

# State University of New York Upstate Medical University

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## Human Resource Practices

Report 2018-S-57 | September 2019

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

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Division of State Government Accountability



# Audit Highlights

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## Objective

To determine if State University of New York (SUNY) Upstate Medical University has developed and consistently applied policies and procedures related to select human resource functions. This audit covered the period from January 1, 2015 through June 24, 2019.

## About the Program

As Central New York's largest employer, SUNY Upstate Medical University (Upstate) has roughly 10,000 employees supporting its operations. The Human Resource Department (HR) manages and supports resources for Upstate's workforce across four colleges, a research enterprise, and a network of patient care facilities. HR develops local human resource-related policies in conjunction with SUNY System Administration, maintains personnel records, and oversees many other daily activities, such as verifying references on prospective employee job applications and processing employee leave requests.

Established human resource policies and procedures help ensure applicants are qualified for employment and employees receive appropriate compensation. Policies and procedures also provide guidance for ensuring the safety and security of staff, students, patients, and visitors; protecting confidential data and information; and preventing the loss of university property.

## Key Findings

Insufficient HR monitoring and oversight and inadequate or poorly enforced policies and procedures have contributed to questionable and/or weak practices that render Upstate vulnerable to misuse of funds and safety and security risks. For example:

- Upstate paid 12 employees a total of \$4.7 million in additional compensation for work beyond their regular job duties (known as an "Also Receives" [ALR] allowance), but did not maintain adequate documentation to support either the basis for the dollar amount or the additional duties that employees were tasked with. Where ALRs are not appropriately supported, there is a risk they're not being used for the intended and approved purpose and funds are potentially being misspent.
- Upstate has not established policies or procedures for alternate work (off-campus) assignments (Assignments). As such, department supervisors who oversee these Assignments lack guidance regarding how to manage them (e.g., setting work details for employees, monitoring their progress), increasing the risk that department supervisors are accepting, and Upstate is paying for, inferior work products. We reviewed 38 Assignments from January 1, 2015 to November 11, 2018. Of those 38 Assignments, for which Upstate paid \$1,374,670, 20 (amounting to nearly \$940,000 in payroll costs) were deemed not useful, of poor quality, or otherwise inadequate by the supervisors.
- SUNY System Administration continued to pay a former President her presidential salary of \$608,000 while she was on leave in the job title of Special Assistant to the President –

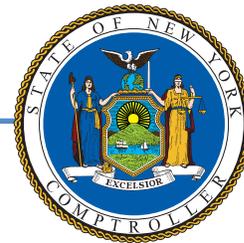
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and while Upstate was also paying an interim President a presidential salary – but could not provide documentation to justify this decision.

- HR does not adequately follow, enforce, or monitor its policies and procedures that address when employees leave Upstate, increasing safety and security risks and rendering Upstate vulnerable to inappropriate access of confidential data and loss of property. The files for 169 of the 274 former employees we reviewed did not have the required separation documentation supporting that the former employees' access rights have been terminated and that Upstate property in their possession has been returned.
- HR did not maintain documentation to support that the required two references had been checked for 17 of 80 new hires. In response to our preliminary findings, officials were subsequently able to locate documentation from either the applicable department or hiring agency for 13 of the 17 to support that two references had been obtained. For the remaining 4 new hires, Upstate officials relied on verbal assertions to support hiring the individual and either did not check or did not document having checked two references.

## Key Recommendations

- Develop written procedures for ALR-related transactions, including documenting the specific duties that justify additional pay and obtaining and retaining the justification for decisions concerning the dollar amount associated with each ALR.
- Establish and enforce policies and procedures to require stronger oversight of Assignments, including more clearly defined processes for work product submission and retention to ensure work products are useful and sufficient given the duration of the Assignments.
- Formally document leave salary decisions to justify that the amount granted is commensurate with the job title and duties performed.
- Develop, monitor, and enforce a comprehensive set of policies and procedures that address hiring and separation. These policies and procedures should be standardized and applied uniformly to all Upstate departments and groups of employees and should include a consistent process for checking professional references and verifying that all required reference checks have been conducted.



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## Office of the New York State Comptroller Division of State Government Accountability

September 25, 2019

Mantosh J. Dewan, M.D.  
Interim President  
State University of New York  
Upstate Medical University  
750 East Adams Street  
Syracuse, NY 13210

Dear Dr. Dewan:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the 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 entitled *Human Resource Practices*. 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.

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 draft report, please feel free to contact us.

