


MEMORANDUM

TO: G.P. "Bud" Peterson, President

FROM: Phillip W. Hurd, Chief Audit Executive 

DATE: July 26, 2018

RE: **SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES**

INTRODUCTION AND BACKGROUND

Georgia Tech (GT) Department of Internal Auditing (DIA) reviewed allegations received pertaining to several issues within GT's Campus Services division. The GT Campus Services division was managed by Paul Strouts, Vice President of Campus Services. Allegations investigated pursuant to this review include:

- Paul Strouts and Lance Lunsway regularly take time away from work for golf outings without reporting the appropriate time off, and some golf outings occurred with food service vendors Sodexo, Aramark and Old Fashioned Foods
- Paul Strouts has covered up the time away for golf by certifying Lance Lunsway's time off reporting when he took time off with Paul Strouts
- Paul Strouts, at his discretion, inappropriately instructed subordinates with override authority to approve raises and reorganizations, and to improperly divert funds
- Tom Stipes' job position as the Director of Digital Communications was created by Paul Strouts due to his personal friendship with Mr. Strouts and paid over \$100,000 a year for the past four years without a benefit to GT
- Paul Strouts approved over \$5,600 of meal reimbursements by Tom Stipes for meals where only GT employees attended
- Paul Strouts intends to outsource the GT Post Office to UPS, where a close family member is employed

Additional concerns were raised during interviews with GT employees. Concerns directly applicable to the points above were incorporated in this review while unrelated allegations will be addressed through separate engagements.

SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES EMPLOYEE'S ACTIVITIES

DESCRIPTION OF CAMPUS SERVICES

According to GT's Campus Services website:

Campus Services facilitates the creation of a vibrant learn, live, work, play community and enhances the quality of campus life for students, faculty, staff and guests through the delivery of extraordinary services, programs and facilities.

We support the strategic direction of Georgia Tech and foster an atmosphere of collaboration with the Institute and its global partners. We seek to set the standards for excellence on the campus and in the country by continuously refining and improving Campus Services in a market driven environment.

Our diverse departments support the well-being of students, encourage students to develop personal responsibility as consumers, citizens and leaders, and assist in creating an environment that fosters academic success.

Campus Services provides legendary customer service for the campus community by attracting and retaining world-class talent. We develop dynamic leaders and apply innovative, efficient solutions to complex problems. As conscientious stewards, we attract the necessary resources for future growth and development to enhance the excellence of education and research at Georgia Tech.

SUMMARY OF FINDINGS

We found merit in the allegations that revealed, improper vendor relationships, waste and abuse as it relates to GT time, improper contractual requirements, and gratuities from vendors and a disregard for GT and Board of Regents (BOR) policies.

Paul Strouts, the Vice President of Campus Services (VPCS), directed approximately \$35,000 a year in bookstore commission revenue towards the GT Foundation (GTF) for subsequent use to fund a football suite at GT. Revenue derived from a GT contract (i.e., the bookstore) may not be directed to a private third party. Furthermore, the suite was intended for "student outreach", however, 86% of the attendees were Campus Service vendors, employees, friends and family members of Mr. Strouts. We identified only 14% usage by students for the 34 games reviewed.

As per BOR Business Procedures Manual (BPM) section 16.4.5, this report has been referred to the USG Vice Chancellor for Organizational Effectiveness, and the USG Chief Audit Officer.

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

OBJECTIVE/SCOPE

The purpose of the special review was to determine if the allegations have merit, and if so to review further and determine if any policies were violated. DIA reviewed contracts, emails, and documents to ensure compliance with Institute policies. Interviews of Institute personnel and certain vendors have been conducted.

In accordance with BOR policy, since the allegations surround the actions of executive leadership, the BOR Office of Organizational Effectiveness acted in an oversight role on this review and many of the interviews were conducted jointly.

Based on the volume of the complaints received, the scope of this review only included some of the allegations. Additional allegations are scheduled for further review, and will be addressed in subsequent reports.

