



State University  
Construction Fund

May 13, 2020

The Board of Trustees  
State University Construction Fund  
353 Broadway  
Albany, NY 12246

The State University Construction Fund (the Fund) maintains an internal control program as required by the New York State Government Accountability, Audit and Internal Control Act. The objective of our internal control program is to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial reporting.

This certificate is supported by the attached annual Internal Control Report.

We hereby certify that the Fund is fully compliant with the New York State Governmental Accountability, Audit and Internal Control Act for the fiscal year ended March 31, 2020.

A handwritten signature in black ink, appearing to read "R. Haelen", is written over a horizontal line.

Signed:

Robert M. Haelen  
General Manager

A handwritten signature in blue ink, appearing to read "Suzette Barsoum Baker", is written over a horizontal line.

Signed:

Suzette Barsoum Baker  
Internal Control Officer





**Annual Internal Control Report**  
**Fiscal Year Ending March 31, 2020**

## I. Guidelines for the Internal Control Program

The State University Construction Fund's (the Fund) Internal Control Program was established in 1988 and is designed to dynamically adjust to changes in risk management practices over time, while helping to ensure that the Fund remains focused on the fulfillment of its mission:

*"... to provide academic buildings, dormitories and other facilities for the State-operated institutions and contract and statutory colleges under jurisdiction of the State University, to reduce the time lag between determination of need for such facilities and actual occupancy thereof, to expedite the construction, acquisition, reconstruction and rehabilitation or improvement of such facilities and to assure that the same are ready for the purposes intended when needed and when scheduled under the approved master plan of State University."*

The Fund's Internal Control Program Guidelines (Guidelines) are based on the principles and guidance of the Standards of Internal Controls in New York State Government issued by the Office of the State Comptroller (OSC) in 2016, the Manager's Guide for Testing Compliance with Internal Control Requirements published by the New York State Division of Budget (DOB) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Integrated Framework (Framework) of Internal Controls

The Guidelines are maintained and reviewed periodically by the Internal Control Officer and the Internal Control Committee and are available on the Fund's internal ResourceCenter website as a convenient reference for all staff. The management and organization of the Fund's Internal Control program, as well as the specific responsibilities of its employees, Internal Control Officer, and Internal Control Advisory Committee are included within the Guidelines.

## II. System of Internal Controls

The framework of the Fund's system of Internal Controls is comprised of the following five components.

### 1. Control Environment, Governance, and Culture

The Fund's governing body is a three-member Board of Trustees (Board), which met three times during the fiscal year ending March 31, 2020. At these meetings, the Board is briefed on the status of Fund activities. The Board regularly receives information on the progress made toward meeting established Opportunity goals, the status of design and construction projects, anticipated funding needs and commitments, impact of the



State's current and expected support of SUNY's capital program and other important issues.

In February 2020, the Board's Audit Committee met with the Fund's Senior Management and the Fund's independent auditors to review the results of the annual audit for fiscal year ending March 31, 2019. The Fund received an unmodified opinion from the independent auditors for the audit of the Fund's financial statements and the Fund's investment compliance. In addition, no material deficiencies in the internal controls over financial reporting were identified.

The Fund's senior management team meets bi-weekly, which includes the General Manager and Deputy General Managers. These meetings provide a structured venue for communicating and discussing Fund priorities, challenges and opportunities that impact the Fund's ability to accomplish its mission.

The Fund strives to promote a culture of ethical behavior. Ethics training has been provided by the Fund's Corporate Integrity and Ethics Officer to new and existing staff to acquaint Fund employees with ethics basics and relevant provisions of the Public Officers Law. All staff making over a specific annual salary, received training and were reminded of their obligation to submit the annual financial disclosure statement to the under the NYS Joint Commission on Public Ethics, as well as to report honoraria received. In addition, guidance on ethics issues was periodically disseminated to Fund staff.

To demonstrate management's support of the system of internal control, the Fund's General Manager conducts an all staff meeting about the challenges and successes over the previous year and provides an overview of the strategic planning for the organization going forward. This meeting also serves as a question and answer session between the General Manager and all staff. The Fund's management recognizes the importance of good morale in an effective control environment and continues to be supportive of activities that promote a sense of unity and community in the workplace, such as the annual picnic and various volunteer activities.

A safe working environment is extremely important to the culture of an organization. The Fund provides training in workplace violence and sexual harassment to all staff, as well as job site safety training to all employees in the field.

In March 2020, the Fund, along with other organizations worldwide, encountered unprecedented circumstances with the outbreak of the COVID-19 pandemic. The Fund's management took necessary precautions to guard the health and safety of the Fund employees. The preponderance of Fund staff were assigned to telecommute remotely in order to avoid the mass gathering of employees while, at the same time, averting the interruption of Fund operations.



## 2. Information and Communication

Information within the Fund is communicated in a variety of forms, including email, formal memoranda, and standardized reporting that supports ongoing and ad-hoc analyses and functions. Some examples of communication within the Fund include exception reporting, Fund wide staff meetings, departmental staff meetings, regular publication of senior staff meeting agendas, distribution of bid calendars and tabulations, updating of staff directories, announcement of new hires, publication of critical policies and procedures.

The Fund's internal ResourceCenter is used to share information with Fund staff. The ResourceCenter streams messages to alert or bring awareness to staff regarding important information, events and accomplishments.