Respectfully submitted,

*Division of State Government Accountability*

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# Glossary of Terms

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Abbreviation	Description	Identifier
ALR	“Also Receives” compensation, an additional amount paid to an unclassified service employee above the base salary for work beyond the employee’s normal professional obligation	<i>Key Term</i>
Assignment	Off-campus assignment	<i>Key Term</i>
Clearance Form	Employee Separation Clearance Form	<i>Form</i>
HR	Human Resources Department	<i>Department</i>
MC	Management Confidential	<i>Key Term</i>
Policy	Employee Separation and Transfer Policy	<i>Policy</i>
Pre-Employment Policy	Upstate’s Pre-Employment Process Policy, which addresses concerns such as reference checks for some potential Upstate employees	<i>Policy</i>
Separation Form	Employee Separation Form	<i>Form</i>
SUNY	State University of New York	<i>Agency</i>
System Administration	SUNY System Administration	<i>Division</i>
Upstate	SUNY Upstate Medical University	<i>Auditee</i>
UUP	United University Professionals	<i>Key Term</i>

# Background

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Since 1950, Upstate Medical University (Upstate) has been part of the State University of New York (SUNY). Its mission is to improve the health of the communities it serves through teaching, research, and patient care. Upstate is the only academic medical center in Central New York and comprises four colleges, a research enterprise, one hospital with two locations (Upstate University Hospital and Upstate University Hospital at Community Campus), and over 80 outpatient clinics and other centers. Based on information provided by Upstate, it serves approximately 1.8 million people and is Central New York's largest employer, with a workforce of more than 10,000 supporting its operations. According to Upstate officials, each year, Upstate's Human Resources Department (HR) receives over 30,000 employment applications and processes approximately 1,600 new hires, 1,000 separations, and 1,700 job changes.

Professional staff positions within the SUNY system, including United University Professions (UUP) represented positions and Management Confidential (MC) designated positions, have been designated "unclassified service" and therefore are not under State Civil Service jurisdiction. Accordingly, the recruitment and selection process, as well as classification and appointment processes, are governed by separate mandates, including but not limited to the SUNY Board of Trustees Policies, the bargaining agreement between the State of New York and UUP, and the Upstate Medical University Affirmative Action Program.

HR is responsible for classifying and recruiting for position vacancies and ensuring timely appointment of candidates for all positions, except those under Nursing Recruitment and faculty in the College of Medicine. The Nursing Recruitment and Retention Office is responsible for hiring nursing positions, and the College of Medicine Faculty Affairs Office posts faculty positions for the College of Medicine. Positions are categorized based on funding and may be campus funded, hospital funded, or both.

HR is also responsible for developing local human resource-related policies in conjunction with SUNY System Administration (System Administration), ensuring employees receive appropriate compensation, maintaining personnel records, and handling many other miscellaneous daily activities, including verifying references on prospective employee job applications and processing leave requests. Additionally, Upstate supervisors and managers work with HR on the counseling and discipline process. The Labor Relations office will also interact with local union officers to resolve more sensitive and complicated labor matters, such as employee grievances or instances of potential employee misconduct.

# Audit Findings and Recommendations

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Upstate's policies and procedures related to select HR functions are inadequately developed and documented, and existing policies and procedures are inconsistently applied and communicated. This has led to undocumented justifications for compensation, work products, leave decisions, separation forms, and reference checks.

## Additional Compensation

Compensation for positions at Upstate comes from various funding mechanisms. In general, all employees earn a base salary. Upstate then pays certain employees additional compensation using State funds through an "Also Receives" (ALR) allowance. According to System Administration, ALR compensation is an amount paid to unclassified service employees in addition to their base salaries for work beyond their regular job duties. Officials stated ALRs are usually limited in duration and are not subject to contractual increases. For example, a faculty member selected as department chair would receive an ALR for the chair position, in addition to the salary for their normal duties. Upstate distributes over \$10 million in ALR payments to about 800 employees annually. Although System Administration was unable to provide a formal written policy, officials stated all SUNY campuses should have a process for approving ALR amounts, which includes defining each ALR's purpose. Each campus should also provide the employee with written information about the ALR, including what it is for and when or how the ALR payment will end.

We reviewed supporting documents for a sample of 19 ALRs, totaling \$6.2 million in payments, to 17 Upstate employees (2 individuals had 2 ALRs each – Employees 3 and 8 in the following table) between January 1, 2015 and March 20, 2019. Our findings, as discussed next, cause us to question whether Upstate is using the ALRs for their intended and approved purpose and whether Upstate is paying appropriate compensation for the services it receives.