The findings associated with this review are as follow:

**ISSUE 1: IMPROPER ACCEPTANCE OF GIFTS OR EXCESSIVE
ENTERTAINMENT FROM OUTSIDE AGENCIES**

OBSERVATION: GT is currently under contract with Barnes & Noble (B&N) for the operation of the GT Bookstore. As part of that contract in 2013, Mr. Strouts approached the organization and solicited a donation in the amount of approximately \$35,000 annually from 2013 to 2017 for the purchase of a GT football suite from the GT Athletic Association. The "donation" would be a requirement tied to the bookstore contract.

Upon initiating this request, the GTF correctly informed Mr. Strouts that payments from a vendor made pursuant to a contractual obligation to GT could not be sent as a donation to the GTF. In response, Mr. Strouts prevailed upon B&N to change their characterization of the payment. However, B&N continued to consider the payment to be a contractual obligation.

DIA's review noted that there were several different versions of the B&N letter for 2013.

B&N letter to GT Campus Services (CS) dated April 1, 2013 stated:

"Enclosed is a check in the amount of \$35,000. The check represents the Barnes & Nobles College Booksellers annual payment to Georgia Institute of Technology for the 2013 Football Stadium Box as per our contractual agreement"

**SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES**

B&N's letter to GT CS dated April 29, 2013 stated:

"Enclosed is a check in the amount of \$35,000.00. This check represents Barnes & Noble College Booksellers annual donation to the Office the Vice President of Campus Services (VPCS). The donation represents the purchase of a 2013 Football Box, which shall be used by the VPCS for the purpose of student outreach."

Based on the review of the correspondence between B&N and CS staff, it appeared that the letters had been changed by CS staff to satisfy the "gift" requirements by the GTF.

The GTF questioned this issue and confirmed with Paul Strouts as follows:

----- Original Message -----

Subject: Re: Barnes & Noble support

Date: Tue, 7 May 2013 13:33:23 -0400 (EDT)

From: Strouts, Paul A. <paul.strouts@gatech.edu>

To: Barton, Pat <Pat.Barton@dev.gatech.edu>

CC: Bill Foreman <bill.foreman@gtf.gatech.edu>, Barbara A Hamschke <barbara.hamschke@aux.gatech.edu>

Pat, there is no quid pro quo. There may be an occasion where B&N will come to the box, but control of the box will be maintained by Campus Services. I hope this helps. Thanks. Paul

Sent from my iPhone

On May 7, 2013, at 1:15 PM, "Barton, Pat" <Pat.Barton@dev.gatech.edu> wrote:

Hello Mr. Strouts, As you know, the GTF recently received \$35,000 from Barnes & Noble for a Football Suite to be used by Campus Services. You informed GTF that there were no contractual obligations related to this gift and that the suite would not be used by Barnes & Noble. My office handles the acknowledgment and tax receipt for this gift. GTF has asked that I contact you again to ascertain that there are no quid pro quo benefits that the donor will get from GT as a result of this gift. If there are, per IRS rules, the monetary value of them needs to be noted in the tax receipt my office prepares. Thanks for your help, Pat Barton

Ms. Pat C. Barton
Gift Accounting Director
GT Office of Development
Office (404) 894-5544
Fax (404) 894-0350

GTF did their due diligence in the acceptance of the gift, and was assured by the Vice President of CS (VPCS) that there was no "quid pro quo". Additional evidence substantiated that the Office of Legal Affairs (OLA) had also raised similar concerns surrounding the execution of the B&N contract. Notwithstanding these concerns, CS did not comply with the recommendations from GTF or from OLA.

