

New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Allocation and Budgetary Controls Over Unrestricted Funds

The Research Foundation for the State University of New York



Executive Summary

Purposes

To determine if the Research Foundation for the State University of New York had: a fair and equitable methodology for charging (assessing) SUNY campuses for the costs of central office operations and statewide initiatives; adequate procedures to allocate unrestricted funds to SUNY campuses and System Administration; and sufficient budgetary controls over allocations of unrestricted funds.

Background

The Research Foundation for the State University of New York (Research Foundation) is a private, nonprofit educational corporation. Its primary mission is to support research at the State University of New York (SUNY) by administering sponsored projects and sharing intellectual property. The Research Foundation has a central office and operating units at 30 SUNY campuses. The Research Foundation derives income from sponsored program activities, investments, inventions and licenses, and gifts and other sources. Revenues for the fiscal year ended June 30, 2013 totaled about \$1.07 billion, mostly from sponsored grants and contracts.

The Research Foundation's central office provides payroll, purchasing, accounts payable, legal and information technology services for grant administration to the campuses. The central office derives operating revenue from the assessments it charges the campuses and SUNY System Administration. Each location's assessment is based primarily on the amount of sponsored grant revenue it generates. For the year ended June 30, 2013, the Research Foundation generated about \$203.5 million in unrestricted revenues. Through the assessment process, about \$30.9 million in unrestricted funds were allocated to the Foundation's central office operations and certain statewide initiatives. The Research Foundation allocated the remaining \$161.6 million in unrestricted funds to the campuses and SUNY System Administration to support sponsored program administration, research, and other initiatives. Additionally, \$3.5 million in royalties was paid to the inventors of intellectual property and \$7.5 million placed in Investment Reserves.

Key Findings

- The Research Foundation's current methodology for assessing the campuses is fair and equitable. In addition, the assessments were calculated properly, and campus officials were satisfied with the services provided by the Research Foundation's central office.
- From 2014 through 2017, the Research Foundation projects relatively stable amounts of external grant revenues (between \$1.04 billion and \$1.08 billion annually) for SUNY. However, SUNY reports that sponsored revenues at the College of Nanoscale Science and Engineering could significantly exceed current projections. Material increases or decreases in sponsored revenues could impact the amounts of unrestricted funds available as well as the propriety of the current assessment methodology.
- The Research Foundation's central office has adequate procedures to allocate unrestricted funds to the campuses. Allocations were calculated correctly, and budgetary controls over such allocations were sufficient.

Key Recommendation

- Continue to monitor and evaluate the current assessment methodology to ensure it remains fair and equitable. Place particular focus on changes in external revenue generation of the College of Nanoscale Science and Engineering.

Other Related Audit/Report of Interest

[Research Foundation for the State University of New York: Selected Human Resource Controls and Potential Conflicts of Interest \(2011-S-24\)](#)

State of New York
Office of the State Comptroller

Division of State Government Accountability

January 7, 2014

Dr. Nancy L. Zimpher
Chancellor
State University of New York
State University Plaza
Albany, NY 12246

Dr. Timothy Killeen
President
SUNY Research Foundation
35 State Street
Albany, NY 12207

Dear Chancellor Zimpher and President Killeen:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Research Foundation for the State University of New York entitled *Allocation and Budgetary Controls Over Unrestricted Funds*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law. It was also performed pursuant to the Agreement between the State University of New York and the Research Foundation of the State University of New York, dated June 1, 1977.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

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Background

The Research Foundation for the State University of New York (Research Foundation) was chartered in 1951 by the Board of Regents as a private, nonprofit educational corporation. Its mission is to work with campus leadership to support research and discovery at the State University of New York (SUNY) through administering sponsored projects and sharing intellectual property for public benefit and economic growth. The Research Foundation is the largest university-connected entity of its kind in the country. The Research Foundation has a central office in Albany and operating units at 30 SUNY campuses across the State. Each campus office is supervised by an Operations Manager.

The Research Foundation generates revenues from sponsored program activities (grants and contracts awarded by sponsors), investments, inventions and licenses, and gifts and other miscellaneous sources. Revenues for fiscal year ended June 30, 2013 totaled \$1,070.4 million, as summarized in the table below.

