

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

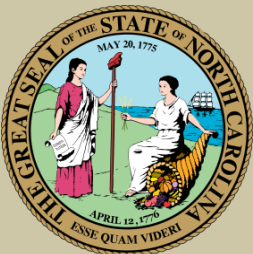
BETH A. WOOD, CPA



FAYETTEVILLE STATE UNIVERSITY

FAYETTEVILLE, NORTH CAROLINA

INVESTIGATIVE REPORT
SEPTEMBER 2021



NCOSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor (OSA) received 35 allegations concerning Fayetteville State University (University). OSA determined that a significant number of complaints questioned the appropriateness of operational and management decisions. OSA focused its investigation on fraud, waste, and abuse allegations.

BACKGROUND

The University was founded in 1867 and is a constituent institution of the University of North Carolina System (UNC System). The University is located in Fayetteville, North Carolina and is one of the five Historically Black Colleges and Universities in the UNC System. Fall 2020 enrollment at the University was 6,726 students.

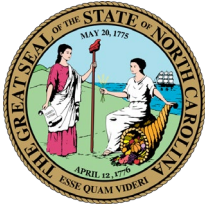
KEY FINDINGS

- University purchasing policies were not followed and were incomplete.
- The Associate Vice Chancellor for Facilities Management (Associate Vice Chancellor) failed to demonstrate a commitment to integrity and ethical values by dividing a \$235,000 contract proposal to circumvent perceived approval requirements.

KEY RECOMMENDATIONS

- University management should ensure that University policies reflect all requirements as well as all exceptions to the requirements.
- The University's Chancellor should ensure that those responsible for reviewing, approving, and executing contracts are familiar with the approval requirements as well as any exceptions to those requirements.
- The University's Chancellor should ensure that the Vice Chancellor for Business and Finance, the Associate Vice Chancellor for Facilities Management, and General Counsel have the knowledge, skills, and abilities to carry out assigned responsibilities.
- The University's Chancellor should consider disciplinary action against the Associate Vice Chancellor for his unethical act in his effort to circumvent approval requirements.
- The Associate Vice Chancellor and all Facilities Management Division employees should take ethics training to help ensure an appropriate control environment exists throughout the University.

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Randall C. Ramsey, Chair, Board of Governors, University of North Carolina System
Peter D. Hans, President, University of North Carolina System
Stuart Augustine, Chair, Fayetteville State University Board of Trustees
Darrell Allison, Chancellor, Fayetteville State University

Ladies and Gentlemen:

Pursuant to *North Carolina General Statutes §147-64.6(c)(16)* and *§147-64.6B*, we have completed an investigation of allegations concerning Fayetteville State University. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General, and other appropriate officials in accordance with *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of Fayetteville State University during our investigation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Beth A. Wood".

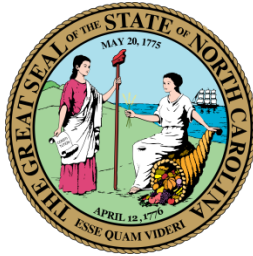
Beth A. Wood, CPA
State Auditor



Beth A. Wood, CPA
State Auditor

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BACKGROUND

The Office of the State Auditor (OSA) received 35 allegations concerning Fayetteville State University (University). OSA determined that a significant number of complaints questioned the appropriateness of operational and management decisions. OSA focused its investigation on fraud, waste, and abuse allegations.

Our investigation of these allegations included the following procedures:

- Review of applicable *North Carolina General Statutes*, *North Carolina Administrative Code*, University of North Carolina (UNC) Board of Governors¹ meeting minutes, and University policies and procedures
- Examination and analysis of available documentation related to the allegations
- Interviews with personnel from the University, North Carolina Department of Administration's Division of Purchase and Contract, and the UNC System Office

This report presents the results of the investigation. The investigation was conducted pursuant to *North Carolina General Statutes* § 147-64.6(c)(16) and §147-64.6B.

The University was founded in 1867 and is a constituent institution of the UNC System. The University is located in Fayetteville, North Carolina and is one of the five Historically Black Colleges and Universities in the UNC System. Fall 2020 enrollment at the University was 6,726 students.