Review of the "gift" letters yielded that the donor's stated intent for the use of the football suite was for "student outreach". Through conversations with CS staff, DIA learned that each year at the beginning of the season, CS agreed with B&N which games and how many tickets would be used by each party. Once agreed upon by B&N and CS, the tickets were allocated accordingly. DIA obtained records of the actual usage of the tickets to the football suite and noted the following:

**SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES**

Tickets assigned to	2013	2014	2015	2016	2017	% of Total Tickets
GT employee, relative/friends	44%	32%	44%	38%	35%	39%
GT employee	36%	27%	22%	28%	29%	28%
GT employee relative/friend	0%	0%	0%	3%	0%	1%
Strouts relative/friend	6%	4%	22%	7%	5%	9%
Strouts	2%	1%	1%	1%	1%	1%
Vendor	0%	0%	3%	1%	1%	1%
Vendor owner	0%	0%	3%	1%	1%	1%
Vendor owner relative	0%	0%	0%	1%	1%	0%
Student tickets controlled by CS	17%	13%	12%	20%	9%	14%
B&N	31%	52%	37%	39%	54%	42%
Unknown	7%	3%	5%	1%	0%	3%
% of Total Tickets	100%	100%	100%	100%	100%	100%

Each football season hosts approximately seven home games where the use of the suite could be utilized. Since the cost of each season is approximately \$35,000, the extrapolated amount being spent over the five-year review period for student outreach under the control of CS was \$24,500, and the additional amount of \$150,500 was for the benefit of vendors, GT employees, friends and relatives.

CONCLUSION: Use of the suite created a scenario in which a vendor was effectively paying for GT employees, friends, and relatives to attend football games. In this case, the GT employee was also responsible for overseeing the vendor. This creates the appearance of “quid pro quo” to VPCS for the B&N contract, which is unallowable. Additionally, the VPCS improperly directed GT revenue from B&N outside of GT to a third party, i.e., GTF. These actions appear to violate *GT Ethics Policy No: 5.1 Business Ethics*.

RECOMMENDATION: Although Mr. Strouts resigned during this review, management should take actions to educate all employees to ensure that all gifts to the GTF should only be used in accordance with the donor’s intent. In addition, no contractual agreements should be entered into while also soliciting donations that are considered a "quid pro quo". Finally, GT employees should not accept gifts from vendors as specified in GT Policies and BOR Policy 8.2.18.4.

**SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES**

ISSUE 2: ACCEPTANCE OF GRATUITIES FROM VENDOR

OBSERVATION: For the GT/FSU football game on October 24, 2015, the VPCS reached out to Sodexo to request the use of their football suite (in addition to the B&N suite discussed in Issue 1 above). The VPCS had relocated to GT from FSU, he utilized this suite to entertain previous employees, family and friends. It was noted that for this game, the cost of the suite was approximately \$5,000. When interviewed by DIA, Mr. Strouts indicated that he did this as a favor to past colleagues, friends and others who wanted to go to the game from FSU.

CONCLUSION: The actions of the VPCS of soliciting and accepting the use of the vendor's football suite for family and friends to attend the GT/FSU football game on October 24, 2015 appear to violate:

*BOR Policy 8.2.18.1.4 Code of Conduct
BOR Policy 8.2.18.4 Gratuities*

RECOMMENDATION: Although Mr. Strouts resigned during this review, management should take actions to educate all employees to ensure that BOR Policy 8.2.18.1.4 is followed, specifically No. 12, which states:

"We will....(12) Refrain from accepting any gift or thing of value in those instances prohibited by law or Board of Regents' policy."

**ISSUE 3: APPEARANCE OF IMPROPER CONFLICT OF INTEREST
WITH VENDORS**

OBSERVATION: Mr. Strouts, VPCS and Lance Lunsway, *Executive Director - PTS Auxiliary Student Center & Business*, frequently played golf with vendors. The vendors, Mr. Strouts and Mr. Lunsway indicated that they paid for the golf themselves, and that the vendors did not pay for them to play. Upon discussion with the vendors, it was noted that sometimes these golf outings occurred at private courses throughout Atlanta, where non-members are only allowed to play when invited by a member.

