



**Auditor of State  
Betty Montgomery**



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**UNIVERSITY OF AKRON**

**SCHEDULE OF BOARD OF TRUSTEES AND SELECT ADMINISTRATORS**

As of January 31, 2004

**Board of Trustees**

Patricia L. Graves *	Chairperson
Dr. Donald E. Demkee	Vice Chairman
Dr. John A. Fink	Vice Chairman
Edward L. Bittle	Board Member
Ann Amer Brennan	Board Member
Dr. William F. Demas	Board Member
Diane C. Fisher	Board Member
Jon V. Heider **	Board Member
Philip S. Kaufmann	Board Member

**Select Administrators**

Dr. Luis M. Proenza	President
Ted A. Mallo	Vice President and General Counsel
Dr. Elizabeth J. Stroble	Sr. Vice President Provost
Roy L. Ray	Vice President Business and Finance/CFO

\* Term expired and was replaced as the Chairman by Dr. Donald E. Demkee August 18, 2004

\*\* Resigned and Richard W. Pogue was appointed to fill unexpired term effective August 18, 2004  
Dr. Chander Mohan began his term of appointment effective August 18, 2004

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Dr. Luis Proenza, President  
University of Akron  
302 Buchtel Hall  
Akron, Ohio 44325

At your request, we have conducted a special audit of the University of Akron (University) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period February 1, 2000 through January 31, 2004 ("the Period"), solely to:

- Determine whether payments to Dr. Thomas Gaylord, former Vice President of International and Instructional Technologies, Libraries, & Institutional Planning, were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds. In the case of reimbursements to Dr. Gaylord, we reviewed supporting documentation to determine whether reimbursements were for costs actually incurred by Dr. Gaylord.
- Determine whether certain purchases made from certain accounts under the control of Dr. Gaylord, including any made via University issued credit card(s) were for the purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursements of funds and the use of University issued credit cards.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (March 1993). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We reviewed supporting documentation for payments made by the University to Dr. Gaylord to determine whether the payments were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds. In the case of reimbursements to Dr. Gaylord, we attempted to determine whether reimbursements were for costs actually incurred by Dr. Gaylord.

Significant Results – We issued findings for recovery of \$1,007 against Dr. Gaylord because Dr. Gaylord received reimbursement in United States currency value for airline tickets which he purchased with Canadian currency. We also issued findings for recovery of \$9,199 against Dr. Gaylord for 15 trips for which there was not documentation which demonstrated a proper public purpose for the travel. Additionally, we issued findings for recovery of \$249 against Dr. Gaylord for a meal/entertainment reimbursement for which Dr. Gaylord did not provide an itemized receipt as required by University policy. On August 25, 2005, Dr. Gaylord, through his legal counsel, tendered a check for \$4,441 to the University. However, the University asserted that because of unresolved issues and outstanding legal proceedings beyond the scope of this special audit, the University, upon the advice of counsel, was unable to accept Dr. Gaylord's tendered check.

We issued a noncompliance citation for failing to receive prior authorization for travel and three management comments related to maintenance of employment records, travel expense form approval, and the University's travel meal per diem rate policy.

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2. We reviewed supporting documentation for certain purchases made from certain accounts under the control of Dr. Gaylord, including any made via University issued credit card(s) assigned to Dr. Gaylord, to determine whether the charges were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds and the use of University issued credit cards.

Significant Results – Dr. Gaylord used the University's Visa credit card to purchase eight airline tickets between July 2000 and November 2002, which included the city of Montreal as a "stop over" city at the beginning or end of a University business trip or as the destination city. The trips to Montreal were not for University business and the "stop over" in Montreal was not a necessary "leg" of the business flights. Dr. Gaylord did not reimburse the University for the cost of the additional "legs". We issued findings for recovery of \$2,588 against Dr. Gaylord as the calculated value of these additional "legs."

Additionally, we issued findings for recovery totaling \$597 for expense reimbursements Dr. Gaylord personally claimed and received for expenses which he incurred on a University issued credit card.

We issued findings for recovery totaling \$133 against Michael Donnelly, former Assistant Director of Network Services, for per diem rate reimbursements in excess of those permitted by University policy, for travel costs incurred unrelated to University business, and for a duplicate mileage reimbursement.

A contract with After 2000 Consulting did not identify the rate charged or which party was responsible for out-of-pocket expenses. However, the invoices submitted identified the rate at \$50 an hour and "Expenses (included within rate)" as a deduction in charges. We issued a finding for recovery totaling \$840 against Mr. Steve Brown, the owner of After 2000 Consulting and Dr. Gaylord, for out-of-pocket expenses paid by the University which were not deducted from the hourly charges.

We also issued three noncompliance citations for personal service contracts entered into after work started; credit card purchases in excess of the per transaction limits, and for the purchase of an airline ticket for personal travel using frequent flyer miles earned on University business.

We also issued five management comments concerning changes in travel itineraries, credit card purchases, expenses related to personal service contracts, purchases of computer equipment and software, documentation related to payment vouchers.

3. On August 17, 2004, we held an exit conference with the following individuals representing the University of Akron:

Roy L. Ray	Vice President Business and Finance/CFO
Sgt. Bryan D. Taylor	University of Akron Police Department
Brett Rieban	Interim Controller
Paul J. Callahan	University of Akron Police Chief
Ted A. Mallo	Vice President and General Counsel
Paul L. Jackson	Special Counsel – Roetzel & Andress
Nathan J. Mortimer	University Internal Auditor
Louis M. Proenza	President
Dr. Elizabeth J. Stroble	Sr. Vice President and Provost



University of Akron  
Independent Accountants Report

On August 30, 2004, the University provided us with a response to this Special Audit Report. This response was evaluated and modifications were made to the attached Supplement to the Special Audit Report as we deemed appropriate.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 31, 2004

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## Supplement to the Special Audit

### Background

From 1990 to 1995, Dr. Thomas Gaylord worked for the University of Alaska Fairbanks as the Associate Vice Chancellor for Planning, Computing and Information Systems where he knew University of Akron President, Dr. Luis Proenza. From 1997 to 2000, Dr. Gaylord was the Chief Executive Officer for GDA Research & Information Systems, Inc. in Vancouver, British Columbia, which was a business he started with his wife. Dr. Gaylord was hired by the University in January 2000 and began work on February 1, 2000.

