State University
Construction Fund

April 1, 2026

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, 2026.

Signed:
Robert M. Haelen
General Manager

Signed:
Colleen Reilly
Internal Control Officer

Annual Internal Control Report

Fiscal Year Ending March 31, 2026

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 of Internal Controls.

The Guidelines are maintained and reviewed periodically by the Internal Control Officer and the Internal Control Advisory 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 five times during the fiscal year ending March 31, 2026. At these meetings, the Board is briefed on the status of Fund activities. The Board regularly receives information on 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 August 2025, 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 the fiscal year ending March 31, 2025. 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, Executive Deputy General Manager, Deputy General Managers, and General Counsel. 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 New York State Commission on Ethics and Lobbying in Government, as well as to report honoraria received. In addition, guidance on ethics issues is periodically disseminated to Fund staff. The Code of Ethical Conduct is posted on 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 fundraising 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 prevention 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.

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The Fund's web-based gateway, called BUSS (Building SUNY Systems), provides links to the Fund's in-house applications. The system 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 the procedures and controls to provide reasonable assurance that they are present and functioning as intended.

In addition to departmental internal control risk assessments, the Fund established an Enterprise Risk Management (ERM) program. The program is designed to implement and maintain an enterprise-wide risk management process that enables the organization and the Internal Control Officer to provide assurance to the Board of Trustees that risks potentially affecting the achievement of the Fund's mission are appropriately identified, reported, and managed in accordance with established policies. The ERM program is overseen by the Enterprise Risk Management Steering Committee, comprised of the Fund's Officers, and is reviewed and re-evaluated annually.

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 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.

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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. The use of OneDrive and SharePoint software provides the ability to securely share files both internally and externally.

5. Monitoring

The Fund's internal controls are monitored to assess the quality of their performance over time. On an annual basis, each Fund department selects and tests a procedure(s) to ensure controls over the process are working as intended. These audits measure key control points against identified standards using various testing methodologies to identify any deficiencies. Any 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.

In addition, Title 2, Chapter I, Part 6.6 of the New York Codes, Rules and Regulations requires agencies to maintain adequate internal controls over the payment process to support the validity of the agency's claim certification for processing payments. The Comptroller also selects one or more additional areas to be tested each year. The head of the agency must submit an internal controls certification form to the Comptroller annually, or upon change of agency head, certifying that their agency has established such a system of internal controls over the payment process and current year's supplemental area(s). In support of this certification, Controller's Services performs payment reviews throughout the year to reasonably ensure that procedures are present and operating as intended.

For the fiscal year 2025-2026, there were no significant negative findings noted during our testing; the Fund's internal controls are working as intended.

III. Internal Control Officer and Advisory Committee

The Internal Control Officer, in conjunction with the Risk Manager, 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 Executive Leadership, all Fund department managers, the Internal Control Officer, and the Risk Manager. The 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.

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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 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 following list represents a few of the opportunities offered to/attended by employees as part of the Fund's continued commitment to training, education, and development:

- 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 an Internal Control Training Presentation, as well as an updated Internal Control Guide.

- Various cross-department trainings were offered 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.

- All Fund employees were invited to participate in a Leadership Training Program that broadened and deepened their leadership capabilities and expanded connections between and among staff. Each participant completed in-house training on DiSC, and a two-day off-site training on leadership.

- The Fund implemented a robust monthly 'Lunch and Learn' lecture series meant to elaborate on various perspectives of the Fund's organization and mission, including high level overviews of programs, benefits, and policies; highlights of completed projects; and personal and professional growth and development.