In regards to conducting this on work time, DIA noted that although one specific date was included in the EthicsPoint complaints, where the time out of the office for golf outings was not accurately reported by Mr. Strouts or Mr. Lunsway until it was brought to the attention of the GT Office of Human Resources (GTHR) and corrections were made. Although golf outings were regularly scheduled during working hours, DIA notes that the responsibilities of both of these positions require employees to sometimes to work outside the normal Institute operating hours. In this case, it was presented as Comp time. However, since this was brought to the attention of Institute management, the Comp time was corrected and to avoid any questions, and personal time was recorded in the leave reporting system (TimeOut) for Mr. Strouts. Mr. Lunsway's time was not adjusted.

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

Further review of CS employee's calendars indicated that on at least a dozen occasions between May 2014 and March 2018, Mr. Strouts and Mr. Lunsway took time away from the office to play golf with vendors, potential vendors, and other employees.

Additionally, one vendor indicated to DIA that he had also paid approximately \$1,000 per year to support a charity golf tournament sponsored by CS employees.

CONCLUSION: The actions of the VPCS and Executive Director in participating in frequent golf outings with vendors, and potential vendors appear to violate:

BOR Policy 8.2.18.1.4 Code of Conduct (11) Disclose and Avoid Improper Conflicts of Interest

RECOMMENDATION: Although both Mr. Strouts and Mr. Lunsway resigned during this review, management should ensure that all employees are aware of the appropriate allowable actions with vendors. Additionally, GT Office of Human Resources should also be consulted for an appropriate manner to record, allow, and track Comp time for salaried employees.

**ISSUE 4: IMPROPER USE OF INSTITUTE TIME AND RESOURCES
FOR PERSONAL GAIN**

OBSERVATION: During the review of Mr. Lunsway's time, we observed that he had taken 596 hours consulting time over the course of his employment. Consulting time is not allowed for staff employees. We asked Mr. Lunsway why he felt it was appropriate to consult on GT time and he responded that he was faculty. He also explained that Mr. Strouts was aware of and approved his consulting activities. DIA researched his employment history and found that when he was hired in 2011 his position was classified as general faculty. However, he was reclassified to staff in 2014. DIA contacted Rosalind Myers, former VPCS to determine at the time he was hired whether or not Mr. Lunsway was told he could consult. Ms. Myers was very specific in remembering the conversations in which she told Mr. Lunsway he could not consult on GT time and must use vacation time. Other employees interviewed corroborated that was the message put out by Ms. Myers. We queried Mr. Strouts about Mr. Lunsway's consulting time and he stated that he believed Mr. Lunsway was on vacation during his consulting time. This was substantively different than Mr. Lunsway's version, and we noted that Mr. Strouts had approved his time listed as "consulting" through GT's TimeOut system. We asked Mr. Strouts about his approval and he claimed lack of knowledge of how the TimeOut system worked. Mr. Strouts and Mr. Lunsway both indicated they were not aware of the systems, processes, and employment policies for which they were responsible for implementing, overseeing and executing. However, both employees had numerous direct reports with responsibility for approving time reporting, travel and other employee matters.

In addition to his consulting hours, Mr. Lunsway consulted for companies doing business with the BOR. For example, on one consulting trip, Mr. Lunsway consulted on merging transportation at a USG school. Mr. Lunsway, although working for a third party, made this information available to Mr. Strouts on multiple occasions.

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

CONCLUSION: Mr. Strouts and Mr. Lunsway had conflicting perceptions of consulting time. Regardless, these actions violated Institute and BOR policies and state law as follows:

BOR Policy 8.2.18 Personnel conduct

BOR Policy 8.2.18.1.4 Code of conduct sections 1,2,3,6, 11, 13

GT Policy 5.1 Business Ethics section 1, 9, 10

RECOMMENDATION: Although both Mr. Strouts and Mr. Lunsway resigned during this review, management should ensure that all employees are aware of the appropriate allowable actions regarding their employee status.

