

State of New York
Offices of the Inspector General



Investigation of Painting Contracts at the
State University of New York
University at Buffalo

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Inspector General

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EXECUTIVE SUMMARY

The New York State Offices of the Inspector General received an anonymous complaint alleging that Dean Yerry, a State University of New York University at Buffalo (UB) maintenance supervisor, awarded a painting contract to Joseph Lovetro in exchange for money. Upon investigation, it was found that Yerry solicited and obtained as much as \$100,000 in bribes from Lovetro. In exchange, Yerry subverted the bidding process by providing Lovetro with internal UB information that gave Lovetro a competitive advantage and allowed him to be awarded more than one million dollars in UB painting contracts. As a result of this investigation, Yerry was prosecuted by the Erie County District Attorney's Office and on February 21, 2017, Yerry pled guilty in State Supreme Court in Erie County to Bribe Receiving in the Second Degree, a felony. On May 2, 2017, Yerry was sentenced to serve six months incarceration, plus five years of post-release supervision and pay a \$40,000 fine.

The investigation also found that Yerry, during the course of a painting contract, sold his house to Lovetro at an inflated value and provided Lovetro with work beyond the scope of the contract to finance this purchase. UB supervisors, although aware of the sale, took no action to inquire as to this conflict of interest or report it. Additionally, the investigation found that UB failed to adequately review Lovetro's qualifications and work history prior to awarding him a contract, as is required by its policy, and UB failed to follow its own procurement policies and collect payroll records, as is required by New York State Labor Law and UB's contracts. Also, the investigation found that UB provided Lovetro three key cards to enter a UB student residence building but failed to control their use in any way.

The Inspector General recommends to UB that it conduct thorough reviews of contractors' purported qualifications and references, promulgate policy requiring that certified payroll records are collected on all contracts, and train its staff on reviewing these documents to ensure prevailing wage is paid as required by law. The Inspector General also recommends that UB promulgate policy requiring periodic audits of its maintenance contracts to ensure compliance with law and UB policy. With respect to the findings regarding key cards, the Inspector General recommends to UB that it develop better internal controls to defend against improper and unsupervised access to residential facilities and ensure the safety and integrity of the campus.

The investigation also found that UB Department of Campus Living (Campus Living) supervisors, including then Director of Residential Facilities Don Erb and then Project Manager Mary Clare Fahey, lacked necessary knowledge regarding ethics in procurement and conflicts of interest, and failed to question or report Yerry's sale of his home to a contractor working on UB projects under his supervision. Therefore, the Inspector General recommends that UB take any disciplinary action it deems appropriate against Fahey and Erb for their failure to properly supervise Yerry. Regarding the actions of Fahey, the Inspector General will provide a copy of this report to the New York State Joint Commission on Public Ethics (JCOPE) for its review. The Inspector General also recommends that UB provide supervisors involved in procurement, including those in Campus Living, supplemental ethics training and inform them of their responsibilities to identify and report any ethics or conflict of interest questions or concerns they may have to UB, SUNY Central Administration, JCOPE and/or the Inspector General.

BACKGROUND

The Inspector General received an anonymous complaint alleging that Dean Yerry, a UB maintenance supervisor, awarded a painting contract to Joseph Lovetro in exchange for money. In response, the Inspector General commenced this investigation.

The State University of New York University at Buffalo is a public research university that operates a South Campus in Buffalo and a North Campus in Amherst, New York. Student residences at the campuses include apartment buildings and residence halls. The apartment buildings and one of the residence halls are owned by the University at Buffalo Foundation, Inc. and affiliates (UB Foundation), while the remaining residence halls are owned by UB. Their operation and maintenance are overseen by Campus Living, which contracts with private painters for scheduled painting of living and common areas. These contracts are awarded by UB through a competitive bidding process which was, at the time relevant to this investigation, administered by Campus Living.

Dean Yerry had been employed at UB since 1986, and held the title of maintenance supervisor since 2001. As a maintenance supervisor, Yerry was only authorized to solicit competing quotes from contractors for small projects costing less than \$125,000. He had no authority to solicit bids, review proposals or award contracts for projects costing more than \$125,000. At all times relevant to this investigation, Yerry was assigned to Campus Living.