Type of Revenue	\$ Amount (in Millions)	Percentage of Total
Sponsored Program Revenue	1,015.2	94.0
Gifts and Other Income	45.0	4.2
Inventions and Licenses Income	7.9	.7
Net Investment Income	11.4	1.1
Totals	\$1,079.5	100.0

As the table shows, slightly more than \$1 billion (94 percent) of the Research Foundation's revenues were derived from grants and contracts awarded by sponsors. A sponsor provides financial assistance to perform and complete a specific work project. Sponsors include the Federal government, New York State, municipalities, business, industry, corporations, philanthropic organizations, and other private entities. Of total sponsored program revenue, 52 percent comes from the Federal government, 19 percent from State and local governments, and 29 percent from private sources. The Research Foundation administers these funds to ensure compliance with university, sponsor and governmental policies and procedures.

According to the Research Foundation's Operating Plan for 2014, total sponsored program revenue is projected to range from \$1.04 billion to \$1.08 billion annually from 2014 through 2017. Further, according to a recent study completed by the College of Nanoscale Science and Engineering (CNSE) Working Group, the restructuring of CNSE could lead to annual sponsored program revenues of nearly \$500 million by 2015. This would be an increase of nearly \$146 million (41 percent) from current projections. (See Exhibit A for Sponsored Program Revenue Projections by location for 2014 through 2017.)

Sponsored program administration is one of the most important services the Research Foundation provides to SUNY. The Research Foundation provides a business system and specialized software to support sponsored program administration. The Research Foundation provides legal, audit, accounting, human resource, and information technology services as well. Using mathematical formulas, the Research Foundation charges (assesses) SUNY campuses and System Administration fees to fund central office operations and certain SUNY system-wide initiatives.

The Research Foundation designates certain revenues for use as “unrestricted funds,” which are derived from indirect cost recoveries and other revenues not required for the direct costs of grants and contracts. Whereas restricted funds must be used for very specific and prescribed purposes, unrestricted funds can be used with far less limitation, so long as the use is consistent with formal Research Foundation policies. Indirect costs, commonly referred to as Facilities and Administrative (F&A) costs, are incurred for common or joint objectives and cannot be readily identified with a specific sponsored project, instructional activity or other institutional activity. In contrast, direct costs can be identified with a specific sponsored project, instructional activity or other institutional activity. Examples of direct costs are salaries and wages, fringe benefits, equipment, supplies, travel and publication expenses.

Pursuant to the Research Foundation’s policies and procedures, unrestricted funds must be used for the costs of the Research Foundation’s central office and other operating locations, as well as SUNY campuses (to support instruction, organized research and other sponsored or institutional activities). For the year ended June 30, 2013, the Research Foundation generated about \$203.5 million in unrestricted revenues. Through the aforementioned assessments, about \$30.9 million in unrestricted funds were allocated to the Foundation’s central office and statewide initiatives. Of the remaining \$161.6 million in unrestricted funds, the Research Foundation allocated \$160.8 million to SUNY campuses and about \$794,000 to SUNY System Administration (see Exhibit C). The remainder was allocated to Investment Reserves (\$7.5 million) and royalties (\$3.5 million) paid to the inventors of intellectual property.

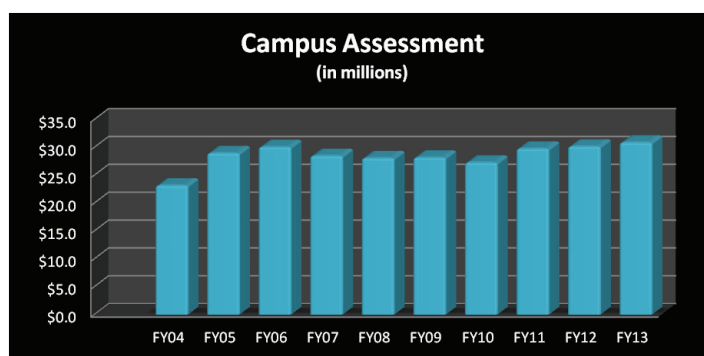
Audit Findings and Recommendation

According to the campus officials we contacted, the Research Foundation's current methodology for calculating the campus assessment is fair and equitable. In addition, the Research Foundation's central office had established adequate procedures to allocate unrestricted funds to the campuses and establish budgetary control over such allocations. Also, we determined that the Research Foundation properly calculated the amounts of campus assessments and allocations. We recommend that the Research Foundation continue to evaluate the assessment methodology to ensure it remains fair and equitable. Particular focus should be placed on changes in the external revenue generation of SUNY's CNSE.