**ISSUE 5: FAILURE TO ACT AS GOOD STEWARDS OF THE RESOURCES
ENTRUSTED TO US**

OBSERVATION: During this review, numerous allegations were raised regarding Mr. Tom Stipes, Director of Digital Networks, his productivity, travel, and use of GTF funds. Mr. Stipes resigned before he could be interviewed. DIA reviewed his hiring documents and noted that he was given a \$25,000 retention bonus for his first year of which \$12,500 was to be paid after his six-month probationary period. We could find no other instance of a mid-level CS administration employee with a similar hiring package. The former GT Executive Vice President for Finance and Administration approved this hiring package upon Mr. Strouts' recommendation. There appeared to be an ongoing personal friendship between Mr. Stipes, Mr. Strouts and Mr. Lunsway.

Mr. Stipes spent his first year doing a feasibility study related to his own position and the prospect for digital signage. After the first year, Mr. Stipes was promoted and given a \$50,000 salary increase; however, we were not able to identify a clear set of accomplishments during this time period. DIA could not locate any signed performance reviews. According to Mr. Lunsway, the last two years of Mr. Stipes employment was spent reviewing and replacing the current Digital Signage Network. However, Mr. Lunsway (Mr. Stipes' supervisor) could not identify any upgraded monitors.

DIA reviewed expenses submitted by Mr. Stipes and observed that numerous food and beverage charges appeared to be routine meals and occurred multiple times per day. Periodically, Mr. Stipes would submit receipts for restaurants where meals would run \$40+ per person, and multiple receipts were purely alcohol. When DIA asked Mr. Strouts, who controlled the GTF account, the purpose of the use of funds he stated that it was so "Tom could sell the idea of digital signage to the campus." Based on Mr. Strouts explanation, DIA questioned the business purpose of the meals because many only documented the presence of Mr. Strouts, Mr. Lunsway, and other direct and indirect reports. These were employees who could be directed to implement digital signage as needed without the need to meet over a meal.

Mr. Stipes submitted twelve check requests for reimbursements for 124 meals taken between June 2014 and May 2018. The reimbursements totaled to \$5,874.46, but there was a miscalculation on two of the requests, which caused him to get \$25 more than he should have. In total, the receipts

**SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES**

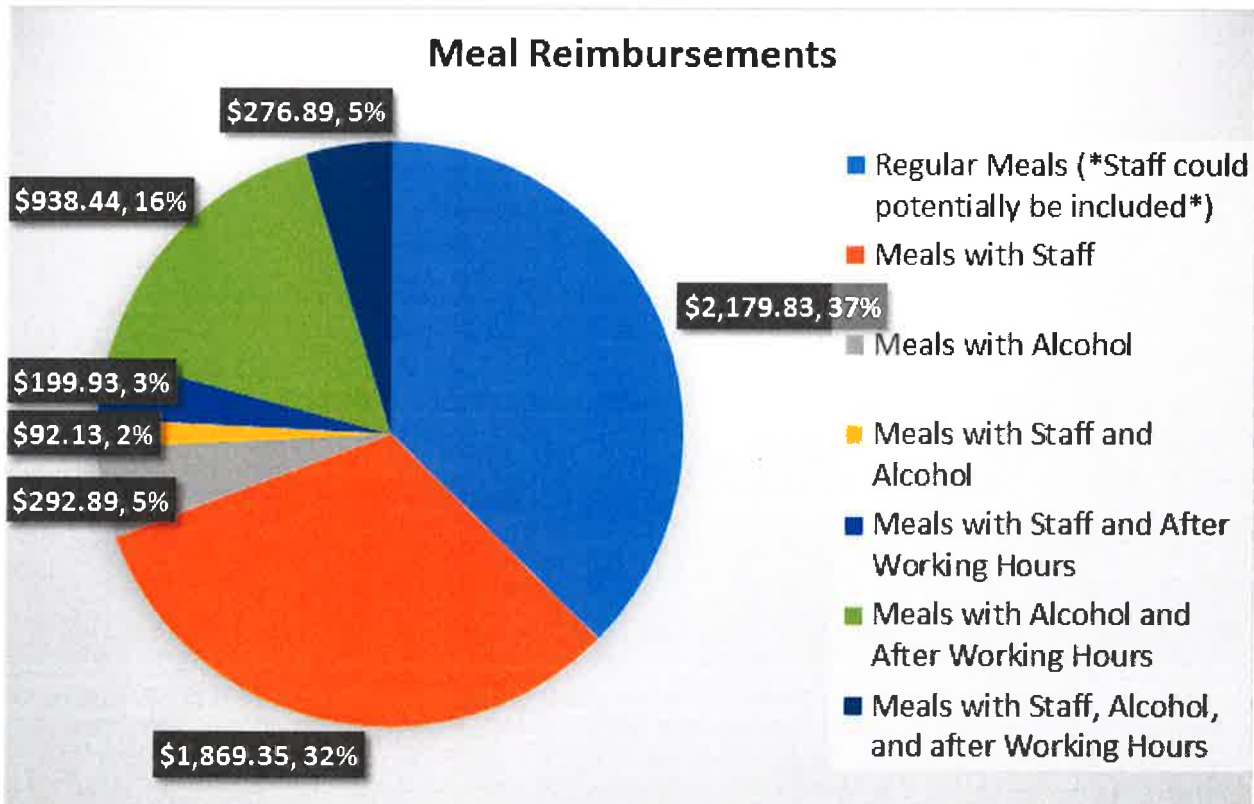
Mr. Stipes provided totaled up to \$5,849.46. These expenses were charged to a GTF Account (540-00-003 Bookstore General).

