



North Country Community College

Internal Controls Over Selected Financial Operations

Report of Examination

Period Covered:

September 1, 2012 — August 31, 2013

2013M-354



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

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Dear Community College Officials:

A top priority of the Office of the State Comptroller is to help community college officials manage their college resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support college operations. The Comptroller oversees the fiscal affairs of community colleges statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustee governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard community college assets.

Following is a report of our audit of North Country Community College, entitled Internal Controls Over Selected Financial Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for community college officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The North Country Community College (College) is governed by a Board of Trustees (Board) which comprises nine appointed members and a student trustee. The Board is responsible for the general management and control of the College's financial and educational affairs. The President of the College (President) is the College's chief executive officer, while the Vice President for Fiscal Operations is the College's chief fiscal officer. Both are responsible, along with other administrative staff, for the day-to-day management of the College under the direction of the Board.

The College's Bursar is responsible for managing the day-to-day operations of the Bursar's Office and reports directly to the Vice President for Fiscal Operations. In addition to receiving College moneys for tuition and other fee payments, the Bursar's Office is responsible for billing students, collecting moneys for tuition and other student-related fee payments, issuing refund checks and enforcing delinquent student accounts.

Scope and Objective

The objective of our audit was to review the College's internal controls over selected financial operations for the period September 1, 2012 through August 31, 2013. We expanded our scope period to begin on September 1, 2011 for our review of purchasing and claims auditing. Our audit addressed the following related questions:

- Are internal controls over the financial operations of the Bursar's Office appropriately designed and operating effectively to adequately safeguard College assets?
- Are internal controls over purchasing and claims auditing appropriately designed and operating effectively to adequately safeguard College assets?

Audit Results

The Board and College officials did not provide adequate oversight of the College's financial operations to ensure that College assets were adequately safeguarded. The College had weaknesses in both its preventive controls, such as segregation of duties, and policies and procedures; and detective controls, such as management oversight. These weaknesses have resulted in lost revenue to the College, and inadequate controls over the financial operations of the Bursar's Office and the College's purchasing and claims auditing processes.

The Bursar's Office did not grant tuition waivers in accordance with the provisions of the College's collective bargaining agreements. Of the 97 waivers granted during the 2012-13 fiscal year, the

Bursar's Office granted 43 waivers (approximately 45 percent) totaling \$54,364 to individuals that were not eligible, resulting in lost revenue to the College in the same amount.

We also found that some students were overbilled and/or underbilled for services received, adjustments were made to student accounts without approval, student refund checks were printed and disbursed without approval, and the timing of methods used to enforce delinquent student accounts were not consistent from one semester to the next. In addition, College officials have not properly limited users' access within the student management system and the system allowed for the ability to delete receipts and then issue the same receipt number a second time for a different transaction. As a result, there is an increased risk that unauthorized changes could be made to the student management data or inappropriate transactions could be initiated and remain undetected and uncorrected.

Finally, we found that College officials did not solicit quotes for 15 purchases totaling \$99,584 and the College paid \$376,415 to eight professional service providers without soliciting competition. In addition, neither the Board nor any College official performed a proper audit of claims, resulting in the College paying credit card charges totaling \$11,798 without sufficient documentation of the purchases that were made and \$223,873 in payments being made to three professional service providers without written contracts. As a result, the risk is increased that the College could be making inappropriate purchases or not be receiving the best price possible for goods and services.

Comments of College Officials

The results of our audit and recommendations have been discussed with College officials and their comments, which appear in Appendix A, have been considered in preparing this report. College officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Introduction

Background

The North County Community College (College), founded in 1967 as part of the State University of New York system, is located in the Village of Saranac Lake in Essex County. The College also operates two branch campuses in the Village of Malone in Franklin County and the Town of Ticonderoga in Essex County. The College is governed by a Board of Trustees (Board) which comprises nine appointed members¹ and a student trustee. The Board is responsible for the general management and control of the College's financial and educational affairs. The President is the College's chief executive officer, while the Vice President for Fiscal Operations is the College's chief fiscal officer. Both are responsible, along with other administrative staff, for the day-to-day management of the College under the direction of the Board.

During the Fall 2012 semester, the College had an enrollment of 930 full-time students and 1,351 part-time students. The College had 215 administrators, faculty and staff during the 2012-13 fiscal year. The College's budgeted expenditures for the 2012-13 fiscal year were \$13.6 million, which were funded primarily with County sponsorship moneys,² tuition and other student related fees, State aid, and various Federal, State, local and private grants.

The College's Bursar is responsible for managing the day-to-day operations of the Bursar's Office and reports directly to the Vice President for Fiscal Operations. The Bursar's Office staff is responsible for billing students, collecting moneys for tuition and other student-related fee payments, issuing refund checks and enforcing delinquent student accounts. The Bursar's Office is located on the Saranac Lake campus and is staffed by the Bursar, three senior account clerks and a part-time clerk. The College also has employees that collect moneys related to student accounts at the Malone and Ticonderoga campuses. The College recorded revenues for tuition and other student related fees of \$5.7 million during the 2012-13 fiscal year.

Objective

The objective of our audit was to review the College's internal controls over selected financial operations. Our audit addressed the following related questions:

¹ Five Trustees are appointed by the sponsoring counties (Essex and Franklin) and four Trustees are appointed by the Governor.

² The county sponsorship moneys totaled \$2,380,000, which consisted of \$1,190,000 from Essex County and \$1,190,000 from Franklin County.

- Are internal controls over the financial operations of the Bursar's Office appropriately designed and operating effectively to adequately safeguard College assets?
- Are internal controls over purchasing and claims auditing appropriately designed and operating effectively to adequately safeguard College assets?

**Scope and
Methodology**

We examined the College's financial operations for the period September 1, 2012 through August 31, 2013. We expanded our scope period to begin on September 1, 2011 for our review of purchasing and claims auditing. In addition, we tested internal controls over the College's information technology system during our audit period. Our audit identified areas in need of improvement concerning information technology controls. Because of the sensitivity of this information, the vulnerabilities we found are not discussed in this report but have been communicated confidentially to College officials so they could take corrective action.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

**Comments of
College Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with College officials and their comments, which appear in Appendix A, have been considered in preparing this report. College officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the President's office.

