



July 20, 2016

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 hereby submits on behalf of Lehman College its 90-day report on the implementation of the corrective-action recommendations made in Comptroller's audit report 2014-S-69—*Lehman College: Controls over Bank Account*:

**Recommendation 1: Fully comply with prescribed procedures for opening new bank accounts and monitoring existing accounts. Develop and implement additional policies and procedures to administer bank accounts, as warranted.**

Lehman College currently follows all required procedures for opening new bank accounts in accordance with CUNY's Cash Management and Banking Policy. As stated in the initial report there were four accounts that did not have this information on file. Two were opened by CUNY Central and it was our understanding that these forms were not necessary since the purpose of these forms was to notify Central Office of the intent to open an account. The other two were opened in 2010, and the auditors did not note any instances since then. To ensure this could not inadvertently happen in the future, we have included on our master bank account file a column to track the preparation and approval of these forms. We have also consolidated all banking files into one location in the Office of the Assistant Vice President for Financial Operations Office to ensure that banking related documentation is filed in one central location and accounted for.

Lehman College continues to follow all CUNY and State policies regarding the management of its monies and banking relationships. These policies are periodically circulated to staff as a reminder of the proper procedures that must be followed for all accounts. Internal meetings are held to review these policies and to ensure full compliance. In addition, staff has and continues to attend bank training as it becomes available. At least two approvers are required for all transactions, one of whom must be a signatory on the account. All checks are signed by the appropriate signers, and Lehman currently requires two signers for any check over \$2,500—a more stringent control than CUNY's policy of \$5,000 or higher. Periodic audits are performed of the electronic banking system to ensure that the appropriate access and roles are provisioned in accordance with an individual's position.

Before the OSC audit, Lehman College had surveyed all banks in the Bronx to ensure that there were none in Lehman's name that the college was not aware of. Unfortunately, all of the banks were non responsive, citing identify-theft concerns. The NYS Comptroller, however, had better success at this due to their authority, and we were pleased to note that they did not receive information on any banks accounts that we were not aware of. We will continue to do this annually and become more diligent in following up with the banks that are unwilling to provide this information.

**Recommendation 2: Transmit all funds due to the State Treasury on a timely basis.**

As a result of the State Comptroller's Audit, Lehman has implemented quarterly reviews of its Agency accounts to ensure that all monies that are required to be transferred to the State are done so on a timely basis. These reviews and subsequent submissions are done at September 30, December 30, March 30 and June 30 of each fiscal year with the final transmittal being made prior to the year-end close. We are currently reviewing this schedule and will be incorporating monthly reviews of this account for the final quarter of each fiscal year beginning in FY '17. This procedural change is fully operational and ongoing.

**Recommendation 3: Strengthen internal controls to assure that all funds are properly deposited and disbursed from Lehman bank accounts by:**

- a. Adhering to New York State, City and CUNY requirements;**
- b. Training Finance and Administration employees on the appropriate policies and procedures related to bank accounts and banking operations.**

Since the audit, Lehman College has begun reviewing all procedures to close any compliance gaps with New York State, City and CUNY requirements. This is ongoing process which will require a revamping of many business and past practices throughout the campus. This process includes:

1. The education of the staff and the college community of their responsibilities including those as outlined in CUNY Fiscal Handbook for the Control and Accountability of Student Activity Fees. To date, there have been many meetings with staff, the departments, as well as the respective boards regarding the findings of the audit and ensuring full compliance with all State, City and CUNY regulations. The related guidebooks that must be adhered to have been distributed to these groups.
2. Management staff within the Office of Financial Operations has been asked to retrieve all CUNY, State, and Federal policies that relate to their individual departments and submit these procedures to the Office Library that has been set up to house all these documents.
3. Guidelines pertaining to each offices functions have been periodically circulated to the staff to keep them informed and up to date on the procedures that must be followed in accordance with their function. These policies have also been distributed and discussed at various internal meetings.
4. As part of their yearly performance goals, all management staff has been asked to work with their staffs to develop "desk top" procedures to be used as a reference guide and training tool for all finance office operations.
5. Internal websites have also been reviewed and enhanced to ensure that the necessary documentation is on line and accessible for retrieval by the entire college community.
6. More frequent communications have been dispatched to entire college community reminding them of the various regulations that must be followed for a variety of financial operations including submitting expense claims for payment, eligible expenses for travel reimbursement and the use of and responsibilities of having a P-card.
7. A new Controller has been hired in the Office of General Accounting with expertise in CUNY and State regulations to assist with the further training and development of the staff.