In March 2003, the Ohio Office of Inspector General (OOIG) received an anonymous complaint of mismanagement, improper conduct, and abuse of position against Dr. Gaylord, then Vice President of Informational and Instructional Technologies, Libraries, and Institutional Planning at the University of Akron.

On or about January 20, 2004, the OOIG released a report regarding its investigation of the anonymous complaint. Following the release of the OOIG's report, Dr. Proenza contacted the Auditor of State and requested a special audit related to the issues outlined in the OOIG's report.

Dr. Gaylord resigned from the University on February 24, 2004.

On March 3, 2004, the Auditor of State initiated a special audit.

## Supplement to the Special Audit

**Issue No. 1 – Review of Payments to Dr. Thomas Gaylord**

We reviewed supporting documentation for payments made by the University to Dr. Gaylord to determine whether the payments were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds. In the case of reimbursements to Dr. Gaylord, we attempted to determine whether reimbursements were for costs actually incurred by Dr. Gaylord.

**Procedures**

1. We obtained from the University a system generated report identifying all the payments made by the University to Dr. Gaylord during the Period.
2. We reviewed Dr. Gaylord's Certificate of Appointment and Personnel Action forms in effect during the Period and identified significant provisions regarding his compensation. We reviewed supporting documentation and determined whether Dr. Gaylord was compensated in accordance with the provisions of these personnel documents.
3. For all other payments made by the University to Dr. Gaylord, we reviewed supporting documentation and determined whether the payments were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds. In the case of reimbursements to Dr. Gaylord, we determined whether reimbursements were for costs actually incurred by Dr. Gaylord.

**Results**

1. The University identified that Dr. Gaylord received the following payments:

	<b>Compensation</b>		<b>Reimbursements</b>	
<u>Year</u>	<u>No. of Payments</u>	<u>Amount</u>	<u>No. of Payments</u>	<u>Amount</u>
2000	11	\$137,500	13	\$8,325
2001	12	159,167	10	2,447
2002	12	169,750	9	2,488
2003	<u>12</u>	<u>174,500</u>	<u>9</u>	<u>4,280</u>
Total	47	\$640,917	41	\$17,540

2. Dr. Gaylord was compensated in accordance with the provisions of his Certificate of Appointment and Personnel Action Forms during the Period. However, we noted the following concerning these personnel documents:
  - There were five Certificate of Appointment Forms in Dr. Gaylord's personnel file. This form was used to summarize the Board of Trustees' actions concerning the terms of his employment at the University. One Certificate of Appointment Form for the period February 1, 2000 to June 30, 2000 and one for the period July 1, 2002 to June 30, 2003 were not signed by Dr. Gaylord indicating his acceptance. The University was unable to locate signed copies of these documents. We will recommend the University maintain signed copies of these documents in employee personnel files.
  - There were two Personnel Action Forms in Dr. Gaylord's personnel file. This form was used to summarize salary and appointment changes approved by the Board of Trustees. One Personnel Action Form, effective February 1, 2001, was not signed as approved by the Board of Trustees. The University was unable to locate a signed copy of the form. We will recommend the University maintain signed copies of these documents in employee personnel files.

## Supplement to the Special Audit

- An offer letter dated January 14, 2000 from University of Akron President, Dr. Luis Proenza to Dr. Gaylord included in Dr. Gaylord's personnel file was not signed by Dr. Proenza or Dr. Gaylord. This letter officially informed Dr. Gaylord of his hiring by the University. The University was unable to locate a signed copy of this letter. We will recommend the University maintain a signed copy of acceptance letters in employee personnel files.
3. We were provided and reviewed 39 of the 41 reimbursement checks issued to Dr. Gaylord. The University was unable to locate the remaining two reimbursement checks and supporting documentation. Of the 39 checks, 2 checks were for cell phone expense reimbursements, and the remaining 37 checks were for travel related expenses for 57 trips taken by Dr. Gaylord. Our review of the Travel Expense Forms related to these trips noted the following:
- We identified 15 trips for which there was not documentation which demonstrated a proper public purpose for the travel. We will issue a finding for recovery of \$9,199 against Dr. Gaylord for the total amount of reimbursements to him and costs incurred by the University via other means related to the 15 trips. The finding for recovery is also being issued because the lack of documentation is present amidst a pattern and practice of Dr. Gaylord misusing the University's credit card.
  - The Travel Expense Form for a trip taken by Dr. Gaylord from July 18, 2001 to July 20, 2001 indicated the destination and purpose was to travel to Chicago for an Enrollment Planners Conference sponsored by ACT. However, Dr. Gaylord left Chicago on July 19, traveled by air to New York City, and returned to Cleveland on July 20, 2001. Although, there was no request for reimbursement for hotel accommodations for the night of July 19, 2001 while in New York, Dr. Gaylord was reimbursed the meal per diem rate for those two days in New York. Dr. Gaylord's Travel Expense Form did not indicate the reason or nature for the trip to New York. We will recommend all Travel Expense Forms have adequate supporting documentation attached to determine the purpose, nature, and date of the travel.
  - Although the Travel Expense Report requires an employee to "certify" the expenses by signing the report, the reports submitted for reimbursement for Dr. Gaylord appear to have been signed by someone other than Dr. Gaylord due to the different styles of signatures of "Thomas Gaylord". We were unable to determine with any certainty which of these reports were actually signed by Dr. Gaylord. Many of these forms were initialed and approved by someone other than Dr. Proenza. We will recommend that all Travel Expense Reports be signed and approved prior to reimbursement or payment of credit card expenses.
  - Two of the eight trips noted above, identified meals as included as part of the registration fee; however, Dr. Gaylord was reimbursed for the full per diem rate for those meal costs on those days which were included as part of the conference registration fees. The University's current travel policy regarding meal per diem rates does not address meals included in the registration fee for conferences or meals paid by vendors and other sources. We will recommend the University amend the current policy to address the treatment of conference meals paid by vendors and other sources.
  - Dr. Gaylord traveled to Akron, Ohio from Victoria, British Columbia on November 17, 1999 and on December 11, 1999 to interview for his position at the University. Dr. Gaylord submitted and was reimbursed for these round trip flights totaling \$1,491 and \$1,697, respectively. Dr. Gaylord purchased the tickets with Canadian currency and was reimbursed in US currency without taking into account the foreign exchange rate. The exchange rate from Canadian to US dollars was a factor of 0.675904 to 0.683995 for those dates. Using a rate of 0.683995, Dr. Gaylord should have been reimbursed \$1,020 and \$1,161, respectively, resulting in overpayments of \$471 and \$536, respectively. We will issue a finding for recovery against Dr. Gaylord in the amount of \$1,007 which was in excess of the US exchange rate.