Bursar's Office

The Board and College officials are responsible for establishing effective internal controls over the financial operations of the Bursar's Office to properly safeguard the College's assets. Effective internal controls require College officials to establish, implement and communicate policies and procedures to ensure that employee tuition waivers (waivers) are only granted to eligible individuals; duties are properly segregated; cash transactions are properly initiated, accurately recorded and properly approved and documented; and delinquent student accounts are enforced in a timely and consistent manner. College officials also must provide sufficient oversight over those officials and employees who receive or disburse cash.

Internal controls in the Bursar's Office need to be improved. The Bursar's Office did not grant tuition waivers in accordance with the provisions of the College's collective bargaining agreements. As a result, of the 97 waivers granted during the 2012-13 fiscal year, 43 waivers (approximately 45 percent) totaling \$54,364 were given to individuals that were not eligible, resulting in lost revenue to the College. We also found some students were overbilled and/or underbilled for services received, adjustments were made to student accounts without approval, student refund checks were printed and disbursed without approval, and the timing of methods used to enforce delinquent student accounts were not consistent from one semester to the next. In addition, College officials have not properly limited users' access within the student management system and the system allowed for the ability to delete receipts and then issue the same receipt number a second time for a different transaction. As a result, there is an increased risk that unauthorized changes could be made to the student management data, or inappropriate transactions could be initiated, and remain undetected and uncorrected in a timely manner.

Employee Tuition Waivers

A good system of internal controls ensures that employee tuition waivers are granted in compliance with applicable personnel policies and collective bargaining agreement provisions to ensure that employees, retirees and/or their family members are not receiving benefits to which they are not entitled. An essential part of these controls includes requiring employees, retirees and family members to submit employee tuition waiver forms to an individual independent of the Bursar's Office for their review and approval prior to the waivers being granted. In addition, when a family member is applying for a waiver, sufficient documentation should accompany the waiver form to allow for the relationship between the employee/retiree and the family member to be validated.

The College's two collective bargaining agreements (agreements) authorize the waiving of tuition³ for employees and their family members under certain circumstances. One agreement outlines that tuition-free benefits will extend to full-time bargaining unit employees and their family members.⁴ The other agreement outlines that tuition-free benefits will extend to full-time bargaining unit employees, retirees and their family members.⁵ The College's policy outlining the benefits of management confidential employees does not contain a provision authorizing the waiving of tuition for employees and their family members. However, the College has a long-standing practice that, unless there is a specific provision in the management confidential policy, employees that are covered by the policy receive benefits in accordance with whichever provision is more beneficial between the College's two collective bargaining agreements.

Although the College's agreements outline the eligibility requirements for granting employee waivers, we found that the Bursar's Office did not grant waivers in accordance with these agreements. Instead, the Bursar's Office grants waivers based on an office memorandum that was issued to all employees by a former College President on February 9, 2004,⁶ which outlines that all employees who have family members having a desire to attend the College on a full- or part-time basis may do so without paying tuition. However, the office memorandum was not approved by the Board and does not clearly define which type of family members are eligible.

In addition, a senior account clerk in the Bursar's Office was responsible for receiving waiver forms and applying waivers to students' accounts with minimal oversight. The only waiver forms that were reviewed and approved by an individual independent of the Bursar's Office were for waivers related to adjunct instructors.⁷ These forms were sent to the Office for Academic Affairs for their review and approval because the senior account clerk was not always aware if these individuals were current College employees. The Bursar stated that she reviews waivers that are applied to students' accounts each semester but could not provide us with any documentation supporting her review and approval. We also found that, when a family member applied for a waiver, the Bursar's Office did not require the

³ Tuition is outlined to include both credit and non-credit hours.

⁴ The family members consist of children, grandchildren, spouse, domestic partner, parents, grandparents, brothers, sisters, aunts, uncles, nieces and nephews.

⁵ The family members consist of children, grandchildren, spouse and domestic partner.

⁶ Effective for the Summer 2004 semester

⁷ Adjunct instructors are not covered by the management confidential policy or either of the College's collective bargaining agreements. Therefore, they and their family members would not be eligible for employee tuition waivers.

submission of any documentation to validate the relationship between the employee/retiree and the family member.

We reviewed all 97 waiver forms totaling \$94,212 that were granted by the Bursar's Office during the 2012-13 fiscal year and found that 43 waivers⁸ (approximately 45 percent) totaling \$54,364 were granted to individuals that were not eligible based on the waiver provisions in the agreements. We found that 22 of the 31 full-time student waivers⁹ totaling \$43,400, were granted during the 2012-13 fiscal year to individuals that were not eligible. For example, 16 of the 22 full-time student waivers totaling \$31,200 were incorrectly granted; the employee and the student were cousins, which is not an eligible relationship under either agreement. Furthermore, the College granted a waiver during both the Fall 2012 and Spring 2013 semesters totaling \$2,450¹⁰ and \$1,950 for a student that was neither a College employee nor a relative. The student was an independent contractor who provided information technology services to the College. We also found that for 15 of the waivers totaling \$18,833, the relationship between the employee and the student was not recorded on the waiver form that was submitted to the Bursar's Office.

The overall lack of controls and oversight over waivers resulted in \$54,364 of free tuition being granted to individuals during the 2012-13 fiscal year that were not eligible based on the waiver provisions in the College's agreements, resulting in lost revenue to the College. The failure of College officials to require the submission of sufficient documentation prior to granting waivers provides limited assurance that the other waivers that were granted during the 2012-13 fiscal year were only granted to eligible individuals.

Student Accounts

A well-designed system of internal controls over student accounts requires that College officials establish policies and procedures that provide guidance for individuals involved in the billing, collection, refunding and enforcement of student accounts. It is important that the policies and procedures provide for a proper segregation of duties to ensure that no single individual controls most or all phases of a transaction and that the work of one individual is verified by another person in the course of his/her regular duties. In instances where staff is limited, a detailed supervisory review of related activities

⁸ The 97 waivers consisted of 31 full-time student waivers (12 or more credit hours) and 66 part-time student waivers.

⁹ These waivers are for full-time students and offset their tuition for a semester of \$1,950.