Yerry retired from UB on November 30, 2014, and moved to Nevada. Joseph Lovetro, prior to working on UB painting projects, worked almost exclusively on small residential painting jobs or for other painters. Lovetro's painting business had no employees, and no business certificate in Erie County until April 18, 2013, the day he submitted bids on the projects at issue. Yerry and Lovetro had been friends for a long period and played cards and gambled together.

Just prior to the 2013 bid solicitation at issue in this investigation, Yerry utilized Lovetro to paint rooms in UB Foundation residential apartments after the painter contracted to do the work unexpectedly died. Contrary to UB's Purchasing and Contracting Policy (procurement policy), Yerry did not solicit competing estimates or enter into a contract with Lovetro, but merely required that Lovetro submit an invoice for his work. The UB Foundation paid Lovetro \$42,900 for this work.

The 2013 Bidding for Painting of UB Residences

In April 2013, Campus Living solicited bidders for two painting contracts for the UB residences. Project Manager Mary Clare Fahey, who later became an assistant director for campus living apartment facilities, oversaw the bidding process. UB sought two painting contractors for the residences because of the size of the project and the need to complete all work in a timely manner. Bids were solicited pursuant to UB's procurement policy, which requires a formal bid process for any contract over \$125,000.

Although Yerry had no authority with respect to competitive bidding—he was responsible for overseeing contractors while on a project and ensuring quality control—he notified Lovetro that Campus Living was seeking painters. On April 11, 2013, UB conducted pre-bid site visits for both the UB and UB Foundation painting contracts. Ten contractors attended the site visit for the UB contract and twelve for the UB Foundation contract. Many of the contractors attended both site visits, including Lovetro.

Contractors who expressed an interest in competing for the contracts were provided with bid packages and instructions on completing them. The bid packages contained descriptions of the residences and the rooms/areas within and contractors were directed to submit their bids for each type of room or area. For example, the bid package description for the UB Foundation's Hadley Village Apartments listed a bedroom, kitchen, living room, bathroom, hallways and full apartment. The list also included the number of each type of room in the facility. Once unit

pricing was determined by the contractor, they were instructed to multiply their individual room/area bids by the number of that type of room/area. The final bid was the sum of all of these calculations.

Of note, the final bids were not intended to reflect what the contractor would be paid on the contracts. Rather, the bids were designed to provide UB with a method to compare the costs of painting the various rooms in each residential facility. While the total number of units requiring painting in each facility varied, the price per unit type was set by the bid. Contractors were then paid based upon the work that was actually performed and invoiced.

On April 18, 2013, Lovetro submitted his bids for the painting projects at both the UB and UB Foundation residences. Including Lovetro's bids, six contractors submitted bids for the UB Foundation contract and five for the UB contract. The bids were opened on April 22, 2013, and Lovetro and another contractor were found to be the lowest bidders on both contracts. As a result, both were awarded painting contracts on UB and UB Foundation residences.

Lovetro's Contracts with UB and New York State Labor Law Violations

Lovetro's initial painting contract for the UB Foundation residences covered the period April 2013 to April 2014, and was renewable for up to four additional terms. It was subsequently renewed and Lovetro entered into a second contract for the period May 2014 to August 2015. Lovetro also signed a painting contract for the UB residences for the period May 2013 to April 2016. Although this contract was ostensibly a three-year contract, it was funded for only approximately \$160,000. That limit was reached within the first year, necessitating a second contract, for which Lovetro was again the lowest bidder. Lovetro was awarded this contract for the period May 2014 to May 2015. Over the first fifteen months of the contracts, Lovetro was paid by UB and the UB Foundation a total of \$983,335.¹ Due to the wrongdoing described below, Lovetro's contracts with UB were terminated in July 2014.

