



The State University
of New York

Nancy L. Zimpher
Chancellor

State University Plaza
Albany, New York 12246

www.suny.edu

January 16, 2013

Mr. Brian Mason
Audit Director
Office of the New York State Comptroller
110 State Street
Albany, New York 12236

Dear Mr. Mason,

I am forwarding the Research Foundation management's 90 day response to OSC Audit Report 2011-S-24.

Thank you for your attention to this matter. If you have any questions please contact the Research Foundation's Vice President for Internal Audit, Emily Kunchala.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy L. Zimpher", written over the typed name.

Nancy L. Zimpher
Chancellor, SUNY

Chair of the Board of Directors, Research Foundation for SUNY

To Learn
To Search
To Serve

the Power of



January 16, 2013

Office of the President

35 State Street
Albany, New York

Mailing Address:
Post Office Box 9
Albany, New York
12201-0009

518-434-7120
Fax: 518-935-6707

www.rfsuny.org

Mr. Brian Mason
Audit Director
Office of the New York State Comptroller
110 State Street
Albany, New York 12236

Dear Mr. Mason:

On October 1, 2012 The Research Foundation for The State University of New York ("RF") submitted its response to the Office of New York State Comptroller's ("OSC") report on "Selected Human Resource Controls and Potential Conflicts of Interest" (Report 2011-S-24, the "Report"). Our response included many actions taken by the RF that address the recommendations and findings in the report and which have improved the RF's control environment overall.

As a follow up to that response, and as requested by OSC, I am providing the RF's 90-day corrective action plan, which further addresses the recommendations and findings of the report. This corrective action plan is in large part a product of a comprehensive effort launched by RF on November 1, 2012 to achieve best-in-class levels of integrity, accountability and excellence for the benefit of SUNY and New York State. This effort, Operation Excelsior, involved campus and SUNY System Administration input and expertise, and resulted in 15 new or updated policies, and associated procedures and guidelines, that reach across core business functions of human resources, procurement and expenditures and corporate governance. Specific areas addressed include business expenses, travel, procurement, conflicts of interest; executive compensation; hiring of retired employees; extra service; time and attendance, officer accountability and others. For additional information on Operation Excelsior please go to the attachment.

These new policies, effective March 15th, are included in the RF's extensive policy and procedure library, which is now published on the RF website and available for public view and access. To support implementation and sustained compliance we have developed a learning and development curriculum for system-wide roll-out across all areas. Our focused efforts provide the basis for our corrective action plan and serve to strengthen the RF control environment in the best interests of SUNY and New York.

Sincerely,



Timothy Killeen
President

cc: Dr. Nancy Zimpher, Chancellor, State University of New York.
Michael Abbott, University Auditor, State University of New York
Bonny G. Boice, Executive Vice President, The Research Foundation for SUNY
Emily Kunchala, Vice President of Internal Audit, The Research Foundation for SUNY)

Name: The Research Foundation for The State University of New York
Audit Report Title: Selected Human Resource Controls and Potential Conflicts of Interest
Audit Report Number: Report 2011-S-24

Corrective Action Plan

OSC Audit Recommendation #1:

Improve the control environment at the Research Foundation to better ensure compliance with all relevant laws, policies, and procedures, including those related to procurement and payroll.

Implementation Plan of Action and Response:

Implemented effective March 15, 2013. The RF made a number of improvements to its control environment during Operation Excelsior, a comprehensive review and revision of policies and procedures that resulted in adoption of new controls and control enhancements that will be effective March 15, 2013. These controls have resulted in new or improved policies, procedures, guidelines and monitoring controls. We have also implemented communication and training initiatives and a process for on-going evaluation of each control area.