¹⁰ The \$2,450 waiver during the Fall 2012 semester offset the individual's tuition of \$1,950, College fee of \$270, student activity fee of \$105, security and parking fee of \$75, and accident insurance of \$50.

could ensure that policies and procedures are properly followed and that cash assets are properly accounted for, accurately reported and adequately protected.

The College did not have comprehensive written policies and procedures to provide adequate guidance and internal controls over student accounts. In addition, College officials provided only minimal oversight. As a result, we identified significant internal control weaknesses in the College's billing, collection, refunding and enforcement procedures for student accounts.

Segregation of Duties – The Bursar's Office is staffed by the Bursar, three senior account clerks and a part-time clerk. We found a lack of segregation of duties in the Office over the billing, collection, refunding and enforcement of student accounts. For example, a senior account clerk was responsible for billing students, collecting payments, posting payments and making adjustments to student accounts, and preparing and printing refund checks, without sufficient mitigating controls. College officials instituted some compensating controls, such as having the Comptroller, who is independent of the Bursar's Office, perform a daily audit of receipts to ensure that all recorded receipts were deposited intact.¹¹ The Comptroller also performed monthly bank reconciliations. However, these were not sufficient compensating controls because they would not necessarily detect the misappropriation of funds or inappropriate transactions.

When College officials allow incompatible duties to be performed by employees of the Bursar's Office, this significantly increases the risk that errors and/or irregularities could occur and remain undetected. In addition, College officials' lack of proper oversight over the processing of student account financial transactions, as evidenced by the absence of sufficient compensating controls, further increases the potential for fraud and abuse.

Billing and Collection – A well-designed system of internal controls over student accounts requires that the College establish policies and procedures that provide guidance and internal controls for employees involved in the billing and collection of student accounts. In addition, when billing adjustments are necessary, the College must establish written procedures which address the approval and documentation process. Each adjustment must be approved by the designated official who should adequately document its origination, justification, amount and date approved. Furthermore, the Bursar's Office should properly secure all moneys received prior to deposit.

¹¹ In the same amount and form (cash or check) in which they were received

The College did not have comprehensive written policies and procedures to provide proper guidance and internal controls over the billing and collection of student accounts. Consequently, our review of the College's billing and collection procedures for tuition and other student-related fees disclosed several deficiencies. For example, the charges (i.e., graduation fees) applied by a senior account clerk to student accounts were not reviewed after the initial billing each semester. In addition, the employees in the Bursar's Office that receive payments from students also readily made adjustments to student accounts without documented approval. We also found that cash collections were not physically safeguarded. Although cash collections were stored in a locked safe in the Bursar's Office until they were deposited, three employees independent of the Bursar's Office have the combination to open the safe. When cash is not physically safeguarded prior to deposit, it is subject to increased risk of loss or misuse.

We reviewed a random sample of 40 full-time students¹² that were billed \$137,950 during the Spring 2013 semester and found that collections and adjustments were supported and accurately recorded in each student's account. However, seven students were overbilled a total of \$1,195 and two students were underbilled a total of \$100. For example, a student was overbilled \$550 because they were incorrectly charged an excess course credit administration fee. The other six students were overbilled because they were incorrectly charged various student-related fees. We found that the Bursar did not set up a fee in the student management software's rate table for a computerized accounting course. As a result, the two students were both underbilled \$50 each. Although our testing did not reveal material exceptions, the number of deficiencies we identified in our limited sample indicates that the process of billing students requires improvement.

We also reviewed a sample of 30 cash receipts¹³ totaling \$11,338 to verify that they were accurately recorded in student accounts and deposited. We did not identify any exceptions. In addition, we reviewed a sample of 25 adjustments¹⁴ totaling \$2,438 that were made to student accounts during our audit period and found that, for 14 of the 25 adjustments totaling \$1,020, there was no documentation

¹² We used a computerized random number generator to select 40 full-time students that were enrolled during the Spring 2013 semester. This sample represented approximately five percent of the total 752 full-time students that were enrolled during the Spring 2013 semester.

¹³ Our sample consisted of selecting two cash receipts that were received in the form of cash from six of the months during our audit period and three cash receipts that were received in the form of cash from the other six months during our audit period.

¹⁴ Appendix B contains our sampling methodology

indicating that they were approved. Additionally, one of the adjustments was not appropriate because it waived a late payment fee that was assessed to a delinquent account. The Bursar stated that the Office is very lenient with students when it comes to assessing late payment fees, even if students pay their bills late. The failure of not having an individual independent of the Bursar's Office approving adjustments to student accounts creates the risk that students may receive adjustments to which they are not entitled, adjustments may not be consistently applied amongst students, and/or adjustments may be made to student accounts to conceal the misappropriation of funds.

Refunds – Effective controls over the issuance of student refund checks is vital to prevent unauthorized refund payments and misuse of funds. College refund checks require the signature of the Vice President for Fiscal Operations prior to disbursement. Therefore, the use of his signature must be properly controlled and safeguarded from being used to make payments that have not been properly approved.

The College issued 2,683 student refund checks totaling \$3.1 million during our audit period to students when the amount of collections (i.e., scholarships, grants, loans and/or payments) for students exceeded the amount that the students were billed. The College had not established an adequate system of internal controls over the processing of refund checks. We found that a senior account clerk in the Bursar's Office, or the Bursar in her absence, utilized a word-processing document to print refund checks that were affixed with the Vice President for Fiscal Operations' and President's electronic signatures. This control weakness was partially mitigated by the Vice President for Fiscal Operations' review and approval of a check register listing student refund checks prior to their disbursement. However, the College discontinued this important internal control as of March 1, 2013.

We reviewed a sample of 25 student refund checks¹⁵ totaling \$36,900 that were issued and found that each refund check was supported by a student account and for an appropriate amount. However, five of these checks totaling \$6,605 did not have documentation that they were approved. In addition, of the 20 student refund checks that were approved, 11 totaling \$17,650 were not approved by an individual independent of the Bursar's Office, but instead were approved by the Bursar.

Because of the lack of physical safeguards and oversight over the issuance of student refund checks, there is inadequate assurance

¹⁵ Our sample consisted of selecting student refund checks that were issued in whole dollar amounts and were issued throughout our audit period.

that College officials are producing student refund checks only for legitimate purposes and are properly disbursing them.