GT policy 5.2.1.5 (Reimbursement for Purchases Made Using Personal Funds) states that the reimbursement should be submitted within 45 days of incurring the expense. Any reimbursements submitted beyond 45 days requires an exception form. Sixty-seven of the 124 meal reimbursements (54%) were submitted between 46 and 238 days upon incurring the expense. There were no exception forms submitted, but the reimbursements were approved. Mr. Strouts was the approval authority for all Mr. Stipes meal expenses. We queried Mr. Strouts as to why he approved many of the expenses so late, and that appeared to be inappropriate to the stated mission.

His response was that, "He didn't look at them he just signed whatever {his executive assistant} put in front of him."

On some of the receipts, there were handwritten notes pertaining to who attended the meeting and what the business purpose was. The business purpose on majority of them stated "Georgia Tech Digital Signage". Many of the meetings were with GT staff. The required Food/Group Meal Event Documentation Form was not submitted for any of the reimbursements.

The breakdown of Mr. Stipes meal reimbursements is below:



***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

CONCLUSION: Mr. Stipes' use of funds for his mission was inappropriate. Mr. Stipes' supervisor did not exercise required oversight of Mr. Stipes' expenses or activities.

Mr. Strouts and Mr. Lunsway had conflicting perceptions of Mr. Stipes efforts and use of GTF funds. Regardless, these actions were in violation of Institute and BOR policies:

*BOR Policy 8.2.18 Personnel conduct
BOR Policy 8.2.18.1.4 Code of conduct sections 1,2,3,6, 11, 13
GT Policy 5.1 Business Ethics section 9, 10*

ISSUE 6: TRAVEL ABUSE AND MISAPPROPRATIONS

OBSERVATION: DIA examined GT Travel Authority Request (TAR) and Travel Expense Reports (TES) reports for Mr. Strouts, Mr. Lunsway, and Mr. Stipes. DIA identified the following issues with each person:

- **Paul Strouts:** Mr. Strouts and Mr. Lunsway made a trip to Raleigh, NC on March 4, 2018 and returned March 5, 2018. The description on Mr. Strouts' TES report indicated that this trip was to "observe the auxiliary operation of the North Carolina State University". DIA identified that Mr. Strouts claimed the amount of \$152.89 for lodging, while Mr. Lunsway claimed the same amount \$152.89 on his TES for Mr. Strouts. Mr. Lunsway claimed one for himself and one for Mr. Strouts and charged to two different accounts. It was noted on Mr. Lunsway's hotel room receipt, a hand written statement stated, "Mr. Lunsway paid Paul Strouts room on his credit card." Through interviews, DIA confirmed that both employees claimed and received reimbursements for the same hotel expense, and the expense charges were posted to three different general ledger accounts.