Specific control improvements in procurement and payroll include:

- Revised corporate Conflicts of Interest Policy ("COI") and adopted policies governing gifts to RF employees from non-RF Sources and nepotism;
- Strengthened the policy for RF's Credit Card Program for travel and purchasing card transactions;
- Revised and combined certain travel related policies into one streamlined policy;
- Expanded the Officer and Senior Executive Accountability Policy to senior executives reporting to the RF President and clarified required action when an Operations Manager is also a Principal Investigator on a sponsored program;
- Adopted a new Unrestricted Fund Expense Policy that addresses purchases of items such as alcohol, business meals, club memberships, gifts and social events; and
- Adopted new controls for human resources activities addressing extra service compensation, executive compensation, and hiring of retired SUNY employees.

OSC Audit Recommendation #2:

Recover from Mr. Turkle and others, as applicable:

- the amount of Research Foundation purchases for which there was inadequate documentation to support the relationship to Research Foundation business. In particular, this includes amounts spent for personal items; and
- the amount of improper extra service payments they received.

Implementation Plan of Action and Response:

The RF central office is working with the campus leaders and SUNY to recover funds, where appropriate. Specific actions related to Mr. Turkle and his wife are under review by RF counsel and law enforcement.

OSC Audit Recommendation #3:

Strengthen controls to ensure:

- open competition takes place in procuring contracts, and a reasonable price is paid;
- personnel actions are appropriate, justified, and documented; and
- justification for sole or single source contracts is documented prior to approving and starting the contracts.

Implementation Plan of Action and Response:

Implemented effective March 15, 2013. The following control enhancements were adopted as part of Operation Excelsior:

- Consolidated and clarified several policies and procedures in a single comprehensive Procurement Policy, clarified and expanded the sole source/single source requirements, developed a monitoring report for procurements greater than \$50,000;
- Developed a new Executive Compensation Policy governing executive compensation, employee contracts and severance agreements, and IRS compliance;
- Consolidated policies into one new Time and Attendance Policy and created a new procedure;
- Updated the Extra Service Policy and procedure to provide clear guidance to SUNY faculty and administrators to ensure OMB Circular A-21 compliance; and
- All new and revised policies and procedures have been communicated and training is in the process of being delivered to the appropriate audiences.

OSC Audit Recommendation #4:

Review the implementation statuses and agency actions pertaining to the recommendations from report 2004-S-13. Take appropriate actions to address the recommendations that have not been fully implemented.

Implementation Plan of Action:

Implemented effective March 15, 2013. In addition to the items outlined in response to Recommendations 1-3, which are responsive to OSC's 2004 Recommendations 2, 3, and 4 the RF has established a new policy governing the hiring of retired SUNY employees onto the RF payroll.

Operation Excelsior

On November 1, 2012, RF Management launched *Operation Excelsior* to address and improve fundamental areas of the RF operation.

This collaborative effort produced 15 new or updated policies, and associated procedures and guidelines that reach across core business functions of human resources, procurement and expenditures, and corporate governance. Specific areas include conflicts of interest; executive compensation; hiring of retired employees; extra service; time and attendance; officer accountability and others.

Human Resources

- Extra Service
- Executive Compensation
- Hiring of retired employees
- Time and Attendance
- Nepotism
- Compensation in Lieu of Salary

Procurement & Expenditures

- Contracting and Vendor Payments
- Travel
- Business Expense
- Officer Accountability

Corporate Governance

- Conflict of Interest
- FOIL/Transparency
- Records Retention
- Signatory Authority
- Gifts to RF Employees

All policies and procedures created by *Operation Excelsior* have been incorporated into the RF's library of [policies](#) and [procedures](#) available on the RF website.

A comprehensive Learning and Development program and curriculum has been launched to support continued education and engagement at RF central office and at the campuses.

Operational Excelsior was led by cross-functional teams at RF central office and included and benefitted from invaluable insight and input from campuses and SUNY system administration personnel.

Operation Excelsior has created a sustainable platform for delivering outstanding service to the campuses consistent with Goal 1 of the [RF Strategic Plan](#), and supports the RF vision to achieve best-in-class levels of accountability, integrity and excellence.