Contract Review

The University has the authority to approve contracts not exceeding \$100,000. Approvals are required by:

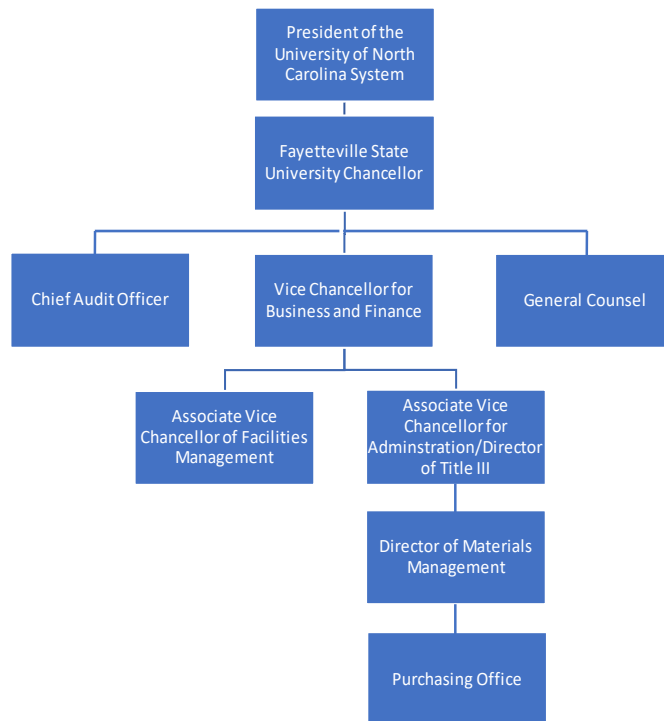
- The Vice Chancellor responsible for the division initiating the contract,
- The University's General Counsel,
- The University's Purchasing Office, and
- The Vice Chancellor for Business and Finance.

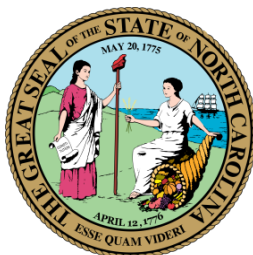
Contracts between \$100,000 and \$500,000 also require the approval of the President of the UNC System.

Contracts over \$500,000 require the approval of the State Division of Purchase and Contract.

See page 2 for the organizational structure for the positions mentioned in this report.

¹ The UNC System is governed by the UNC Board of Governors, which, under Chapter 116 of the *North Carolina General Statutes*, has responsibility for the planning, development, and overall governance of the UNC System. The Board elects the president of the UNC System.





FINDINGS AND RECOMMENDATIONS

1. FAYETTEVILLE STATE UNIVERSITY PURCHASING POLICIES WERE NOT FOLLOWED AND WERE INCOMPLETE

Fayetteville State University (University) management executed two landscape maintenance contracts without the approvals required in the existing University purchasing policy. In addition, the University's purchasing policy omitted information regarding exceptions to the purchasing policy. As a result, the North Carolina Office of the State Auditor (OSA) spent approximately 470 hours investigating the alleged wrongdoing that did not exist. Best practices identified by the Government Accountability Office (GAO) recommend that management implement control activities through **accurate** policies.

University Contracts Violated Established Policies; Policies Were Incomplete

The University executed two landscape maintenance contracts without the approvals required under the existing University purchasing policy.

The University has the authority to approve contracts not exceeding \$100,000. Approvals are required by:

- The Vice Chancellor responsible for the division initiating the contract,
- The University's General Counsel,
- The University's Purchasing Office, and
- The Vice Chancellor for Business and Finance.

Contracts between \$100,000 and \$500,000 also require the approval of the President of the University of North Carolina (UNC) System.

Contracts over \$500,000 require the approval of the State Division of Purchase and Contract.

University management did not follow the contract approval requirements as laid out in the University's purchasing policy. Specifically:

- One contract did not get three approvals.²
- One contract was divided into multiple procurements to avoid the approvals required (see Finding 2).