For 15 of the 19 sampled ALRs (79 percent), totaling \$5.5 million, Upstate did not sufficiently document either the basis for the dollar amount paid (8) or the additional duties the employees were tasked with beyond their normal professional obligations (2); and 5 ALRs lacked documentation for both the dollar amount and additional duties, as shown in the following table.

## Review of ALR Payments

Employee	Insufficient Documentation of Basis for Amount of ALR	Insufficient Documentation of Additional Services Provided	Insufficient Documentation of Additional Services and Basis for Amount	Sufficient Documentation of Additional Services and Basis for Amount	Total ALR Compensation
1		\$158,333*			\$158,333
2	\$1,218,518				\$1,218,518
3	\$8,055			\$218,629	\$226,684
4		\$158,334*			\$158,334
5				\$377,186	\$377,186
6			\$774,791*		\$774,791
7	\$658,510				\$658,510
8	\$9,589		\$47,200		\$56,789
9			\$873,340*		\$873,340
10	\$866,961				\$866,961
11			\$188,108*		\$188,108
12			\$345,204*		\$345,204
13				\$40,082	\$40,082
14	\$144,986				\$144,986
15	\$32,219				\$32,219
16	\$32,794				\$32,794
17				\$23,767	\$23,767
<b>Totals</b>	<b>\$2,971,632</b>	<b>\$316,667</b>	<b>\$2,228,643</b>	<b>\$659,664</b>	<b>\$6,176,606</b>

\*ALR was used to pay the individual a particular salary.

We also found six instances where additional duties were not adequately documented, and it appears that the ALRs were used to achieve a particular salary. For example, Employee 11 in the previous table received a base salary of \$38,827 and an ALR of \$161,173 to arrive at an overall salary of \$200,000. However, we found no documentation justifying why this individual received the additional \$161,173. (Employee 11 received a total of \$188,108 in ALR payments between January 1, 2015 and March 20, 2019.)

In another instance, Employee 8 in the table received what appeared to be an incentive to work at Upstate. For the ALRs paid during the period, the only documentation provided was an offer letter stating, "You will receive \$48,000 in additional compensation not added to base pay, payable as \$4,000 bi-weekly for each of your first 12 bi-weekly pay periods." At first, officials said that the \$48,000 may have been used for moving expenses; however, we found this individual already received a separate payment specifically for moving expenses. Upstate did not document its justification, and it was unclear why this individual was authorized to receive the additional \$48,000. However, after the draft report was issued, Upstate provided documentation that showed the employee requested a one-time housing allowance of

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\$90,000. Officials stated that they agreed to pay \$48,000 for the housing allowance.

Not only do we question whether Upstate is using the ALRs for their intended and approved purpose, but, without adequate documentation, we cannot be certain Upstate is receiving additional services for the extra compensation. Although Upstate officials explained their processes for determining ALRs, Upstate has neither developed nor documented its procedures for granting ALRs. In response to our findings, Upstate officials agreed to formally document procedures for handling ALRs.

After we issued our draft report to Upstate, officials provided additional documentation to support the questionable ALRs. We reviewed this information and determined that Upstate was able to provide sufficient documentation to support either the basis for the dollar amount paid or the additional duties employees were tasked with for 3 of the 15 ALRs noted earlier. However, Upstate still has not provided adequate support for 12 of the 19 sampled ALRs (63 percent), totaling \$4.7 million. Additionally, we first presented these findings to Upstate in a written preliminary report on May 20, 2019. We issue preliminary findings to correct any potential errors of fact and ask officials to review this information carefully to ensure no additional information should be considered in formulating our audit conclusions. We question why it took Upstate more than three months after our preliminary findings were issued to provide additional information supporting the ALRs.

## Off-Campus Assignments

The bargaining agreement between New York State and UUP establishes that certain employees may perform an alternate work assignment, which can be at an alternate work location. This is more commonly referred to as an off-campus assignment (Assignment), and the alternate work location may include the employee's home. Upstate has also extended this provision to MC employees. Assignments are typically part of settlement agreements for employees who are going through the disciplinary process and are used in lieu of arbitration. Additionally, Upstate uses Assignments as a method to remove certain employees from campus to ensure safety and protect access to confidential information. The employee's designated supervisor is responsible for both developing the Assignment and ensuring that the work is being completed adequately and timely.

