks annually, of which 2,100 are prepared manually by personnel in the Business Office. Additionally, information from these checks is manually entered into SIMS by personnel from the Bursar's office, to properly adjust each student's account.

Recommendation

We continue to recommend that the College automate the processing of all refund checks. This would reduce the number of manual refund checks the College must issue each semester, and relieve the Business and Bursar's office of unnecessary work and potential errors caused by manual processing.

College Response

The College acknowledges that the writing of manual checks is somewhat time consuming. However, the University is not allowing colleges to make changes to the existing systems pending implementation of CUNYFirst. The College is scheduled to 'go live' in April 2014.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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KINGSBOROUGH COMMUNITY COLLEGE

Status of Prior Year Comment (2003)

Tuition Management - Classroom Scheduling

Observation

As noted in the prior year, the College has purchased an automated system for classroom scheduling (e.g. Resource 25) which assigns rooms for course offerings. The system is currently used for administrative purposes for the evening classes and the room assignment feature is not fully utilized. As such, classroom scheduling is performed manually by the Office of Evening Studies and Academic Scheduling.

Recommendation

We recommended that the College implement the automated system previously acquired in order to improve efficiency and reduce errors resulting from manual processing.

College Response

2013: Resource25 is fully utilized for all classroom scheduling. We continue to work with KCCITS, CUNY Central, and College Net to successfully export from Resource25 to our system of record.

Status

Implemented

Exhibit L
Page 1

THE CITY UNIVERSITY OF NEW YORK

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June 30, 2013

FIORELLO H. LAGUARDIA COMMUNITY COLLEGE

Status of Prior Year Comment (2005)

Tuition Management – Tuition Refund Checks

Observation

As noted in the prior year, the College's accounting system contains an Accounts Payable module which produces disbursements via laser checks to automate the issuance of tuition refund checks. The College is able to upload the records of students who are eligible for refunds into the software and generate the checks. However, this software package is not integrated with the student information management system and the College has to manually update each student's account to reflect the refund issued.

Recommendation

We recommended that the College integrate the software package with the student information management system, where once payment is made by the student, the student information management system will be updated automatically. By having the two systems integrated, manual processing errors can be avoided and efficiency of the Bursar office can be improved.

College Response

Since implementing the Student Financials module of CUNYFirst (CF) in July 2012, the refund process has changed as follows: CF has a refund process known as the "I-062 Process". After student records are verified and approved for refunds by authorized Bursar staff, the Bursar Operations Manager reviews and approves each batch. Once approved, each student record in CF is updated with a Debit to Refunds Payable and a Credit to Cash. An electronic I-062 file is sent to the Accounts Payable Manager. The refund data from the file is uploaded into Blackbaud's Financial Edge accounting system, which is utilized for processing the disbursements, since CF does not issue the checks. The checks are processed in batches after receipt of the I-062 file. There are no manual entries. Student accounts are automatically updated prior to the checks being disbursed.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

CUNY SCHOOL OF LAW

Current Year Comment (2013)

OMB Circular A-133 – Enrollment Reporting

Observation

During our enrollment reporting test work, we noted that for one of the six students selected, the student was not reported to NSLDS as withdrawn in a timely manner.

Recommendation

We recommended that the College implement procedures to ensure that all Enrollment Reporting roster files are being communicated within 60 days.

College Response

In order to ensure that all Enrollment Reporting roster files are being communicated within 60 days, the CUNY School of Law will schedule additional transmissions to the National Student Clearinghouse after final grades have been posted and withdrawals determined to ensure that withdrawals are reported timely.

Status

In process

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CUNY SCHOOL OF LAW

<u>**Status of Prior Year Comment (2012)**</u>

Procurement – Requisition Approval

Observation

As noted in the prior year during our procurement testwork, for one of the eight purchases selected, the purchase requisition was not approved. We tested an additional eight purchases noting no further issues.

