



THE STATE UNIVERSITY of New York

December 13, 2010

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Senior Vice Chancellor and
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Honorable Thomas DiNapoli
Comptroller
110 State Street
Albany, New York 12236

Dear Mr. DiNapoli:

In accordance with Section 170 of the Executive Law, this is our 90-day response showing the actions taken to address the recommendations contained in the State Comptroller's Audit Report on Oversight of Revenue Contracts, State University of New York – University at Buffalo (2009-S-44). Our specific comments to the recommendations follow.

Recommendation 1: Collect amounts due from affiliated hospitals as identified in this report.

Response: Partially Implemented. The majority of the amount outstanding at the time of the audit has been resolved either through payments or offsets for all affiliated hospitals. The small remaining balance will be resolved in early 2011.

Recommendation 2: Prepare formal modification to Niagara Frontier Transportation Authority revocable permit to document current payment provisions.

Response: Negotiations are currently in process for an updated contract with the Niagara Frontier Transportation Authority. The projected timeframe for the new contract is early 2011.

Recommendation 3: Ensure that all hospital affiliation agreement have formal contracts including standard provisions for recovering all costs that the University and Practice Plans are entitled to be reimbursed for.

Response: Partially implemented. The University executed an affiliation agreement with Kaleida Health and ECMCC on October 13, 2010 which includes provisions for recovering all costs that the University and Practice Plans are entitled to be reimbursed for. The Family Medicine Residency Program at Niagara Falls Memorial Medical Center closed effective June 30, 2010. Agreements for the remaining programs are expected to be completed in 2011.

Recommendation 4: Re-examine all factors before the current indirect cost reimbursement rate expires in 2012, to optimize the indirect cost reimbursement rate while maintaining the University's ability to competitively attract grant funding. Document the factors considered and reasons for decisions made.

Response: The development and negotiation of the University's indirect cost agreement with the Federal government is scheduled for completion during the 2011/12 fiscal year. While the campus has always strived to maximize the reimbursement rate, additional documentation to support the rate requested by the campus, and the negotiations with the Federal government, will be maintained for post-audit review.

Recommendation 5: Train staff to ensure they are aware of CPI adjustments in contracts and revenue from these adjustments is collected, as appropriate.

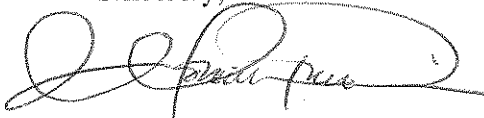
Response: Implemented. Units responsible for monitoring contracts are instructed on the contract details by Procurement Services staff, and the Procurement staff monitors the contract terms to ensure that CPI provisions are adhered to.

Recommendation 6: Document the basis supporting the six percent assessment for the Faculty Student Association contract.

Response Implemented. The annual assessment to the Faculty Student Association is negotiated and documented as part of the campus budget process.

If you have any questions or would like any additional information, please contact me at 518-320-1281.

Sincerely,

A handwritten signature in dark ink, appearing to read "Monica Rimai", written over a horizontal line.

Monica Rimai
Senior Vice Chancellor and
Chief Operating Officer

Copy: Chancellor Zimpher
President Simpson