Enforcement – To ensure that the College collects all revenues, there must be procedures in place to effectively enforce the payment of past-due student accounts. An effective enforcement process establishes sufficient penalties for late payment and clearly communicates those penalties to all affected parties. The entire enforcement process should be formalized and effectively communicated so penalties are equally and consistently applied to all unpaid accounts. Due diligence should be used to enforce payment and track the status of each unpaid account; exceptions to the enforcement process should be documented and approved. College officials should send unpaid accounts to a collection agency only after the College’s enforcement process has been completed, and only with proper authorization by an individual independent of the entire billing, collection and enforcement processes. Formal policies should affix responsibility and provide the details and timelines for each step of this process.

When outside agencies are used to help enforce the collection of unpaid student accounts, the College should enter into a written contract with each collection agency. Such contracts should assign responsibilities to each party and provide the details and timelines for execution of those responsibilities. The nature, timing and amount of payments, fees and remittances should be addressed in each contract, as well as the detail and frequency of collection status reports.

Although the College enforces delinquent accounts by placing student accounts on hold,¹⁶ sending out monthly bills, assessing late payment fees, sending delinquent account letters, negotiating payment plans, and/or sending unpaid accounts to a collection agency, the College has not documented a formal process setting the timelines and details for enforcing payment on student accounts with these methods. For example, late payment fees were assessed to delinquent student accounts for the Fall 2012 and Spring 2013 semesters 70 and 55 days after the start of the semester, respectively. Unpaid accounts from the Fall 2012 and Spring 2013 semesters were sent to a collection agency 143 and 95 days after the end of the semester, respectively. There is also no independent verification and approval of unpaid account balances by an individual independent of the Bursar’s Office before they are sent to the collection agency.

The Bursar also allows students that have delinquent accounts at the end of a semester to individually negotiate payment plans with the Bursar’s Office, instead of having their unpaid accounts sent to the

¹⁶ Placing a student account on hold prevents the student from registering for courses, obtaining their grades or obtaining an official transcript.

collection agency. These payment plans are arranged by Bursar's Office employees and are generally negotiated at a minimum payment of \$100 per month, but are not approved by an individual independent of the employee negotiating the payment plan. Without a standard, management-approved payment plan, there is an increased risk that collection efforts may not be consistently or effectively applied. Individually negotiated plans may be subject to favoritism and, if too lenient, may not result in the timely collection of overdue moneys.

We reviewed a sample of 30 delinquent student accounts¹⁷ totaling \$75,182 as of the end of the Fall 2012 semester to determine if they were enforced in accordance with the College's informal enforcement procedures. Our tests did not disclose any significant exceptions; however, the lack of a formal process for enforcing payment on student accounts and the lack of oversight by an individual independent of the Bursar's Office may result in inconsistent treatment and/or other errors and irregularities occurring.

The College uses a collection agency for the enforcement of delinquent accounts, but does not have a written contract with the agency. As of July 30, 2013, the collection agency had 853 of the College's delinquent accounts that had a combined balance of \$2 million. Payments on delinquent accounts are made directly to the collection agency and funds are remitted to the College after the agency takes its fees. However, we found that the College does not actively monitor the progress of the collection agency's activities. Under this arrangement, the College exercises limited oversight with respect to the collection agency's activities undertaken on the College's behalf. There is limited assurance that the collection agency is billing and collecting the correct amounts, and that the College is receiving all the moneys to which it is entitled. Without a current written contract and effective monitoring, College officials cannot evaluate the collection agency's performance and determine whether the agency is being properly compensated for its services.

Computerized Student Management System

Effective controls over user access to software applications restrict authorizations to only those functions needed for individuals to perform their job duties. Such authorizations should preserve the proper segregation of duties so that the same person is not involved in multiple aspects of a financial transaction. Each user should have their own user account. If user accounts are not affiliated with a specific user, but are shared among multiple users, accountability over transaction recording is lost. Effective controls also ensure that transactions are properly authorized and help identify errors or irregularities. One such control is an audit trail, a computer-generated

¹⁷ Appendix B contains our sampling methodology.

record of any change or transaction made on the system. An audit trail enables management to determine when an entry was made and what it entailed, and establishes individual accountability by identifying the associated user account. Management or its designee must review this audit log to monitor the user activity.

The College's computerized student management system has access controls that allow the College to restrict the access levels of different users. However, the College did not adequately utilize such controls. We reviewed all 10 users' access to the student management system's billing and collection module and found that nine users¹⁸ have been granted access to functions that they do not need to fulfill their day-to-day job responsibilities. For example, the Vice President for Fiscal Operations, Comptroller and Senior Human Resources Specialist have access to multiple functions within the system, although their day-to-day job duties do not include performing student account functions.

Furthermore, the Bursar, three senior account clerks in the Bursar's Office and the senior account clerk at the Malone campus receive students' payments and have full access to all critical functions within the billing and collection module, including the ability to make student account adjustments. This creates the opportunity for transaction manipulation and concealment. We also found a generic user account that is used by multiple Bursar's Office employees to issue receipts and record payments received at the Office's window. As a result, accountability over the recording of transactions is lost when multiple employees are recording transactions utilizing the same user account.

We also identified numerous deficiencies in the student management system that significantly weakened internal controls over receipts. Employees had the ability to delete receipts from the system once they were issued both prior to and after the receipts were posted, with no automated controls requiring authorization. In addition, employees had the ability to manually assign receipt numbers within the system and, therefore, could issue a receipt, subsequently delete the receipt, and then issue the same receipt number a second time for a different transaction. While the system is able to generate reports that list any receipts that were deleted, College officials were not aware they could access these reports; so none were generated or reviewed. As a result, we reviewed all 26 receipts totaling \$4,020 that were deleted from the student management system during our audit period

¹⁸ The Vice President for Fiscal Operations, the Comptroller, a senior human resource specialist, a senior account clerk at the Malone campus, and in the Bursar's Office, the Bursar, a part-time clerk and three senior account clerks

to verify that they were for appropriate purposes. We did not identify any exceptions.

Although our student management system testing did not disclose any discrepancies, when employees are allowed to have access rights that are not in accordance with their job duties and have the ability to delete receipts within the system, and when there is no review of deleted receipts reports by an individual independent of the Bursar's Office, the College has an increased risk that unauthorized changes could be made to the student management data, or inappropriate transactions could be initiated, and remain undetected and uncorrected in a timely manner.

