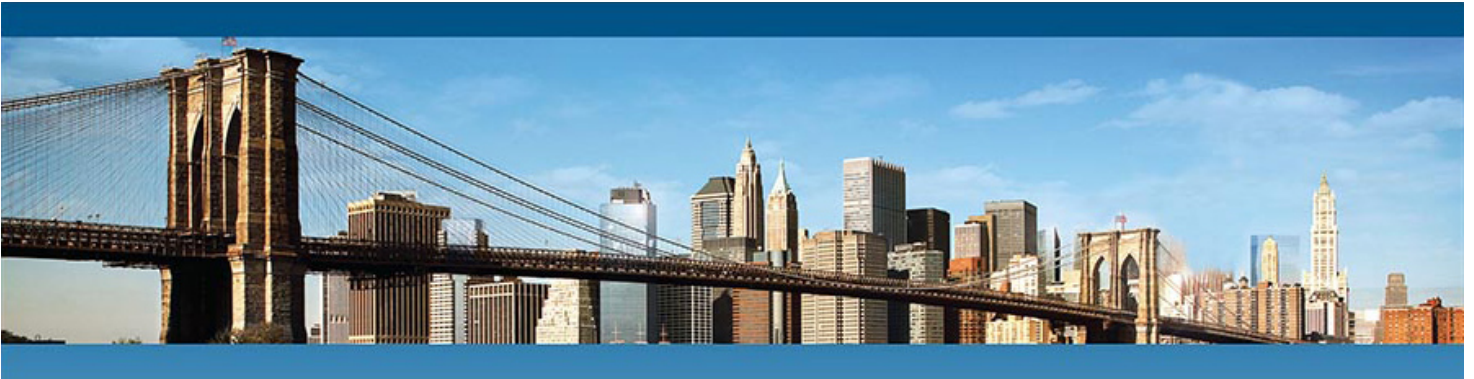




# City of New York

## OFFICE OF THE COMPTROLLER

Scott M. Stringer  
COMPTROLLER



## FINANCIAL AUDIT

**Marjorie Landa**

Deputy Comptroller for Audit

Audit Report on the Borough of Manhattan  
Community College's Controls over  
Technology Fees

FK18-103A

**June 28, 2018**

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
SCOTT M. STRINGER

June 28, 2018

To the Residents of the City of New York:

My office has audited the Borough of Manhattan Community College (BMCC) to determine whether BMCC Student Technology Fee (STF) expenditures were reasonable, appropriate, adequately supported, and properly authorized. We audit public entities such as BMCC to ensure that funds are used to the benefit students and faculty as intended.

The audit found that BMCC's STF expenditures were generally appropriate, adequately supported and properly authorized. However, BMCC did not ensure that STF expenditures were fairly and reasonably priced. In 14 out of 27 sampled expenditures, BMCC obtained commodities and services through non-competitive procurement processes but did not properly document that the resulting procurements were justifiable and appropriate and that it obtained fair and reasonable prices.

The audit also found that CUNY and BMCC did not have adequate policies and procedures governing STF Committee formation and composition, and the allowable use of STF funds. Furthermore, CUNY and BMCC did not have any policies and procedures for the solicitation and evaluation of proposed STF-funded projects, the review and approval of STF Plans, and the tracking of budgeted and actual STF expenditures. In the absence of clearly defined policies and procedures, BMCC and other CUNY colleges incur an increased risk of not properly planning, developing, and implementing STF Plans.

In other matters, BMCC did not ensure that STF funds were fully used to improve technology-related services and CUNY did not ensure that all of its colleges posted their complete STF Plans on their websites.

The audit makes a total of nine recommendations, two to BMCC and seven to CUNY. The recommendations include that BMCC should ensure that the BMCC Purchasing Department obtains Non-competitive Justification Memos and makes and maintains written determinations as to whether or not sole source and single source procurements are appropriate. Further, CUNY should: implement policies and procedures; define "significant student representation"; provide colleges with timely feedback on their STF Plans and formally approve them; assess colleges' technology needs and ensure that the fees charged are appropriate; monitor colleges' budgeted and actual expenditures of STF funds and ensure that the funds are used to their fullest potential; and review colleges' websites to ensure that they publicly post their STF Plans.

The results of the audit have been discussed with BMCC and CUNY officials and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

Sincerely,

Scott M. Stringer

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# **THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT**

## **Audit Report on the Borough of Manhattan Community College's Controls over Technology Fees**

**FK18-103A**

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### **EXECUTIVE SUMMARY**

The City University of New York (CUNY) provides education to undergraduate and graduate students at 24 institutions across New York City. Once enrolled, CUNY students are charged tuition and fees. One of these fees is the Student Technology Fee (STF), which is used to improve technology-related services for the benefit of students and faculty. During Academic Year 2016 - 2017, students were charged \$62.50 or \$125 per semester depending on whether the student was enrolled part-time or full-time, respectively.

The Borough of Manhattan Community College (BMCC) is one of CUNY's 24 colleges. Each year, BMCC directs a STF Committee to develop a plan for how the college's STF funds will be used in the following academic year. The STF Committee is chaired by the BMCC Vice President of Information Technology and consists of school administrators, faculty and students. CUNY asks its colleges, including BMCC, to maintain "significant student representation" on their STF Committee.

The STF Committee Chair solicits proposals for STF-funded projects from administrators and faculty, and the STF Committee meets, as a group, to review, discuss and evaluate those proposals. Proposals for STF-funded projects generally include investments in computer hardware and software, library electronic databases, certain CUNY-wide technology initiatives and BMCC personnel services costs such as payments for computer lab assistants.

Once the STF Committee decides which STF-funded projects should be approved, the STF Committee Chair compiles the proposals into a STF Plan that is submitted for review and approval first to the BMCC President and then to the CUNY Office of Computing and Information Services. The STF Plan describes STF-funded project proposals, how they will benefit students and details about the budgeted project costs. During Fiscal Year 2017, BMCC collected \$5,585,533 and expended \$4,906,520 in STF funds.

We conducted this audit to determine whether BMCC STF expenditures were reasonable, appropriate, adequately supported and properly authorized.