In addition, the ResourceCenter serves as a portal with links to all of the Fund's software applications, forms and various trainings.

The Fund continues to expand the awareness and use of iDashboards, a software package that pulls together information from different sources into graphs and charts. iDashboards is fully customizable so that each manager can define and access the information needed to appropriately monitor performance in their respective areas of responsibility.

## 3. Risk Assessments

As described within the Fund's "Guide to Testing Internal Controls", each reporting unit identifies and documents its major functions and objectives and annually reviews the list to identify new, transferred or eliminated functions. For each function, the unit identifies significant risks and quantifies the overall risk based on a pre-established rating system. The overall risk rating is one of the criteria that a department manager may use to establish the appropriate frequency (i.e. every year, every two years etc.) of testing of the procedures and controls to provide reasonable assurance that they are present and functioning as intended.

In addition, Title 2, Chapter I, Part 6.6 of the New York Codes, Rules and Regulations requires each agency to maintain adequate internal controls over the payment process to support the validity of the agency claim certification for processing payments. Further, Part 6.6 requires the head of the agency (e.g., Commissioner, Chancellor, Executive Director) to submit an internal controls certification form to the Comptroller certifying that their agency has established such a system of internal control over the payment process. The agency head is required to complete this certification annually or upon change of the agency head. In support of the certification, the Fund performed testing of the controls over the payment process. Additionally, OSC required testing over two specific areas: Payment Voucher Authorizations; and, the assessment of the fiscal controls over



payments made relating to a specific program area. OSC identified the program area Preservation of Facilities (45956 - Prsv of Facility Gen Cap SCF), which is the Fund's bonded appropriation, to be reviewed relating to Fund-let capital contract payments and the review should include payments made by Plattsburgh, Buffalo University, Binghamton, Stony Brook, and Albany campuses.

No material or significant findings were found during our testing of controls.

The Fund will provide the certification to the Office of the State Comptroller by the required filing date of July 31, 2020.

#### 4. Control Activities

Key policies and procedures are documented, reviewed, and updated periodically, and may include written instructions, flow diagrams, and/or checklists. To the extent possible, written policies and procedures are available in an electronic form. Examples of the Fund's documented policies and procedures include Procurement, Management of Design and Construction Manual, MWBE Policy Statement, FOIL Procedures, Job Order Contracting Execution, Project Cost Reporting Guide, Bulletin on Payment of Consultant Fees, Travel Guidelines, Campus Project Administration Procedures, and Physical Space Inventory. These policies are periodically reviewed and modified by management to incorporate improvements on a regular basis.

The Fund conducts monthly meetings to review actual cash disbursements and projections to assess progress against targets.

Information is extremely important to any organization and securing and providing easy access is critical to the Fund's operations. Project Health Reports which monitor the project's schedule, funding, budget and other operational issues may now be accessed on demand through the ResourceCenter. The use of OneDrive and SharePoint software provides the ability to securely share files and to request others to share files with the Fund.

#### 5. Monitoring

The Fund's internal controls are monitored to assess the quality of their performance over time. Internal control deficiencies detected through these monitoring activities are reported to the proper levels of the Fund's management and corrective actions are taken to ensure continuous improvement of the system.

Controller's Services performs payment desk reviews to reasonably ensure that procedures are present and operating as intended.

A schedule of independent external quality reviews of important functions and activities is reviewed each year by management. Upon the completion of these reviews, written recommendations and observations are presented to the Fund's management and



appropriate actions are taken to address improvements to the Fund's policies and procedures. In this fiscal year, the Fund completed two external reviews. The first procurement focused on contract change order and field order processes and procedures and found no significant deficiencies. The second review focused on project cost estimating process and procedures and found no significant deficiencies.

### III. Internal Control Officer and Advisory Committee

The Internal Control Officer monitors and coordinates the Fund's Internal Control Program activities including the annual risk assessments and testing completed by the department managers.

The Fund's Internal Control Advisory Committee (ICAC) consists of all Fund department managers. This ICAC is responsible for implementing the Fund's Internal Control Program. This venue also provides the opportunity to discuss and address risks for each individual department, as well as those that may impact one or more departments.

### IV. Education and Training

The Fund places a high priority on the training of its management and staff. Within budgetary limits established by the Fund's management, the departments are encouraged to identify, prioritize and authorize education and training to increase personal and professional growth.

The Fund has implemented a cross-department training initiative. The purpose of the training program is to provide the opportunity for staff gain an understanding of other department's day-to-day activities and how each unit contributes to achieving the Fund's mission.

The following list represents a few of the education and training attended or conducted routinely by Fund employees:

- The Internal Control Officer and/or support staff attended various trainings and conferences sponsored by the New York State Internal Control Association (NYSICA).
- Construction and Design staff received Code Continuing Education required for certification.
- Training sessions were provided to all Fund staff by the Fund's Office of Administrative Services, enforcing the reporting requirements and process and procedures under Project Sunlight and on the Freedom of Information Law (FOIL),
- Various staff across all departments attended SUNY Physical Plant Administrators Association (PPAA) Conferences which offers the opportunity for training and networking.



- All staff completed a web-based Security Awareness Training program.
- The Fund's IT department periodically holds a "Tech Showcase" to bring awareness and training in the use of available software and hardware technology at the Fund.
- The Fund IT department periodically sends out email communications to all staff to bring awareness of actual security attacks or advice how to reduce the probability and impact of security risks.