DIA identified the hotel receipt submitted by Mr. Strouts revealed differences and inconsistencies from what was provided by Mr. Lunsway.

Hotel Receipt Submitted By	Folio No.	Room Number	Credit Card Information	Hotel Name	Person's Name On the Receipt
Paul Strouts	Omitted (Blank)	527	Blank	xxxx	Mr. Lance Lunsway
Lance Lunsway (For Paul Strouts)	7059	527	The last four digit	xxxx	Mr. Lance Lunsway

Note: Hotel name was the same on both receipts, and the name of the vendor is shown as "xxxx" for this report.

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

During an interview with Mr. Strouts, hotel receipts submitted by Mr. Lunsway and Mr. Strouts were shown to him. Mr. Strouts stated that "*he paid for my room, I believe... he put it in his credit card because he made the arrangements*". When Mr. Strouts was asked how Mr. Lunsway was reimbursed, and Mr. Strouts was also reimbursed, Mr. Strouts stated, "*that must be a mistake*". Additionally, Mr. Strouts was asked who approved Mr. Lunsway's TES reports, he stated that "*I do, but let me think..., I don't think I do*". Note: According to the Institute's record, Mr. Lunsway reported to Mr. Strouts during the following periods:

1. July 1, 2017 to the beginning of this review
2. June 1, 2012 to July 1, 2016

Additionally, Mr. Strouts indicated that he typically just signs the documents that his assistant puts in front of him.

- **Lance Lunsway:** Mr. Lunsway's TES reports were reviewed by DIA, and the following issues have been identified:
 1. Mr. Lunsway paid for other employees travel expenses and submitted with his TES to receive reimbursements
 - A trip to Raleigh, NC (March 4, 2018 to March 5, 2018): Mr. Lunsway paid for Mr. Strouts hotel
 - A trip to Jekyll Island, GA (April 26, 2016 to May 1, 2016): Paid for a hotel expense for Glenn Kurtz
 2. Booked Delta class Comfort Plus
 3. A trip to Charleston, SC (April 21, 2018 to April 24, 2018): Breakfast and lunch were claimed while it was included in the conference agenda
 4. Renting car and claiming taxi at the same time

GT Policy 6.13, Reimbursement for Travel Expenses-Employees states, "employees cannot 'pick up the tab' for other employees, as state reporting of travel expenses requires that reimbursement to an employee covers only those expenses pertaining to that employee's travel."

During the interview, Mr. Lunsway was asked about the policy regarding paying for another employee, Mr. Lunsway stated, "*unfortunately, I don't think I've ever looked at it.*" However, he admitted that he approves other employees travel documents.

- **Tom Stipes:** Mr. Stipes' TES reports were reviewed for the period 2014 to 2018. The following issues have been identified:
 1. Choosing Airfare Delta Comfort Plus for conference trips
 2. Room upgrades for Digital Signage Conference
 3. Claiming transportations charges after business hours during conferences. Example: Digital Signage Conference from March 26 to 29, 2018, Las Vegas, NV at 11: 45 PM. It was noted that on the description "Taxi to business meeting"
 4. Returning to Atlanta, the day after the conference was over. Example: 2015 DPAA Video Everywhere Summit at New York and it was over on November 3, 2015

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

However, Mr. Stipes claimed for November 4, meals, hotel, and transportation costs.

Note: Mr. Stipes resigned during this review, and therefore DIA did not interview him.