However, the University's **purchasing policy was outdated and incomplete.**

² The contract was not reviewed by the University's General Counsel, was approved by the University's Purchasing Office weeks after it was signed, and was not approved by the State Division of Purchase and Contract.

Specifically, the University's purchasing policy:

- Specified an incorrect dollar amount for its purchasing authority that had not been in effect since 2015.³
- Omitted the requirement for the approval of the President of the UNC System for contracts between \$100,000 and \$500,000.
- Specified an incorrect dollar amount which would require a contract must be sent to the State Division of Purchase and Contract for approval.
- Omitted information about *North Carolina General Statute §116-13(a)* which provides an exception to the approval requirements.

North Carolina General Statute §116-13(a) exempts the University from certain approvals when a purchase is not covered by a State term contract and either (1) the moneys used are not State funds or funds received as tuition, or (2) less than 30% of the total purchase price is from State funds or funds received as tuition.

Both contracts noted above were paid almost entirely with federal funds.⁴ Therefore, the approvals documented in the University purchasing policy were not required.

During the investigation of both contracts, **it was determined that University management did not know contract approval requirements.** Further, University management did not understand the funding source for the contracts and the impact that would have on the approval requirements.

If University management had understood the funding source and the impact on the approval requirements, or if the exception was noted in the University's purchasing policy, they would have realized they did not need the approvals they were trying to avoid, and there would have been no need for an investigation.

Because an investigation regarding the contract approval processes was conducted and the exception was not communicated, investigators presented a draft report to University management related to the two landscape contracts. In response to that draft report, the University's Chief Audit Officer stated that she "looked at the details" for the two contracts and determined the two contracts were exempt from certain approval requirements because federal funding was used almost exclusively for those contracts.

The Chief Audit Officer stated she told the University's General Counsel about the statute that exempted the two contracts from the approval requirements that would have otherwise been required. The Chief Audit Officer concluded, "I don't think you guys got the proper information at the beginning for where the funding came from. Unfortunately, because that caused a lot of heartache for you guys."

³ Effective July 1, 2015, the UNC Board of Governors increased the University's purchasing authority from \$50,000 to \$100,000.

⁴ The funding source for both contracts consisted almost entirely of federal funding from the following Title III sources: Title III Part B, Strengthening Historically Black Colleges and Universities Program; Title III, Part F, Student Aid and Fiscal Responsibility Act (SAFRA) which provided funding through fiscal year 2019; Title III, Part F, FUTURE ACT which provides funding beyond fiscal year 2019. The only state funds expended totaled \$9,985.

Resulted in \$49,000 Used to Investigate

As a result of the lack of understanding of contract approval requirements, as well as the incomplete purchasing policy, OSA spent approximately 470 hours investigating the alleged wrongdoing that did not exist. This resulted in approximately \$49,000 of OSA resources that could have been more appropriately used for other investigations that were unnecessarily delayed.

Resources devoted to the investigation included, but were not limited to, the following areas:

- Review of applicable *North Carolina General Statutes* and *North Carolina Administrative Code*, applicable University policies and procedures, and UNC System Purchasing Thresholds
- Review of Requests for Proposals (RFP), Waivers of Competition, purchase orders, invoices, contract proposals, and executed contracts
- Review of budget documents, grant applications, and grant award documents
- Inquiries of personnel at the UNC System Office, Division of Finance and Administration, and the North Carolina Department of Administration's Division of Purchase & Contract
- Interviews with University management

Additionally, during the investigation, resources from various State entities were utilized, including the University, the North Carolina Department of Administration's Division of Purchase and Contract, and the UNC System Office. The dollar impact of this use of resources could not be determined.

Had the University's purchasing policy been up-to-date and complete, University management would have been aware of the exception, notified Investigators, and the investigation would have not gone further.

Best Practices Identified by Government Accountability Office

Best practices identified by the Government Accountability Office (GAO)⁵ recommend that University management implement control activities through **policies**. Specifically, the GAO states:

Management documents **in policies** for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness... Each unit also documents **policies** in the appropriate level of detail to allow management to effectively monitor the control activity. *[Emphasis Added]*

The approval requirements, **including any exceptions**, are examples of internal controls that should be documented in **policies** by University management.