Assessment for Central Office Operations and Statewide Initiatives

As previously detailed, the Research Foundation provides SUNY campuses with a comprehensive range of services to support grant administration. Most of SUNY's university colleges and technology colleges (or "centralized" campuses) rely extensively on the Research Foundation for grant administration services. In contrast, most of SUNY's university centers and doctoral granting institutions (or "decentralized" campuses) have assumed comparatively greater responsibility for grant negotiations and administration. Thus, in certain respects, the decentralized campuses rely somewhat less on the Research Foundation than the centralized campuses do.

The Research Foundation developed an assessment formula to obtain funding for its central office operations and certain SUNY system-wide initiatives, including strategic planning and collaborative support. Currently, the assessment is 2.7 percent of sponsored revenues for decentralized campuses and 3.7 percent of sponsored revenues for centralized campuses. The revenues are based on a weighted average, less amounts for equipment. An additional .3 percent is assessed to all campuses for SUNY system-wide initiatives. Also, SUNY campuses reimburse the Research Foundation for shared services provided for campus-related organizations, at cost. For the 2013 fiscal year, the Research Foundation's assessments to SUNY's campuses and System Administration totaled about \$30.9 million. Since 2004, the campus assessment has generally ranged from about \$25 million to \$30 million annually, as illustrated by the following graph. (See Exhibit B for a summary of the 2013 assessment by SUNY location.)



From 2001 through 2009, the Research Foundation based campus assessments on a fixed percentage of the prior year's revenue. To strengthen the equity and fairness of the assessment process, the Research Foundation has refined the assessment methodology in recent years. Specifically, in 2009 the Research Foundation projected revenue on a weighted average of the three prior years' total revenue to reduce the impact of a one-year fluctuation that might skew a projection. Further, in 2010, the Research Foundation eliminated equipment costs, which can also fluctuate considerably from year to year, from the calculation of the revenue base.

We selected a judgmental sample of five SUNY locations (including four campuses and System Administration) for site visits. Four of these were decentralized locations, and the remaining location was centralized. We interviewed officials at the five locations, and officials concurred that the assessment methodology was fair and equitable. At one campus, a senior official indicated the current methodology tended to benefit the larger campuses. According to this official, more Research Foundation efforts are directed toward SUNY's university centers, which are assessed at a lower rate than most of SUNY's other campuses. However, this official also indicated that the other campuses could not provide the same level of grant administration and support service provided by the Research Foundation for less than the amounts of their assessments.

Overall, campus officials were satisfied with the services they received from the Research Foundation in relation to the amounts of their campuses' assessments. One campus official noted that the Research Foundation's central office funds opportunities for collaboration among SUNY's various campuses that "leverage the strength of the system." Further, officials noted improvements in the Research Foundation's transparency, communication, and services. In addition, the Research Foundation has provided for greater campus involvement in Foundation-related matters. Specifically, focus groups and committees have been established to allow the campuses to provide input and express their needs and concerns.

Allocations to Campuses and SUNY System Administration

Through the aforementioned assessment process, the Research Foundation uses a portion of its unrestricted funding to support central office operations and system-wide initiatives. The Research Foundation allocates the remainder of unrestricted funds to the campuses to support research and other initiatives. For the 2013 fiscal year, the Research Foundation allocated \$160.8 million in unrestricted funds to the campuses and \$794,000 to SUNY System Administration. (Note: The direct costs of sponsored programs and shared service agreements are funded through restricted revenues, which are excluded from the determination of unrestricted funding. Also, see Exhibit C for a summary of the final allocations of unrestricted funds for fiscal year 2013 by SUNY location.)