Recommendation

We recommended that the College enhance internal controls to ensure all purchase requisitions are approved in accordance with the College's policy.

College Response

The Law School has implemented additional steps in the purchasing process to make sure that proper approvals are obtained before purchases are made. This change was implemented subsequent to FY2012 audit. A reviewer is now required to oversee all requisitions before further action is taken on them. The reviewer ensures that proper authorization has been obtained and all documentations are attached.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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CUNY SCHOOL OF LAW

Status of Prior Year Comment (2012)

Procurement Management

Observation

As noted in the prior year during our procurement testwork, for one of the eight purchases selected, there was no evidence of approval that services were received and the invoice should be paid. We tested an additional eight purchases noting no further issues.

Recommendation

We recommended that the College implement procedures to ensure all goods and services are received and invoices are approved prior to payment.

College Response

The Law School has implemented additional steps in the purchasing process to make sure that proper approvals are obtained before purchases and payments are made. This change was implemented subsequent to FY2012 audit. A reviewer is now required to oversee all requisitions and purchase order before further action is taken on them. The reviewer ensures that proper authorization has been obtained and all documentations are attached.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

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CUNY SCHOOL OF LAW

<u>**Status of Prior Year Comment (2012)**</u>

Property Management – Inventory Tagging

Observation

As noted in the prior year, during our procurement and property management testwork, one purchase was not tagged. We tested an additional four capital purchases noting another purchase was not tagged.

Recommendation

We recommended that the College implement procedures to ensure all capital purchases are tagged so that the assets can be tracked.

College Response

The Law School has hired Facilities Property Coordinator that is responsible coordinating with purchasing and accounts payable to track and manage fixed assets inventories. Assets are now tagged immediately after inspection and receipts is completed before allocating to end-users.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

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June 30, 2013

CUNY SCHOOL OF LAW

<u>**Status of Prior Year Comment (2012)**</u>

Procurement Management

Observation

As noted in the prior year, during our procurement and property management testwork, purchases made using the College's credit card do not require documentation to support approvals and bidding procedures performed. Purchase requisition and purchase orders are not required to be completed for these purchases.

KPMG also noted that for two of the Credit Card Purchase Forms, the requester and the authorizer were the same person.

Recommendation

We recommended that the College implement procedures policies to enhance and clarify controls over purchases made with the College credit card and improve the segregation of duties.

College Response

The Law School has revised the policies and procedures relating College credit cards, and now require departmental head signature on all purchases. Additionally, monthly statements are circulated to all supervisors for review, approval and payment by the respective departments.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

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CUNY SCHOOL OF LAW

<u>**Status of Prior Year Comment (2009)**</u>

Procurement Management – Procurement Processing

Observation

As noted in the prior year, the College has a manual procurement process through which the Business Office manually prepares a purchase requisition form. The purchase requisitions are sent via interoffice mail to Queens College for processing.

Recommendation

We recommended that the College review its current procurement workflow, so that technology can be utilized to improve the efficiency of the procurement process. For example, if the College utilized e-procurement, purchase requisitions can be produced and sent to Queens College for processing electronically.

College Response

The Law School has transitioned to CUNYFirst.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
To the University Controller

June 30, 2013

CUNY SCHOOL OF LAW

<u>**Status of Prior Year Comment (2006)**</u>

Information Technology – Disaster Recovery Plan

Observation

We continue to note that the College does not have a formal written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which would render the computer system inoperable.

Recommendation

We continue to recommend that the Department of Information Technology develop a formal disaster recovery plan for all of the College's systems. The plan should be tested annually and modified, if necessary.

College Response

The School of Law is participating in the University's disaster recovery planning effort, and is coordinating with the University's IT Disaster Recovery subcommittee as well the CUNY Disaster Recovery Coordinator. We have not yet received a timeline for the completion of the University's coordinated disaster recovery plan, though.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

HERBERT H. LEHMAN COLLEGE

Status of Prior Year Comment (2008)

Information Technology – Back Ups

Observation

We continue to note that the College performs back-ups of its applications on the local network daily and weekly. However, we noted that the tapes are stored in a safe on campus in the Information Technology department in Shuster Hall.