On the UB and UB Foundation contracts, both public work contracts, Lovetro was required by New York State Labor Law Article 8 to pay his employees the prevailing rate of wage and supplements (fringe benefits). Additionally, New York State Labor Law section 220(3-a) mandates that contractors provide their employers with payroll records to document

¹ As Lovetro had received \$42,900 from the UB Foundation prior to the contracts, his total earnings were \$1,026,235.

these wage payments. The UB contracts, as well, reflected New York State Labor Law by explicitly stating that Lovetro was required to pay at least the prevailing wage and provide UB with certified payroll records documenting his payment of the same. However, Lovetro failed to pay his employees the prevailing wage and submit certified payroll records to UB.

Concurrent with the Inspector General's investigation, the New York State Department of Labor (DOL) conducted an investigation of Lovetro, which found that Lovetro was not paying his employees the prevailing wage. DOL referred its investigative findings to the Office of the Erie County District Attorney, and Lovetro subsequently pled guilty to two counts of Attempted Willful Failure to File Certified Payroll, both misdemeanors. He was sentenced to a one-year conditional discharge and paid \$96,189.84 in restitution to his employees that were underpaid.²

YERRY SOLICITED AND ACCEPTED BRIBES FROM LOVETRO

The Inspector General's investigation, which included sworn testimony before the Inspector General by both Yerry and Lovetro, among others, found that Yerry solicited bribes from Lovetro. In return for the bribes, Yerry subverted the bidding process by providing Lovetro with internal UB information that gave Lovetro a competitive advantage and allowed Lovetro to win the bids for the UB painting contracts.

To execute this scheme, Yerry approached Lovetro before the UB painting bids were due and offered to assist him in obtaining the contracts. Yerry proposed that, in return for his assistance, Lovetro pay him ten percent of all monies received from UB on the contracts. Upon Lovetro's acceptance of his offer, Yerry met with Lovetro at Yerry's home and the two prepared the bid response. Of this meeting, Lovetro testified that they worked together to determine "what to put and our best opinion on what would be the best way to go to get this contract."

Significantly, Yerry had access to an internal UB Foundation document—a compilation of prior bid responses submitted by contractors vying for painting contracts—which he produced at this meeting.³ This document, which listed the unit price bids, was used by the two

² While conducting its investigation, DOL advised the Inspector General that it had discovered Lovetro was employing a registered sex offender as a painter on the UB contracts. The Inspector General and DOL immediately advised UB of this situation, and UB removed the individual from its campus and, shortly thereafter, terminated both the UB and UB Foundation painting contracts with Lovetro.

³ Although both Yerry and Lovetro testified to manipulating the bidding process in this manner, Yerry denied he provided any document to Lovetro. Rather, Yerry claimed he merely orally advised Lovetro of the earlier winning bid responses. Contradicting Yerry's claim, Lovetro surrendered the bid responses document to the Inspector General.

to calculate Lovetro's UB Foundation bid response. Lovetro testified that they determined his bid primarily by keeping their unit prices "a little lower" than the previous winning bids. According to Fahey, who oversaw the bidding process, this document was not provided to contractors. With regard to the UB contract, Yerry also provided Lovetro with his assistance in calculating bids, albeit without referring to an internal UB document. This assistance provided Lovetro with an advantage over other contractors.

Lovetro testified that, as they had agreed, he paid Yerry ten percent of the money he received from these painting contracts. Lovetro stated, "I would pay him in cash every time I got a check. You know, if I got a check for \$1,000, I would pay him \$100. If I got . . . a check for, you know, \$60,000, I'd give him \$6,000." Lovetro explained that these illicit cash transactions often took place in the bathroom near Yerry's campus office or while the two were driving together. Given that Lovetro received more than one million dollars from UB for these painting contracts, Yerry wrongfully obtained more than \$100,000 in bribes from Lovetro.⁴

LOVETRO PURCHASED YERRY'S HOUSE AT AN INFLATED VALUE AND IN RETURN YERRY IMPROPERLY STEERED WORK TO LOVETRO TO FINANCE THE TRANSACTION

The investigation also found that Yerry, during the course of the UB painting contracts, sold his house to Lovetro at an inflated value, which was in part financed by payments for UB painting work that Yerry improperly steered to Lovetro.