Among several financial matters, the Research Foundation's annual Operating Plan projects the amounts of unrestricted funds to be earned by and allocated to SUNY's campuses and System Administration. The campuses and System Administration provide projections of sponsored program revenues (including unrestricted funds) to the Research Foundation's Finance Office. The Finance Office makes preliminary allocations of 80 percent of projected unrestricted revenues (excluding amounts of campus assessments) to the campuses at the start of each fiscal year, and additional allocations are made throughout the year.

Each campus develops a spending plan (or budget) for its allocations. Because allocations are based on projected revenues, a final reconciliation (or “true-up”) is performed at the end of the fiscal year based on actual unrestricted revenues. Generally, campuses receive additional revenue allocations as a result of the true-up. However, if a campus falls short of its revenue projections and spends more than it should have based on the true-up, the campus has a deficit that must be resolved. If necessary, and with Finance Office approval, a campus may eliminate (pay down) its deficit over time, generally not in excess of three years.

The Research Foundation’s procedures for allocating funds to the campuses and central office were updated effective March 15, 2013. The updated procedures clarify policies pertaining to the administration of unrestricted funds, including campus fund deficits. In addition, the Research Foundation’s Finance Office monitors actual campus-sponsored program revenues (including unrestricted funds) against revenue projections on a monthly basis. Quarterly, the Finance Office provides the Research Foundation’s Finance Committee and the SUNY Board of Trustees Finance and Administration Committee with reports of projected and actual revenues. The Finance Office provides the campus-based Operations Managers Finance Committee and the Accounting Focus Group with these reports as well. This protocol helps to ensure that campuses remain within their allocations of unrestricted funding. Also, at the five campuses we visited, spending plans had been established for unrestricted funds and in most cases were monitored on a monthly basis.

For the 2012-13 fiscal year, the Research Foundation allocated about \$147 million in unrestricted revenues to SUNY’s 30 campuses prior to the true-up (final reconciliation). Based on the true-up, the Research Foundation allocated an additional \$13.8 million (net) to the campuses. Of the 30 campuses, 20 earned more than was allocated prior to the true-up. Among these 20 campuses, six doctoral institutions earned \$724,000 (at Binghamton Center) to almost \$5 million (at Buffalo Center) more than previously allocated. The remaining 10 campuses earned less unrestricted revenue than projected prior to the true-up. Therefore, these campuses generally had comparatively minor deficits, ranging from \$4,697 (at Canton) to \$238,471 (at Albany Center). The Research Foundation’s Finance Office actively monitors each campus’ repayment of its deficit balance. Exhibit C details each campus’ surplus or deficit of unrestricted funding.

Further, effective March 15, 2013, the Research Foundation updated its policies to ensure the proper stewardship and appropriate use of unrestricted funds. The policy update included detailed examples of both permissible and non-permissible expenses. As noted previously, permissible uses include the expenses of the Research Foundation’s central office, operating locations, or SUNY institutions (to support instruction, organized research, and other sponsored or institutional activities). Some of the campus officials we contacted participated in the formation of the policy updates, and each of the campuses we visited were aware of them.

Recommendation

1. Continue to monitor and evaluate the current methodology for calculating the campus assessment to ensure it remains fair and equitable. Place particular focus on changes in external revenue generation of the CNSE. Assess alternative methods for calculating the assessment and make adjustments, as appropriate.

Audit Scope and Methodology

The objectives of our audit were to determine if the Research Foundation had: a fair and equitable methodology for assessing SUNY campuses for the costs of central office operations and statewide initiatives; adequate procedures to allocate unrestricted funds to SUNY campuses and System Administration; and sufficient budgetary controls over allocations of unrestricted funds. The audit covers the period July 1, 2011 through June 30, 2013.

To perform our audit, we obtained and reviewed Research Foundation policies and procedures relevant to our audit objective as well as quarterly reports, financial statements and the Operating Plan. We reviewed internal controls relevant to our audit objectives. We interviewed Research Foundation officials in the central office. We judgmentally selected five SUNY locations (Albany University Center, Binghamton University Center, Upstate Medical University [Syracuse], Oneonta College, and System Administration) for site visits. We interviewed appropriate officials at each location.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members (some of whom have minority voting rights) to certain boards, commissions and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed 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.

