Internal Control Program

A plan for success

All University employees play an important part in maintaining strong internal controls

Office of Internal Audit and Management Services

University Internal Control Office
A Message from Chancellor James B. Milliken

The City University of New York has long provided outstanding educational and economic opportunity to New Yorkers, providing a pathway to the middle class for immigrants, first generation and low income students. It has offered both the broadest affordable access and the highest quality academic programs. CUNY has been and continues to be an invaluable part of the fabric of New York.

At its core, and what makes it so successful, is the dedication, talent and integrity of our many faculty and staff. As a public institution, CUNY must maintain the highest levels of trust and confidence of New Yorkers and their leaders. This is a responsibility shared by all of us who are fortunate to be part of the CUNY family, and I know you take that responsibility seriously.

This pamphlet describes an essential part of our obligations—maintaining a robust system of internal controls. CUNY’s Internal Control Program is designed to ensure that the University functions effectively, efficiently and at the highest level of integrity. It is our responsibility to ensure that the University’s financial information is complete and accurate, that its assets are protected against loss or misuse, and that it complies with all applicable laws, regulations and rules.

I appreciate all you do on behalf of The City University of New York, our students, and the people of this great state. Working together to maintain the highest level of integrity, we can continue to earn the trust of the public we serve and provide the great educational and economic opportunity for which CUNY is so widely known and respected. Thank you.

Sincerely,

[Signature]

James B. Milliken
What are Internal Controls?

Internal controls are an integral part of managing an organization. It comprises the plans, methods, and procedures used to meet the missions, goals, and objectives of management's operating practices. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Adequate internal controls allow managers to delegate responsibilities to staff with reasonable assurance that what they expect to happen, actually does. In short, internal control, helps managers achieve desired results through effective stewardship of resources.

Where are Internal Controls Found?

Some of the sources that Internal Controls originate from include:

- Policies of the University Board of Trustees
- External (Federal, State, and City) laws, regulations, policies, and procedures
- Departmental financial and operational policy and procedure manuals
- Public and environmental safety code compliance practices
- Employee performance programs and evaluations
- Accreditations (e.g., Middle States, etc.)
- Industry-wide best practices

Some specific examples of internal controls are:

- Use of a user ID and password to access computer systems,
- Separation of the duties, between two or more people, involving approval and payment of tuition refunds,
- Review and approval of purchase orders by a supervisor before issuance,
- Reconciliation of accounting records with monthly bank statements, and
- Periodic audits by an Internal Audit department to assess operations and ensure compliance with applicable rules and regulations.

What is the Internal Control Act?

The New York State Governmental Accountability, Audit and Internal Control Act of 1987 requires all state agencies, including the City University of New York, to establish and maintain a system of internal controls and institute a formal internal control program.

What is the CUNY Internal Control Program?

The City University of New York's Internal Control Program is essentially a program designed to ensure that the internal controls that maintain the integrity of the University's operations are in place and are functioning as they were intended to function. It is a program of review, evaluation, and implementation that has adopted the New York State Office of the Comptroller’s “Standards for Internal Controls” and the New York State Division of the Budget’s “4 Step” process for reviewing functions as the basis for its review program and forms. The Internal Control Program operates on a planning cycle that includes the following components:

**Step 1 Identify Functions**

The primary goal of this step is identifying the program and administrative functions necessary for the University to carry out its mission. Functions identified through this process are called “assessable units” and provide the framework for implementation.

**Step 2 Conduct Risk Assessments**

A risk assessment is performed by management on each of the assessable units identified in Step 1 to evaluate its susceptibility to reduced operational efficiencies. Completed assessments are reviewed and each assessable unit receives a rating of low, average, or high risk.
Step 3  **Conduct Internal Control Reviews**

Through the use of Control Self-Assessments an internal control review is conducted to analyze the procedures, policies and standards relative to specific assessable units to ensure they are functioning as intended and that they assist the unit in meeting its objectives.

Step 4  **Take Corrective Action**

If after reviewing internal controls management concludes that weaknesses exist or that the effectiveness of controls can be improved, or even determines that certain controls are unnecessary, management should take corrective action to strengthen the system of internal controls.

**Every member of our University has a role in its system of Internal Control**

Internal controls encompass ethical standards and values that are communicated throughout the University. The strength of the system of internal control is dependent on attitudes toward internal control and attention to it. In that vein, internal control is people-dependent. It is developed by people; it guides people; it provides people with a means of accountability; and people maintain it. While everyone in our organization is responsible for ensuring that the system of internal control is effective, the greatest amount of responsibility rests with the University’s administrators and managers. The Board of Trustees, Chancellor and senior administrators create a tone of integrity, ethics, competence, and a positive perspective on the importance of internal controls. Department managers are responsible for the development and maintenance of internal controls within their departments. Likewise, each employee is responsible for adhering to established internal control policies and procedures and standards set forth by the University. Continual training is a key component of the Internal Control Program. The University provides training in several formats including seminars, written guidelines and memoranda, and reference materials.

**What is my responsibility for Internal Controls?**

Virtually all employees play some role in effecting control in how business functions operate, in the use of University resources, and in the way they accomplish their work. They may produce information used in the internal control system or take other actions needed to effect control. All personnel must take the responsibility to communicate problems in operations, unwarranted departures from established standards and procedures, and potential violations of policy. Appropriate channels for such communication exist throughout the University and include your college’s Internal Control Officer, Director of Public Safety, Director of Environmental Health & Safety, or Mr. Gordon Taylor, the University’s Internal Control Officer, at (646) 664-664-3090.

**How are the University’s policies and standards communicated?**

A number of essential policy documents have been compiled in The City University of New York’s Policy Documents website. This single website contains the most important policies of general applicability from across the University. The website is an official source of policy guidance that continues to expand and improve. It’s easily located, accessible to all faculty, staff, and students, and it’s searchable!

The following are examples of University policies and standards with which, when applicable, all employees are expected to comply:

- [Applicable Collective Bargaining Agreements](#)
- [Rules and Regulations of the Civil Service Commission of the City University of New York](#)
- [The City University Of New York Policies And Procedures On Equal Opportunity, Non-Discrimination, and Against Sexual Harassment](#)
- [The University Fiscal Handbook for the Control and Accountability of Student Activity Fees](#)
- [Tuition and Fee Manual of the City University of New York](#)
- [Rules and Regulations for the Maintenance of Public Order pursuant to Article 129-A of the Education Law](#)
- [Tobacco Free Policy of the City University of New York](#)
- [CUNY Policy on Reporting Alleged Misconduct](#)
- [The City University Of New York Policy On Drugs And Alcohol](#)
MORE INFORMATION
For more information regarding The City University of New York’s Internal Control Program, please contact:

The University Internal Control Office
The City University of New York
230 West 41st Street, 11th Floor
New York, New York 10036
Phone: (646) 664-3090
Fax: (646) 664-3219