Recommendations

1. College officials should designate an individual, independent of the Bursar's Office, to review and approve employee tuition waiver forms to ensure that waivers are only granted to eligible individuals in accordance with the College's collective bargaining agreements. The review and approval process should ensure that sufficient documentation accompanies waiver forms to allow for the relationship between an employee/retiree and their family member to be validated.
2. The Vice President for Fiscal Operations should segregate duties in the Bursar's Office, or if that is not practical, he should establish appropriate compensating controls, such as increased management review procedures.
3. College officials should establish comprehensive written policies and procedures that provide adequate guidance and internal controls over the billing, collection, refunding and enforcement of student accounts.
4. College officials should ensure that all students are correctly billed for tuition and student related fees.
5. College officials should ensure that collection of cash receipts for tuition and student related fees are physically safeguarded and only accessible to authorized employees prior to deposit.
6. The Vice President for Fiscal Operations should review and approve all adjustments made to students' accounts and ensure that they are adequately documented, or designate an individual who is independent of the billing and collection of student accounts to perform these functions.
7. The Vice President for Fiscal Operations should resume reviewing and approving student refund checks prior to their disbursement.

8. College officials should establish written policies and procedures that outline the methods and timelines for enforcing payment on student accounts and communicate these policies and procedures to students.
9. The Vice President for Fiscal Operations should review and approve all delinquent student accounts that are sent to collection agencies or designate an individual who is independent of the billing and collection of student accounts to perform this function.
10. College officials should establish standardized payment plans for delinquent student accounts and payment plans should be negotiated and approved by an individual who is independent of the billing and collection of student accounts.
11. College officials should enter into a written agreement with any collection agencies retained by the College to enforce delinquent student accounts. College officials should regularly monitor the agencies' performance under those contracts.
12. College officials should evaluate employee job descriptions and assign student management system access rights to match the respective job functions.
13. College officials should remove the generic user account within the student management system. The Bursar's Office employees should utilize their own user accounts to record financial transactions in the student management system.
14. College officials should ensure that the student management system is updated to prevent the deletion of receipts or ensure that an individual who is independent of the billing and collection of student accounts generates and reviews the deleted receipt reports to verify that the deletions are for appropriate purposes.

Purchasing and Claims Auditing

The Board and College officials are responsible for designing internal controls that help safeguard the College's assets from loss or misuse; ensure the prudent and economical use of College moneys when procuring goods and services and protect against favoritism, extravagance, fraud and corruption. The primary objective of an effective procurement process is to obtain services, materials, supplies or equipment of the desired quality and specified quantity at the lowest overall cost in compliance with applicable laws and properly established Board requirements. This ensures that taxpayer dollars are expended with integrity in the most efficient manner.

Once procured goods and services have been received, an effective claims auditing system ensures that each vendor's claim for payment represents an actual and necessary expense. Each claim should be subjected to a thorough and deliberate audit prior to payment, making sure that there is enough detail and supporting documentation to determine the nature and validity of the purchase and whether it complies with statutory requirements and College policies.

The College's internal controls over purchasing and claims auditing were inadequate. Although the Board adopted a policy for procuring goods and services, the policy did not establish procedures for procuring goods and services that were not required to be competitively bid, as required by GML. As a result, we found that College officials did not solicit quotes for 15 purchases totaling \$99,584 and the College paid \$376,415 to eight professional service providers without soliciting competition. In addition, neither the Board nor any College official performed a proper audit of claims, resulting in the College paying credit card charges totaling \$11,798 without sufficient documentation of the purchases that were made and \$223,873 in payments being made to three professional service providers without written contracts.

Competition for Purchases

GML requires the Board to adopt written policies and procedures for the procurement of goods and services that are not subject to competitive bidding requirements.¹⁹ The Board is also required to annually review these policies and procedures. In general, these policies and procedures should describe procurement methods, set forth the procedures for determining which method of procurement will be used, and provide for adequate documentation of actions taken. Soliciting competition through verbal quotes, written quotes, or request for proposals (RFPs) helps to ensure that the College enters

¹⁹ GML generally requires competitive bidding for the purchase of commodities over \$20,000 and public work contracts over \$35,000.

into contracts for goods and services that provide the desired services on the most beneficial terms and conditions or for the best value.

Although the Board adopted a procurement policy on October 18, 2011, it does not annually review the policy and the policy lacks a key component. Specifically, the policy does not establish procedures for procuring goods and services that are not required to be competitively bid, including professional services. As a result, we reviewed a sample of 25 purchases²⁰ totaling \$212,358 to determine if the College solicited quotes (i.e., verbal or written) for purchases of goods and services that were not required to be competitively bid. We found that College officials did not solicit quotes for 15 purchases totaling \$99,584. For example, a vendor made repairs to River Street Hall totaling \$23,565 without College officials soliciting any quotes. We also reviewed a sample of 10 professional service providers²¹ who were paid a total of \$468,826 to determine if the College procured their services through a RFP or any other form of competition. We found that the College paid \$376,415 to eight of these service providers without soliciting competition, of which three service providers provided information technology services to the College totaling \$221,295.

Without adequate policies and procedures in place to solicit and document quotes for purchases that are not subject to competitive bidding requirements, College officials cannot be assured that the procurement of goods and services will be made with integrity and in the most economical manner.

Claims Auditing

An effective claims auditing system ensures that every claim for payment is a proper charge against the College and in the correct amount. The auditing of a claim should not be a casual review, but instead be thorough and deliberate, by the Board or an individual appointed by the Board who does not initiate, approve, record or pay the claim. The claim should contain enough supporting documentation to determine whether it represents a valid, legal and necessary obligation incurred by an authorized official, complies with statutory requirements and the College's policies, and that the amounts claimed represent actual and necessary expenses.

The Board has not established an effective claims auditing process. The Board did not audit claims or appoint an individual to perform

²⁰ We selected the sample by identifying vendors from which purchases were made that were not required to be competitively bid and were in excess of \$1,000. We then selected the first 25 purchases from the list as our sample.