In January 2014, Yerry sold his house to Lovetro. Around this same time, Yerry provided Lovetro with "extra work" to help Lovetro finance the purchase. Lovetro testified before the Inspector General that although he "really didn't want to buy the house," "I felt that [Yerry] was pressuring me into buying the house by continuously talking about it and we kind of came up with an arrangement that he would provide 'extra work' that we hadn't thought about to come up with the money to purchase the house." Lovetro explained, "I felt like . . . I was under obligation . . . to buy the house"

The "extra work" provided by Yerry was performed under the umbrella of the UB Foundation contract but, according to Fahey, was beyond the scope of that contract. Despite this

⁴ The Inspector General questioned Yerry under oath on two occasions. In the first interview, Yerry initially denied accepting any money from Lovetro, but later admitted to accepting \$5,000 from Lovetro to thank him for providing work. In his second interview the following day, Yerry's recollection purportedly became clearer and he admitted to accepting additional payments from Lovetro totaling between \$19,000 and \$20,000.

fact, Fahey testified, Campus Living improperly allowed Yerry to assign the work to Lovetro and oversee the painting. When asked if the work actually needed to be done, Lovetro testified, “Well, yes. It’s not that the work didn’t need to be done, it’s just that it . . . probably wasn’t right on our mind . . . you know, this room could use a paint job, there’s [sic] marks all over the walls. But were you thinking about telling somebody to . . . have me paint it? No, but, you know, you want me to buy [for example] your car, so we need to start looking for something. Look at those marks.” The Inspector General reviewed invoices totaling \$94,050, which were provided by Lovetro and reflected this “extra work.” The work consisted primarily of painting and caulking windows and other exterior work at a UB Foundation residence.

According to county records, the assessed value of Yerry’s house at this time was \$47,000. Official records of the house sale, which were filed on January 22, 2014, listed the sale price as \$59,000. However, Lovetro testified to the Inspector General that he actually paid \$75,000 for the house. Lovetro paid the purported \$59,000 with two official bank checks. The first check was dated November 12, 2013, and was payable to Yerry in the amount of \$26,000. The second check was dated December 5, 2013, and was payable to Yerry’s wife for the remaining \$33,000. Lovetro testified that, in addition to the two check payments, he made an additional cash payment to Yerry of approximately \$16,000. Lovetro’s bank records confirm that at the same time Lovetro withdrew the second payment of \$33,000 as an official bank check, he also withdrew \$14,955 in cash. Lovetro added that he paid the remainder from cash he had on hand. In total, Lovetro testified that he paid \$75,000 for a house that was assessed at \$47,000. The additional cash payment was intended to conceal the fact that Lovetro paid much more than the assessed value of the house. Lovetro also stated that Yerry sold him other items separately from the house, including a stove that he did not want but felt obligated to purchase because of their relationship.⁵

DEFICIENCIES IN UB’S OVERSIGHT OF PAINTING CONTRACTS WITH LOVETRO

The investigation found that UB failed to enforce the provisions of its own painting contract with Lovetro and failed to follow its own procurement policies regarding the solicitation of painting work at UB.

⁵ When questioned about this sale, Yerry denied inflating the price and denied giving Lovetro “extra work” to finance it.

UB Did Not Ensure that Lovetro was a Responsible Contractor

UB failed to adequately review Lovetro's qualifications and work history prior to awarding him the contract. Both UB and UB Foundation contracts require bidders to be responsible qualified contractors. Specifically, the contracts require a "responsible Bidder/Contractor, qualified by experience and in a financial position to do the work specified" and "experienced in the supervision of an installation/service of this scope with at least five (5) years' experience in this type of work." As previously stated, Lovetro's prior painting experience was limited to residential painting and working for other painters, and he did not operate a business in which he employed other workers. Despite this clear lack of experience and lack of prior management skills, he was awarded the project. Part of the justification provided was that he had previously completed painting on campus at the request of Yerry and had done a good job. However, Lovetro's ability to paint a room in a campus residence is not evidence of his ability to perform contracts valued at over one million dollars and properly manage a company to perform work on such a scale.

