

# CUNY School of Professional Studies

Dean of the CUNY School of Professional Studies

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March 30, 2017

The Honorable Thomas P. DiNapoli  
Comptroller of the State of New York  
Office of the State Comptroller  
110 State Street  
Albany, New York 12236

Dear Comptroller DiNapoli,

In accordance with New York State Executive Law Section 170, The City University of New York School of Professional Studies hereby submits its report on the implementation of the correction-action recommendations made in Comptroller's audit report 2014-S-78 – CUNY School of Professional Studies Controls Over Bank Accounts.

**Recommendation 1: Effectively separate the duties of administering bank accounts and financial activities functions so that no person has excessive control over the deposit and disbursement cycle. Where duties cannot be adequately separated, develop and implement appropriate compensating controls.**

CUNY School of Professional Studies (CUNY SPS) has placed greater emphasis on the maintenance of segregation of duties for all of its banking functions. No one individual has the ability to both initiate and authorize the same transaction. All requests for disbursement require two signatures from the department requesting the funds as well as the inclusion of supporting documentation. All checks are processed through the Business Office where the check preparer and approver are two different people. Previously, the Office of the Bursar had the ability to request and prepare checks from the tuition and fees disbursement account; although that office never had the authority to sign checks.

CUNY SPS has limited check signing to three senior-level persons authorized on behalf of the School: the Associate Dean for Administration and Finance, the Associate Dean for Student and Community Affairs, and the Director of Budget and Finance. This measure was taken to ensure that persons signing all checks have the appropriate level of knowledge and responsibility to perform the function. We also fully comply with CUNY's Cash Management and Banking Policy that currently requires dual signature on all checks in excess of \$5,000. Effective January 1, 2017, CUNY SPS has instituted a new internal policy whereby two signers are required for any check over \$2,500.

Further, all checks written are subject to the "Positive Pay" process as an added level of protection, which can only be authorized by the Associate Dean for Administration and Finance or the Director of Budget and Finance. Positive Pay is a banking service whereby the bank will only honor a check that appears on a list of valid checks it receives from the account holder.

Reconciliation of bank accounts occurs on a monthly basis and is performed by an individual who is not authorized to request or sign checks. The monthly bank reconciliations are reviewed and approved by the CUNY SPS Director of Budget and Finance.

**Recommendation 2: 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.**

CUNY SPS currently follows all required procedures for opening new bank accounts in accordance with CUNY's Cash Management and Banking Policy. This includes maintaining all appropriate documentation and informing

the University Treasurer when new accounts are opened and closed. Additionally, CUNY SPS has closed all bank accounts held at banks other than Citibank, which is CUNY's main banking vendor.

CUNY SPS will annually survey all banks in the area to ensure that there are no accounts in CUNY SPS' name that the school does not already know about.

All deposits are processed via the Office of the Bursar. All disbursements are issued by the Business Office in compliance with the approval process identified in response to Recommendation 1.

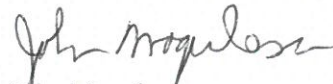
Since CUNY SPS converted to CUNYFirst Student Financials in Spring 2015, all student refunds are issued directly through CUNYFirst, with the exception of emergency book advances, application fee refunds and third party refunds. All disbursements are issued by the Business Office in compliance with the approval process identified in response to Recommendation 1.

**Recommendation 3: Periodically reconcile tuition and fee revenue collections and deposits with amounts transferred to the State Treasury.**

Since the audit, CUNY SPS hired a Revenue Accountant. The accountant receives daily deposits from the Bursar and reconciles these deposits to CUNYfirst. Since the conversion from the legacy Student Information Management System (SIMS) to CUNYFirst in April 2015, each day the local tuition and fee cash accounts are automatically swept (transferred) to the CUNY Treasury. On a weekly basis, the accountant downloads bank account transactions directly from the Citibank website, reviews deposits with CUNYfirst records, and records all funds that are automatically transferred to CUNY Central Treasury via journal entries. Similarly, the Office of the University Controller (OUC) books an entry in CUNYfirst to acknowledge the receipt of cash. All journal entries are reviewed and posted in CUNYfirst by the SPS Director of Budget and Finance. Bank reconciliation are performed monthly with supporting documentation for all deposits, disbursements, and transfers. Bank reconciliations of tuition and fees are reported to OUC on a quarterly basis.

If you have questions or need additional information, please do not hesitate to contact me.

Very truly yours,



John Mogulescu

cc: Hon. Andrew M. Cuomo, New York State Governor  
Hon. John J. Flanagan, Temporary President and Majority Leader of the Senate  
Hon. Hugh T. Farley, Vice President Pro Tempore, Senate  
Hon. Andrea Stewart-Cousins, Minority Leader, NYS Senate Hon. Carl E. Heastie, Speaker, NYS Assembly  
Hon. Joseph D. Morelie Majority Leader, NYS Assembly  
Hon. Brian M. Kolb, Minority Leader, NYS Assembly  
Hon. Catharine M. Young, Chair, NYS Senate Finance Committee  
Hon. Liz Krueger, Ranking Minority Member, NYS Senate Finance Committee  
Hon. Robert Oaks, Ranking Minority Member, NYS Assembly Ways and Means Committee  
Hon. Herman D. Farrell Jr., Chair, NYS Assembly Ways and Means Committee  
Chancellor James B. Milliken, The City University of New York  
Ms. Carmen Maldonado, Audit Director, Office of the State Comptroller