## Supplement to the Special Audit

- During a trip to a conference in Dallas, Texas from March 11, 2000, through March 14, 2000, Dr. Gaylord incurred a charge on March 13, 2000 totaling \$249 on his University issued Visa credit card. His Travel Expense Form identified the charge as "Ent" under the line item "Meals – Special", for which he did not include an itemized receipt or copy of a program or announcement identifying the nature of the charge.

University Policy 3359-31-03, Allowable Living Expenses, (A) (5) states, "For those instances in which a conference meal is required, the daily limit will not apply, but the meal expense must be supported by a program or an announcement, which shows the required meal and its cost, attached to the Travel Expense Report."

No itemized receipt, program or announcement identifying the nature of the charge was attached to the Travel Expense Form. We will issue a finding for recovery against Dr. Gaylord in the amount of \$249 for an illegal expenditure of public funds.

- University Policy 3359-31-01, (F) Travel authorization (1) states, "All travel, involving an overnight stay or an out-of-state destination for which reimbursement of expenses will be claimed, must be approved in advance, of incurring any expense. Reimbursement of local mileage does not require a travel authorization. Approval shall be obtained from the University official responsible for administering the budget to which the expense will be charged."

We requested copies of Dr. Gaylord's Travel Authorization Forms and requested supporting documentation for the pre-approval of his trips; however, Dr. Gaylord did not obtain prior approval or authorization for any of his trips. We will issue a noncompliance citation and recommend the University follow its policy concerning the use of Travel Authorization Forms, and the advance approval for all travel involving an overnight stay or an out-of state destination for which reimbursement of expenses will be claimed.

### Findings for Recovery

#### Currency Exchange

Dr. Gaylord traveled to Akron from Victoria, British Columbia on November 17, 1999 and on December 11, 1999 to interview for his former position at the University. Dr. Gaylord submitted and was reimbursed for these round trip flights totaling \$1,491 and \$1,697 respectively. Dr. Gaylord purchased the tickets with Canadian currency and was reimbursed in United State currency without taking into account the exchange rate. The exchange rate from Canadian to US was a factor of 0.675904 to 0.683995 for those dates. Using a rate of 0.683995, Dr. Gaylord should have been reimbursed \$1,020 and \$1,161, respectively, resulting in overpayments of \$471 and \$536, respectively.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Dr. Thomas Gaylord, in the amount of one thousand seven dollars (\$1,007), and in favor of the University of Akron.

#### Travel Related Reimbursements and Costs

We reviewed travel related costs for which Dr. Gaylord received reimbursement or the University incurred expenses for his travel and identified 15 trips for which there was not documentation which demonstrated a proper public purpose for his travel. Additionally, the lack of documentation was present amidst a pattern and practice of Dr. Gaylord misusing the University's credit card.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Dr. Thomas Gaylord, in the amount of nine thousand, one hundred and ninety-nine dollars (\$9,199), and in favor of the University of Akron.

## Supplement to the Special Audit

### Meal Expense

During a trip to a Conference in Dallas, Texas from March 11, 2000 through March 14, 2000, Dr. Gaylord incurred a charge on March 13, 2000 totaling \$249 on his University issued Visa credit card. His Travel Expense Form identified the charge as "Ent" under the line item "Meals – Special", for which he did not include an itemized receipt or a copy of a program or announcement identifying the nature of the charge. University Policy 3359-31-03 Allowable Living Expenses, (A) (5) states, "For those instances in which a conference meal is required, the daily limit will not apply, but the meal expense must be supported by a program or an announcement, which shows the required meal and its cost, attached to the Travel Expense Report."

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Dr. Thomas Gaylord, in the amount of two hundred forty nine dollars (\$249), and in favor of the University of Akron.

On August 25, 2004, Dr. Gaylord, through his legal counsel, tendered a check to the University for \$4,441. However, the University asserted that because of unresolved issues and outstanding legal proceedings beyond the scope of this special audit, the University, upon the advice of counsel, was unable to accept Dr. Gaylord's tendered check.

### **Noncompliance Citation**

#### Travel Authorization

University policy 3359-31-01, (F) Travel authorization (1) states, "All travel, involving an overnight stay or an out-of-state destination for which reimbursement of expenses will be claimed, must be approved in advance, of incurring any expense. Reimbursement of local mileage does not require a travel authorization. Approval shall be obtained from the University official responsible for administering the budget to which the expense will be charged."

We requested copies of Dr. Gaylord's Travel Authorization Forms and requested supporting documentation for the pre-approval of his trips; however, Dr. Gaylord did not obtain prior approval or authorization for any of his trips.

We recommend the University follow its policy and require all employees who travel to out of state destinations involving an overnight stay, regardless of the source of payment, obtain prior approval. All approvals should be in writing identifying the destination, purpose, estimated cost and the benefit the University derives. A copy of the Travel Authorization Form should be maintained on file and be attached to the Travel Expense Form.

### **Management Comments**

#### Certificate of Appointment Forms, Personnel Action Forms, and Acceptance Letter

Two of the five Certificate of Appointment forms were not signed by Dr. Gaylord, one of two Personnel Action forms was not signed by a Board member, and the Acceptance Letter was not signed by Dr. Gaylord or Dr. Proenza. These are significant documents which confirm the understanding of duties and responsibilities to be performed, offer and acceptance of a position, including compensation, and the Board's authorization of these personnel actions. Signed copies of these documents should be maintained in employee personnel files.

We recommend that all personnel documents related to employment and compensation have proper approvals and evidence that the Board and all supervisory levels have approved all personnel actions related to that employee. These documents should be filed in the employee personnel files and maintained in the University's Human Resources Department.