⁵ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, 12.03

RECOMMENDATION

University management should ensure that University policies reflect all requirements as well as all exceptions to the requirements.

The University's Chancellor should ensure that those responsible for reviewing, approving, and executing contracts are familiar with the approval requirements as well as any exceptions to those requirements.

The University's Chancellor should ensure that the Vice Chancellor for Business and Finance, the Associate Vice Chancellor for Facilities Management, and General Counsel have the knowledge, skills, and abilities to carry out assigned responsibilities.

2. ASSOCIATE VICE CHANCELLOR FAILED TO DEMONSTRATE A COMMITMENT TO INTEGRITY AND ETHICAL VALUES

The Associate Vice Chancellor for Facilities Management (Associate Vice Chancellor) at Fayetteville State University (University) did not provide an appropriate "tone at the top" to staff throughout the Facilities Management Division. Instead, the Associate Vice Chancellor attempted to circumvent the approval process, as he understood it, by dividing a \$235,037 landscape maintenance contract proposal into four smaller procurements. This act sent a message to employees that behaving unethically is acceptable. The Associate Vice Chancellor chose to violate ethical standards to attempt to circumvent perceived approval requirements.

Failure to Demonstrate a Commitment to Integrity and Ethical Values

The Associate Vice Chancellor exhibited an ethical lapse when he divided a \$235,037 landscape maintenance contract proposal into four smaller procurements in order to circumvent approval requirements he believed would be necessary.

The original proposal submitted for landscape maintenance services was dated August 14, 2019, and totaled \$235,037. The term of the original contract proposal was August 19, 2019 through December 31, 2019.

The Associate Vice Chancellor eliminated some of the services listed in the original contract proposal to arrive at a modified contract proposal for \$97,983.

The Associate Vice Chancellor then made three additional procurements which included substantially all of the services eliminated from the original contract proposal. The additional procurements were for the same time frame as the original contract proposal.

Each of the procurements was less than the \$100,000 threshold requiring pre-approval by the President of the University of North Carolina System (UNC System).⁶

Although the contract ultimately did not require certain approvals due to the funding source,⁷ the Associate Vice Chancellor did not understand the approval requirements and divided the proposal into four smaller procurements to circumvent the perceived approval requirements.

⁶ The UNC System Purchasing Thresholds state that the University must obtain approval from the UNC System President for purchases greater than \$100,000.

⁷ See Finding #1.

Resulted in Message to University Staff that Unethical Behavior is Acceptable

Dividing a contract into smaller procurements to circumvent approvals demonstrated a lack of integrity or ethical values by the Associate Vice Chancellor. This act sent a message to employees that behaving unethically is acceptable. As a result, the University subjected itself to a higher fraud risk as employees may believe it is acceptable to break the rules.

In addition, unethical behavior could diminish the public's, donor's, and student's confidence and trust in University management.

Caused by Associate Vice Chancellor's Decision to Violate Ethical Standards

The Associate Vice Chancellor chose to violate ethical standards in an effort to circumvent perceived approval requirements. His explanations for this behavior included budgetary considerations and expediting the approval process.

Although the Associate Vice Chancellor provided several explanations for dividing the services included in the original contract proposal, he eventually admitted that the need for additional approvals for procurements over \$100,000⁸ "played a role" in his decision to eliminate some of the services listed in the original contract proposal.

The University was previously cited for splitting transactions to avoid procurement rules in a Compliance Review conducted by the North Carolina Department of Administration's Division of Purchase and Contract.⁹ The report noted that splitting transactions to avoid procurement rules was a repeat finding.

