State University
Construction Fund

April 1, 2025

The Board of Trustees
State University Construction Fund
H. Carl McCall SUNY Building
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, 2025.

Signed:
Robert M. Haelen
General Manager

Trisha M. Gannon

Signed:
Trisha M. Gannon
Internal Control Officer

State University Construction Fund
H. Carl McCall SUNY Building, 353 Broadway, Albany, NY 12246
518.320.3200

www.sucf.suny.edu

Annual Internal Control Report

Fiscal Year Ending March 31, 2025

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 website (the ResourceCenter) 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. <u>Control Environment, Governance, and Culture</u>

   The Fund's governing body is a three-member Board of Trustees (Board), which met remotely five times during the fiscal year ending March 31, 2025. 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 MWBE and SDVOB 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.

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In September 2024, 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, 2024. 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, Deputy General Managers, General Counsel, and Director of Design. 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 Commission on Ethics and Lobbying, as well as to report honoraria received. In addition, guidance on ethics issues was periodically disseminated to Fund staff. As of February 2024, we added a Code of Ethical Conduct to the ResourceCenter.

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 fund raising and other 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.

2. <u>Information and Communication</u>

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, distribution of bid calendars and tabulations, updating of staff directories, announcement of new hires, and publication of critical policies and procedures.

The ResourceCenter is used to share information with Fund staff and serves as a portal with links to software applications, forms, and various trainings. The ResourceCenter streams messages to alert or bring awareness to staff regarding important information, events, and accomplishments.

The Fund's web-based gateway, called BUSS (Building SUNY Systems) provides links to the Fund's in-house applications. The new design includes a dashboard with important information that can be tailored to the individual employee.

The Fund uses various analytical and reporting tools. One example is Power BI Dashboards which is a software package that pulls together information from different sources into graphs and charts. Power BI is fully customizable so that each manager can define and access the information needed to appropriately monitor performance in their respective areas of responsibility. Another example is the Fund's Data Warehouse which accumulates data from many of the Fund's applications and provides easy access to the information for analytical and reporting purposes.

3. Risk Assessments

Each Fund department identifies and documents its major functions and objectives and annually reviews the list to identify new, transferred or eliminated functions. For each function, the department 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. Each year OSC requires testing of a special area and required that all agencies, including the Fund, evaluate the controls over the process for Bulkload Vouchers. The Fund did not have any issues with their Bulkload Vouchers Process for this year.

In addition to internal control risks, the Fund had engaged a consultant to assist in developing an Enterprise Risk Management (ERM) program. The program's objective is to design, promote and maintain an enterprise-wide risk management process that allows the organization and the Controller's Office to provide assurance to the Board of Trustees members the risks that could impede the achievement of the Fund's mission are appropriately measured, managed, reported, and mitigated in accordance with established organizational policies. In addition, our risk mitigation plans are re-evaluated on an annual basis and we conducted an organization wide survey to obtain a better understanding on enterprise level risks.

The Enterprise Risk Management Steering Committee will be used to champion the ERM process. The Steering Committee consists of the Fund's Officers.

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4. <u>Control Activities</u>

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 Capital Purchase Order Requests, Claim Notice and Tracking Procedures, Construction Notice of Award and Notice to Proceed Procedure, Job Order Contracts Assignment and Property Disposal Guidelines and many others. 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 annual spending targets established by the Division of the Budget in the State's Enacted Financial Plan.

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 by all Fund employees. The use of OneDrive and SharePoint software provides the ability to securely share files and to request others to share files within the Fund.

5. <u>Monitoring</u>

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.

On occasion, external quality reviews are utilized 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. During this fiscal year there were no external reviews.

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 meets several times per year and 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 to gain an understanding of other department's day-to-day activities and how each unit contributes to achieving the Fund's mission.

The Fund continues to use a program called Biz Library which contains thousands of trainings in many areas of professional development. Biz Library has the functionality for supervisors to assign mandatory (either required by law or the Fund) and optional trainings which can be tailored to the individual employee.

The Fund also has the ability to develop in-house training which can be uploaded to Biz Library. The Fund's new Internal Control training is now available in Biz Library as well.

The following list represents a few of the education and training webinars previously attended or conducted remotely 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).
- The Fund has a mandatory Internal Control Training Presentation, as well as an updated Internal Control Guide.
- Construction and Design staff received Code Continuing Education required for certification.
- Project Sunlight and on the Freedom of Information Law (FOIL),
- Various staff across all departments attended remote conferences which offers the opportunity for training and networking. For example, the NYS Office of the Comptroller Financial Conference was offered this year and attended by Fund staff.
- All staff completed a web-based Security Awareness Training program. In addition, the Fund's 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.

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