## Supplement to the Special Audit

### Travel Expense Forms

The Travel Expense Form for a trip taken by Dr. Gaylord from July 18, 2001 to July 20, 2001 indicated the destination and purpose was to travel to Chicago for an Enrollment Planners Conference sponsored by ACT; however, Dr. Gaylord left Chicago on July 19, 2001 and traveled by air to New York City and returned to Cleveland on July 20, 2001. Although, there was no request for reimbursement for hotel accommodations for the night of July 19, 2001 while in New York, Dr. Gaylord was reimbursed the meal per diem rate for those two days in New York. Dr. Gaylord's Travel Expense Form did not indicate the reason or nature for the trip to New York.

Although the Travel Expense Report requires an employee to "certify" the expenses by signing the report, the reports submitted for reimbursement for Dr. Gaylord appear to have been signed by someone other than Dr. Gaylord due to the different styles of signatures of "Thomas Gaylord". We were unable to determine with any certainty which of these reports were actually signed by Dr. Gaylord. Additionally, many of these forms were initialed and approved by someone other than Dr. Proenza.

We recommend all Travel Expense Forms have adequate supporting documentation attached including, but not limited to, a registration form, program or announcement, invitation letter, itemized receipts, airline ticket stubs, so that an uninformed person reviewing the form and documentation can determine the destination, purpose, dates, and nature of the trip. The Travel Expense Forms should be completed and signed by the employee, and the supervisor approving the form should not delegate his authority.

### Meal Per Diem Rate

Two of the eight trips noted above, identified meals as included as part of the registration fee; however, Dr. Gaylord was reimbursed for the full per diem rate for those meal costs on those days which were included as part of the conference registration fees. The University's current travel policy, regarding meal per diem rates, does not address meals included in the registration fee for conferences or meals paid by vendors and other sources.

We recommend the University amend its current policy concerning meal per diem rates to address the treatment of conference meals when these costs are included in the conference registration fees, and meals paid by vendors and other sources.



## Supplement to the Special Audit

### Issue No. 2 – Purchases From Accounts Under Dr. Gaylord’s Control, Including Visa Credit Card Purchases

We reviewed supporting documentation for certain purchases made from certain accounts under the control of Dr. Gaylord, including any made via University issued credit card(s) assigned to Dr. Gaylord, to determine whether the charges were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds and the use of University issued credit cards.

#### Procedures

1. We requested from the University a vendor list for which purchases were made and charged to accounts under the control of Dr. Gaylord during the Period. The list included vendor names, number of payments, and the amount of purchases from each vendor by year during the Period.
2. We contacted the University and identified the University credit card(s) issued to Dr. Gaylord during the Period. Additionally, we requested the University provide a system generated report detailing Dr. Gaylord’s University issued Visa credit card activity for the Period.
3. We reviewed the vendor list obtained in Procedure No. 1 and identified vendors to which disbursements were made for which documentation related to the disbursements was reviewed further as part of Procedure No.4. We also obtained all the monthly credit card statements for any University issued credit card(s) assigned to Dr. Gaylord. We scanned the statements for any unusual vendors, unusual purchases, or other unusual activity.
4. We reviewed supporting documentation for charges made by Dr. Gaylord on the University issued Visa credit card and for selected disbursements identified in Procedure No. 3 to determine whether the charges and disbursements were for purposes related to the operations of the University, and were made in accordance with applicable laws, regulations, contract provisions, and University policies governing the disbursement of funds and the use of University issued credit cards.
5. We traced significant equipment or capital asset purchases to the physical location of the item to determine whether the assets are in the University’s possession.

#### Results

1. We received from the University data files which contained payments to vendors and employees for purchases and nonpayroll expenses which were paid from accounts under Dr. Gaylord’s control. Expenses charged for the Period to accounts for which Dr. Gaylord was responsible were as follows:

<u>Year</u>	<u>No. of Vendors</u>	<u>Amount</u>
2000	1,314	\$11,604,870
2001	743	14,779,152
2002	735	14,123,000
2003	379	<u>13,504,209</u>
Total		\$54,011,231

## Supplement to the Special Audit

2. Dr. Gaylord was provided a University issued Visa credit card on March 9, 2000 with a \$2,000 credit limit.

Dr. Gaylord's University Visa credit card limit was subsequently increased to \$5,000 in July 2000, \$7,000 in March 2001 and \$12,500 in May 2001. We requested supporting documentation from the University Purchasing Department authorizing the credit limit increases; however, the Purchasing Department was unable to provide this information. According to Gene Stephens, Purchasing Director, Dr. Gaylord could not have increased the credit limit without authorization from his superior or the Purchasing Department; however, no evidence of approval or authorization was provided by the University. We will recommend the University maintain all documentation related to the Visa credit card as to authorization, increases in limits, and changes to other terms and conditions.

The following table summarizes the charges made by Dr. Gaylord on the University Visa credit card.

<u>Year</u>	<u>No. of Transactions</u>	<u>Airline Tickets</u>	<u>Travel Related</u>	<u>Computer Related</u>	<u>Unknown</u>	<u>Total</u>
2000	93	\$7,517	\$9,244	\$ 994	\$1,228	\$18,983
2001	121	4,674	16,127	19,373	6,805	46,979
2002	122	7,661	18,452	2,281	4,682	33,076
2003*	<u>27</u>	<u>2,300</u>	<u>2,894</u>	<u>211</u>	<u>1,015</u>	<u>6,420</u>
Total	363	\$22,152	\$46,717	\$22,859	\$13,730	\$105,458

\*There were no credit card charges made by Dr. Gaylord subsequent to July 2003.

The Visa credit card Purchasing Program is administered by the Purchasing Department and monthly statements are sent to the cardholder directly for review. Payment is processed on a "negative approval" basis. That is, only if a discrepancy is noted does the cardholder notify the Purchasing Department. If no discrepancies are noted, the cardholder does nothing and the Purchasing Department initiates the payment process five days after statements are sent. The Purchasing Department is to monitor the monthly statements to ensure compliance with the University's Visa credit card Purchasing Program procedures. We will recommend the cardholder certify that the purchases identified on the credit card statement were purchased by him and were for the benefit of the University and that adequate supporting documentation is obtained by the cardholder when the purchase is made. We also will recommend the credit card activity be reviewed by an appropriate supervisor or designee.