Reporting Requirements

We provided a draft copy of this report to Research Foundation officials for their review and formal comment. We considered the Research Foundation's comments in preparing this report and have included them in their entirety at the end of it. In their response, Research Foundation officials agreed with our recommendation and indicated that actions have been and will be taken to monitor and evaluate the campus assessment methodology.

Within 90 days of the final release of this report, we request Research Foundation officials to report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and if the recommendation was not implemented, the reasons why.

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Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Exhibit A - Sponsored Program Revenue Projections 2014 - 2017

University Centers and Doctoral Degree Granting Institutions		FY 2014	FY 2015	FY 2016	FY 2017
	University at Albany	113,298,530	120,096,440	127,302,226	134,940,360
	CNSE	390,641,825	353,725,295	328,558,484	342,241,938
	Binghamton University	39,190,756	41,321,086	43,658,678	46,153,902
	University at Buffalo	150,142,000	151,783,000	153,606,000	155,464,000
	Stony Brook University	178,595,700	182,286,428	180,545,021	185,961,373
	Downstate Medical Center	57,511,391	58,661,619	60,421,466	62,234,110
	Upstate Medical Center	33,128,100	33,128,100	33,941,075	34,959,308
	SUNY ESF	15,703,500	17,197,000	17,712,910	18,244,298
	College of Optometry	3,865,832	4,039,794	4,222,454	4,414,246
University Colleges					
	SUNY Brockport	4,069,448	3,530,258	3,264,348	3,275,000
	Buffalo State College	25,375,500	25,375,500	25,700,010	26,029,180
	SUNY Cortland	2,803,000	2,673,000	2,699,730	2,726,729
	SUNY Fredonia	2,695,478	2,722,434	2,749,657	2,777,153
	SUNY Geneseo	758,860	774,017	789,479	805,248
	SUNY New Paltz	4,083,191	4,154,371	4,226,015	4,298,980
	Old Westbury	1,697,925	1,768,722	1,848,535	1,937,630
	College at Oneonta	5,553,927	4,521,298	4,547,951	4,575,139
	SUNY Oswego	4,567,343	4,704,366	4,845,500	4,990,870
	SUNY Plattsburgh	4,990,000	4,990,000	4,990,000	4,990,000
	SUNY Potsdam	3,028,636	3,028,636	3,028,636	3,028,636
	Purchase College	1,491,856	1,527,366	1,549,985	1,573,137
	Empire State College	1,573,105	1,411,445	1,439,675	1,468,470
Technology Colleges					
	Alfred State College	1,132,722	504,512	529,634	556,041
	SUNY Canton	2,112,600	2,112,600	2,122,600	2,202,600
	SUNY Cobleskill	824,906	824,906	841,405	858,233
	SUNY Delhi	186,900	186,900	160,650	160,650
	Farmingdale State College	4,397,990	2,813,505	2,326,540	2,349,805
	Morrisville State College	1,074,076	1,074,076	1,074,076	1,074,076
	SUNY IT	2,205,290	2,285,643	2,369,836	2,458,055
	Maritime College	299,000	299,000	299,000	299,000
SUNY System Administration					
	System Administration - Provost	22,558,230	19,419,089	19,701,112	19,987,711
Total Sponsored Program Revenue Projections		\$ 1,079,557,617	\$ 1,052,940,406	\$ 1,041,072,688	\$ 1,077,035,878