Recommendation

We continue to recommend that the College consider storage of its back-up tapes in an off-site location, preferably in another borough.

College Response

In addition to storing backup tapes in the safe in Shuster Hall, a copy of the backup tapes is also stored at CUNY on the Concourse, at Grand Concourse and Fordham Road in the Bronx. While not in another Borough, the site is a significant distance from the campus.

In addition CUNY is developing plans for campuses to have access to backup storage at other CUNY sites in the City, and/or at a site in Syracuse, NY. When these facilities are available we expect to make use of them.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

HERBERT H. LEHMAN COLLEGE

Status of Prior Year Comment (2001)

Tuition Management – Classroom Scheduling

Observation

We continue to note that the College does not have an automated system for classroom scheduling (e.g. Resource 25) or other available scheduling programs, which assigns rooms for course offerings. As such, classroom scheduling is performed manually by the Registrar's office.

Recommendation

We continue to recommend that the College consider acquiring software that integrates with the College's student information system in order to improve efficiency and reduce errors resulting from manual processing.

College Response

In Fiscal 2014, the Office of Administration and Finance hired a person to assess room utilization that is required to configure Resource 25. We are in the early stages of testing and training will begin soon after the required testing has been completed. We plan to have this solution implemented upon completion of testing later this year.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

BOROUGH OF MANHATTAN COMMUNITY COLLEGE

Status of Prior Year Comment (2001)

Tuition Management – Evaluation of Transfer Credits

Observation

As noted in the prior year, the College does not have an automated system, which performs evaluation of transfer credits. As such, transfer credits are performed manually by the College's Admissions Office.

Recommendation

We recommended that the College consider acquiring software that integrates with the College's current student information system in order to improve efficiency and reduce errors resulting from manual processing.

College Response

Borough of Manhattan Community College (BMCC) is a participant of Wave #3 of the Oracle/PeopleSoft (CUNYFirst) Fully Integrated Resources and Services Tool Project, which went live at BMCC in April 2013. The CUNYFirst system offers software that integrates with the College's student information system. The CUNY Transfer Information and Program Planning System (TIPPS) has been incorporated into this new system which offers an automated transfer credit evaluation function. All CUNY schools have had their catalogs entered into the system, with the appropriate equivalencies noted. In the near future, CUNY Central will also scribe into the system catalogs for non CUNY feeder schools as they are identified.

Presently, credit evaluations at BMCC continue to be carried out manually, while the staff learns the new CUNYFirst transfer system, which requires specialized training from CUNY Central. The BMCC transfer credit team staff has already participated in two CUNYFirst transfer credit training sessions, the last being held in June 2013. It is expected that BMCC will begin using the new CUNYFirst transfer system after a testing period is completed, which will occur after the Fall 2013 semester begins.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

BOROUGH OF MANHATTAN COMMUNITY COLLEGE

Status of Prior Year Comment (2001)

Information Technology – Disaster Recovery Plan

Observation

As noted in the prior year, the College does not have a formal written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which would render the computer systems inoperable.

Recommendation

We recommended that the College's Information Technology department develop a formal disaster recovery plan for all the College's systems. The plan should be tested annually and modified if necessary.

College Response

The Formal DR Plan is ready and we tested our key applications and network infrastructure during the last week of July 2013.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
To the University Controller

June 30, 2013

MEDGAR EVERS COLLEGE

Status of Prior Year Comment (2011)

Tuition Management

Observation

As noted in the prior year during our tuition management test work, a student's Fall 2010 TAP award was decertified in May 2011 upon final review of the student's grades. This resulted in a receivable owed to the College for the Fall 2010 semester.

