

H. CARL McCALL
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 12, 2002

Mr. Robert King
Chancellor
State University of New York
State University Plaza
Albany, NY 12246

Re: Report 2002-F-10

Dear Mr. King:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the State University of New York (SUNY) as of June 13, 2002, to implement the recommendations included in our audit *State University of New York, Financial Disclosure Reporting for Academic Employees* (Report 2000-S-11). Our report, which was issued on November 3, 2000, determined whether SUNY was in compliance with Ethics Commission requirements for financial disclosure reporting for academic employees.

Background

SUNY has 4 university centers, 13 colleges of arts and science, 5 agricultural and technical colleges, 5 specialized colleges, 5 statutory colleges and 2 independent health science centers. SUNY System Administration provides direction and leadership for the University. The Research Foundation of the State of New York administers sponsored program grants which SUNY academic employees (faculty) utilize, in part, to conduct research. Reported sponsored program grant expenditures were \$484 million for the year ended June 30, 2001. SUNY employs 50,283 staff, including 15,378 academic employees.

SUNY's Conflict of Interest Policy requires faculty and staff to avoid situations that interfere with their responsibility to SUNY or substantially conflict with their duties. The Ethics in Government Act of 1987 protects against conflicts of interest by requiring certain New York State officers and employees to file financial disclosure reports with the Ethics Commission.

In accordance with Ethics Commission Opinion 90-15, SUNY academic employees whose compensation exceeds a certain amount must file annual financial disclosures on a SUNY-1 form. Academic employees involved with sponsored program grants must also file a SUNY-2 form. Forms are to be filed by November 15th of each year. A Designee(s) at each campus reviews the forms for potential conflicts of interest, and for deficient or incomplete information. An Ethics Commission Manual details the financial reporting process for SUNY academic employees.

Summary Conclusions

In our prior audit, we found that required SUNY-1 and SUNY-2 forms for academic employees were on file, with a few exceptions, at the campuses. However, there was considerable noncompliance with other important Ethics Commission requirements pertaining to the timeliness, completeness, and extent of review of financial disclosure reports for academic employees.

In our follow-up review, we found that SUNY has made some progress in implementing our prior audit recommendations.

Summary of Status of Prior Audit Recommendations

SUNY has partially implemented the four prior audit recommendations.

Follow-up Observations

Recommendation 1

Follow up with the six campuses identified in this report to ensure that they correct financial disclosure reporting weaknesses that this report identifies for their academic employees.

Status - Partially Implemented

Agency Action - SUNY System Administration's response to our audit report indicated that each of the six campuses identified in the report had either initiated or planned to initiate steps to address the cited weaknesses. Subsequent to our audit report's release, SUNY System Administration issued all campuses a copy of the SUNY Academic Filers Financial Disclosure Manual. In addition, SUNY System Administration requested the campuses to provide a status report on implementation of the audit recommendations. However, we found that some of the status reports did not address all of the weaknesses identified during our audit. For example, one campus responded that it had distributed an updated SUNY Academic Filers Financial Disclosure Manual to the campus designee, but the campus also indicated that other weaknesses had been only partially corrected.

Recommendation 2

Provide all campuses with support including appropriate guidelines, instructions, training and direction necessary for them to improve their compliance with expectations for the filing, review and follow up on financial disclosure reporting for academic employees.

Status - Partially Implemented

Agency Action - SUNY System Administration officials indicate that they have taken initial steps to participate in a new system, scheduled for implementation in Fall 2002, whereby SUNY academic employees will have the option to file financial disclosure forms either electronically or in hardcopy. By providing for electronic filing of forms with the Ethics Commission, our recommendation will be addressed, in part, because this manner of filing will be subject to the instructions, guidance and monitoring available from the Ethics Commission. However, the Ethics Commission and SUNY System Administration have not yet decided where hardcopy forms will be filed and who will be responsible for reviewing them. If hardcopy forms are submitted to the campuses, then guidelines, instructions, training and direction from SUNY will still be necessary to ensure that campuses comply with academic employee financial disclosure expectations.

Recommendation 3

Periodically monitor campuses' process and oversight for financial disclosure reporting requirements for academic employees to determine that weaknesses, such as those identified in this report, are identified and corrected.

Status - Partially Implemented

Agency Action – (See “Agency Action” for recommendation number 2.)

Recommendation 4

Work with the Ethics Commission to resolve the inconsistency between the Manual and the Opinion with respect to where campuses are to report potential conflicts of interest which they identify.

Status - Partially Implemented

Agency Action - (See “Agency Action” for recommendation number 2.)

Major contributors to this report were Melissa Clayton, Melissa Little, Karen Bogucki and Bill Nealon.

We would appreciate your response within 30 days indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank SUNY for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Jerry Barber,
Audit Director

cc:

Kevin O'Donoghue
Deirdre A. Taylor