



TEXAS SOUTHERN UNIVERSITY
Department of Internal Audit, Assurance & Compliance Services
Office of Internal Audit & Assurance
3100 Cleburne Street ♦ Houston, TX 77004 ♦ (713) 313-7454

DATE: March 10, 2020 (*POINT IN TIME ASSESSMENT*)

FROM: Ms. Charla Parker-Thompson, Chief Audit Executive

SUBJECT: INVESTIGATION OF ALLEGATIONS OF ADMISSIONS AND FINANCIAL AID IMPROPRIETIES WITHIN THE THURGOOD MARSHALL SCHOOL OF LAW RESULTING IN FINDINGS OF IMPROPRIETY IN THE STUDENT ENROLLMENT AND PAYMENT POLICY AT TEXAS SOUTHERN UNIVERSITY; IMPROPRIETIES IN FUNDS DESIGNATED FOR THE THURGOOD MARSHALL SCHOOL OF LAW; IMPROPER COMINGLING OF THURGOOD MARSHALL SCHOOL OF LAW ADMISSIONS FUNDS WITH THE TEXAS SOUTHERN UNIVERSITY FOUNDATION; AND VIOLATIONS OF THE TEXAS SOUTHERN UNIVERSITY PRESIDENT'S EMPLOYMENT CONTRACT.

I.

INTRODUCTION & SUMMARY OF ALLEGATIONS

On or about October 3, 2019, the Dean of the Thurgood Marshall School of Law (“TMSL”) requested the Texas Southern University (“TSU” or the “University”) Chief Audit Executive (“CAE”) to conduct an audit of the Admissions and Financial Aid, External Affairs, and Law Library functions within the TMSL. During the Due Diligence/Discovery period, a Whistleblower informed the Texas Southern University Board of Regents (“TSU BOR”) of numerous alleged violations of University policies, criminal activities within the TMSL, and other alleged improprieties specific to admissions and enrollment practices. The Whistleblower complaint alleged improprieties in Admissions practices and diversion/misappropriation of state funds in the TMSL. In response, members of the TSU BOR’s Executive Committee met with the Harris County District Attorney’s Office (“DA”) to disclose the matter. To ensure protection of the Whistleblower under the Texas Whistleblower Act, the TSU BOR also provided the Whistleblower’s letter to the DA’s office at their request. Further, the TSU BOR submitted the Public Corruption Official Sworn Complaint to the Public Corruption Division on October 29, 2019.



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The contents of this document reveal updates from the CAE and third-party investigators, who identified certain violations of University and TSU BOR policies within the TMSL and TSU. Such violations include: admissions and enrollment, financial improprieties, comingling of funds, withholding of information and/or obstruction related to the investigations, and personnel and management matters. After updates by the CAE and third-party investigators of their preliminary findings, the CAE and TSU BOR Counsel found violations of the TSU President's ("President") contract, Section VII (F) which defines, in part, "Cause" for termination of the Contract as: "(6) failure to promptly advise and fully report to the Board any matter known by the President that tends to bring public disrespect, contempt or ridicule upon the University, or (7) any act that creates a material adverse effect on the reputation and/or brand of the University."

The CAE and third-party investigators found several instances where President and/or senior executive administration failed to promptly and fully report to the TSU BOR matters known by President that tend to bring public disrespect, contempt or ridicule upon the University or acts that create a material adverse effect on the reputation and/or brand of the University, which is a violation of President's employment contract. Particularly, President should have promptly fully notified the TSU BOR of the matters related to: 1) the Former TMSL Assistant Dean of Admissions and Financial Aid's separation, including the alleged pay for admissions by a student; 2) the actions of a former transfer student and his multiple threats to take legal action against the University and informing the media of allegations of impropriety; 3) actions and/or directives to subordinates to take action that violated directives of the TSU BOR regarding personnel procedures pending the audit committee investigation, and obstruction or intent to obstruct the TSU BOR audit committee investigation and/or the protection of the whistleblower; 4) entertainment expenses paid through the Texas Southern University Foundation ("TSU Foundation") rather than the University entertainment expense reimbursement process as outlined in Section V (I) of President's contract (and MAPP 03.07.04 – Official Functions and Discretionary Expenditures); 5) failure to fully inform the entire TSU BOR of the primary reason for a former Law School Interim Dean's resignation, who resigned because he was improperly directed by President and his subordinate to engage in acts that violate University policy; 6) failure to take action regarding personnel matters in accordance with University policy; and (7) failure to follow TSU BOR policy prior to changing admission requirements and standards.