Committee on Sponsoring Organizations (COSO) Guidelines on Ethical Behavior

COSO provides guidance on ethical behavior. Specifically, COSO states that management demonstrates "through their directives, actions, and behavior the importance of integrity and ethical values to support the functioning of the system of internal control."¹⁰ As such, COSO further specifies that "Employees are likely to develop the same attitudes about right and wrong...as those shown by management. Individual behavior is often influenced by the knowledge that the chief executive officer has already behaved ethically when faced with a tough business-based or personal decision."¹¹

Association of Certified Fraud Examiners (ACFE) Guidance on Tone at the Top

The ACFE also provides guidance for "tone at the top." Specifically, the ACFE defines "tone at the top" as "the ethical atmosphere that is created in the workplace by the organization's leadership." An ACFE article about tone at the top explains that:

Whatever tone management sets will have a trickle-down effect on employees of the company. If the tone set by managers upholds ethics and integrity, employees will be more inclined to uphold those same values...When those in top positions set the wrong, unethical example by committing fraud, their

⁸ The UNC System Purchasing Thresholds provide that the University must obtain approval from the UNC System President for purchases greater than \$100,000.

⁹ The review covered calendar year 2018. The report was dated April 2019.

¹⁰ *Internal Control – Integrated Framework*. May 2013. Page 33.

¹¹ *Ibid*. Page 34.

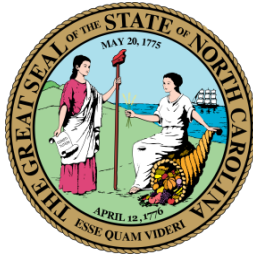
employees will take heed and follow in their bosses' fraudulent footsteps, creating an entire culture of workplace fraud.¹²

RECOMMENDATIONS

The University's Chancellor should consider disciplinary action against the Associate Vice Chancellor for his unethical act in his effort to circumvent approval requirements.

The Associate Vice Chancellor and all Facilities Management Division employees should take ethics training to help ensure an appropriate control environment exists throughout the University.

¹² "Tone at the Top: How Management Can Prevent Fraud in the Workplace." Association of Certified Fraud Examiners.
https://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/tone-at-the-top-research.pdf



STATE AUDITOR'S RESPONSE

The Office of the State Auditor (OSA) strives to provide reports with complete and accurate information to the Governor, the General Assembly, and the citizens of North Carolina. When the response to an OSA investigation potentially **obscures** an issue, **misleads** the reader, or **minimizes** the importance of investigative findings and recommendations, OSA provides clarifications regarding the entity's response.

In its response to this investigative report, Fayetteville State University (University) **made several statements that attempted to obscure** issues, **mislead** the reader, and **minimize** the importance of OSA's findings and recommendations. **To ensure complete and accurate information**, OSA offers the following clarifications.

University's Purchasing Policy Was Incomplete

In its response to Finding 1, the University **agreed** that the Purchasing Policy (Policy) "...should be reviewed and updated, as deemed necessary." However, its response mentioned that the policy referenced a Memorandum of Understanding (MOU) between "UNC [University of North Carolina System] and the Division of Purchasing and Contract" as a "related policy." The MOU details are not included in the University's policy, nor does the policy place the MOU into context. The MOU is simply referenced by name in the heading of the University policy. **This does not constitute a complete policy.**

In addition, the University's response stated, "It was the University's belief that it did not need to specifically reference the language in the statute given that the MOU is listed as a related policy." The response also quotes the language from the MOU, which is not relevant to the finding. **The University's "belief" is incorrect.** If the MOU language had been added **to their policy**, University staff would have been aware of approvals needed for specific funding sources and **this investigation would not have been necessary.**

Knowledge of the Impact of the Funding Source

In its response to Finding 1, the University stated that "...management was aware of the funding source utilized" for the contracts in question. **This is not accurate.**

Investigators spoke with the Vice Chancellor for Business and Finance (Vice Chancellor) about the two landscaping contracts in an effort to determine his knowledge of review and approval requirements. During several interviews, the Vice Chancellor **never** mentioned the exemptions of approvals due to the funding sources of these contracts.