3. We selected from the data files provided by the University, 21 vendors receiving 56 payments totaling \$283,642, and three employees receiving 10 payments totaling \$15,106 to review in Procedure No. 4. We also reviewed the University Visa credit card statements and compared charges made to Dr. Gaylord's Travel Expense Reports.
4. We noted the following exceptions related to payments identified in Procedure No. 3:

### Visa Credit Card Charges – Air Fare

- Dr. Gaylord used the University's Visa credit card to purchase nine airline tickets between July 2000 and November 2002, which included Montreal as a "stop over" city at the beginning or end of a University business trip or as the destination city. The trips to Montreal were not for University business, and the "stop overs" in Montreal were not a necessary "leg" of the business flights.

Three of the nine tickets, with a total cost of \$1,405, identified Montreal as the destination city. One ticket to Montreal was purchased using frequent flyer miles and included a charge of \$27, for which Dr. Gaylord reimbursed the University \$17. Dr. Gaylord also reimbursed the University for the Montreal "leg" of a flight taken in August 2002. A calculation of the cost attributed to the Montreal "leg" for the remaining four tickets, which were not reimbursed by Dr. Gaylord, is \$1,173.

## Supplement to the Special Audit

We will issue a finding for recovery against Dr. Gaylord in the amount of \$2,588 for illegal expenditure of public funds.

- Ohio Ethics Commission Advisory Opinion # 91-010, December 5, 1991 states in part, "...the state department which purchases air travel tickets has paid consideration for the "frequent flyer" program, and ultimately bears the cost of any resulting "frequent flyer" benefits, whether or not it chooses to use the benefits. "Frequent flyer" credits are an integral and inseparable part of the airline ticket purchase."

The opinion further advised that, "... Divisions (D) and (E) of Section 102.03 of the Revised Code prohibit a state official or employee from accepting, soliciting, or using the authority or influence of her position to secure, for personal travel, a discounted or free "frequent flyer" airline ticket or other benefit from an airline if she has obtained the ticket or other benefit from the purchase of airline tickets, for use in official travel, by the department, division, agency, institution, or other entity with which he serves, or by which he is employed;..."

The ticket to Montreal purchased using frequent flyer miles for personal use by Dr. Gaylord, noted above, had an approximate value of \$273 when purchased without frequent flyer miles. Dr. Gaylord received frequent flyer miles for traveling on Continental for University business; however, the miles were never used to purchase airline tickets for University travel. Even though frequent flyer miles do not expire, Continental reserves the right to close an account if it is not used within an 18 month period. The University does not have a policy governing the use of frequent flyer miles. We will issue a noncompliance citation and recommend the University adopt a policy incorporating issues cited in Ohio Ethics Commission Advisory Opinion #91-010 concerning frequent flyer miles.

- Dr. Gaylord purchased a ticket in the amount of \$178 for travel to Boston on July 23 and return on July 31, 2002. There was no supporting documentation indicating the ticket was ever used or that it was returned for credit. Also, a credit of \$110 was never used, but received on October 24, 2002 from Flight Above Travel, a travel agency used by Dr. Gaylord. Dr. Gaylord also changed his itinerary 14 times during the Period resulting in additional charges to the University in the amount of \$1,225. There was no supporting documentation, approval, or reasons for these itinerary changes.

University policy 3359.31.02, (B) (4) states, "Penalties and charges resulting from the cancellation of airline reservations (or other travel reservations) shall be the department's obligation, if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and the convenience of the department. If the cancellation or change is made for the personal benefit of the employee, it shall be the employee's obligation to pay the penalties and charges. However, in the event of accidents, serious illness or death within the employee's immediate family, or other critical circumstances beyond the control of the employee, the department will be obligated to pay the penalties and charges."

Because there was no supporting documentation, approvals, or reasons for his itinerary changes, we were unable to determine whether Dr. Gaylord complied with University policy. We will recommend that any changes in the traveler's itinerary or cancellation of trips and related prepaid expenses be adequately documented to show cause, authorization and approval, and that prepaid expenses be required to be refunded or credited.

## Supplement to the Special Audit

### Visa Credit Card Charges – Travel Expense Forms

- Dr. Gaylord paid for parking with the University Visa credit card 12 times totaling \$430, taxi service twice totaling \$50 and meals three times for \$117 and also received reimbursement for these expenditures. We will issue a finding for recovery against Dr. Gaylord in the amount of \$597 for illegal expenditure of public funds.
- Dr. Gaylord charged expenses on the University Visa credit card for travel which were not supported by Travel Expense Forms for the following:
  - Six trips out of state
  - One trip to Columbus
  - Four meals in the Akron area
  - Two car rentals in the Akron area, each for two days
  - Gas purchase on a Saturday
  - Charges in Scottsdale, Az. in May, 2001, Salt Lake City in August, 2001, Coral Gables, Fl., in April 2002, and Boston in May 2002, totaling \$202, with no supporting documentation available to substantiate that he was there or the business nature of the travel.
  - Charge in April 2001 to the Lenox Hotel in Boston for \$289, during a trip for a Peoplesoft Conference. Dr. Gaylord's Travel Expense Form and supporting documentation shows he stayed at the Ritz Carlton. There was no documentation showing the purpose of the charge at the Lenox Hotel.
  - Used the University Visa credit card to pay \$290 for a conference to be held in July 2000; however, there is no evidence that he went or the University's account was credited.
  - Used the University Visa credit card to pay \$480 for a conference he attended to be held in January 2001; however, there is no evidence that he attended or the University's account was credited.
  - Trip to Nashville on April 17, 2003, including flight and parking. (Note, receipt for parking was submitted as documentation for a previous trip)

We will recommend all charges incurred with the University Visa credit card related to travel, be supported by adequate documentation and a Travel Expense Form.

### Visa Credit Card – Terms and Conditions

- Dr. Gaylord signed a "Cardholder's Agreement" when he applied for the University's Visa credit card. This agreement states in part, "...As an authorized cardholder, I agree to comply with the terms and conditions of this Agreement and with the provisions of the University Visa Purchasing Card User's Manual ("Manual"). I acknowledge receipt of the Manual and confirm that I read and understand its terms and conditions."