## Audit Findings and Conclusions

BMCC's STF expenditures were generally appropriate, adequately supported and properly authorized. However, BMCC did not ensure that STF expenditures were fairly and reasonably priced. We sampled 27 STF expenditures totaling \$876,534. For 14 of those expenditures, totaling \$207,126, BMCC obtained commodities and services through non-competitive procurement processes but did not properly document that the resulting procurements were justifiable and appropriate and that it obtained fair and reasonable prices.

In addition, CUNY and BMCC did not have adequate policies and procedures governing STF Committee formation and composition, and the allowable use of STF funds. Furthermore, CUNY and BMCC did not have any policies and procedures for the solicitation and evaluation of proposed STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

In the absence of clearly defined policies and procedures, BMCC and other CUNY colleges incur an increased risk of not properly planning, developing and implementing STF Plans. Among other things, we found, that:

- BMCC and other CUNY colleges may not have maintained the "significant" student representation on STF Committees as required;
- BMCC may not have allowed STF Committee Members adequate time to evaluate, review and discuss STF-funded project proposals; and
- CUNY did not provide BMCC with timely feedback and approval.

In other matters, BMCC did not ensure that STF funds were fully used to improve technology-related services for the benefit of students and faculty. In addition, CUNY did not ensure that 15 of its 24 colleges posted their complete Academic Year 2016-2017 STF Plans on their websites as required.

## Audit Recommendations

To address these issues, we make a total of nine recommendations, two to BMCC and seven to CUNY.

BMCC should:

- Ensure that the BMCC Purchasing Department obtains Non-competitive Justification Memos from end-users that include all information required by the CUNY FAQs.
- Ensure that the BMCC Purchasing Department makes written determinations as to whether or not sole source and single source procurements are appropriate and maintains those written determinations in the procurement files.

CUNY should:

- Implement policies and procedures that describe the roles and responsibilities of the various individuals who are responsible for planning, developing and implementing colleges' STF Plans and provide instruction on STF Committee formation and composition, the allowable use of STF funds, the solicitation and evaluation of proposals for STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

- Define “significant student representation” in terms of a minimum number or percentage of students.
- Provide colleges with feedback on their STF Plans each year, by no later than June, so that colleges can timely revise their STF Plans, if warranted, and implement their STF-funded projects for the upcoming academic year.
- Formally approve colleges’ STF Plans.
- Assess colleges’ technology needs and ensure that the fees charged are appropriate.
- Monitor colleges’ budgeted and actual expenditures of STF funds and ensure that the funds are used to their fullest potential.
- Review colleges’ websites to ensure that they publicly post their STF Plans each year as required.

## **Auditee Response**

In its response, BMCC agreed with the two recommendations that were addressed to it, and CUNY agreed with five of the seven recommendations made to it. CUNY did not address the remaining two recommendations: that it formally approve colleges’ STF Plans; and that it assess colleges’ technology needs and ensure that the fees charged are appropriate.

# AUDIT REPORT

## Background

CUNY provides education to undergraduate and graduate students at 24 institutions across New York City. These 24 institutions consist of 11 senior colleges, 7 community colleges, and 6 graduate, honors and professional schools. Once enrolled, CUNY students are charged tuition and fees based on several factors.<sup>1</sup>

One of these fees is the STF. According to CUNY's University Tuition and Fee Manual, the STF is used to improve technology-related services for the benefit of students and faculty. During Academic Year 2016 - 2017, students were charged \$62.50 or \$125 per semester<sup>2</sup> depending on whether the student was enrolled part-time or full-time,<sup>3</sup> respectively. The STF may be waived if the student is a senior citizen or participating in a tuition waiver program.

BMCC, established in 1964, is one of CUNY's seven community colleges. BMCC offers over 45 associate degree programs to more than 27,000 students and has more than 10,000 students enrolled in its adult and continuing education program.

Each year, BMCC directs a STF Committee to develop a plan for how the STF will be used in the following academic year. The STF Committee is chaired by the BMCC Vice President of Information Technology (the STF Committee Chair) and consists of school administrators, faculty and students. CUNY asks its colleges, including BMCC, to maintain "significant student representation" on their STF Committees.

At BMCC, the STF Committee Chair solicits proposals for STF-funded projects from administrators and faculty, and the STF Committee meets, as a group, to review, discuss and evaluate these proposals. STF-funded project proposals include investments in computer hardware and software, and library electronic databases. STF funds are also used for certain CUNY-wide technology initiatives, such as electronic learning applications that are used by all colleges, and BMCC personnel services costs such as payments for computer lab assistants.

Once the STF Committee decides which STF-funded project proposals should be approved, the STF Committee Chair compiles the proposals into a STF Plan that is submitted for review and approval first to the BMCC President and then to the CUNY Office of Computing and Information Services. The STF Plan describes STF-funded project proposals, how they will benefit students and details about the budgeted project costs.

During Fiscal Year 2017, BMCC collected \$5,585,533 and expended \$4,906,520 in STF.

## Objectives

The objective of this audit was to determine whether BMCC STF expenditures were reasonable, appropriate, adequately supported and properly authorized.

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<sup>1</sup> Among other things, CUNY tuition and fees are based on a student's full-time or part-time status, New York State residency, and the type of college (i.e., senior college, community college, or graduate and professional school.)

<sup>2</sup> Students are charged for the Fall, Spring, and Summer semesters, and are charged for the Winter semester only if they are not registered for the upcoming Spring semester.

<sup>3</sup> According to the CUNY Tuition and Fee Manual, a student who is enrolled for 12 or more credits is considered a full-time student, and a student enrolled for less than 12 credits is considered a part-time student.

## Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the period of July 1, 2016 through June 30, 2017. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

## Discussion of Audit Results

The matters covered in this report were discussed with BMCC and CUNY officials during and at the conclusion of this audit. A preliminary draft report was sent to BMCC and CUNY and was discussed at an exit conference held on May 31, 2018. On June 8, 2018, we submitted a draft report to BMCC and CUNY with a request for comments. We received a written response from BMCC and CUNY on June 25, 2018.