Recommendation

We recommended that the College implement procedures to ensure a more timely review of student grades so that related tuition charges may be processed.

College Response

The College Registrar continues to enforce the procedures implemented in 2012, which were designed to engender more timely submission of grades. Grade submissions are closely monitored for timeliness and follow up actions involve appropriate senior academic staff.

To improve timeliness, daily reminders identifying outstanding grades are sent to faculty, Deans and Chairs. To evidence functional and oversight responsibility, delinquent faculty are required to report to the Office of the Registrar to pick up their rosters. The rosters must be approved by the faculty, Chair and Dean before being submitted to the Registrar for processing of grades. Delinquent roster communications also include the Provost and other Academic Affairs Officers who participate in remediating late submissions.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
To the University Controller

June 30, 2013

MEDGAR EVERS COLLEGE

<u>**Status of Prior Year Comment (2010)**</u>

Tuition Management – Classroom Scheduling

Observation

We continue to note that the College does not have an automated system for classroom scheduling.

Recommendation

We continue to recommend that the College consider implementing a software package that automates the process of classroom scheduling based on registration to improve efficiency and reduce manual labor.

College Response

The college is currently implementing R25 Classroom Scheduling System. We expect this system to be operational by August 2013.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

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June 30, 2013

MEDGAR EVERS COLLEGE

Status of Prior Year Comment (2008)

Information Technology – Disaster Recovery Plan

Observation

We continue to note that the College does not have a formal, written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which would render the computer systems inoperable.

Recommendation

We continue to recommend the College's Information Systems department develop a formal disaster recovery plan for all College systems. The plan should be tested annually and modified if necessary.

College Response

A new set of DR recommendations has been made by the university and the college awaits formal adoption and funding of the recommendations. The college web site now has a DR web page maintained by the University.

The college has virtualized several applications such as Microsoft Exchange 2010 and SharePoint 2010. The college has expanded its storage capability to support backup of the virtualized applications. The telecom infrastructure has added redundancy in the form of an upgraded wireless connection between Admissions and 1650 Bedford.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

MEDGAR EVERS COLLEGE

Status of Prior Year Comment (2006)

Tuition Management – Student Account Update

Observation

We continue to note that when tuition refund checks are generated, the information from these checks is manually entered into SIMS in order to properly adjust each student's account to reflect the refund.

Recommendation

We continue to recommend that the College consider using an integrated software package with the student information management system (SIMS), where once a refund check is cut, SIMS will be updated automatically. By having the two systems integrated, manual processing refund errors can be avoided and efficiency of the Bursar office can be improved.

College Response

MEC has formally begun the process to migrate to PeopleSoft ERP (CUNYFirst). The pending implementation has for some time prohibited changes to SIMS.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

NEW YORK CITY COLLEGE OF TECHNOLOGY

Current Year Comment (2013)

OMB Circular A-133 – Cost of Attendance Calculation

Observation

During our testwork over student financial aid needs and awards, we noted that the Cost of Attendance (COA) calculation for three students differed from KPMG's COA calculation. The College did not adjust the budget for these students to reflect the changes in the duration in school or the number of credits they were taking. The College did not adjust the students' COA as the students' original financial aid package did not over award the students.

Recommendation

We recommend that the College implement procedures to ensure that all changes are updated to reflect accurate COA calculations.

College Response

We agree with this observation. We will enhance our procedures to ensure that all changes are updated to reflect accurate budgets. Going forward, the CUNYFIRST system will have mechanisms built in place to alert and prevent this situation.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

NEW YORK CITY COLLEGE OF TECHNOLOGY

Status of Prior Year Comment (2008)

Student Continuum – Tuition Refund Process

Observation

As noted in the prior year, the College prepares and issues numerous manual refund checks. In FY08, there were 888 manual refunds issued. Additionally, information from these checks is manually entered into SIMS to properly adjust each student's account.