Fahey stated that generally, contractor references are checked to determine if they have experience performing the scope of work expected. For the UB contracts, Fahey testified that she checked the references provided by Lovetro and from these sources alone found him to be qualified. According to Fahey, she asked Lovetro's references if he had done satisfactory painting on his prior jobs. However, she took no other steps to determine if Lovetro was a responsible qualified contractor and failed to discover that Lovetro had never managed a commercial painting project. Fahey's failure enabled Lovetro to be awarded contracts for which he was not qualified.

UB Failed to Oversee Lovetro's Work and to Enforce Provisions of the Contracts

New York State Labor Law and both the UB and UB Foundation contracts required that Lovetro pay his employees at prevailing wage rate. The UB contracts also specifically required that Lovetro provide certified payroll records to UB to confirm that he paid his employees prevailing wage and met all other New York State Labor Law requirements. The contract expressly stated that this filing "shall be a condition precedent to payment by SUNY of any SUNY-approved sums due and owing for work done upon the project."

Lovetro testified that during the course of the contracts he employed up to six employees; available records reveal he employed seven. None received prevailing wage. Moreover, Lovetro testified that he never provided UB with certified payroll records and UB never requested them until DOL requested that UB provide certified payroll records as part of its investigation. When UB finally requested that Lovetro produce certified payroll records, Lovetro stated he still did not produce them because he knew they would reveal his failure to pay prevailing wage. Despite Lovetro's failure to provide payroll records at that time, UB continued to pay Lovetro, contrary to the provisions of New York State Labor Law and the contracts. Indeed, UB only stopped payments to Lovetro when DOL directed it to do so.

Fahey admitted that UB had not requested Lovetro to provide certified payroll records until DOL advised them it was required. Fahey further stated that it was not the practice of Campus Living to collect certified payroll records from any contractor. Fahey attempted to deflect responsibility, stating that the UB Purchasing Department had told her they handled questions regarding prevailing wages. A representative of the Purchasing Department contradicted this and stated that Fahey was responsible for collecting certified payroll records for Campus Living projects. In the end, UB never collected certified payroll records from Lovetro, despite the fact that the contract required payroll records be provided as a condition of payment.

Ultimately, UB disregarded the conditions of its own contract, allowing Lovetro to circumvent New York State Labor Law and to withhold fair wages from his employees for almost the entirety of the painting contracts at UB.

According to Fahey, UB is now collecting certified payroll records from contractors required to pay prevailing wage. The UB Purchasing Department stated that UB departments such as Campus Living are responsible for collecting certified payroll to ensure that prevailing wage is paid. Although UB has not promulgated policy codifying this policy, it advised the Inspector General that it is in the process of doing so.

Yerry Was Improperly Given Discretion to Assign Work

Yerry was improperly given discretion to provide work to Lovetro. As noted above, Yerry first improperly awarded painting work to Lovetro prior to Lovetro being awarded a contract. In addition, Yerry provided Lovetro "extra work" during the course of the contract to finance the purchase of Yerry's house. Fahey explained that this work was outside the scope of

the contracts and admitted that the work was left to the discretion of Yerry. When questioned by the Inspector General, Fahey added that bids probably should have been solicited for some of the work outside the contract that was invoiced. She stated that, at the time, there was not as much scrutiny as there is now.

Conflicts of Interest

During the course of the contracts, Yerry sold his house to Lovetro. As Yerry was responsible for reviewing Lovetro's work and ensuring it was done satisfactorily, this transaction, at the very least, created an appearance of impropriety which should have been addressed. However, it was not. Yerry's assignment to Lovetro of "extra work" to finance the sale made it an actual conflict.

Yerry's Campus Living supervisors were made aware of the sale by Yerry but took no action. The supervisors acknowledged they found the transaction concerning, but failed to inquire further as to the circumstances of the sale or assess any potential conflict of interest. The supervisors also failed to report their concerns to UB's ethics officer or to SUNY counsel.

Fahey, who acknowledged she was troubled by the sale, stated that staff discussed the purchase and many questioned the "wacky" transaction. Fahey stated she even reviewed Erie County public records to determine the sale price, but did nothing further. According to Yerry, he advised his direct supervisor, Don Erb, then the Director of Residential Facilities, and then Director of Campus Living Andrea Costantino⁶, and both approved of the sale. Erb, however, stated he did not learn of the sale until after the fact, which was shortly before Yerry retired, and advised Yerry he did not believe it was appropriate. However, he took no action to address it. Costantino stated that although she was aware of the sale, she did not think she had the ability to do anything about it, and took no action to address or report the transaction.