In its response, BMCC agreed with the two recommendations that were addressed to it. With respect to our finding that 14 sampled expenditures, totaling \$207,126, involved non-competitive procurement processes that BMCC had not properly documented with required justification memos and written determinations, BMCC asserted that most of those expenditures were for renewals, extensions and upgrades of commodities and services that it had previously procured from the same vendors, which were either properly justified or predated CUNY procurement policies and procedures. However, during the audit, we requested, but BMCC did not provide us with, the relevant Non-competitive Justification Memos and written determinations for those related procurements. Moreover, BMCC should obtain justification memos and written determinations for all non-competitive procurements, including renewals, extensions and upgrades of commodities and services, in accordance with current CUNY policy.

CUNY agreed with five of the seven recommendations that were addressed to it. CUNY did not address the remaining two recommendations: that it formally approve colleges' STF Plans; and that it assess colleges' technology needs and ensure that the fees charged are appropriate.

The full text of BMCC and CUNY's response is included as an addendum to this report.



## FINDINGS AND RECOMMENDATIONS

BMCC's STF expenditures were generally appropriate, adequately supported and properly authorized. However, BMCC did not ensure that STF expenditures were fairly and reasonably priced. We sampled 27 STF expenditures totaling \$876,534. For 14 of 27 sampled expenditures, totaling \$207,126, the BMCC Purchasing Department obtained commodities and services through non-competitive procurement processes. However, the BMCC Purchasing Department did not properly document that these non-competitive procurements were justifiable and appropriate and that it obtained fair and reasonable prices.

In addition, CUNY and BMCC did not have adequate policies and procedures governing STF Committee formation and composition, and the allowable use of STF funds. Furthermore, CUNY and BMCC did not have policies and procedures for the solicitation and evaluation of proposed STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

In the absence of clearly defined policies and procedures, BMCC and other CUNY colleges incur an increased risk of not properly planning, developing and implementing STF Plans. Among other things, we found that:

- BMCC and other CUNY colleges may not have maintained the required "significant" student representation on STF Committees;
- BMCC may not have allowed STF Committee Members adequate time to evaluate, review and discuss STF-funded project proposals; and
- CUNY did not provide BMCC with timely feedback and approval.

In other matters, BMCC did not ensure that STF funds were fully used to improve technology-related services for the benefit of students and faculty. In addition, CUNY did not ensure that 15 of its 24 colleges posted their complete Academic Year 2016-2017 STF Plans on their websites as required.

These findings are discussed in the following sections of the report.

### **BMCC Did Not Ensure that STF Expenditures Were Fair and Reasonably Priced**

CUNY's Procurement Policy and Procedures state that "the University shall conduct procurements in accordance with the procedures and other requirements . . . issued by either or both of the Office of the General Counsel and the Office of Budget and Finance that relate to this Policy." Such policies include the Frequently Asked Questions (FAQs) about Procurement at The City University of New York (CUNY FAQs) promulgated by the Office of the University of the Controller in conjunction with the Office of the General Counsel. These CUNY FAQs specifically state that the Purchasing Departments at the colleges are supposed to "ensure compliance with State laws and regulations governing purchasing, *ensure cost controls in obtaining reasonable prices*, and maintain internal control procedures and maintenance of purchase orders and contracts." (Emphasis added.) The CUNY FAQs further state that:

competitive solicitation tends to drive prices downward and ensures participation of a representative cross section of qualified vendors, thereby guarding against

favoritism and fraud. We are a public university, and we are firmly committed to prudent and effective stewardship of resources.

However, the BMCC Purchasing Department did not always comply with CUNY and BMCC purchasing guidelines that would ensure that fair and reasonable prices were obtained.

We sampled 27 STF expenditures totaling \$876,534. For 13 of these 27 expenditures, totaling \$669,408 the BMCC Purchasing Department obtained commodities and services, in whole or in part, through a competitive procurement process.<sup>4</sup> The BMCC Purchasing Department ordered commodities and services through centralized contracts, which included contracts negotiated by CUNY, the New York State Office of General Services and the United States General Services Administration.

For the remaining 14 sampled expenditures, totaling \$207,126, the BMCC Purchasing Department obtained commodities and services through non-competitive procurement processes—8 single source<sup>5</sup> procurements, 4 sole source<sup>6</sup> procurements and 2 other non-competitive procurements.

The CUNY FAQs state that:

While a sole source or single source designation may be used . . . , the appropriate criteria must be met. The Purchasing Department is responsible for making the determination of whether or not a sole source procurement or a single source procurement is appropriate. The Purchasing Department is required to obtain from the end-user a Non-competitive Justification Memo setting forth the reasons the end-user believes the sole source or single source procurement is justifiable and appropriate, and to create and maintain a file including the Non-competitive Justification Memo and a written record of the determination made by the Purchasing Department after reviewing the memo.

Further, the CUNY FAQs require that the Non-competitive Justification Memo include, among other things, “a statement that explains the specific elements that differentiate the selected vendor/product . . . from all other vendors/products available,” “other vendors/products considered,” “the specific reasons for selecting this vendor instead of the others,” and “the basis upon which the College determined that the vendor's price is fair and reasonable.”

However, for the 14 sampled expenditures for commodities and services acquired through non-competitive procurements, the BMCC Purchasing Department did not obtain appropriate Non-competitive Justification Memos from end-users. Specifically, the BMCC Purchasing Department did not obtain any memos for 10 sampled expenditures. For the remaining four sampled expenditures, the BMCC Purchasing Department obtained memos. However, the four memos did not include required information, such as other vendors considered and the basis upon which it determined that the vendor's price was fair and reasonable. Further, the BMCC Purchasing Department did not make the required written determinations as to whether or not the 14 sole or single source procurements were appropriate and maintain them in the procurement files.

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<sup>4</sup> For 12 expenditures, totaling \$645,296, the BMCC Purchasing Department obtained commodities and services through a competitive procurement process. For the remaining expenditure, totaling \$24,112, the BMCC Purchasing Department obtained commodities and services, totaling \$20,237, through a competitive procurement process and obtained commodities and services, totaling \$3,875, through a non-competitive procurement process i.e., a sole source procurement.