Examples of unauthorized expenditures identified in the Manual are, any purchase of \$500 or more, Travel/Entertainment (Including Hotels & Restaurants), Alcoholic Beverages, Rentals and Leases (Including Vehicles), among others.

In January 2003, the per transaction amount was increased to \$1,500; however, the cardholder was required to complete a new application in order for the Visa credit card to remain active. There was no new or revised application on file for Dr. Gaylord.

Dr. Gaylord charged 62 purchases in excess of \$500, totaling \$74,708 for the Period. Also, Dr. Gaylord regularly used the Visa credit card to purchase airline tickets, conference registrations, computer hardware & software, dues & memberships, and hotel rooms and room reservation advances. There was no indication that these purchases were reviewed by his supervisor or the Purchasing Department, and this allowed him to circumvent the University's standard purchasing procedures.

## Supplement to the Special Audit

We will issue a noncompliance citation and recommend the University review Visa credit card purchases and credit limits to ascertain compliance with its policies.

### Payments to Vendors

- Three checks to certain vendors totaling \$22,316 did not have a purchase order attached to the payment voucher. Also, two of the three did not have a requisition attached to the payment voucher. We will recommend the University attach a copy of the purchase order and requisition to the payment voucher. According to the University, all requisitions and purchase orders are maintained electronically.
- No specific department maintained a copy of all purchase orders, requisitions and invoices. Information was requested and provided from various departments and other sources. We will recommend the University maintain this information in a central location.

### Personal Service Contracts

- The University's contract with PeopleSoft related to the reimbursement of travel expenses for their employees was undefined as to dollar limits, and the requirement for receipts to support these types of expenses. Also, PeopleSoft employees who were required to travel to Akron weekly often purchased their airfare only a few days in advance; thus, the cost of airfare charged to the University was greater than it would be if they had purchased it in advance. We will recommend personal service contracts identify maximum amounts to be reimbursed and required documentation which is parallel to the requirements and specific criteria in University's travel policy.
- A consulting agreement between After 2000 Consulting and the University was approved after the work had already began. Also, the contract did not explicitly state the work to be performed, the hourly rate, or the number of hours the University would be charged. We will issue a noncompliance citation and recommend the University follows its policy and also recommend contracts identify rates, work to be performed, etc.

The contract states in part, "...University, in consideration of these services, agrees to pay an initial six thousand one hundred dollars (\$6,100) with additional invoices of up to \$10,000 as authorized by Dr. Gaylord..."

The total paid to After 2000 Consulting was \$13,684, and there was no evidence that Dr. Gaylord approved any of the invoices or payments. We will issue a noncompliance citation and recommend the University follow the contract provisions.

Although After 2000 Consulting's contract with the University did not identify the hourly rate to be charged or which party was responsible for payment of out of pocket expenses, the invoices submitted identified the rate at \$50 an hour and "Expenses (included within rate)" as a deduction in charges. For example, an invoice dated March 27, 2001 reduced the cost associated with the hourly rate by the cost of hotel bills paid by the University.

Mr. Steve Brown, After 2000 Consulting's owner, received a round trip airline ticket from Anchorage to Akron, in the amount of \$505 paid by University check. Also, using the University's Visa credit card, Dr. Gaylord paid for limo service for Mr. Brown on three occasions totaling \$235 and for a change in airline tickets for \$100. We will issue a finding for recovery against After 2000 Consulting and Mr. Brown in the amount of \$840 for illegal expenditure of public funds.

## Supplement to the Special Audit

### Michael Donnelly

- Michael Donnelly, former Assistant Director, Network Services, traveled to Las Vegas with Dr. Gaylord, on May 5 to May 11, 2001 for a conference. Dr. Gaylord paid for Mr. Donnelly's hotel room, in the amount of \$1,139, using the University Visa credit card issued to him. Mr. Donnelly's Travel Expense Report, dated May 21, 2001, requested reimbursement for the cost of the hotel room. Subsequently, Mr. Donnelly received a reimbursement check dated May 25, 2001 which included the \$1,139 for the hotel room already paid by the University Visa credit card. Mr. Donnelly repaid the \$1,139 on or about July 3, 2001. We will recommend University personnel review and compare Visa credit card charges to employee travel reimbursements to ensure that these charges have not been reimbursed.
  - When travel is to a location designated by the Internal Revenue Service (IRS) as a high-cost area, the University allows for a higher per diem rate for meals in accordance with the rate schedule adopted and published by the IRS. For the Period, Mr. Donnelly submitted and received reimbursement for meal per diem rate in Las Vegas which was higher than the IRS rate schedule. Mr. Donnelly received \$30 in excess of the allowable per diem rate. We will issue a finding for recovery against Mr. Donnelly in the amount of \$30 for receiving per diem amounts in excess of the allowable rate.
  - While on a University trip to San Jose, CA. on June 9 through June 12, 2002, Mr. Donnelly took a flight to San Diego on June 12, 2002 for personal reasons which the University paid \$83 for the airline ticket. Mr. Donnelly took vacation time on June 13 and 14, 2002 and returned to Cleveland on June 15, 2002. We will issue a finding for recovery against Mr. Donnelly in the amount of \$83 for illegal expenditure of public funds.
  - On a Travel Expense Form for a trip to Las Vegas, Mr. Donnelly claimed a mileage reimbursement for a round trip from Akron to Cleveland. Mr. Donnelly was reimbursed twice for the same day's travel. Mr. Donnelly should have only been reimbursed for one round trip. He was overpaid by \$20. We will issue a finding for recovery in the amount of \$20 for illegal expenditure of public funds.
5. An equipment inventory is maintained through the use of a database which is maintained by an Associate Controller. Equipment with a purchase price of \$1,500 is entered into the database and capitalized on the University's books. The list is reviewed and detailed information is extracted from the University's purchasing system and a metal property tag is issued and required to be attached to the asset.

Although Dr. Gaylord purchased various types of computer equipment and software using the University's Visa credit card, no single purchase reviewed, met the threshold for being entered into the database. The University does not currently have a policy on the personal use of University purchased computers and software. We will recommend the University adopt a policy concerning personal use of University computer equipment.