We reviewed 38 Assignments granted by Upstate during the period January 1, 2015 through November 11, 2018. Upstate paid \$1,374,670 in gross payroll expenses for these Assignments, which included independent studies of physical therapy codes for billing purposes, different staffing models, and

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ways to improve staff retention and address overcrowding in emergency departments. Our review, which included interviews with the 29 supervisors of these Assignments, identified numerous issues. In response to our questions, Department supervisors stated that many of the Assignment work products were “not useful” or were insufficient in either quality, quantity, or completeness. For example:

- Supervisors of 13 Assignments (34 percent), costing \$748,335, stated the resulting work product was not useful. Notably, one Assignment, which covered a 20-month period and for which Upstate paid \$395,495, was described as “busy work.”
- Supervisors of 13 Assignments described the work product as poor in quality or inadequate. In general, the supervisors believed the inadequate work products had been “copy and pasted” from various sources or were not commensurate with the amount of time allowed. For one Assignment, the supervisor stated that, “being generous,” the work product constituted about 4 months’ worth of work, despite the Assignment’s duration of 20 months. Another supervisor stated that, as long as the employee turned in something, it would be acceptable.
- For 4 Assignments, constituting \$147,646 in payroll costs, supervisors noted that the work product had not been completed by the employee. Further, for 14 of the Assignments (37 percent), for which Upstate paid \$680,817, we were unable to determine whether employees completed the assignments or completed them timely because department supervisors failed to maintain all or some of the work product.
  - For 6 of these, Upstate was unable to provide any of the work product.
  - For the other 8, supervisors retained only a portion of the work product to support its completion. Additionally, for 4 of these 8 partial Assignments, while the supervisor had not retained the work products, HR was able to locate some of them in its records, despite the fact that it is not part of its standard process to receive work products.

On a related note, we also identified \$10,015 in questionable compensation in addition to the regular salary for seven employees with Assignments. Of this amount, \$8,050 was for ALRs. The remaining \$1,965 was for “inconvenience payments.” Because each of these employees was performing an alternate assignment from home, HR should not have allowed these amounts to be paid during the Assignment period. Employees on Assignments are no longer performing their regular duties, much less the additional duties for which they

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were receiving an ALR. Currently, HR's process for Assignments does not include reviewing the components of an employee's compensation before granting the Assignment.

Upstate officials stated that employees no longer have access to Upstate's resources during Assignments, which contributes to difficulties in fulfilling work obligations. HR officials stated they rely heavily on the departments for Assignment oversight and details. Due to a lack of communication, HR was unaware of the work product quality issues because supervisors didn't report them.

When we asked supervisors about their role in overseeing Assignments, there was a general consensus that HR did not clearly define or communicate requirements for overseeing Assignments and that more guidance from HR was needed.

Our interviews with supervisors revealed the following:

- 7 of the 29 supervisors stated HR did not communicate with them outside the initial drafting of the Assignment;
- 11 stated that they had some communication with HR, with 7 stating that they initiated those communications; and
- 11 others had no comment or stated they did not remember the level of communication with HR.

In addition to the lack of written processes and oversight regarding Assignment work product quality and quantity, departments were not aware of retention policies. According to Upstate officials, there is not a specific Upstate or System Administration policy for retaining Assignment work products, and, as such, departments would default to the General Retention and Disposition Schedule for New York State Government Records. This schedule states the minimum retention and disposition for this type of record is four years.

Overall, although HR does follow a general process when granting Assignments, it has not established policies or procedures for departments to use when setting Assignment work details, monitoring the progress, and retaining the work product. As such, department supervisors lack guidance for and awareness of requirements. Upstate officials agreed and indicated that they are preparing additional guidance materials and are considering centralizing oversight of these Assignments.

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## Presidential Transition Agreement

Upon resigning from her presidential position on December 22, 2018 – a position held since January 14, 2016 – Upstate’s then President was granted leave under a transition agreement by System Administration. The leave, granted under Article XIII, Title F of the SUNY Policies of the Board of Trustees, lasted from December 23, 2018 through June 7, 2019. Upon completion of her 5½-month leave, the former President agreed to return to Upstate and transition to a faculty appointment in the Department of Pediatrics at a salary of \$255,544.