At the very least, Yerry's supervisors should have reported the transaction when they learned of it and sought guidance as to how to address it. This would have allowed UB to perform an inquiry as to the circumstances of the sale and review its propriety. Such a review

⁶ After a separate investigation by the Inspector General, on September 7, 2017, Costantino pled guilty to Grand Larceny in the Fourth Degree, a felony, for stealing money from UB. As a condition of the plea, Costantino was required to pay \$14,664. (See, <https://www.ig.ny.gov/sites/default/files/pdfs/BlackPR9-7-17.pdf>.) Costantino subsequently resigned from UB.

may have uncovered the “extra work” Yerry gave Lovetro and shed light on Lovetro’s business practices and relationship with Yerry.

During the course of this investigation, another conflict of interest was discovered. It was learned that Fahey recommended a friend of hers to Lovetro for employment as a painter. As stated above, it was Fahey’s responsibility to ensure that Lovetro was paying his employees prevailing wage pursuant to New York State Labor Law and the contracts. Her recommendation of a friend for employment to a contractor she was responsible for overseeing was improper and created, at the very least, an appearance of impropriety. It is all the more troubling because Fahey failed to collect certified payroll records as required and failed to ensure that Lovetro paid his employees prevailing wage.

UB Failed to Properly Control Lovetro’s and His Staff’s Access to UB Residences

Lovetro and his staff were given extensive access to UB’s facilities with little to no supervision. Lovetro was provided with several key cards to access the various UB facilities he was contracted to paint. These key cards were then provided by Lovetro to his employees. DOL’s investigation found that Lovetro required his staff to work well beyond the typical eight-hour day; and a review of UB records revealed that key cards issued to Lovetro were used to enter and exit UB facilities as late as 2:00 a.m. during times when both students and staff were on campus. This is even more troubling given the finding that one of Lovetro’s employees was a registered sex offender.

FINDINGS AND RECOMMENDATIONS

The Inspector General’s investigation found that Yerry used his position as a UB maintenance supervisor to solicit and receive payments from a painting contractor, Lovetro, in exchange for assisting the contractor in winning painting contracts for student residences at the school. The painter received over one million dollars in payments, and the investigation found Yerry received as much as \$100,000 in bribes.

Not only did Yerry receive payment from Lovetro pursuant to their agreement, he also used his position at UB to facilitate the sale of his house to Lovetro in January 2014. To facilitate Lovetro’s purchase of his house, Yerry provided Lovetro with “extra work” outside the scope of the contract.

Yerry was arrested on September 6, 2016, in Nevada and extradited to Buffalo. Yerry was prosecuted by the Erie County District Attorney's Office and on February 21, 2017, Yerry pled guilty in State Supreme Court in Erie County to Bribe Receiving in the Second Degree, a felony. On May 2, 2017, Yerry was sentenced to serve six months incarceration, plus five years of post-release supervision and pay a \$40,000 fine. Lovetro pled guilty to two counts of Attempted Willful Failure to File Certified Payroll, both misdemeanors. Lovetro was sentenced to a one-year conditional discharge and paid \$96,189.84 in restitution to his employees that were underpaid in full satisfaction of the misconduct found in this investigation.

The investigation also found that UB failed to follow its own procurement policies and the terms of its contract regarding the solicitation of painting work at UB. UB personnel failed to adequately review Lovetro's qualifications and work history prior to awarding him the contract. The Inspector General recommends that UB not only contact provided references but require, at a minimum, a list of past work performed and a list of current employees to ensure that the contractor and his employees meet the required level of experience and expertise.