<sup>5</sup> The CUNY FAQs define a single source procurement as “when the desired commodities or services can be supplied by several vendors, but there are material and substantial reasons to prefer one vendor over the others, such as the need to upgrade current equipment with parts or to obtain software from the original manufacturer or to select a consultant for a particular expertise.”

<sup>6</sup> The CUNY FAQs define a sole source procurement as “when only one vendor is capable of supplying the required commodities or services.”

Consequently, the BMCC Purchasing Department did not adequately ensure that fair and reasonable prices were obtained.

After we presented our findings, BMCC officials provided us with Non-competitive Justification Memos and emails for 12 of the 14 sampled expenditures that involved non-competitive procurements. However, these Non-competitive Justification Memos and emails were not prepared before the corresponding purchases were initiated and the expenditures made, but rather were prepared in response to our audit. Further, the Non-competitive Justification Memos and emails did not include required information, such as other vendors considered and the basis upon which BMCC determined that the selected vendor's price was fair and reasonable.

**BMCC Response:** “The auditors identified fourteen (14) sampled expenditures for commodities and services acquired through non-competitive procurements that in their opinion did not meet all requirements outlined in CUNY Procurement FAQs. These procurements include eight transactions that were the renewals of software licenses, two transactions that were extensions of the services and three transactions related to the upgrade of products purchased in the previous fiscal years, when such purchases have been properly documented as a sole source, or single source vendor purchases, or the purchases were made prior to the implementation of the current version of CUNY procurement Q&A, requiring the specific process of justification. One transaction was for the purchase of new Apple computers.

The CUNY Procurement FAQs do not provide any specific procedures for justification of renewal of software licenses, upgrade of IT equipment, or continuation of services purchased in earlier fiscal years, as opposed to the procedure for justifying new sole source or single source purchases.”

**Auditor Comment:** We requested, but BMCC did not provide us with, Non-competitive Justification Memos and Purchasing Department determinations for the expenditures that BMCC states were related to its original acquisitions of commodities and services that it renewed, extended or upgraded, during the audit period. Moreover, BMCC should obtain Non-competitive Justification Memos and Purchasing Department determinations for renewals, extensions and upgrades of commodities and services rather than continuing to rely indefinitely on market studies that were performed as far back as 2007 to justify additional non-competitive procurements. The CUNY FAQs state that “the practice of competitive solicitation tends to drive prices downward and ensures participation of a representative cross section of qualified vendors, thereby guarding against favoritism and fraud. We are a public university, and we are firmly committed to prudent and effective stewardship of resources. . . . While a sole source or single source designation may be used to expedite ordering and may preclude a time-consuming solicitation process, the **appropriate criteria must be met.**” [Emphasis added.]

## Recommendations

The BMCC should:

1. Ensure that the BMCC Purchasing Department obtains Non-competitive Justification Memos from end-users that include all information required by the CUNY FAQs.

**BMCC Response:** “BMCC Purchasing Department will ensure that all purchases of services and commodities from the sole source and single source vendors follow CUNY Procurement guidelines and are supported by for Non-competitive Justification Memos from end-users that include all information required by the CUNY FAQs. This information will be gathered from the end - users as part of the requisition submission process.”

2. Ensure that the BMCC Purchasing Department makes written determinations as to whether or not sole source and single source procurements are appropriate and maintains those written determinations in the procurement files.

**BMCC Response:** “BMCC Purchasing Department will continue to evaluate all sole source and single source requests on a case by case basis. These requests will be evaluated, and written determinations regarding the appropriateness of the purchases will be made and will become part of the procurement file.”

## CUNY and BMCC Did Not Have Adequate Policies and Procedures for Planning, Developing, and Implementing the STF Plan

The New York City Comptroller's Internal Control and Accountability Directive #1, *Principles of Internal Control and Financial Integrity Statement Checklist*, prescribes formal written operating procedures that are communicated to appropriate individuals as being among the criteria that agency management should follow in maintaining a reliable and effective system of internal controls. The CUNY Vice Chancellor for Technology and University CIO issued a memorandum (the CUNY Memorandum) to college Presidents and Deans dated January 29, 2016, regarding STF Plans for the 2016-2017 Academic Year, which included “some guidelines to assist you in preparing your plans.” However, the CUNY Memorandum does not constitute formal operating procedures in that it provides only limited guidance on certain topics and no guidance at all on other topics. Further, the CUNY Memorandum was not communicated to all individuals responsible for the STF Plan, including STF Committee Members and individuals who are responsible for tracking budgeted and actual STF expenditures.

The CUNY Memorandum provided only limited guidance on STF Committee formation and composition and the allowable use STF funds. Among other things, the CUNY Memorandum did not define what is meant by “significant” when requiring “significant student representation” on the STF Committee or the minimum time that the STF Committees should be allowed to review proposals. Furthermore, the CUNY Memorandum did not describe the roles and responsibilities of the various individuals who are responsible for planning, developing and implementing the STF Plan, and it did not include policies and procedures related to the solicitation and evaluation of proposed STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

After we presented our findings to BMCC, the STF Committee Chair stated that he informed Committee Members of their roles and responsibilities and discussed the process for developing the STF Plan with Committee Members when they met. However, as previously stated, CUNY and BMCC policies and procedures for planning, developing and implementing the STF Plan should be memorialized in written operating procedures that are communicated to appropriate individuals as prescribed by Comptroller's Directive #1.

In the absence of clearly defined policies and procedures that are communicated to individuals who are responsible for the STF Plan, BMCC and other CUNY colleges incurred an increased risk of failing to plan, develop and implement STF Plans as detailed below.

### **BMCC and Other CUNY Colleges Risk Failing to Maintain Significant Student Representation on STF Committees**

The CUNY Memorandum states that “[w]e ask that you be mindful that significant student representation on the Student Technology Fee Committee be maintained at each campus.” However, the CUNY Memorandum did not define “significant student representation” in any way, including a minimum number or percentage of students. In the absence of clearly defined policies and procedures, interpretation and practice varied considerably among BMCC and other CUNY colleges as detailed in Table I below. For the 11 CUNY colleges that posted their STF Committee composition as part of their STF Plans on their websites, we reviewed reported STF Committee composition and found that student representation ranged from 29 percent to 63 percent.