In fact, during an October 2020 phone call, investigators asked the Vice Chancellor why he hadn't obtained the approvals of the University's General Counsel, the Procurement Director, or Chief Finance Officer at the [UNC] System Office, and the state procurement office for the \$1,486,350 landscape contract. He replied that it was an **"oversight."**

It was the Vice Chancellor's mistaken belief that all of those approvals were required which demonstrates that he **did not understand the impact of the funding source on the approval requirements.**

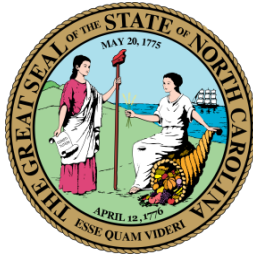
Commitment to Integrity and Ethical Values

In its response to Finding 2, the University stated, "The University's internal review does not conclude that any ethical or integrity issues were involved with the way the contract was executed." **This is misleading.**

The Associate Vice Chancellor for Facilities Management (Associate Vice Chancellor) **divided** the \$235,037 contract proposal into four smaller procurements to **circumvent approval requirements**.

During the course of the investigation, the **Associate Vice Chancellor stated** that the **scope of work did not change from the original contract proposal**. When asked why all the services weren't just left in the original \$235,037 contract proposal, the Associate Vice Chancellor responded, **"None of us expected that big a number."**

Further, the **Associate Vice Chancellor stated** that avoiding certain approvals **"played a role"** in the decision to revise the original contract proposal. He agreed that fewer approvals would expedite the approval process.



RESPONSE FROM FAYETTEVILLE STATE UNIVERSITY



Office of the Chancellor

August 19, 2021

The Honorable Beth A. Wood, State Auditor
Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

Dear Auditor Wood:

This letter is in response to the Office of the State Auditor's Investigative Report (report) dated August 2021.

University leadership believes in creating, promoting, and maintaining a workplace culture and control environment that emphasizes integrity, ethical values, and compliance. In a recent reorganization, the University created a Division of Legal, Audit, Risk and Compliance. Within this Division, the University has hired a Compliance and Risk Management Officer who will begin employment with the University in September 2021. This is a new position within the University. As part of their job responsibilities, they will be responsible for working with university personnel to ensure policies and procedures are reviewed and updated as necessary. In addition, they will determine training needs of university personnel in relation to policies and procedures, General Statutes, and laws and regulations of the University, University of North Carolina System Office, State, and Federal government.

We are providing the written response for the findings identified in connection with your report. The responses have been prepared for each audit finding.

1. FAYETTEVILLE STATE UNIVERSITY POLICIES WERE NOT FOLLOWED AND WERE INCOMPLETE.

OSA Recommendation:

University management should ensure that University policies reflect all requirements as well as all exceptions to the requirements.

The University's Chancellor should ensure that those responsible for reviewing, approving, and executing contracts are familiar with the approval requirements as well as any exceptions to those requirements.

1200 Murchison Road, Fayetteville, NC 28301

910. 672.1141

Fayetteville State University is a constituent institution of The University of North Carolina

The University's Chancellor should ensure that the Vice Chancellor for Business and Finance, the Associate Vice Chancellor for Facilities Management, and General Counsel have the knowledge, skills, and abilities to carry out assigned responsibilities.

University Response: Fayetteville State University agrees that the Purchasing Policy should be reviewed and updated, as deemed necessary. While the University Purchasing Policy did not include the actual language of the statute in the body of the Policy, the *UNC and the Division of Purchasing and Contract Memorandum of Understanding (MOU)* is specifically referenced as a related policy. It was the University's belief that it did not need to specifically reference the language in the statute given that the MOU is listed as a related policy. The MOU includes references to NCGS 116-13 and specifically outlines the exemptions provided based on the funding source.

The MOU specifically states the following:

G.S. 116-13 (a), as rewritten, affirms that the Board of Governors is subject to the provisions of Chapter 143 and 146 of the General Statutes, but provides for a qualified exemption when a purchase is not covered by a state term contract and meets either of two conditions, as denoted in subdivisions (1) and (2).

Subdivision (1) provides for a blanket exemption for purchases funded 100% from sources other than General Fund or from tuition. In a mixed funding scenario, Subdivision (1) provides also an exemption if the level of State funding and tuition are 30% or less. If the level of State funding is above the 30% threshold, then the cited General Statutes apply. The 30% threshold allows a higher degree of oversight when significant state funds and tuition are in the funding mix.