Title F “leaves of absence” typically are granted to academic or professional employees; university presidents are typically granted Title H “study leaves.” However, unlike a Title F leave of absence, which has no service requirement, a Title H study leave has a three-year service requirement, which the former President did not meet. Furthermore, in granting the former President a leave under Title F leaves of absence, System Administration was able to offer more flexibility in terms of duration – longer than the two-month leave allowed under Title H. Moreover, whereas Title F leaves of absence are granted “for the purpose of professional development” and “acceptance of assignments of limited duration” with other entities, Title H study leaves are specifically for “improving the administrative and academic performance” of the administrative officer. The work plan submitted by the former President – where she notably used the Title H term “study leave” – contained, among other entries, planned lectures, a review of definitions of health equity and disparities, and work on two books.

A System Administration official stated that, had the President served longer, they may have used Title H leave instead of Title F. As it was, System Administration changed her title to Special Assistant to the President but continued to pay her the President’s salary of \$608,000 while also paying an interim President a full presidential salary. For her 5½-month leave, the former President was paid a total of \$279,897 as Special Assistant. System Administration explained this decision was made to allow the former President time to transition to a faculty appointment, and they continued to pay the Special Assistant the presidential salary based upon their own judgment. However, System Administration provided no documentation to justify why Upstate paid the former President a presidential salary as Special Assistant while also paying an interim President.

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## Employee Separations

Upstate processes roughly 1,000 employee separations annually. Separations can be voluntary, such as a retirement or resignation, or forced through termination or contract non-renewal. The Employee Separation and Transfer Policy (Policy) in Upstate's University-Wide Policy Manual outlines separation procedures and responsibilities of Upstate supervisors and employees. The purpose of the Policy is to ensure the safety and security of staff, students, patients, and visitors; to protect confidential data and information; to prevent the loss of university property; and to communicate benefit and payment information.

According to the Policy, after receiving an employee's notice of separation, the supervisor must provide HR an Employee Separation Form (Separation Form), which must be submitted at least one week before the last day of employment to document the employee's reason for leaving and ensure timely processing and formal termination of employment. The supervisor also completes an Employee Separation Clearance Form (Clearance Form), which contains a checklist for ensuring the collection and return of Upstate property. HR is required to maintain these documents for at least six years after separation.

We found HR does not adequately follow, enforce, or monitor its policies and procedures when employees leave Upstate. This potentially creates an increased risk to the safety and security of Upstate's staff, students, patients, and visitors. It also makes Upstate more vulnerable to threats of inappropriate access of confidential data and the loss of property.

For instance, while the Policy calls for notices of separation to be processed contemporaneous with the employee's date of separation, for a sample of 274 former employees, we found instances where HR is only notified annually of any employee separations that have occurred – potentially many months after a given employee's last day of employment. Until HR formally processes their separation and inputs a separation date, these former employees may have continued access to Upstate's facilities, devices, and data systems and confidential records, including those related to patient care.

Upstate officials stated that, for certain groups, such as residents, student federal grant employees, and research fellows (which would account for 43 of the employees in our sample), HR allows for different separation processes. We note that these exceptions are not documented either in the Policy or elsewhere.

Furthermore, HR does not properly maintain personnel files in accordance

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with its record retention policy. Based on our review of separation files for this sample of 274 former employees, we determined HR does not maintain all separation documents as required. In particular, our review of the 274 files found 169 that were missing a significant number of two required documents. For example:

- For 153 employees, HR was missing the Clearance Form; and
- For 98 employees, HR was missing the Separation Form. For 82 of the 98, the Clearance Form was also missing.

This issue notwithstanding, we also note that HR's processing of its purportedly exempted employees' separations was not consistent. Files for 11 of the 43 exempted employees in our sample contained one or both of the required separation forms, supporting that Upstate is inconsistent with both its unwritten and written policies and procedures.

Upstate officials stated they are evaluating and enhancing their HR policies and procedures to ensure they are comprehensive and are also implementing an online process, which will streamline separations and eliminate a significant part of the manual work involved.

## Reference Check Policies and Procedures

Reference checks can provide valuable information about a candidate's work history, education, and characteristics, giving recruiters insights about previous on-the-job performance. Typically, reference checks are conducted during a pre-employment process to ensure that an applicant's listed qualifications and other claims are genuine. Hiring without conducting and documenting an established number of reference checks could potentially lead to claims of negligent hiring.

Upstate has overall policies and processes for hiring, yet varies in its requirements for the number of references to be checked, based on factors such as funding source, recruitment office, and position classification (e.g., classified or unclassified). This leads to an inconsistent application of hiring practices and the risk that sufficient prospective employee background information is not being obtained.