**Table I**

Comparative Analysis of Student  
Representation on CUNY College  
STF Committees Responsible for  
the 2016-2017 Academic Year STF  
Plan

<b>College</b>	<b>College Type</b>	<b>Total Number of Members</b>	<b>Number of Student Members</b>	<b>Percentage of Student Members</b>
CUNY School of Professional Studies	Honors and Professional	16	10	63%
CUNY Graduate Center	Honors and Professional	12	6	50%
City College of New York	Senior College	27	13	48%
New York City College of Technology	Senior College	15	7	47%
Baruch College	Senior College	11	5	45%
Queens Borough Community College	Community College	18	8	44%
Kingsborough Community College	Community College	14	6	43%
Hostos Community College	Community College	15	6	40%
Queens College	Senior College	25	8	32%
BMCC	Community College	13	4	31%
John Jay College of Criminal Justice	Senior College	17	5	29%

We surveyed the 11 BMCC students who served on the STF Committees responsible for the STF Plans for Academic Years 2016-2017 (4 students), 2017-2018 (3 students), and 2018-2019 (4 students), to ask them about their experience serving on the STF Committee. Five of the 11 students responded to our survey. Of these five students, four students did not think that there was significant student representation on the STF Committee, and one of these four students stated that “I definitely think there should [have] been more students in the room.” While these comments are neither necessarily representative nor the only views that should be considered, guidance on what constitutes “significant student representation” could help address student and faculty concerns and better ensure that expenditures are properly authorized.

## Absent Clear Guidance, BMCC May Not Have Allowed STF Committee Members Adequate Time to Evaluate, Review, and Discuss Proposals

On March 23, 2016, the STF Committee Chair emailed proposals for STF-funded projects to STF Committee Members, giving Committee Members six days to review and evaluate 35 project proposals prior to the STF Committee meeting held on March 29, 2016, where funding decisions were made for the 2016-2017 Academic Year.

Of the five students who responded to our survey, three felt that BMCC did not provide them with adequate time to review and evaluate STF-funded project proposals, and that BMCC did not provide the STF Committee adequate time to meet as a group to review, discuss and evaluate the proposals. Table II below details student comments.

**Table II**

Student Comments Regarding the  
Adequacy of Time to Evaluate,  
Review, and Discuss Proposals

Student	Comments
Student #1	The BMCC staff just discussed the budgets that they were proposing. They asked students about their opinion only [a] few times. BMCC staff should give students more information about what is going on, what is the budget about and why are they allocating that amount of money to that proposal. When I asked my friends they had no idea about what was going on in the meeting because we were missing a lot of information. It look[ed] like just a regular meeting between staff members, and unfortunately, we students did what was told to us to do.
Student #2	It was a great experience even though I did not get a chance to know exactly how the[y] are managing those fees.
Student #3	Once the description of the technology was read the dean and higher ups ask if we had any questions, concerns, or input, but we only had a short time after reading it to answer before moving on so it was hard to have a fully formed comment before something else was read. I definitely think there should be more students in the room, and for each proposal or possible funding choices there should have been given more time to think of a question comment or anything like that, it was very rushed feeling.

As with regard to the earlier student comments cited, the above comments are not necessarily representative. However, they do illustrate the potential risks from CUNY's absence of guidance concerning a proper time frame to allow STF Committee Members to review and evaluate proposals. Inadequate time to review and evaluate proposals increases the risk that STF Committee Members will not make fully informed decisions.

## **CUNY Did Not Provide Timely Feedback to BMCC on its STF Plan and Did Not Formally Approve BMCC's STF Plan**

For the 2016-2017 Academic Year, CUNY colleges were required to submit their STF Plans to CUNY by April 4, 2016, for review and approval. The CUNY Vice Chancellor for Technology and University CIO informed us that CUNY aims to provide its feedback to colleges by June or at the very latest July, so that colleges can revise their STF Plans and implement STF-funded projects for the upcoming academic year which starts in August.

BMCC submitted its STF Plan to CUNY on April 4, 2016, as required. However, CUNY did not provide its feedback to BMCC until August 25, 2016, which was the first day of the 2016-2017 Academic Year. CUNY emailed the STF Committee Chair to state that the CUNY Committee had reviewed BMCC's STF Plan and to ask BMCC about an STF-funded project proposal for interactive electronic whiteboards, electronic notepads, interactive training software and headphones. On September 2, 2016, the STF Committee Chair responded to CUNY and stated "[o]ther than that question, is the rest of the Plan approved? I'd like to get started on the projects." However, CUNY did not respond to this email or formally approve BMCC's STF Plan.

By not providing timely feedback and formal approval to colleges, CUNY may hinder colleges' ability to implement STF-funded projects in a timely manner.

## **Recommendations**

CUNY should:

3. Implement policies and procedures that describe the roles and responsibilities of the various individuals who are responsible for planning, developing and implementing colleges' STF Plans and provide instructions on STF Committee formation and composition, the allowable use of STF funds, the solicitation and evaluation of proposals for STF-funded projects, the review and approval of STF Plans and the tracking of budgeted and actual STF expenditures.

**CUNY Response:** "Each CUNY institution's President has ultimate authority over STF planning and implementation for their campus; however, CUNY agrees with the recommendation regarding the implementation of STF policies and procedures and will examine the feasibility of norming for the several CUNY colleges all STF policies and procedures while considering that each of the colleges has its own mission, administrative configuration, technology infrastructure, and enrollment-based STF budget allocation."

4. Define "significant student representation" in terms of a minimum number or percentage of students.

**CUNY Response:** "While CUNY agrees with the implicit suggestion that the committees should have as much student representation as is practicable; however, CUNY must consider the feasibility of defining minimum numbers or

percentages of student representation in view of the fact that all STF projects must be integrated into a college's existing academic and administrative foundation, and, therefore, there will always be a need on the committees for significant involvement by faculty and administrators with technological expertise to drive the determination of what proposals can realistically be brought to fruition.”