Subdivision (2) addresses a more specific exemption for contract and grants. Again, the blanket exemption applies for purchases when 100% of the funding is from contract and grant sources. Under the mixed funding scenario for contracts and grants, a different threshold is applied due to the specificity of audit requirements and other controls imposed by government entities, sponsors, etc. Subdivision (2) also provides an exemption if the level of State funding and tuition are 50% or less. If the level of State funding is above the 50% threshold, then the cited General Statutes apply.

The paragraph in House Bill 975 following subdivisions (1) and (2) is very important. Purchases made pursuant to subdivisions (1) and (2) are required to conform to Chapter 143, Article 3 and adopted rules in 1NCAC 5A & B, except that no oversight or approval from the Secretary of Administration, the State Purchasing Officer, or the Board of awards is required, regardless of the dollar value. Therefore, this paragraph effectively re-instates the applicability of the law, but permits qualifying procurements to be made at the campus level. Such qualifying procurements may exceed an institution's purchasing benchmark.

The contracts reviewed during the investigation were purchased with Title III Strengthening Historically Black Colleges and Universities program grants and grants under the FUTURE Act. Therefore, procurements are able to be made at the campus level.

Based on interviews, by the Chief Audit Officer, of the AVC of Facilities, the AVC for Finance, and the AVC for Administration/Title III Director concluded that discussions were had amongst them related to the funding source for the landscaping contracts. It was determined that the University had carryforward funds from Title III (Federal funds) that could be utilized for payment of the contracts and that the next Title III proposal (Futures Act) would include a project for the remaining landscaping contracts. All purchase orders and requisitions (except for the first Brightview invoice) were charged to Title III funds.

All purchase orders related to the landscaping contract were provided to OSA during its investigation. Specifically, a PO was provided to OSA in February 2020 that contained the funding source for the invoice. The invoice included Title III (Federal funds) as the funding source. Only the initial invoice from the landscape company, in the amount of \$9,985.00, was paid for with General (State) Funds. This amount is below the threshold for UNC System Office approval and was outside of the actual contract. This was for services performed before contract initiation.

This supports that management was aware of the funding source utilized.

2. ASSOCIATE VICE CHANCELLOR FAILED TO DEMONSTRATE A COMMITMENT TO INTEGRITY AND ETHICAL VALUES

OSA Recommendation:

The University's Chancellor should consider disciplinary action against the Associate Vice Chancellor for his unethical act in his attempt to circumvent approval requirements.

The Associate Vice Chancellor and all Facilities Management Division employees should take ethics training to help ensure an appropriate control environment exists throughout the University.

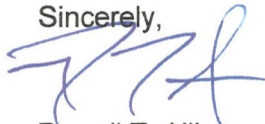
University Response: The University's internal review does not conclude that any ethical or integrity issues were involved with the way the contract was executed.

A review of the original contract and the revised contract showed that there was a change in the number of services and some services included in the original quoted price were removed. Subsequently, the University solicited bids for the services that were removed. For example, aeration and overseeding was removed from the original quote. University documentation shows that proposals were provided from 3 companies and the lowest price was quoted by the company the University was already contracted with. Therefore, this vendor was chosen to

provide the services. This documents the AVC's attempt to obtain the best price for the University by soliciting quotes for larger projects included within the original contract.

Fayetteville State University thanks the State Auditor for the opportunity to respond to this report. As stated above, the University's leadership understands the importance of and places an emphasis on integrity, ethical values, and compliance. We will continue this emphasis to ensure we are being good stewards to all our stakeholders.

Sincerely,

A handwritten signature in blue ink, appearing to be 'D. Allison', written over a horizontal line.

Darrell T. Allison, JD
Chancellor

ORDERING INFORMATION

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Office of the State Auditor Fraud Hotline:

Telephone: 1-800-730-8477

Internet: <http://www.auditor.nc.gov/pub42/Hotline.aspx>

For additional information contact the
North Carolina Office of the State Auditor at:
919-807-7666



This audit required 1,524 hours of auditor effort at an approximate cost of \$158,570.