Exhibit B - Campus Administrative Cost Assessment for Fiscal Year 2013

University Centers and Doctoral Degree Granting Institutions		Weighted Average FY 10-12	Campus Assessment	Shared Services Assessment at Cost	Total Central Office Allocation	SUNY System-Wide Initiatives 0.30%	Total Campus Administrative Cost Assessment
	University at Albany*	108,573,028	2,931,472	2,111	2,933,583	325,719	3,259,302
	CNSE*	177,932,361	4,804,174	13,187	4,817,361	533,797	5,351,158
	Binghamton University*	40,487,591	1,093,165	28,499	1,121,664	121,463	1,243,127
	University at Buffalo*	148,504,608	4,009,624	112,185	4,121,809	445,514	4,567,323
	Stony Brook University*	194,823,976	5,260,247	1,445,275	6,705,522	584,472	7,289,994
	Downstate Medical Center	60,607,604	2,242,481	84,050	2,326,531	181,823	2,508,354
	Upstate Medical University*	38,925,559	1,050,990	891,133	1,942,123	116,777	2,058,900
	SUNY ESF	13,792,981	510,340	10,816	521,156	41,379	562,535
	College of Optometry	3,464,163	128,174	-	128,174	10,392	138,566
University Colleges							
	SUNY Brockport	5,385,580	199,266	1,375	200,641	16,157	216,798
	Buffalo State College*	36,551,938	986,902	-	986,902	109,656	1,096,558
	SUNY Cortland	3,310,738	122,497	35,896	158,393	9,932	168,325
	SUNY Fredonia	2,874,919	106,372	-	106,372	8,625	114,997
	SUNY Geneseo	983,661	36,395	822	37,217	2,951	40,168
	SUNY New Paltz	4,112,708	152,170	186	152,356	12,338	164,694
	Old Westbury	1,482,621	54,857	1,357	56,214	4,448	60,662
	College at Oneonta	6,592,059	243,906	3,248	247,154	19,776	266,930
	SUNY Oswego	4,506,042	166,724	-	166,724	13,518	180,242
	SUNY Plattsburgh	6,274,255	232,147	-	232,147	18,823	250,970
	SUNY Potsdam	3,151,033	116,588	2,754	119,342	9,453	128,795
	Purchase College	2,489,309	92,104	-	92,104	7,468	99,572
	Empire State College	878,316	32,498	6,072	38,570	2,635	41,205
Technology Colleges							
	Alfred State College	1,163,409	43,046	-	43,046	3,490	46,536
	SUNY Canton	1,816,816	67,222	44	67,266	5,450	72,716
	SUNY Cobleskill	3,192,787	118,133	-	118,133	9,578	127,711
	SUNY Delhi	349,376	12,927	-	12,927	1,048	13,975
	Farmingdale State College	2,413,330	89,293	16,678	105,971	7,240	113,211
	Morrisville State College	1,880,916	69,594	-	69,594	5,643	75,237
	SUNY IT	2,082,838	77,065	1,174	78,239	6,249	84,488
	Maritime College	199,830	7,394	159	7,553	599	8,152
SUNY System Administration							
	System Administration - Provost*	16,576,641	447,569	37,772	485,341	49,730	535,071
Total Campus Assessment		\$895,380,993	\$ 25,505,336	\$ 2,694,793	\$28,200,129	\$ 2,686,143	\$ 30,886,272
	* Decentralized campus						

