Summary

Article XVI of the Policies of the Board of Trustees requires each school of medicine and dentistry and the College of Optometry whose employees engage in clinical practice and receive clinical practice income from fees for professional services rendered in connection with such clinical practice to have a plan for the management of clinical practice income that is consistent with the requirements set forth in this Article. Nothing contained in such plan shall allow actions to be taken by the individual plan members or any governing board which are inconsistent with the educational mission of the College (Article XVI, §2). The President (Chief Administrative Officer or CAO), or designee, shall assure that no actions are taken under the clinical practice plan that are inconsistent with the educational mission of the College (Article XVI, §4(a)).

Article XVI, §4(g)(1) provides for a disbursement of clinical practice income in the amount of five percent of the gross income from each plan that shall be deposited into a fund at the school of medicine or dentistry or College of Optometry to be administered by the Chief Administrative Officer (President), or designee, specifically for the benefit of the school of medicine, dentistry or College of Optometry.

The College of Optometry terminated non-State billing some years ago with all care providers (other than by contract with private entities) now serving as employees of the College. Since there is no clinical practice income, and hence no “Plan for the Management of Clinical Practice Income” currently in place at the College of Optometry, the reference to that institution will not appear in the text which follows. In the event the College of Optometry does reinstitute such a plan, it is intended that this procedure will be equally applicable to that institution.

The CAO (President), or designee, of each SUNY College having a school of medicine or dentistry and a Plan for the Management of Clinical Practice Income must therefore establish a “CAO Fund” with appropriate recordkeeping and oversight to ensure that it receives the full 5% of the gross clinical practice income, that sound business practices are used in managing the Fund, and that expenditures from such Fund specifically benefit the school of medicine or dentistry. The CAO (President), or designee, should consult with appropriate administrators in the school of medicine
or dentistry in the preparation of the annual budget and the development of any multi-year spending plan.

Any proposed exceptions to these guidelines must be approved in writing by the Chancellor, or designee, or by the Board of Trustees in matters where the Chancellor has a conflict.

---

**Process**

I. **Structure and Governance**

Each CAO Fund must be held in a corresponding campus agency account or campus foundation agency account. Funds other than the five percent of gross clinical income and investment income generated thereon must not be co-mingled with funds in a CAO Fund account.

The CAO (President), or designee, must prepare annual budgets for the use of the CAO Fund and should prepare a multi-year spending plan for the CAO Fund where practical.

II. **CAO Fund Activities**

- Article XVI, § 4(g) (1) stipulates that the CAO Fund must be used for the benefit of the school of medicine or dentistry.
- Broad discretion is vested in the CAO (President), or designee, as to appropriate uses of the CAO Fund in support of the educational, research, clinical and other service missions of the applicable school of medicine or dentistry.
- CAO Fund expenditures should conform to (i) any applicable procedural expenditure guidelines of the foundation or other fiscal agent holding the CAO Funds, (ii) any additional or applicable expenditure guidelines of the relevant campus or school of medicine or dentistry, and (iii) the requirements set forth in this procedure or otherwise adopted by the Chancellor or designee.
- Each school of medicine or dentistry may develop further guidelines, consistent with the requirements set forth in this procedure, for appropriate expenses for which the CAO Fund may be used, and procedures for processing of such expenditures.
- Expenditures from the CAO Fund must be in accordance with Article XVI and relate to the benefit of the school of medicine or dentistry and are not available for any other purpose.

Types of expenditures related to the benefit of the school of medicine or dentistry include, but are not limited to, the following:

- The recruitment and retention of academic employees, professional employees, interns and residents.
- Reimbursement of compensation and benefits for academic employees, professional employees, interns and residents.
- Professional development through education conferences, seminars or other programs intended to enhance knowledge and/or skills.
- Other types of activities (e.g., student scholarships) that have clear demonstrable benefit to the school of medicine or dentistry.

The appropriateness of any proposed expenditures that do not fit clearly within the examples cited above should be evaluated upon consultation with the Office of Academic Health and Hospital Affairs.

III. **Accountability, Compliance and Reporting**

The CAO Fund must be managed in accordance with sound business practices, and the CAO (President) or designee, at a minimum, must:

- Provide the dean of the school of medicine or dentistry and the vice president for finance and business
with the annual budget, multi-year spending plan and periodic fiscal reports. These reports must be made available to the Chancellor or designee upon request.

- Develop, administer, and communicate written policies and procedures for all key business functions. These policies and procedures should, at a minimum, cover the following areas: (i) budgeting, (ii) cash receipts and disbursements, (iii) spending, (iv) investment management, (v) procurement (including travel expenses and credit cards), and (vi) inventory. Such policies must require that disbursements are reasonable and necessary business expenses that are related to the benefit of the school of medicine or dentistry, are consistent with the annual budget and multi-year spending plan, are adequately documented, and do not conflict with the law.

- Establish and maintain a system of internal controls designed to provide reasonable assurance of the achievement of the CAO Fund’s objectives, reliability of financial reporting, safeguarding assets, effectiveness and efficiency of operations, and compliance with laws and regulations.

- Prepare annual financial statements of the CAO Fund in conformity with U.S. generally accepted accounting principles (GAAP), or a schedule of revenues and expenses and a schedule of assets, liabilities and net position in conformity with an “other comprehensive basis of accounting,” and a detailed schedule of expenses, and have an audit of the CAO Fund conducted by a licensed independent certified public accounting firm or sole practitioner (independent auditor) in accordance with generally accepted auditing standards. The independent auditor will be appointed only after a competitive procurement process. The term of appointment must be for no more than a five-year term, after which these services should be solicited through a new competitive procurement process. For a CAO Fund with less than $250,000 in annual revenues, unaudited schedules must be provided annually reflecting the financial condition and revenue and expense activity.

Annual financial statements or schedules and all audit reports, management letters, together with the associated corrective action plan, and other audit related communications must be provided to the Office of the University Controller, as well as the applicable campus president, dean, and other appropriate stakeholders for each medical or dental school. The corrective action plan will include the planned timeframe for addressing the independent auditor comments.

The books and records, financial condition, operating results, and program activities of the CAO Fund are also subject to periodic audit by the Office of the University Auditor, and, to the extent allowed by law outside regulatory bodies.

---

**Forms**

There are no forms relevant to this procedure.

---

**Related Procedures**

There are no related procedures relevant to this procedure.

---

**Other Related Information**

- [Foundation Guidelines, Campus Related](#) - Foundations Guidelines, Campus-Related
- [Agency Account Guidelines](#) - Agency Account Guidelines

---

**Related Policies**

SUNY Policy, [Clinical Practice Management Plans Expenditure Guidelines](#), Document No. 4400.
Definitions

Definitions relevant to this procedure come from Article XVI of the Board of Trustees Policies.

Authority

Article XVI of the Board of Trustees Policies. (Pg. 76-77 of the State University of New York Policies of the Board of Trustees, updated June 2014).

SUNY Regulation, Board of Trustees Policies - Plan for Mgmt. of Clinical Practice Income (8 NYCRR Part 340), SUNY Procedure Document No. 4490.

History

There is no history relevant to this procedure.

Appendices

There are no appendicies relevant to this procedure.