We identified seven items during Procedures 3 and 4 which met the threshold amounts and required to be included in the database inventory listing. We traced the seven items to the equipment inventory listing without exception, and physically observed the location and tag number of three of these items purchased without exception.

## Supplement to the Special Audit

### Findings for Recovery

#### Visa Credit Card Charges– Air Fare

Dr. Gaylord used the University's Visa credit card to purchase nine airline tickets between July 2000 and November 2002, which included Montreal as a "stop over" city at the beginning or end of a University business trip or as the destination city. The trips to Montreal were not for University business, and the "stop overs" in Montreal were not a necessary "leg" of the business flights.

Three of the nine tickets, with a total cost of \$1,405, identified Montreal as the destination city. One ticket to Montreal was purchased using frequent flyer miles and included a charge of \$27, for which Dr. Gaylord reimbursed the University \$17. Dr. Gaylord also reimbursed the University for the Montreal "leg" of a flight taken in August 2002. Calculation of the amount attributed to the Montreal "leg" for the remaining four tickets, which were not reimbursed by Dr. Gaylord, was \$1,173.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Dr. Thomas Gaylord, in the amount of two thousand five hundred eighty eight dollars (\$2,588), and in favor of the University of Akron.

Dr. Gaylord, through his legal counsel, tendered a check to the University in the full amount of the findings for recovery against him contained in this report. However, the University asserts that because of unresolved issues and outstanding legal proceedings beyond the scope of this special audit, the University, upon the advice of counsel, is unable to accept Dr. Gaylord's tendered check.

#### Visa Credit Card – Travel Expense Forms

Dr. Gaylord paid for parking with the University Visa credit card 12 times totaling \$430, taxi service twice totaling \$50 and meals three times for \$117 and also received reimbursement for these expenditures.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Dr. Thomas Gaylord, in the amount of five hundred ninety seven dollars (\$597), and in favor of the University of Akron.

#### Mr. Donnelly

When travel is to a location designated by the Internal Revenue Service (IRS) as a high-cost area the University allows for a higher per diem for meals in accordance with the rate schedule adopted and published by the IRS. For the Period, Mr. Donnelly submitted and received reimbursement for meal per diem in Las Vegas which was higher than the IRS rate schedule. Mr. Donnelly received \$30 in excess of the allowable per diem amount.

While on a University trip to San Jose, Ca. June 9 through June 12, 2002, Mr. Donnelly took a flight to San Diego on June 12, 2002 for personal reasons which the University paid \$83 for the airline ticket. Mr. Donnelly took vacation time on June 13 and 14, 2002 and returned to Cleveland on June 15, 2002.

On a Travel Expense Form for a trip to Las Vegas, Mr. Donnelly charged mileage for round trip from Akron to Cleveland and return on the first day of travel and again on the last day of travel. Mr. Donnelly should have only been reimbursed for one round trip and was reimbursed in excess of \$20.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mr. Michael Donnelly, in the amount of one hundred thirty three dollars (\$133), and in favor of the University of Akron.

## Supplement to the Special Audit

### After 2000 Consulting Contract

Although After 2000 Consulting's contract with the University did not identify the rate charged or which party was responsible for payment of out of pocket expenses, the invoices submitted identified the rate at \$50 an hour and "Expenses (included within rate)" as a deduction in charges. For example, an invoice dated March 27, 2001 reduced the cost associated with the hourly rate by the cost of hotel bills paid by the University.

Mr. Steve Brown, After 2000 Consulting's owner, received an airline ticket for a flight from Anchorage to Akron and return, in the amount of \$505 paid by University check. Also, using the University's Visa card, Dr. Gaylord paid for limo service for Mr. Brown on 3 occasions totaling \$235 and for a change in airline tickets for \$100.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against After 2000 Consulting, Mr. Steve Brown, owner and Dr. Gaylord, jointly and severally in the amount of eight hundred forty dollars (\$840), and in favor of the University of Akron.

### **Noncompliance Citations**

#### Frequent Flyer Miles

Ohio Ethics Commission Advisory Opinion # 91-010, 12/5/1991 states in part, "...the state department which purchases air travel tickets has paid consideration for the "frequent flyer" program, and ultimately bears the cost of any resulting "frequent flyer" benefits, whether or not it chooses to use the benefits. "Frequent flyer" credits are an integral and inseparable part of the airline ticket purchase."

The opinion further advised that, "... Divisions (D) and (E) of Section 102.03 of the Revised Code prohibit a state official or employee from accepting, soliciting, or using the authority or influence of her position to secure, for personal travel, a discounted or free "frequent flyer" airline ticket or other benefit from an airline if she has obtained the ticket or other benefit from the purchase of airline tickets, for use in official travel, by the department, division, agency, institution, or other entity with which she serves, or by which she is employed;..."

The ticket to Montreal purchased using frequent flyer miles for personal use by Dr. Gaylord, noted above, and it had an approximate value of \$273 when purchased without frequent flyer miles. Dr. Gaylord received frequent flyer miles for traveling on Continental for University business; however, the miles were never used to purchase airline tickets for University travel. Even though frequent flyer miles do not expire, Continental reserves the right to close an account if it is not used within an 18 month period. The University does not have a policy governing the use of frequent flyer miles.

We recommend the University establish a policy for use of "frequent flyer" miles which incorporates Ohio Ethics Advisory Opinion # 91-101.

#### Visa Credit Card - Terms and Conditions

Dr. Gaylord signed a "Cardholder's Agreement" when he applied for the University's Visa credit card. This agreement states in part, "...As an authorized cardholder, I agree to comply with the terms and conditions of this Agreement and with the provisions of the University Visa Purchasing Card User's Manual ("Manual"). I acknowledge receipt of the Manual and confirm that I read and understand its terms and conditions."

Examples of unauthorized expenditures identified in the Manual are, any purchase of \$500 or more, Travel/Entertainment (Including Hotels & Restaurants), Alcoholic Beverages, Rentals and Leases (Including Vehicles), among others.



## Supplement to the Special Audit

In January 2003, the per transaction amount was increased to \$1,500; however, the cardholder was required to complete a new application in order for the Visa credit card to remain active. There was no new or revised application on file for Dr. Gaylord.