CONCLUSION:

- Claiming the same hotel receipt by Mr. Lunsway and Mr. Strouts was inappropriate. Even though Mr. Strouts stated it was a mistake, he admitted that Mr. Lunsway paid for his hotel. Furthermore, the hotel receipt submitted by Mr. Strouts had inconsistencies and discrepancies. Additionally, Mr. Strouts did not know or remember if he approves Mr. Lunsway's travel; however, Mr. Lunsway reports to Mr. Strouts. Mr. Strouts appeared to have violated the following policies:

*GT's Policy, Business Ethics 5.1
BOR Policy 8.2.18.1.4 Code of Conduct*

- Mr. Lunsway should not have paid for other employees travel expenses with his credit card and receive reimbursement. This appears to have violated the following policy:

GT Policy 6.13, Reimbursement for Travel Expenses-Employees

- Additionally, Mr. Lunsway admitted that he never looked at the travel policy, but he approved other employees' travel documents. DIA concluded that with the management responsibility of *Executive Director-PTS Auxiliary Student Center & Business*, and approving another employees' TES reports, Mr. Lunsway appears to have violated the following policy:

*BOR Policy 8.2.18.1.4 Code of Conduct No 2
"Act as a good steward of the resources and information entrusted to our care."*

- Even though Mr. Stipes resigned in the middle of this review, and DIA did not get a chance to ask questions related to his travel documents, claiming Delta Comfort Plus tickets, after business hours transportation costs, and staying additional days after the conference were inappropriate and appeared to have violated the following policy:

GT Policy 6.13, Reimbursement for Travel Expenses-Employees

RECOMMENDATION: DIA recommends that CS unit leadership should know and read both the Institute and BOR policies and abide by the rules. As the *BOR Policy 8.2.18.1.4 Code of Conduct* states: "*Employees should "uphold the highest standards of honesty and integrity in the conduct of teaching, research, service, and administration."*

***SPECIAL REVIEW OF GEORGIA TECH'S CAMPUS SERVICES
EMPLOYEE'S ACTIVITIES***

**ISSUE 7: ALLEGATION SURROUNDING CONCERNS OF OUTSOURCING
THE GEORGIA TECH POST OFFICE**

OBSERVATION: DIA received among other allegations that Mr. Strouts was planning to contract out the GT Post Office to his son who works for the United Parcel Service (UPS). DIA reached out to OLA and verified that the contract between GT and the United States Postal Service has been renewed, and was signed by Mr. Strouts on March 27, 2018.

CONCLUSION: This allegation was without merit.

ITEMS NOT INCLUDED WITHIN THE SCOPE OF THIS REVIEW

Throughout the course of this review, DIA interviewed multiple employees who raised additional concern throughout CS. The review of these concerns will require substantive time to conduct a thorough review to ensure compliance with BOR and GT policies. The Interim VPCS has also partnered with and engaged DIA to continue to ensure these items are thoroughly evaluated and reported on.

OVERALL OBSERVATIONS AND RECOMMENDATIONS

Our review found disregard for BOR and GT policies throughout the course of this review. Additional concerns were raised regarding the culture of favoritism within the unit where all employees were not treated equally. This environment created a culture within CS that allowed many of the above-described actions to occur. For protection of the Institute, DIA makes some additional recommendations as follows:

- Administer the appropriate separation of duties for operations to ensure that no single vice president will control the entire procurement process with the ability to override legal or relevant advice from other units.
- Instruct GT leadership on the binding nature of legal advice from the OLA and the requirement to understand and comply with BOR and GT policy. Training on this has been provided to the executive level in the past at other institutions by the BOR; DIA recommends this take place at GT.

This report contains recommendations specific to the situations outlined above. As noted, DIA will continue to partner with management to complete ongoing reviews in CS units and will issue recommendations on those reviews separately.

* * * * *

The Department of Internal Auditing would like to thank all involved in the special review for their cooperation and assistance.

PWH/jgp/SR 18-15

Participating Auditors: all Department of Internal Auditing staff