Recommendation

We recommended that the College reduce the number of manual checks being issued. Additionally, the College should consider implementing a process that would automatically update the student's account for refund checks issued.

College Response

A "potential cash refund" report is generated through CUNYFirst indicating students apparently eligible for tuition refunds. The Business Office staff then log on to the CUNYFirst system to verify that the student (1) is indeed in the system, (2) has registered for the semester in question, (3) has had his or her tuition paid, and (4) is personally owed the refund. CUNYFirst is further checked to see if the student owes tuition in any other semester. If he or she does owe in other semesters, the refund or a portion of it is applied there, paying off bills oldest to newest. The College will verify all supporting documentation before a check is signed and released for distribution. While this process takes place on most workdays, it operates no less frequently than monthly.

The College Business Office has designed and implemented an automated check writing system for student refunds owed through the CUNYfirst system that has produced refund checks with uploading of check records both to CUNYfirst and separately to the JPMorgan Access system of Chase Bank, known as "Positive-Pay."

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

NEW YORK CITY COLLEGE OF TECHNOLOGY

Status of Prior Year Comment (2007)

Tuition Management – Classroom Scheduling

Observation

As noted in the prior year, the College uses an in-house developed system for classroom scheduling; however, the system is not automated.

Recommendation

We recommended that the College consider implementing a software package that automates the process of classroom scheduling based on registration to improve efficiency and reduce manual labor.

College Response

The conversion to CUNYFirst has enabled the college to implement Resource 25. This application interfaces with CUNYFirst and automates our room scheduling process.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

NEW YORK CITY COLLEGE OF TECHNOLOGY

Status of Prior Year Comment (2000)

Tuition Management – Evaluation of Transfer Credits

Observation

As noted in the prior year, the College does not have a fully automated system for evaluating transfer credits. As such, the evaluation of transfer credits must be performed manually by the Registrar's office. We do understand however, that the College uses the TIPPS (Transfer Information Processing System) program to assist in the evaluation process of general education courses. This system allows a list of general education courses from other Colleges to be loaded in, and an equivalent course at the College is automatically matched up.

Recommendation

We recommended that the College continue its efforts to enhance the TIPPS program to allow full automation of the evaluation of transfer credits process. This would eliminate labor-intensive processing and reduce the risk of errors resulting from manual intervention.

College Response

The conversion to CUNYFirst has enabled us to use TIPPS to develop and implement the transfer evaluation component in CUNYFirst to evaluate transfer credits. Degreeworks, which is a degree auditing tool, is also used to assist the academic advisor in determining the areas the transfer credits fulfill based on the transfer credit rules that were built in CUNYFirst. Previously, this process was performed manually by the Registrar's office in conjunction with the New Student Center. Our new process has made our transfer evaluation process more efficient and has reduced the manual labor tremendously.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

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QUEENS COLLEGE

Status of Prior Year Comment (2010)

Information Technology – Passwords

Observation

We continue to note that passwords to the College's systems do not expire and are also not required to be changed.

Recommendation

We continue to recommend the College implement procedures that require users to change their passwords after an extended period of time has elapsed.

College Response

As previously indicated, CUNYfirst has implemented the 90 day policy for changing passwords. The e-mail system does not change as we are still waiting for CUNY to migrate us to Exchange, and the plan is to implement a policy in accordance with the implementation. It should be noted that the 90 day password change policy is no longer an industry best practice. Banks have gone away from this model as it creates other risks due to human behavior, such as:
1. changing passwords in increments,
2. writing passwords on paper that can be found in the open,
3. increase in support costs and reduction of productivity,
4. it is not appropriate in a Teaching & Learning environment where faculty and student engagement with technology is already a challenge.

It is for these reasons we will be bringing this forward as a discussion item at the Fall IT Steering Committee Meeting.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

QUEENS COLLEGE

Status of Prior Year Comment (2005)

Information Technology – Disaster Recovery Plan

Observation

We continue to note that the College has a formal, written, disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations, which render the computer systems inoperable. However, this plan has not been reviewed or tested since 2002. In order to implement a disaster recovery plan during a disaster, a review and testing of the plan is required.