8. A dedicated purchasing agent position for the college's related entities has recently been approved by the respective boards and is currently being recruited for. The purpose of this position is to have a dedicated individual for the related entities that is fully informed of the required procedures to ensure that all purchasing is conducted in accordance with their respective guidelines. This person will also be able to serve as a resource to the entire College community on the proper procedures that must be followed for all related entity purchases.
9. A new Director of Auxiliary Services has been hired to oversee the financial operations of the financial staff that supports the related entities. The purpose of this position is to ensure that all CUNY and State regulations are being followed, to develop the necessary policies, procedures and forms that will be required for full implementation, and to provide training to the staff and college community on the rules and regulations related to the related entities.
10. A thorough and complete review is being done of all forms used to process financial transactions to ensure that they fully disclose and are in compliance with the required guidelines that pertain to the transaction.
11. Utilizing the forms included in CUNY's Fiscal Handbook for the Control and Accountability of Student Activities Fee we required itemized budget requests from all organizations requesting student activity funding for FY '17.
12. All contracts for the related entities are now being reviewed internally by Counsel and signed by the appropriate authorized individual.
13. With the assistance of CUNY Central, the college will continue to obtain training for Finance and Administration Staff to further their understanding of the appropriate rules and regulations that apply to their positions including banking and cash management, purchasing and invoice processing.
14. We will continue to identify external training opportunities and conferences that benefit the further development of all staff.
15. We have begun and will continue to reach out to other colleges to share resources and obtain their best practices.

**Recommendation 4: Effectively separate the duties related to the administration of bank accounts, so that no one person has control over incompatible functions. Where duties cannot be adequately separated, develop and implement appropriate compensating controls.**

Lehman College does maintain segregation of duties for all its banking functions. All requests for disbursement require two signatures from the department requesting the funds. These signatories are updated annually and kept on file in the respective office within the Office of Financial Operations. Only persons on the list for the individual department may submit requests for payment. Since two check requestors are required for all transactions, we encourage all departments to have at least three persons on the list to ensure an alternate in the event a conflict should exist.

At the Business Office level, the reviewer and approver are two different persons in the Business Office, none of which are check signers or requestors. We require that the requestor, reviewer, approver and check signer all be different people so that no one person can have more than one role for any

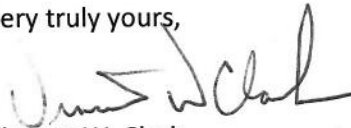
transaction. In instances where this is not possible, we require a countersignature for any of the roles in which such a conflict may exist.

Lehman College has limited check signing to four persons authorized on behalf of the College who include the Vice President for Administration and Finance, Assistant Vice President for Financial Operations, Comptroller, and Associate Controller. For the related entities, the Chairs of the respective boards have also been given this authority. This was done to ensure that persons signing all checks have the appropriate level of knowledge and responsibility to perform this function. We also require two signatures on all checks in excess of \$2,500, which is a lower threshold than CUNY's Cash Management and Banking Policy that currently requires dual signatures at \$5,000 or greater. None of the check signers reconcile any bank accounts, and no person can reconcile a bank account in which they conduct any transactions.

Reconciliation of bank accounts is distributed throughout all offices within the Office of Financial Operations to ensure that all bank reconciliations are done by persons with no daily involvement in the management of the account. As mentioned previously, periodic audits of the electronic banking program access is done to ensure that all persons have the appropriate access consistent with their operational roles. All on-line banking transactions require at least two persons to process and must be approved by at least one signatory if under \$2,500, and two if they are above.

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

Very truly yours,



Vincent W. Clark

Vice President for Administration and Finance

cc: Chancellor James B. Milliken, The City University of New York  
President Ricardo R. Fernández, Lehman College  
Hon. Andrew M. Cuomo, New York State Governor  
Hon. John J. Flanagan, Temporary President 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. Morelle, 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. Darrell, Jr., Chair, NYS Assembly Ways and Means Committee  
Ms. Carman Maldonado, Audit Director, Office of the State Comptroller





**LEHMAN**  
COLLEGE

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