**Auditor Comment:** We agree that there is a need for faculty and administrators to serve on STF Committees. Further, the report does not suggest that STF Committees “should have as much student representation as is practicable” at the expense of faculty and administrators. The CUNY Memorandum states that the development of the STF Plan is a “collaborative process comprised of campus leadership, faculty, students and elected student representatives.” Further, the CUNY Memorandum states that “[w]e ask that you be mindful that significant student representation on the Student Technology Fee Committee be maintained at each campus. . . . In your submission, please indicate the percentage of students that make-up your tech fee committee (e.g. 3/10- 33%; 3/15 - 20%).”

Since CUNY is asking colleges to be mindful to maintain “significant student representation” on STF Committees and to indicate the percentage of students serving on STF Committees, it is both logical and should be feasible for CUNY to define “significant student representation” in terms of a minimum number or percentage of students.

5. Provide colleges with feedback on their STF Plans each year, by no later than June, so that colleges can timely revise their STF Plans, if warranted, and implement their STF-funded projects for the upcoming academic year.

**CUNY Response:** “CUNY also agrees that feedback on college STF Plans should be timely and will review current practices to determine how communication can be improved. CUNY notes, however, that its review of Plans and any subsequent feedback to the campuses will always be limited in depth, given the latitude that the college STF committees are given to develop STF Plans that best meet their campus' well-considered objectives.”

6. Formally approve colleges' STF Plans.

**Auditor Comment:** CUNY did not address this recommendation.

## Other Issues

### BMCC Did Not Ensure that STF Funds Were Used Each Year and Accumulated STF Reserves of \$2.3 Million

As previously mentioned, CUNY charges students STF and colleges are required to use STF funds to improve technology-related services for the benefit of students and faculty. Each year, CUNY colleges are required to submit STF Plans to CUNY for its review and approval. These STF Plans include a Budget Summary that shows how the colleges will use their STF funds in the upcoming academic year i.e., what projects will be implemented and their associated project costs.

For the 2016-2017 Academic Year, BMCC reported budgeted STF expenditures of \$4,986,526 and actual expenditures of \$4,906,520. However, the BMCC collected STF totaling \$5,585,532—

\$599,006 more than the amount budgeted for the 2016-2017 Academic Year. This resulted in a surplus of \$679,012 in STF funds, which BMCC carried over to the 2017-2018 Academic Year.

BMCC has consistently carried over STF funds, and as of June 30, 2017, CUNY reported that BMCC had an STF carryover balance of \$2,337,800. Since BMCC did not ensure that these STF funds were used to improve technology-related services, the students who paid STF may not have fully realized the benefits. Further, CUNY reported that, in total, 23 of its colleges carried over STF funds of \$18,649,500.

After we presented our findings to BMCC and CUNY, officials of both entities maintained that CUNY colleges are allowed to carry over up to 10 percent of their STF funds each year and that the CUNY University Budget Office (UBO) approves the colleges' STF budgets each year. Further, BMCC stated that STF-funded project proposal budgets are based on cost estimates made at the beginning of the year. Since actual costs may exceed cost estimates, BMCC budgets STF expenditures conservatively.

On May 30, 2018, BMCC sent an email to the CUNY Office of Computing and Information Services requesting confirmation that CUNY allows colleges to carry over 10 percent of their STF funds each year. However, BMCC did not provide us with a response from the CUNY Office of Computing and Information Services.

In addition, CUNY provided us with correspondence between the CUNY UBO and the CUNY Office of Internal Audit and Management Services. On June 17, 2014, the CUNY Office of Internal Audit and Management Services asked the CUNY UBO whether there is "a margin that the University would consider as large for a carry-over e.g., 25%?" In response, the CUNY UBO stated that "any carry over above 10% is too large."

However, a CUNY email does not constitute formal written policies and procedures. Furthermore, both the BMCC and CUNY emails state that schools are encouraged and expected to spend 100 percent of STF funds. The CUNY UBO stated that CUNY colleges "are expected to spend 100% of tech fee collections."

## **CUNY Did Not Ensure that Colleges Posted Their Complete STF Plans on Their Websites**

The CUNY Memorandum states that colleges' STF Plans "must be posted on [the] campus homepage." Further, the CUNY Memorandum states that STF Plans should include detailed descriptions of each project, a summary of the overall budget and a list of the members of the STF Committee. However, based on our analysis, 7 of the 24 CUNY colleges (29 percent) did not publically publish their STF Plans at all for Fiscal Year 2017, and 8 of the 24 colleges (33 percent) did not publically publish complete STF Plans.<sup>7</sup> Eight STF Plans were incomplete because they did not include detailed projects descriptions, lists of STF Committee Members or Budget Summary forms. Consequently, information indicating whether and how these 15 colleges expended STF funds as well as who served on their STF Committees and who was responsible for deciding their STF Plans are not transparent to the students who pay STF, to other stakeholders or to the public.

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<sup>7</sup> BMCC was one of nine CUNY colleges that posted their complete STF Plan on their website as required.



## Recommendations

CUNY should:

7. Assess colleges' technology needs and ensure that the fees charged are appropriate.

**Auditor Comment:** CUNY did not address this recommendation.

8. Monitor colleges' budgeted and actual expenditures of STF funds and ensure that the funds are used to their fullest potential.

**CUNY Response:** "CUNY agrees with the recommendation regarding the monitoring of budgeted and actual STF expenditures and will enhance its internal reporting of campus STF revenue forecasts to earlier identify potential surpluses and assist the colleges in formulating plans to fully use fee revenues in the fiscal year paid in."

9. Review colleges' websites to ensure that they publicly post their STF Plans each year as required.

**CUNY Response:** "CUNY agrees that the colleges should be publicly posting their STF Plans on their websites and will ensure that there are no colleges that are out of compliance with the requirement."

## DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the period of July 1, 2016 through June 30, 2017.

To achieve our audit objectives, we reviewed BMCC's Organizational Charts, STF Plan for Academic Year 2016-2017, The Procurement Policy and Procedures of The City University of New York, the CUNY FAQs, Summary of Informal Purchasing Guidelines, Purchasing Guidelines, Methods of Procurement and CUNY's Call Memorandum. To gain an understanding of BMCC's controls over technology fees, we interviewed BMCC officials including the Deputy Director of Procurement, Vice President of Information Technology, Bursar of the Bursar's Office, Business Manager of the Budget Department, Director of Accounts Payable, Senior Vice President/Provost, Vice President of Student Affairs and the Property Manager of BMCC Facilities. For an understanding of CUNY guidelines, we interviewed CUNY's Vice Chancellor for Technology and University CIO. We documented our understanding from these interviews in memoranda.

In addition to interviewing BMCC and CUNY officials, we surveyed the 11 BMCC students who served on the STF Committees responsible for the STF Plans for Academic Years 2016-2017 (4 students), 2017-2018 (3 students) and 2018-2019 (4 students), to ask them about their experience serving on the STF Committee. Eleven students were contacted and five responded.

To determine the reliability of BMCC's related STF information, we reviewed BMCC's Tech Fee Revenues and Tech Fee Analysis Excel schedules and compared the purchase order data to CUNYfirst and finally to New York City's Financial Management System (FMS). To determine whether BMCC's TF Revenues and TF Analysis excel schedules were complete, we reviewed and compared BMCC's STF expenditure payments from FMS to CUNYfirst and the excel schedules.

To determine whether BMCC's technology fee expenditures related to Other Than Personnel Services were reasonable, appropriate, adequately supported and properly authorized, we stratified the population of 116 purchase orders from CUNYfirst based on dollar thresholds into five segments (\$0 through \$499 was omitted due to immateriality; \$500 through \$4,999, \$5,000 through \$9,999, \$10,000 through \$19,999, \$20,000 through \$49,999, and \$50,000 and above). Using the Audit Command Language (ACL) Add-in function within Microsoft Excel, we randomly selected five purchase orders from each segment.

In addition to the 25 randomly selected purchase orders, we also reviewed 5 canceled purchase orders. After reviewing supporting documentation for these cancelled purchase orders, two purchase orders were completed and joined our sample, one purchase order was completed but was not STF related and did not join our sample and the remaining two cancelled purchase orders were in fact cancelled. For each purchase order sampled, we requested and reviewed supporting documentation related to quotes/bids, justification, approvals, methods of procurement, receipts of goods and services, invoices and other supporting documentation.

To determine whether BMCC provided STF Committee Members adequate time to review and discuss proposals, we assembled a timeline outlining dates provided by email and official correspondence. In addition, we also reviewed student surveys for their feedback on whether they felt they had enough time to review proposals.

To determine the accumulation of STF funds, we analyzed BMCC's Tech Fee Revenues and Tech Fee Analysis Excel schedules during Fiscal Year 2015 through Fiscal Year 2017. We calculated carried over amounts using STF revenue collections and actual STF expenditures.

To determine whether CUNY colleges published their STF Plans, we researched all CUNY college websites.

The results of the above tests, while not projectable to their respective populations, provided a reasonable basis for us to assess and evaluate BMCC's controls over its STF expenditures.



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The City University of New York  
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June 25, 2018

Ms. Marjorie Landa  
Deputy Comptroller for Audit  
City of New York Office of the Comptroller  
Municipal Building 1 Centre Street, Room 1100  
New York, NY 10007

Re: Draft Audit Report on the Borough of Manhattan Community College's Controls over Technology Fees FK18-103A

Dear Ms. Landa:

We appreciate the opportunity to respond to the above-referenced audit draft report on BMCC's controls over Technology Fees.

**Audit Recommendations to BMCC**

BMCC should:

- Ensure that the BMCC Purchasing Department obtains Non-competitive Justification Memos from end-users that include all information required by the CUNY FAQs.
- Ensure that the BMCC Purchasing Department makes written determinations as to whether or not sole source and single source procurements are appropriate and maintains those written determinations in the procurement files.

BMCC responses to recommendations:

- BMCC Purchasing Department will ensure that all purchases of services and commodities from the sole source and single source vendors follow CUNY Procurement guidelines and are supported by for Non-competitive Justification Memos from end-users that include all information required by the CUNY FAQs. This information will be gathered from the end – users as part of the requisition submission process.
- BMCC Purchasing Department will continue to evaluate all sole source and single source requests on a case by case basis. These requests will be evaluated, and written determinations regarding the appropriateness of the purchases will be made and will become part of the procurement file.

The auditors identified fourteen (14) sampled expenditures for commodities and services acquired through non-competitive procurements that in their opinion did not meet all requirements outlined in CUNY Procurement FAQs. These procurements include eight transactions that were the renewals of software licenses, two transactions that were extensions of the services and three transactions related to the upgrade of products purchased in the previous fiscal years, when such purchases have been properly documented as a sole source, or single source vendor purchases, or the purchases were made prior to the implementation of the current version of CUNY procurement Q&A, requiring the specific process of justification. One transaction was for the purchase of new Apple computers.

The CUNY Procurement FAQs do not provide any specific procedures for justification of renewal of software licenses, upgrade of IT equipment, or continuation of services purchased in earlier fiscal years, as opposed to the procedure for justifying new sole source or single source purchases.

Software:

1. PO # 8020 was issued to NGWEB Solutions LLC for Next Gen - the end-to-end work-study web solutions used since 2007. Proper justification for the vendor selection was produced in 2007. A market study was conducted at that time, and selection of this vendor was justified for providing an integrated student placement, timekeeping, and payroll system. The software has been used by the college since 2007, and the software license was annually renewed.
2. PO #8620 was issued to Springshare, LLC for the renewal of a license for a library study room reservation system purchased in 2011. This reservation system is specialized for the library and is used by other CUNY colleges. A market study was conducted and the selection of the vendor was justified at the time of purchase of this reservation system. It was renewed annually since that time.
3. PO #8669 was issued to Korg USA Inc. for the perpetual license upgrade for the software used in classrooms since 2008, when it was properly justified. The software is called SoundTree Music Learning systems and requires annual upgrades.
4. PO #9084 was issued to Titanium Software Inc. for the renewal of Titanium software basic package. It is used by counselors in the College Discovery Programs across CUNY campuses since 2009 when its purchase was properly justified.
5. PO #8267 was issued to Robotel Corp. for the Modern Languages lab SmartClassPlus system purchased in 2011, when it was properly justified. The Modern Languages Department uses SmartClassPlus Software to allow classes to be held in any computer lab.