Hospital-funded positions and positions that share funding between the hospital and campus are subject to Upstate's Pre-Employment Process Policy (Pre-Employment Policy), while campus-funded positions are subject to a different set of processes. The Pre-Employment Policy requires the appropriate recruitment office to check two professional references for each external candidate offered employment with SUNY Upstate University

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Hospital. Although Upstate has no formal written policy for hiring 100 percent campus-funded positions, HR said it applies the reference-checking requirements from the Pre-Employment Policy for these hires.

For 17 of 80 new hire files we reviewed, HR did not maintain documentation to support that the required two references had been obtained. In response to our preliminary findings, officials were subsequently able to locate documentation for 13 of the 17, either from the applicable department or hiring agency, to support that two references had been obtained. For the other 4 new hires, Upstate officials relied on verbal assertions to support hiring the individual and either did not check or did not document having checked two references.

The lack of a uniform process contributes to confusion and inconsistent oversight of reference checks at Upstate. For example, although HR obtains copies of references for College of Nursing and College of Health Professions applicants, its counterpart at the College of Medicine Faculty Affairs Office doesn't collect references from the hiring departments in the College of Medicine. Documentation provides assurance that reference checks have actually been conducted and provides support for the decision that the candidate hired was competent and fit for the position.

Although, in the majority of the cases, Upstate officials ultimately were able to determine that the required reference checks had been conducted, HR did not have the information readily available and was not informed at the time of hire that the reference checks had been completed. Upstate officials agreed that HR should verify that reference checks have been performed and maintain documentation of all reference checks, and stated they are in the process of implementing a more comprehensive set of policies and procedures. Upstate officials also stated they are currently reviewing their hiring practices to better align them with Upstate's needs.

## Recommendations

### To Upstate:

1. Develop written procedures for ALR-related transactions, including documenting the specific duties that justify additional pay and obtaining and retaining the justification for decisions concerning the dollar amount associated with each ALR.
2. Establish and enforce policies and procedures to require stronger oversight of Assignments, including more clearly defined processes for work product submission and retention, and to ensure work products are useful and sufficient given the duration of the Assignments.

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3. Develop, monitor, and enforce a comprehensive set of policies and procedures that address hiring and separation. These policies and procedures should be standardized and applied uniformly to all Upstate departments and groups of employees – including residents, student federal grant employees, and research fellows – and should include a consistent process for checking professional references and verifying that all required reference checks have been conducted.

**To System Administration:**

4. Formally document leave salary decisions to justify that the amount granted is commensurate with the job title and duties performed.

# Audit Scope, Objective, and Methodology

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The objective of our audit was to determine if Upstate has developed and consistently applied policies and procedures related to select human resource functions. The audit covered the period from January 1, 2015 through June 24, 2019.

To accomplish our objective, we reviewed relevant laws, regulations, and SUNY Board of Trustees and Upstate policies. We also spoke with Upstate officials to understand their processes. In addition, we assessed internal controls related to the audit objective.

Our audit focused on HR practices for select aspects related to hiring, compensation, and separations. We judgmentally selected separation transactions that occurred from January 1, 2015 to November 7, 2018 based on their separation category description. We chose 13 of 26 categories based on the type of leave code. Then we either randomly selected samples within those categories or selected all when there were fewer than 10 former employees. In total, we selected and reviewed a sample of 274 of 4,879 former employees (separations). We also reviewed a judgmental and random sample of 80 of 6,401 new hire transactions from January 1, 2015 to November 8, 2018. For the judgmental sample, we selected the top five earning salaries for each calendar year of our scope (2015–2018) for both hospital and campus hires, anyone with a full-time equivalent greater than one, and individuals hired into the President's or the Dean's Office. Additionally, we judgmentally selected a sample of 19 of 1,008 employees who received ALRs. We selected the ten individuals with the highest annual ALR amounts, six individuals who received ALR increases, and the Dean of the College of Medicine. We also obtained and assessed payroll information for select individuals. Our random and judgmental samples cannot be projected to the entire population. We assessed the files and concluded they were reliable for the purposes of our audit objective. We also reviewed all employees placed on Assignment from January 1, 2015 to November 11, 2018, except for one employee whose Assignment was being reviewed by another entity. We also reviewed the former President's transition agreement. For all samples, we reviewed available documentation to determine whether Upstate followed applicable policies and had adequate documentation to support the decisions made.

# Statutory Requirements

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## 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.

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 objective. 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 to certain boards, commissions, and public authorities, some of whom have minority voting rights. 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.