²¹ We selected the sample by first reviewing all vendors that received payments during our audit period and then selecting all vendors that appeared to be professional service providers. We then determined which of these vendors were professional service providers and selected the first 10 from the list as our sample.

this audit function. While the Board did not appoint an individual to audit claims, we found that the Vice President for Fiscal Operations did review the check registers prior to the issuance of accounts payable checks. However, he told us that he reviews the register only for unusual vendor names and dollar amounts, which is not a substitute for a thorough audit of claims.

We reviewed a sample of 30 claims²² totaling \$7,547 to determine if they were supported by adequate documentation to allow for a proper audit and were for appropriate College purposes. Except for some minor exceptions that we discussed with College officials, we found that the claims were supported by adequate documentation and were for appropriate College purposes. In addition, we also reviewed a sample of 50 credit card purchases²³ totaling \$13,080²⁴ and found that 23 of these purchases totaling \$6,387 did not contain proper support, such as itemized receipts or invoices. For example, nine of these credit card purchases totaling \$3,632 were made to hotels and four purchases totaling \$1,423 were made to airline carriers.

Of the 27 credit card purchases that were supported by documentation, we found that 22 purchases totaling \$5,411 did not contain sufficient documentation for College officials to determine if the purchase was for an appropriate College purpose. For example, lodging invoices supported 11 credit card purchases that totaled \$3,596, but there was no supporting documentation for the purpose of the travel. College officials provided us with an acceptable explanation for each of the 45 credit card purchases in our sample that were not supported by sufficient documentation, except for three credit card purchases for gasoline that were made by the former President. For example, College officials explained that one charge totaling \$365 was for lodging used by attendees at a community college conference. Nonetheless, when College officials make payments for credit card charges that are not supported by adequate documentation, they have no means of assurance that the corresponding purchases are for an appropriate College purpose.

We also reviewed a sample of 10 professional service providers²⁵ who were paid a total of \$468,826 to determine if the College had entered

²² Our sample consisted of selecting claims for payment to “cash,” key College officials and unusual vendors that were made throughout our audit period.

²³ Our sample consisted of selecting credit card purchases that were made from vendors that could potentially be for personal purposes (i.e., restaurants, lodging, gasoline, airfare, etc.) that were made throughout our audit period.

²⁴ The College issued credit cards to the President, Vice President for Fiscal Operations, Vice President for Academic Affairs and Vice President for Student Services and made payment for credit card purchases totaling \$98,907, during our audit period.

²⁵ We selected the same 10 professional service providers that we reviewed in our procurement of professional services testing.

into written contracts with them outlining the basis for compensation for their services. We found that the College had either not entered into written contracts, or did not have a current contract, with three of the professional service providers that provided services to the College totaling \$223,873. For example, the most recent written contract that College officials had for an information technology professional service provider – who provided services totaling \$181,178 – was for the period January 1, 2000 through December 31, 2001. In fact, we found that this professional service provider was compensated for all services provided to the College at an hourly rate that was \$7.50 or 20 percent more than the hourly rate established in the expired contract.

To determine whether payments were made in accordance with the written agreements, we also examined the 55 payments totaling \$244,953 paid to the seven professional service providers for which written agreements with the College had been approved. We did not identify any exceptions.

The Board's failure to establish an effective claims auditing process increases the risk that improper claims may be paid against the College and go undetected and uncorrected. In addition, by not having written agreements in place with professional service providers, College officials cannot be certain that the College is properly paying for the agreed-upon services and that the services are delivered in accordance with College requirements.

Recommendations

15. The Board should review and update the College's procurement policy annually and ensure that it includes guidance for procuring goods and services that are not required to be competitively bid, including professional services.
16. College officials should seek competition for purchases that are not required to be competitively bid and document their efforts.
17. The Board should conduct a thorough and deliberate audit of claims prior to approving them for payment or formally appoint that responsibility to an individual who is independent of all other aspects of the purchasing and payment process. Claims that do not contain the required documentation should not be approved for payment.
18. College officials should enter into written agreements with all professional service providers. These agreements should clearly state the terms of the contract stipulating the services to be provided and the basis for compensation.

APPENDIX A

RESPONSE FROM COLLEGE OFFICIALS

The College officials' response to this audit can be found on the following pages.

NORTH COUNTRY COMMUNITY COLLEGE

OFFICE OF THE PRESIDENT

23 SANTANONI AVENUE • PO BOX 89 • SARANAC LAKE, NEW YORK 12983 • 518-891-2915, EXT. 201 • PRESIDENT@NCCC.EDU

March 20, 2014

Attention: Mr. Jeffery P. Leonard, Chief Examiner
Office of the State Comptroller
Division of Local Government & School Accountability
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear Mr. Leonard:

On behalf of the Board of Trustees and myself, I want to you to know we welcomed the external review of our programs and services and our financial practices and procedures. We viewed your report as a vital tool in moving forward on all of the areas that your team has identified, and we have taken numerous steps to put your recommendations in place. We continue to strive to strengthen our policies, formalize our procedures and implement those actions necessary to improve fiscal operations. Our focus in this response will be on those recommendations that your team provided.

We are providing our comments to the draft audit report on North Country Community College – Internal Controls Over Selected Financial Operations (2013M-354).¹ The College agrees with the recommendations in the report and will use the report to further improve our policies and procedures. As the smallest community college in New York State, we face challenges in operations and find great benefit and merit in the report and recommendations from the State of New York Office of State Comptroller. In responding to your specific recommendations, it can be noted that there were no instances found of misappropriation of funds, fraud or wrong doing by College personnel. This audit response will also serve as the corrective action plan. Our specific comments and corrective action plan are as follows:

Bursar's Office

Audit recommendation 1

College officials should designate an individual, independent of the Bursar's office, to review employee tuition waiver forms to ensure that waivers are only granted to eligible individuals in accordance with the college's collective bargaining agreements. The review and approval process should ensure that sufficient documentation accompanies waiver forms to allow for the relationship between an employee/retiree and their family member to be validated.

Implementation Plan of Action

A new employee tuition waiver form and policy have been drafted to ensure that waivers are only granted to eligible employees in accordance with the College's collective bargaining agreements. College officials designated the Human Resources department as the independent department to administer and approve the employee tuition waiver. The action will be implemented in summer 2014 and the Human Resource department and Bursar will be responsible for oversight.