Robotel provides continuous updates and support for SmartClassPlus. Robotel Corp. is the sole proprietor of the Robotel SmartClassPlus software products lines. Software upgrades are only available through Robotel Corp.

6. PO #8108 was issued to Simplicity Corporation for the renewal of NACELink Career Service Manager, the on-line career services management system used by the Center for Career Development since 2008, when it was implemented pursuant to proper procurement process and recommendation by CUNY Central.
7. PO #8289 was issued to Facts on File Inc. for the renewal of software originally ordered in 2009 and properly justified at that time. This is an on-line resource for African American History for the library. Facts on File databases contain primary sources and video content which are not available through other resources.
8. PO #8756 was issued to American Chemical Society for the renewal of SciFinder, an on-line system, created by the American Chemical Society and used from 2015, when it was properly procured. It offers the unique online features and capabilities not found in other resources.

Services:

9. PO #8009 was issued to CAE Healthcare, Inc. for the extended maintenance for several human simulators purchased since 1997. The complex engineering design of the simulators, the development of the software, the manufacturing of the product, the warranties, and service to the units can only be performed by METI Corporation now called CAE Corporation. This is the reason the maintenance of this equipment was renewed annually since 1997.
10. PO #8207 was issued to AT&T Corp. for text messaging services which are used for communicating with students and have to work in conjunction with Acqueon software. The selection of this vendor was properly justified with the original purchased in 2015. AT&T was the only company capable of working in conjunction with Acqueon software. Services have been renewed annually since then.

Products:

11. PO #8203 was issued to WhisperRoom Inc. WhisperRoom soundproofing was originally purchased in 2013. Due to the configuration of the space, a second layer of soundproofing was added to the existing structures, which was only available from WhisperRoom Inc. because of the custom fit.

12. PO #9696 was issued to Avid Technology for the Avid Archive System which fits in with the existing Avid network built in the studios and labs for the use by students. The Avid archive system provides the best integration with our existing Avid Technology system in the media labs. The additional components ordered to upgrade this system were only available from Avid.
13. PO #9791 was issued to JAVA Connections for the purchase of kiosks for the Library. CUNY Central provided the PO showing the purchase of this product. The vendor was recommended based on CUNY Central research and approval of the General Counsel. CUNY Central determined that Java Connections LLC was the sole source provider of proprietary all-in-one automated laptop/tablet self-checkout stations.
14. PO #9720 was issued to Apple Inc. for purchase of MacPro computers. PO was done prior to notification by CUNY Legal of non-validity of contract with Apple Inc. due to their refusal to accept the standard terms and conditions.

In the absence of specific procedure requirements for the renewal of previously justified purchases from the sole source and single source vendors, the BMCC Procurement Department will follow the audit recommendations to obtain the Non-competitive Justification Memos from end-users that include responses to questions required to justify the vendor as a sole or single source. The Procurement Department will make the written determinations as to whether these memos provide sufficient justification and retain these memos and written determinations as part of the procurement record.

The Procurement Department will continue to work with user groups to ensure that all questions required by CUNY purchasing policy (Justification) are answered to the best of their ability. The Procurement Department will continue to assist end users requiring pricing history to ascertain whether or not the submitted pricing is fair and reasonable.

### **Audit Recommendations to CUNY**

CUNY should

- Implement policies and procedures that describe the roles and responsibilities of the various individuals who are responsible for planning, developing, and implementing colleges' STF Plans and provide instruction on STF Committee formation and composition, the allowance use of STF funds, the solicitation and evaluation of proposals for STF-funded projects, the review and approval of STF Plans, and the tracking of budgeted and actual STF expenditures.
- Define "significant student representations" in terms of a minimum number or percentage of students.

- Provide colleges with feedback on their STF Plans each year, by no later than June, so that colleges can timely revise their STF Plans, if warranted, and implement their STF-funded projects for the upcoming academic year.
- Formally approve colleges' STF Plans.
- Assess colleges' technology needs and ensure that the fees charged are appropriate.
- Monitor colleges' budgeted and actual expenditures of STF funds and ensure that the funds are used to their fullest potential.
- Review colleges' websites to ensure that they publicly post their STF Plans each year as required.

### CUNY Response

Each CUNY institution's President has ultimate authority over STF planning and implementation for their campus; however, CUNY agrees with the recommendation regarding the implementation of STF policies and procedures and will examine the feasibility of norming for the several CUNY colleges all STF policies and procedures while considering that each of the colleges has its own mission, administrative configuration, technology infrastructure, and enrollment-based STF budget allocation.

While CUNY agrees with the implicit suggestion that the committees should have as much student representation as is practicable; however, CUNY must consider the feasibility of defining minimum numbers or percentages of student representation in view of the fact that all STF projects must be integrated into a college's existing academic and administrative foundation, and, therefore, there will always be a need on the committees for significant involvement by faculty and administrators with technological expertise to drive the determination of what proposals can realistically be brought to fruition.

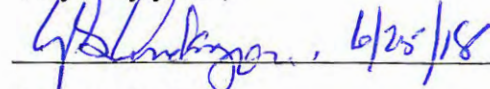
CUNY also agrees that feedback on college STF Plans should be timely and will review current practices to determine how communication can be improved. CUNY notes, however, that its review of Plans and any subsequent feedback to the campuses will always be limited in depth, given the latitude that the college STF committees are given to develop STF Plans that best meet their campus' well-considered objectives.

CUNY agrees with the recommendation regarding the monitoring of budgeted and actual STF expenditures and will enhance its internal reporting of campus STF revenue forecasts to earlier identify potential surpluses and assist the colleges in formulating plans to fully use fee revenues in the fiscal year paid in.

CUNY agrees that the colleges should be publicly posting their STF Plans on their websites and will ensure that there are no colleges that are out of compliance with the requirement.

Very truly yours,

E.S.

 6/25/18

G. Scott Anderson

Borough of Manhattan Community College

VP for Administration and Planning