## Reporting Requirements

We provided a draft copy of this report to Upstate and System Administration officials for their review and formal comment. We considered their comments in preparing this final report and have included them in their entirety at the end of it.

Several changes were made to the final report based on information Upstate provided after the draft report was issued.

Upstate generally agreed with the recommendations and is in the process of instituting changes and implementing the recommendations. System Administration maintains that the presidential transition agreement was wholly appropriate and did not respond to how it plans on implementing the recommendation.

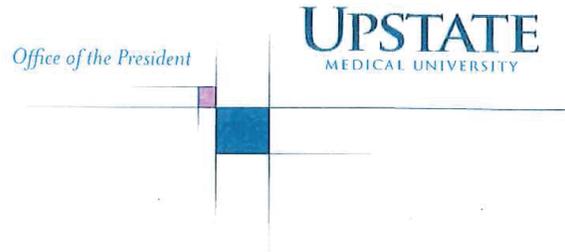
Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the President of Upstate Medical University shall report to the Governor, the State Comptroller, and the leaders of the Legislature

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and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

# Agency Comments - SUNY Upstate Medical University

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September 16, 2019

Brian Reilly, Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

RE: Audit Report 2018-S-57 Human Resource Practices

Dear Mr. Reilly:

Thank you for the review of Human Resource Practices at the State University of New York Upstate Medical University (Upstate). Attached please find Upstate's response to the key findings and key recommendations for the draft report, Human Resource Practices.

Upstate remains committed to its mission to improve the health of the communities it serves through teaching, research and excellent patient care. To that end, we strive to hire the best practitioners across the country. In addition, as Central New York's largest employer, Upstate is tasked with recruiting, hiring, deploying and managing the resources for a workforce of over 10,000 people across four colleges, a research enterprise, a hospital with four main locations (Upstate University Hospital-Downtown, Upstate University Hospital-Community Campus, Upstate Golisano Children's Hospital and Upstate Cancer Center) as well as a network of outpatient clinics and other care facilities.

While we consider the recommendations referenced in the report, we also maintain that Upstate has processes in place to ensure applicants are qualified for employment and compensation is appropriate. Furthermore, high quality patient care and the safety and security of all staff, students, patients and visitors are our top priorities at all times throughout all departments of our institution. All actions taken have been consistent with our approach to provide the best patient care, as well as excellence in teaching, and forward-thinking research.

**Recommendation:**

Develop written procedures for ALR-related transactions, including documenting the specific duties that justify additional pay and obtaining and retaining the justification for decisions concerning the dollar amount associated with each ALR.

**Upstate Response:**

Upstate compensates its staff appropriately for the work they perform. "Also Receives" (ALR's) are intended to give Upstate the flexibility to meet the compensation needs

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required in a complex medical and higher education environment and they are used to meet varied needs of the organization.

The majority of the individuals identified by the OSC audit were clinical faculty physicians practicing medicine at Upstate which, as the only academic medical center in the Central New York region, strives to recruit clinical faculty physicians who provide the highest quality medical care to patients in Central NY. The total compensation package for the clinical faculty physicians at Upstate is often complex and involves multiple funding sources comprised of different components, one of which may be an ALR, as these clinical faculty physicians provide medical, teaching, and research services across the enterprise. The total compensation packages for these physicians is based on market rate salary data for Upstate Medical University's specific region and medical specialty provided by organizations such as AAMC, AAHC, MGMA, etc. The compensation amounts including ALRs paid to clinical faculty physicians were properly supported by external market data, documented, reviewed, and approved. For example, the physician specifically noted in the audit report was hired at a salary of \$200,000 based on the market value for that particular specialty and was comprised of a base salary and ALR.

While we feel the basis for paying ALR's is well thought out and justified, we agree with this recommendation that documentation can be enhanced to better provide the justification of the amount and the purpose of the ALR. We are in the process of developing written procedures to supplement and enhance existing practices and documentation relating to ALR's.

**Recommendation:**

Establish and enforce policies and procedures to require stronger oversight of Assignments, including more clearly defined processes for work product submission and retention, and to ensure work products are useful and sufficient given the duration of the Assignments.

**Upstate Response:**

There were 38 off-campus assignments reported by OSC and cover OSC's scope period of 1/1/15- 11/1/18 (approximately four years). These 38 off-campus assignments were all of the UUP and MC off-campus assignments over that period and represents less than 0.095% of Upstate's annual workforce. These arrangements are rarely utilized compared to the whole of employee activity at Upstate. In addition, as OSC states, the use of these off-campus assignments is typically part of settlement agreements for employees who are going through the disciplinary process and are used in lieu of arbitration.