The investigation further found that UB failed to enforce the provisions of its own painting contract with regard to the collection of payroll records. Both the UB and UB Foundation contracts and New York State Labor Law required that Lovetro pay his employees prevailing wage. The UB contracts also specifically required that Lovetro provide certified payroll records to UB to confirm that he paid his employees prevailing wage and met all other New York State Labor Law requirements. UB failed to demand this until DOL advised them it was required. Even more troubling is that the UB Purchasing Department advised it was the responsibility of Campus Living to collect these records. However, the Campus Living project manager testified that prevailing wage statements have never been collected from any contractor. The Inspector General therefore recommends that UB promulgate policy requiring that certified payroll records are collected on all contracts, and train its staff on reviewing these documents to ensure prevailing wage is paid as required by law. The Inspector General also recommends that UB promulgate policy requiring periodic audits of its maintenance contracts to ensure compliance with law and UB policy.

The investigation also found that UB provided Yerry with key cards to disseminate to his employees to access residential facilities. Providing key cards to contractors does not provide sufficient safeguards to ensure that the holders of the cards are authorized to enter and remain in

UB facilities. The Inspector General therefore recommends that UB develop better internal controls so as to limit improper and unsupervised access to residential facilities and ensure the safety and integrity of the campus.

Lastly, the investigation found that UB Campus Living supervisors lacked necessary knowledge regarding ethics in procurement and conflicts of interest. These supervisors failed to inquire as to Yerry's sale of his home to a contractor working on UB projects. Although aware of the sale and uncomfortable with it, UB supervisors failed to report it. The Inspector General therefore recommends that UB take any disciplinary action it deems appropriate against Fahey and Erb for their failure to properly supervise Yerry. Additionally, regarding the actions of Fahey, the Inspector General will provide a copy of this report to JCOPE for its review. The Inspector General also recommends that UB provide supervisors involved in procurement, including those in Campus Living, supplemental ethics training and inform them of their responsibilities to identify and report any ethics or conflict of interest questions or concerns they may have to UB, SUNY Central Administration, JCOPE and/or the Inspector General.

SUNY'S RESPONSE TO THE INSPECTOR GENERAL'S FINDINGS AND RECOMMENDATIONS

In a letter dated November 1, 2017, SUNY advised it accepted the Inspector General's findings, concurred with those changes recommended in the report, and had taken a number of remedial steps in light of the matters described in this report. In general, SUNY reported it tightened procurement procedures and ethics at Campus Living, was conducting an ongoing audit of Campus Living, and had taken a number of other corrective steps regarding the Student Life Office, which includes Campus Living, among other departments.

With respect to UB's procurement policies, SUNY advised that procurement and expense training for all staff within Student Life had been conducted by UB's Financial Management and Controller Offices, new routing and review protocols for financial transactions had been established for and communicated to Student Life departments, greater oversight and guidance of contracts and contract review processes had been implemented, and line item spending plans and review procedures had been established for all Student Life departments. SUNY also reported that Student Life was required to submit monthly financial reports to monitor against approved budgets, and accounts and entities had been restructured to support more transparent access to

financial records by the Controller's Office. Additionally, SUNY reported that a new Student Life vice president and associate vice president had been appointed in January 2017.

Changes within Campus Living included the requirement that the Campus Living director report to the Student Life vice president with regular meetings and oversight on operations and key decisions, and the establishment of more rigorous financial oversight and controls of Campus Living resources. In addition, SUNY reported that all Campus Living large item contractual expenditures would be reviewed bi-annually by the university procurement team and the Student Living vice president, and proposed purchasing guidelines had been established for UB Foundation expenditures.

Notably, SUNY reported that all Campus Living procurement activity is to be routed through University Procurement Services to ensure proper procurement procedures have been followed and documented. This will include a review of records noting negotiations conducted, procedure for selection of successful bidder, basis for selection of contract type, price determinations, evidence of M/WBE considerations, and purchase order and contract revisions and approvals, among others. Additionally, SUNY advised that UB procurement team members will be required to sign an acknowledgment regarding confidentiality and conflict of interest in the vendor selection process. Also, SUNY stated that Campus Living's business model will be reviewed and restructured to increase accountability and reduce inefficiency, and new training protocols will be introduced to its employees. Lastly, SUNY advised that an ethics hotline will be created to provide employees the opportunity to report potential ethical violations.