Exhibit C - Allocations of Unrestricted Funds for Fiscal Year 2013

University Centers and Doctoral Degree Granting Institutions		FY 2013 Estimated Allocation	Other Revenue Allocated as Earned	Final Adjustment	FY 2013 Final Allocation
	University at Albany	10,612,606	1,992,697	(238,471)	12,366,832
	CNSE	2,410,534	23,381,360	3,014,551	28,806,445
	Binghamton University	5,153,370	1,389,989	724,320	7,267,679
	University at Buffalo	26,833,615	2,877,613	4,981,561	34,692,789
	Stony Brook University	36,537,006	9,376,346	1,979,680	47,893,032
	Downstate Medical Center	6,489,917	1,442,613	1,710,025	9,642,555
	Upstate Medical University	7,682,424	1,318,103	754,892	9,755,419
	SUNY ESF	1,639,865	492,443	169,958	2,302,266
	College of Optometry	682,222	43,062	4,445	729,729
University Colleges					
	SUNY Brockport	227,242	70,150	(61,107)	236,285
	Buffalo State College	2,583,632	283,967	127,222	2,994,821
	SUNY Cortland	160,162	9,497	(38,724)	130,935
	SUNY Fredonia	61,040	10,446	20,988	92,474
	SUNY Geneseo	-	1,035	105,190	106,225
	SUNY New Paltz	125,035	10,978	57,502	193,515
	Old Westbury	42,333	308,235	67,902	418,470
	College at Oneonta	294,822	116,491	43,943	455,256
	SUNY Oswego	370,305	85,413	137,649	593,367
	SUNY Plattsburgh	112,527	715,289	198,819	1,026,635
	SUNY Potsdam	91,854	13,865	(11,639)	94,080
	Purchase College	69,090	50,903	(22,453)	97,540
	Empire State College	90,974	-	67,545	158,519
Technology Colleges					
	Alfred State College	-	6,168	(14,659)	(8,491)
	SUNY Canton	36,752	-	(4,697)	32,055
	SUNY Cobleskill	75,371	10,903	77,585	163,859
	SUNY Delhi	-	67,911	10,368	78,279
	Farmingdale State College	236,105	4,036	(50,472)	189,669
	Morrisville State College	-	702	(6,610)	(5,908)
	SUNY IT	113,187	133,514	50,758	297,459
	Maritime College	-	28,583	(7,404)	21,179
Total State Operated Campuses		\$ 102,731,990	\$ 44,242,312	\$ 13,848,667	\$ 160,822,969
SUNY System Administration					
	Sys. Admin - Provost	211,091	351,067	231,781	793,939
Total Allocations of Unrestricted Funds		\$ 102,943,081	\$ 44,593,379	\$ 14,080,448	\$ 161,616,908

Agency Comments



Office of the President

December 10, 2013

35 State Street
Albany, New York

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Mr. Brian Mason
Acting Assistance Comptroller
Office of the State Comptroller
Division of State Government Accountability
110 State Street
Albany, New York 12236

Dear Mr. Mason:

I appreciate the opportunity to respond to the New York State Office of the State Comptroller's report on "Allocation and Budgetary Controls over Unrestricted Funds." The RF strives for fair, equitable and transparent distribution of unrestricted funds to support the RF's vision and mission at the Central Office in Albany and at its many operating locations at SUNY campuses around the state. We have worked relentlessly to strengthen our controls and ensure that expenditures of unrestricted funds are appropriate and supportive of the RF mission, which is to work with the academic and business leadership of campuses to support research and discovery at SUNY through efficient and skillful administration of sponsored projects and adept transfer and sharing of intellectual property for public benefit and economic growth.

We recognize and greatly value the time and commitment invested by OSC staff to perform its work.

Sincerely,

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

Timothy Killeen
President

Enclosure

cc: Michael Abbott
Emily Kunchala
Chancellor Nancy Zimpher

December 10, 2013
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Response of The Research Foundation for The State University of New York ("RF") to the New York State Office of the State Comptroller ("OSC") Report 2012-S-161: *Allocation and Budgetary Controls Over Unrestricted Funds*.

OSC Key Recommendation: Continue to monitor and evaluate the current methodology for calculating the campus assessment to ensure it remains fair and equitable. Place particular focus on changes in external revenue generation of the CNSE. Assess alternative methods for calculating the assessment and make adjustments, as appropriate.

RF Response: Research Foundation management agrees with the recommendation provided in the report. We recently announced to campuses that we are embarking on a Strategy-Implementation Plan: a project to examine the RF's organizational model – both at central office and campuses – to ensure it continues to effectively support SUNY's vision for research and innovation. We will also examine the financial model that supports the RF organization, evaluating alternate methodologies for calculating the assessment and making changes as deemed appropriate. The RF Board of Directors has affirmed this direction.

We will continue to periodically review and revise policies, procedures, and guidance to all campuses related to the expenditure of unrestricted funds. Key to our advancement in this area has been our improved communication with campus management and SUNY System Administration to collectively monitor the assessment methodology. These efforts will continue and include regular meetings of the Operations Managers' Finance Committee, face-to-face meetings at campuses, and Learning and Development web sessions across the enterprise.

RF management appreciates the time and commitment put forth by OSC staff to review our controls over the recovery of overhead incurred in the administration of grants. The review was thorough, instructive and supportive of our efforts to conduct our business as effectively as possible for the benefit of SUNY and New York. We value and will act on OSC's constructive recommendation.