Obtaining meaningful work product from employees under these agreements with off-campus assignments is important but challenging due to the fact that Upstate does not allow the employee to be on campus and typically does not allow access to systems. We recognize the need to further enhance our procedures for educating supervisors when they are called upon in these rare situations.

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While Upstate has procedures in place for off-campus assignments, we agree these should be enhanced. Upstate is in the process of strengthening its communication and education of supervisors regarding quality and retention of work product while employees are on off-campus assignments.

**Recommendation:**

Develop, monitor, and enforce a comprehensive set of policies and procedures that address hiring and separation. These policies and procedures should be standardized and applied uniformly to all Upstate departments and groups of employees – including residents, student federal grant employees, and research fellows – and should include a consistent process for checking professional references and verifying that all required reference checks have been conducted.

**Upstate Response:**

With a workforce of over 10,000 employees being managed at any point in time, Upstate has a process supported by numerous policies and procedures that protects our employees', patients', visitors' and students' safety and security including confidential data. We agree that these can be strengthened and are in the process of reviewing all Human Resource policies and procedures with a comprehensive look across all areas of this complex organization. In addition, we are launching an online separation process which will eliminate manual aspects of the process including elimination of the paper separation forms which will further reduce our risk profile. Upstate is also putting steps in place to ensure that each appropriate office maintains reference documentation going forward.

Thank you and if you have any questions regarding the response, please contact Michael Jurbala, AVP Internal Audit and Advisory Services at 315-464-4692.

Best Regards,



Mantosh Dewan, MD  
Interim President  
SUNY Distinguished Service Professor

cc: Chancellor Johnson, Ph.D.  
Eileen McLoughlin  
Amy Montalbano

# Agency Comments - SUNY System Administration

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September 16, 2019

Brian Reilly  
Office of the New York State Comptroller  
Division of State Government Accountability  
110 State Street  
11<sup>th</sup> floor  
Albany, New York 12236

Dear Mr. Reilly,

In accordance with Section 170 of the Executive Law, we are providing our comments to the draft audit report on the State University of New York Upstate Medical University (Upstate), Human Resources Practices (2018-S-57). The State University of New York (SUNY) System Administration and the Upstate Medical Center have a responsibility to the public to provide high quality and accessible health care, as well as an affordable and excellent education. Upstate's employees, including staff, professors, and physicians are all necessary in the accomplishment of these public service and community goals. SUNY campuses, including Upstate, take seriously the importance of compliance with guidelines and the need for documentation of processes and actions as they relate to our largest resource, personnel.

Below is SUNY System's response to the Office of the State Comptroller's recommendation #4, related to certain transitional responsibilities and compensation.

**4. Formally document leave salary decisions to justify that the amount granted is commensurate with the job title and duties performed.**

Presidential transitions and transfer of authority require significant and often lengthy operational considerations and detailed processes. This is especially so when a leadership transfer occurs at a complex organization that the Office of the State Comptroller acknowledges is "...the only academic medical center in central New York and comprises four colleges, a research enterprise, three hospitals, ...and over 80 outpatient clinics and other centers...serves 1.8 million people and is central New York's largest employer, with more than 10,000 employees."

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SUNY has been transparent regarding the leadership transition, issuing a press release to media and posting it to its website to ensure understanding about the leadership changes to take place at Upstate. This was distributed on September 27, 2018, and widely reported—particularly by the Syracuse and Albany press.

When this arrangement was planned, it was preferred that former President Laraque-Arena be an available resource to the incoming leadership and to also complete an assignment within the prescription of NYCRR Article 8, Chapter V, Subchapter B, Part 337, Title F. This was a part of the transition for the former president before taking on her faculty position, which was a part of her initial employee contract with SUNY. Most SUNY presidents have faculty positions from the point they are hired.

Further, SUNY maintains that the Title F designation was wholly appropriate, as Title H criteria requires the incumbent to be in a Presidential role, of which she was not. Further, for clarity, it should be noted that of the \$608,000 annual salary referenced by OSC, the State portion of the annual salary of \$408K was continued for a period of 5 1/2 months under Title F, totaling \$ 187,590.

Thank you for the opportunity to respond.

Sincerely,



Eileen McLoughlin

Senior Vice Chancellor for Finance and Chief Financial Officer

cc: Chancellor Johnson, Ph.D.  
Amy Montalbano, C.P.A.  
Mantosh J. Dewan, M.D.

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