Audit recommendation 2

The Vice President for Fiscal Operations should segregate the duties in the Bursar's Office, or if that is not practical, he should establish appropriate compensating controls such as increased management review procedures.

Implementation Plan of Action

The Bursar's Office is staffed by three Senior Account Clerks. Duties are segregated as follows: Senior Account Clerk #1 is responsible for procurement functions. The responsibilities of Senior Account Clerk #2 are reviewing, correcting and distributing student account billing. She is also responsible for distributing and preparing the daily deposit. Senior Account Clerk #3 processes daily mail by receiving and recording all cash, checks, and credit cards in the accounting system. The Comptroller prepares a daily cash receipts audit as well as monthly bank reconciliations. In addition, the Bursar reviews and approves all adjustments and supporting documentation to student accounts. The College established compensating controls including implementation of pre-numbered, three-part receipts for the branch campuses and the Bursar controls the disbursement of these receipts. The recommendation has been implemented by the Vice President for Fiscal Operations.

Audit recommendation 3

College officials should establish comprehensive written policies and procedures that provide adequate guidance and internal controls over the billing, collection, refunding and enforcement of student accounts.

Implementation Plan of Action

The College has revisited the written policies and procedures for internal controls over the billing, collection, refunding and enforcement of student accounts. For billing, the College incorporated and published effective dates. For refunds, the Senior Account Clerk will prepare and print refund checks and provide supporting documentation through the College Electronic Requisitions Module for the Bursar to review and approve. The Bursar will sign off on refunds and submit through Electronic Requisitions to the Vice President for Fiscal Operations who will review and submit a final approval. To assist in enforcement of student accounts, timelines for fees and adjustments were established and published. Actions regarding pursuing delinquent accounts are to be approved by

the Vice President for Fiscal Operations, who is independent of the Bursar's Office. The action has been implemented by the Vice President for Fiscal Operations.

Audit recommendation 4

College officials should ensure that all students are correctly billed for tuition and student related fees.

Implementation Plan of Action

The College has revisited the written policies and procedures for internal controls over the billing, collection, refunding and enforcement of student accounts. To process adjustments to student accounts, the Senior Account Clerk will print a statement of the student and note what adjustment is needed. The Bursar will review the adjustment and either approve or not approve in writing, signing and dating the document. The Senior Account Clerk will make the approved adjustment. A copy of the document will be scanned and filed electronically in the student database file. The Bursar reconciles the student accounts ledger monthly. The action has been implemented by the Bursar.

Audit recommendation 5

College officials should ensure that collection of cash receipts for tuition and student related fees are physically safeguarded and only accessible to authorized employees prior to deposit.

Implementation Plan of Action

In order to physically safeguard the cash collections and check stock the Bursar locks two drawers located within the safe. The Bursar records the date, check numbers disbursed, and to whom the checks are given in a log which is kept in the safe. The Bursar has implemented this action.

Audit recommendation 6

The Vice President for Fiscal Operations should review and approve all adjustments made to student accounts and ensure that they are adequately documented, or designate an individual who is independent of the billing and collection of student accounts to perform these functions.

Implementation Plan of Action

The Vice President for Fiscal Operations has designated the Bursar, who is independent of the billing and collection of student accounts to review and approve all adjustments made to students' accounts and ensure that they are adequately documented. The action has been implemented by Bursar.

Audit recommendation 7

The Vice President for Fiscal Operations should resume reviewing and approving student refund checks prior to their disbursement.

Implementation Plan of Action

The senior account clerk will prepare and print refund checks and provide supporting documentation through the College Electronic Requisitions Module for the Bursar's review and approval. The Bursar will sign off on refunds and submit through Electronic Requisitions to the Vice President of Fiscal Operations who will review and submit a final approval. This action has been implemented by the Vice President for Fiscal Operations.

Audit recommendation 8

College officials should establish written policies and procedures that outline the methods and timelines for enforcing payment on student accounts and communicate these policies and procedures to students.

Implementation Plan of Action

The College has revisited the written policies and procedures for internal controls over the billing and collection of student accounts. The Bursar's Office incorporated effective dates per semester that are published and distributed for immediate reference. This action has been implemented by the Bursar.

Audit recommendation 9

The Vice President for Fiscal Operations should review and approve all delinquent student accounts that are sent to collection agencies, or designate an individual who is independent of the billing and collection of student accounts to perform this function.

Implementation Plan of Action

The Vice President for Fiscal Operations has designated the Bursar, who is independent of the billing and collection of student accounts to review and approve all adjustments made to students' accounts and ensure that they are adequately documented. The Bursar has reviewed and approved previously but will physically approve via signature. The action has been implemented by the Bursar.

Audit recommendation 10

College officials should establish standardized payment plans for delinquent student accounts and payment plans should be negotiated and approved by an individual who is independent of the billing and collection of student accounts.

Implementation Plan of Action

The College has established standardized payment plans for the collection of student accounts. Payment plans are approved by the Bursar, who is independent of the billing and collection of student accounts. The recommendation has been implemented by the Bursar.

Audit recommendation 11

College officials should enter into a written agreement with any collection agencies retained by the College to enforce delinquent student accounts. College officials should regularly monitor the agencies' performance under those contracts.

Implementation Plan of Action

The College is in the process of obtaining a written agreement. College personnel regularly monitor the agency's performance through a monthly reconciliation detailing the status of each student's account including payments received, fees paid to the agency and net student account balance. The action will be the responsibility of the Vice President for Fiscal Operations.

Audit recommendation 12

College officials should evaluate employee job descriptions and assign student management system access rights to match the respective job functions.

Implementation Plan of Action

College officials are in the process of evaluating employee job descriptions and reviewing access rights to the student management systems. The College will perform periodic review of employee access rights. This action will be performed by the Vice President for Fiscal Operations and the Vice President for Organizational Effectiveness and Technology Solutions.

Audit recommendation 13

College officials should remove the generic user account within the student management system. The Bursar's office employees should utilize their own user accounts to record financial transactions in the student management system.

Implementation Plan of Action

College officials have removed the generic account within the student management system along with the notebook computer in the Business Office student service area. This action has been implemented by the Comptroller.

Audit recommendation 14

College officials should ensure that the student management system is updated to prevent the deletion of receipts or ensure that an individual who is independent of the billing and collection of student accounts generates and reviews the deleted receipt reports to verify that the deletions are for appropriate purposes.