Recommendation

We continue to recommend that the College test, review, and update the disaster recovery plan on an annual basis.

College Response

We have actually implemented our current DR plan twice in the past year thanks to Hurricane Sandy. The college has an IT DR plan that is under development and is being flushed out further, but the current draft plan was actually used during Hurricane Sandy and other black out situations.

The plan is available now in electronic copy and administered by our Security Director, Morris B. Altman and maintained on the OCT Microsoft Director's Document Management System (MYQC Portal under Directors).

The plan lists OCT Emergency personnel, servers, software, vendors, and takes into account the new generator that was recently added to service the data center in a power outage.

While continuously refining, this year we plan to test the DR plan in a test environment, rather than the real disaster situations that have befallen New York City in the past year.

Test schedule to be determined.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
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June 30, 2013

QUEENS COLLEGE

Status of Prior Year Comment (2003)

Tuition Management – Classroom Scheduling

Observation

We continue to note that the College does not have an automated system for classroom scheduling (e.g. Resource 25) which assigns rooms for course offerings. As such, classroom scheduling is performed manually by the Registrar's office.

Recommendation

We continue to recommend that the College consider acquiring software that integrates with the College's current student information system in order to improve efficiency resulting from manual processing.

College Response

Management has partially implemented Resource 25 and engaged the Academic Senate subcommittee to develop an enhanced electronic classroom scheduling plan for the college.

Status

In process

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

YORK COLLEGE

Status of Prior Year Comment (2012)

Procurement – Expense Codes

Observation

As noted in the prior year during our procurement testwork, one of the eight purchases selected was incorrectly coded as a capitalized asset. We tested an additional eight purchases noting no further issues.

Recommendation

We recommended that the College implement procedures to ensure that all coding is reviewed and approved by the appropriate Purchasing Department heads to ensure proper coding of purchases and accurate accounting treatment of all fixed and non-fixed assets, and the financial statement presentation is accurately displayed.

College Response

We have taken steps to ensure that the appropriate codes are assign by implementing the following:

Property Management Coordinator reviews orders placed to ensure that the appropriate coding is applied when the assets are reported into the CUNY INSITE Asset Management Database. Purchasing Director also reviews orders, prior to execution, that are classified as assets to ensure that the appropriate coding is applied.

Status

Implemented

THE CITY UNIVERSITY OF NEW YORK

Communication of Internal Control and Other Operational Matters
to the University Controller

June 30, 2013

YORK COLLEGE

Status of Prior Year Comment (1999)

Information Technology – Disaster Recovery Plan

Observation

We continue to note that the College does not have a formal written disaster recovery plan that documents procedures to be performed in the event of a disaster or other disruption of operations which would render the computer systems inoperable.

Recommendation

We continue to recommend that the College's Computer Center develop a formal disaster recovery plan for all College systems. The plan should be tested annually and modified, if necessary.

College Response

We have developed an IT Incident Management/Disaster Recovery Plan for the College which contains the IT Incident Management and Response Teams, incident escalation and workflow, hardware and system inventories, College and University staff contact list, vendor contact list, and failover and failback procedure documentation for selected systems. We are designing our first DR test for August 2013 which will validate replication is being successfully performed and critical systems are end user accessible from the second instance, as well as test the failover and failback procedures work as intended. Once the process documentation has been verified it will be replicated for all systems.

We are currently running realtime data replication to an alternate data center across the campus where secondary instances of our servers also reside. This is phase 1 of our strategy to provide complete, continuous system and data protection with full recoverability of all local systems. Phase 2 is projected to occur in the next 12 to 18 months and will involve extending our second instance to an offsite data center facility. It is our intention to arrange for space at the University's new data center at 395 Hudson Street.

Status

In process