Dr. Gaylord charged 62 purchases in excess of \$500, totaling \$74,708 for the Period. Also, Dr. Gaylord regularly used the Visa credit card to purchase, airline tickets, conference registrations, computer hardware & software, dues & memberships, and hotel rooms and room reservation advances. There was no indication that these purchases were reviewed by his supervisor or the Purchasing Department, and this allowed him to circumvent the University's standard purchasing procedures.

We recommend the University review Visa credit card purchases and credit limits to ascertain compliance with its policies.

### Personal Service Contracts

The University's Purchasing Procedures Manual – 5.0 Service and Performance Agreements, C. Procedures, states in part, "The Department of Purchasing must be contacted before any commitments are made to outside professionals for services....Any contractor agreement, or contract form, must be reviewed and approved by the Director of Purchasing in advance."

The Director of Purchasing did not approve After 2000 Consulting contract prior to the commencement of work.

Also, the consulting agreement between After 2000 Consulting and the University states in part, "...University, in consideration of these services, agrees to pay an initial six thousand one hundred dollars (\$6,100) with additional invoices of up to \$10,000 as authorized by Dr. Gaylord..."

The total paid to After 2000 Consulting was \$13,684, and there was no evidence that Dr. Gaylord approved any of the invoices or payments.

We recommend all contracts be approved prior to commencement of work and for the University to follow provisions in the those contracts. Additionally, we recommend vendor invoices be reviewed and approved by the appropriate level of management prior to payment.

## **Management Comments**

### Travel

University policy 3359.31.02, (B) (4) states, "Penalties and charges resulting from the cancellation of airline reservations (or other travel reservations) shall be the department's obligation, if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and the convenience of the department. If the cancellation or change is made for the personal benefit of the employee, it shall be the employee's obligation to pay the penalties and charges. However, in the event of accidents, serious illness or death within the employees' immediate family, or other critical circumstances beyond the control of the employee, the department will be obligated to pay the penalties and charges."

Dr. Gaylord changed his itinerary 14 times during the Period resulting in additional charges to the University in the amount of \$1,225. There was no documentation to show the reasons. Additionally, a ticket purchased by Dr. Gaylord on June 20, 2002, in the amount of \$178 for travel to Boston on July 23 and return on July 31, 2002 does not appear to have been used nor was it returned for credit. There was no Travel Expense Form or other documentation to indicate the status or final disposition this ticket. We also noted a credit of \$110 received on October 24, 2002 from Flight Above Travel was never used.

Also, Dr. Gaylord charged various expenses on the University Visa card, which were related to travel, but were not supported by Travel Expense Forms. Charges for conference registration and hotel room expense were noted but there was no supporting document to determine if the related trips were cancelled and a refund or credit was received or if he did indeed attend.

## Supplement to the Special Audit

We recommend any changes in itinerary or cancellation of a trip and related prepaid expenses be adequately documented to show cause, approval of authority, and prepaid expenses were refunded or credited.

### Visa Credit Card

Dr. Gaylord used the University's Visa card to purchase airline tickets, some for personal use, equipment, hotel rooms, meals, and other travel expenses. There was no evidence that a third party reviewed these expenditures. Some of the travel expenditures were never documented in a Travel Expense Form and some lacked adequate supporting documentation to support that he attended conferences where some expenses were prepaid.

Even though Dr. Gaylord's Visa limits were increased substantially, the University was unable to provide documentation authorizing these limit increases.

As noted in this report, the lack of controls and oversight resulted in double payments, personal purchases, and the loss of refunds and/or credits for trips not taken. Credit cards should be used for emergencies and not simply as a convenience or a way around normal purchasing procedures.

We recommend all purchases made by credit card be adequately supported as to purpose and the benefit the University derives. The 'negative approval' basis should be discontinued and approvals should be documented by the responsible person. Credit card statements should not only be approved by the head of the department but should also be reviewed by a person outside the department. Purchases not of an emergency nature should be requested using the University's normal purchasing procedures.

### Personal Service Contracts

The contract with PeopleSoft for reimbursement of travel expenses for their employees was undefined as to dollar limits and the necessity for receipts to support the expenses. No detailed meal receipts were provided to support the payments. Also, employees who were required to fly into Akron every week often purchased their tickets a few days in advance, thus the cost air fare was far higher than it would be if they had purchased farther in advance.

A consulting agreement between After 2000 Consulting and the University did not identify the rate charged, number of hours allowed or who was responsible for the owner's expenses.

We recommend contracts identify rates to be charged and number of hours authorized. Where travel or miscellaneous expenses are determined to be reimbursable, the contract should stipulate the maximum allowed and require such reimbursements to be supported in the same manner as the University's policy.

### Computer Equipment and Software

Equipment inventory is maintained through the use of a database that is overseen by an Associate Controller. Equipment with a purchase price of \$1,500 is entered into the system and capitalized. The list is reviewed and detailed information is pulled from the purchasing system and a metal property tag is attached to the asset. With the increase in per transaction limits on the University's Visa card to \$1,500, it is possible for an item to be purchased and not be listed on the inventory listing.

Although Dr. Gaylord purchased various computer equipment and software using the University's Visa card, the purchases did not fall within the guidelines of inventory listing. The University does not currently have a policy on the use of University purchased computer equipment and/or software. This could result in software being used solely for personal business or the purchase of unauthorized programs which are incompatible with the University's current operating system. Also, software is copyrighted and the University is liable and responsible for maintaining the agreement.

## Supplement to the Special Audit

The University should institute a policy to control the purchase and use of computer equipment and programs. All software should be authorized and reviewed by IT to ascertain its usefulness and compatibility with other systems. Computer equipment and software needs should be documented and approved. The use of the Visa program to purchase computer equipment should be avoided due to the inability of the associate controller to identify such purchases.

### Payment Vouchers

Three checks to various vendors totaling \$22,316 did not have a purchase order attached and two of the three did not have a requisition attached.

No specific department maintained a copy of all purchase orders, requisitions and invoices. Information was requested and provided from various departments and other sources.

We recommend purchase orders and requisitions be attached to the payment vouchers and be maintained in a central location.





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**UNIVERSITY OF AKRON**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 20, 2005**