Date: December 13, 1983

From: Office of Finance and Business
      Office of University Affairs and Development

Subject: Auditing of Campus-Related Foundations

To: Presidents, State-operated Campuses

As a consequence of recent discussions with the Office of the State Comptroller, the Department of Audit and Control will no longer include Campus-Related Foundations in its periodic audits of State University campuses. This is an objective we sought as an answer to concerns that the State audits frequently did not appropriately recognize the philanthropic and supportive role of the Foundations and their status as separate, incorporated organizations.

The State University believed that there were adequate mechanisms already in place for the monitoring of the fiscal management of the Foundations in their relationships with SUNY campuses so that this oversight responsibility could be maintained internally. The Guidelines for Campus-Related Foundations, as revised and approved by the Board of Trustees in 1982, provide overall guidance for the conduct and accountability of the Foundations. Specifically, the Guidelines:

1. Require each campus to enter into a contract with its Campus-Related Foundation that is in substantial agreement with the model contract developed by the State University.

2. Require an annual audit by an independent certified public accountant.

3. Provide that the Foundation's annual report as well as the results of the audit, be forwarded by the campus President, with appropriate comments, to the Chancellor.

4. Stipulate that the Foundations are subject to post-audit by the University.
In advising the Office of the State Comptroller that these provisions constituted sufficient protection for the State, the University, donors and the public, we added:

"Under these circumstances, it would appear to us that there are ample means for the University to apply appropriate oversight with respect to the Foundations' activities. We now are in the process of reviewing the status of each campus and Campus-Related Foundation under the Trustees' Guidelines with respect to their compliance with the contract requirement. We also would undertake periodic internal audits, the first of which would take place in the 1984-85 fiscal year."

On November 9, 1983, we received a response to our proposal from C. Kevin O'Donoghue, first assistant deputy comptroller. Mr. O'Donoghue stated:

"Your proposal is appropriate and acceptable to us. Accordingly, effective immediately, we will discontinue extending our campus audit scope to campus foundations. We will, however, periodically conduct reviews of State University's administration of its campus foundation oversight responsibilities. Such reviews will include adequacy and frequency of internal audit examinations."

We believe that this decision represents major progress in our efforts to strengthen the mission of the Campus-Related Foundations and to remove the controversy and ambiguity that often resulted from misunderstandings between campus and Foundation officials on the one hand, and the State auditors on the other.

At the same time, however, the agreement also places a greater responsibility on the campuses, Foundations and Central Administration to ensure that development activities are conducted in conformance with the reasonable requirements set forth by the Board of Trustees. Accordingly, we ask that all State-Operated Campuses with Campus-Related Foundations again review their conformance with the first three points enumerated above. We want to avoid a situation that could jeopardize this constructive agreement with the State Comptroller to the detriment of all campuses.
For its part, in carrying out the fourth requirement, the office of the University Auditor will conduct periodic internal audits. Such audits will be based on acceptable criteria that recognize the role and function of the Campus-Related Foundations.

Questions concerning any of these matters may be directed to the Office of Finance and Business or the Office of University Affairs and Development.

Harry K. Spindler  
Vice Chancellor

Robert Perrin  
Vice Chancellor

cc: Campus-Related Foundations  
Chief Campus Advancement Officers  
Campus Vice Presidents for Administration