Implementation Plan of Action

The cash receipts delete function has been disabled. Incorrect postings will be reversed. The Comptroller reviews weekly transaction reports as an individual external to the Bursar's Office. This action has been implemented by the Comptroller.

Purchasing and Claims Auditing

Audit recommendation 15

The Board should review and update the College's procurement policy annually and ensure that it includes guidance for procuring goods and services that are not required to be competitively bid, including professional services.

Implementation Plan of Action

College officials will review and update existing policies and establish guidance for procuring goods and services that are not required to be competitively bid as identified by GML, including professional services. The Board will review the policy annually at its June meeting and will complete its next review at the June 2014 meeting. Vice President for Fiscal Operations is responsible for presenting the policy to the Board annually.

Audit recommendation 16

College officials should seek competition for purchases that are not required to be competitively bid and document their efforts.

Implementation Plan of Action

The College will do so pursuant to the updated College procurement policy in spring 2014. The Comptroller will oversee this action.

Audit recommendation 17

The Board should conduct a thorough and deliberate audit of claims prior to approving them for payment or formally appoint that responsibility to an individual who is independent of all other aspects of the purchasing and payment process. Claims that do not contain the required documentation should not be approved for payment.

Implementation Plan of Action

Steps are being taken to appoint a claims auditor by the Board of Trustees and will be in place in spring 2014.

Audit recommendation 18

College officials should enter into written agreements with all professional service providers. These agreements should clearly state the terms of the contract stipulating the services to be provided and the basis for compensation.

Implementation Plan of Action

The College will review professional service providers to ensure that written agreements exist and that the contracts detail terms, services and compensation. This action will be performed by the Comptroller during the spring of 2014.

Thank you for giving us the opportunity to focus our attention on changes that will improve College operations.

Sincerely,

Dr. Steve Tyrell
President

Cc: William Chapin, Vice President for Fiscal Operations

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard College assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: control environment, financial condition, cash receipts and disbursements, deposits and investments, purchasing and claims processing, payroll, billed receivables and information technology.

During the initial assessment, we interviewed appropriate College officials, performed limited tests of transactions and reviewed pertinent documents, such as College policies and procedures manuals, Board minutes, and financial records and reports. In addition, we obtained information directly from the computerized financial databases and then analyzed it electronically using computer-assisted techniques. This approach provided us with additional information about the College's financial transactions as recorded in its databases.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft and/or professional misconduct. We then decided on the reported objective and scope by selecting for audit those areas most at risk.

To accomplish our Bursar's Office audit objective and obtain relevant audit evidence, our procedures included the following:

- We interviewed College officials and Bursar's Office employees. We reviewed policies, collective bargaining agreements, and various financial records and reports related to the Bursar's Office financial operations to gain an understanding of the internal controls over the granting of employee tuition waivers and the billing, collection, refunding, and enforcement of student accounts, and any associated effects of deficiencies in those controls.
- We reviewed all employee tuition waivers that were granted by the Bursar's Office during the 2012-13 fiscal year to verify that they were only granted to eligible individuals in accordance with the College's collective bargaining agreements.
- We reviewed a random sample of 40 full-time students that were billed during the Spring 2013 semester to verify that billing rates agreed with the Board established rate schedule, billings were accurately recorded in the students' accounts, and that collections and adjustments were supported and accurately recorded in the students' accounts.
- We reviewed a judgmental sample of 30 cash receipts that were received during our audit period to verify that they were accurately recorded in student accounts and deposited.
- We reviewed a judgmental sample of 25 adjustments that were made to students' accounts during our audit period to determine if they were approved by an individual independent of the

Bursar's Office prior to the adjustments being made and were for appropriate purposes. Our sample consisted of selecting, without any known bias, 13 adjustments that were made during the month of November and 12 adjustments that were made during the month of April 2013 to satisfy the total sample amount (25).

- We reviewed a judgmental sample of 25 student refund checks that were issued during our audit period to determine if they were approved by an individual independent of the Bursar's Office and were for appropriate amounts.
- We reviewed a judgmental sample of 30 delinquent student accounts at the end of the Fall 2012 semester to determine if they were enforced in accordance with the College's informal enforcement procedures. Our sample was selected by first extracting data from the student management system of all delinquent student accounts at the end of the Fall 2012 semester and then sorting the data to only include delinquent student accounts with unpaid balances in excess of \$500. Our sample consisted of starting with the first delinquent student account and then selecting every fourth delinquent student account.
- We interviewed College officials and employees, reviewed user access reports for the student management system, and physically inspected employees' computer screens to determine which employees had access to the student management system, each employee's access rights, and whether the employees had access to functions that were not required for them to fulfill their day-to-day job duties. We also physically inspected and observed transactions in the student management system.
- We reviewed all receipts that were deleted from the student management system during our audit period to verify that they were for appropriate purposes.

To accomplish our purchasing and claims auditing audit objective and obtain relevant audit evidence, our procedures included the following:

- We interviewed College officials and employees and reviewed policies and various financial records and reports related to purchasing and claims auditing to gain an understanding of the internal controls over purchasing and claims auditing, and any associated effects of deficiencies in those controls.
- We reviewed a judgmental sample of 25 purchases that were made during our audit period to determine if the College solicited quotes (i.e., verbal or written quotes) for purchases of goods and services that were not required to be competitively bid.
- We reviewed a judgmental sample of 10 professional service providers who were paid by the College during our audit period to determine if the College procured their services through requests for proposals or any other form of competition, and if the College had entered into written contracts with them outlining the basis for compensation for their services.
- We reviewed a judgmental sample of 30 claims during our audit period to determine if they were supported by adequate documentation to allow for a proper audit and were for appropriate College purposes.

- We reviewed a judgmental sample of 50 credit card purchases that were made during our audit period to determine if they were supported by adequate documentation to allow for a proper audit and were for appropriate College purposes. For all credit card purchases that were not supported by adequate documentation to allow for a proper audit, we interviewed College officials and employees so that they could provide us with an explanation of the College purpose for each of these purchases.
- We examined all 55 payments that were made during our audit period to the seven professional service providers for which written agreements with the College had been approved, to verify that the payments were made in accordance with the written agreements.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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