To date, the following regulatory agencies have either undertaken a formal investigation(s) and/or have been briefed about matters at the University:

- Federal Bureau of Investigation (FBI)
- Harris County District Attorney's Office (HCDA)
- Office of the Inspector General, Department of Education (OIG/DOE)
- Scholastic Programs Division, Department of Education (DOE)



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- Southern Association of Colleges and Schools/Commission on Colleges (SACS/COC)
- The American Bar Association (ABA)
- Texas State Auditor's Office (SAO)
- The Texas Rangers, Texas Department of Public Safety (Rangers)

TSU Administrators are actively working to support the agencies as they continue their own reviews of these matters.

II.

BACKGROUND

- 2.1 On or about September 6, 2019, Dean and Professor of Law at the Thurgood Marshall School of Law ("TMSL Dean") since July 8, 2019, dismissed the TMSL Assistant Dean of Admissions and Financial Aid from the TMSL due to performance issues. Former TMSL Assistant Dean of Admissions and Financial Aid served in this role from January 11, 1999 through September 20, 2019. [See Chronology: Friday September 6, 2019]
- 2.2 TMSL Dean observed students who were not formally enrolled at the law school attending orientation and/or attending classes. The students either had character and fitness issues; incomplete admission files; and/or did not meet the academic eligibility requirements to be enrolled in the law school. As a result, TMSL Dean offered Former TMSL Assistant Dean of Admissions and Financial Aid the opportunity to resign instead of termination. Former TMSL Assistant Dean of Admissions and Financial Aid failed to submit a letter of resignation; therefore, the termination letter was issued as final. [See Chronology: Friday September 9, 2019]
- 2.3 After Former TMSL Assistant Dean of Admissions and Financial Aid's dismissal, TMSL Dean made several other discoveries including a student who allegedly paid \$14,000 to Former TMSL Assistant Dean of Admissions and Financial Aid for admission to the law school; and theft or misappropriation of law school funds. Particularly, application fees and seat deposits paid by students were being inappropriately deposited into a TSU Foundation fund in violation of the Texas General Appropriations Act. TMSL Dean discovered \$13,456.25 in cashier's checks or money orders designated as deposits into the law school's LEAP Program under Former TMSL Assistant Dean of Admissions and Financial Aid's desk calendar. Additionally, \$31,600 in LEAP deposits remain unaccounted for. Upon discovery of these issues, TMSL Dean hired a consultant to perform a three-day 'state-of-the-office' review to ascertain tasks that needed immediate attention. [See Chronology: Friday September 9, 2019; and September 16 – 18, 2019]



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- 2.4 On October 3, 2019, TMSL Dean submitted a Request for Audit services of the Admissions and Financial Aid, External Affairs, and Law Library functions within the TMSL to TSU's CAE via email. The decision to submit this request was made solely by TMSL Dean, who stated she was never directed by President or Provost to investigate these matters. [See Chronology: September 15, 2019, and September 20 – 30, 2019]
- 2.5 Upon confirmation of the reported allegations in 2.3 above, the CAE informed the TSU BOR Chairman of the matter. On October 25, 2019, certain TSU BOR Executive Committee members, the CAE, and TSU BOR Counsel reported the allegations to the Harris County DA's Office. On the same day, the TSU BOR held the regularly scheduled meeting where these matters were discussed in executive session. After the TSU BOR meeting, key members of the executive committee met with President to inform him of the above-mentioned allegations and the complete disclosure to the DA's office regarding the pay-for-play and admission improprieties, to which he responded "we knew about the pay-for-play, and we fired the guy"; however, he did not report the matter to the TSU BOR nor to law enforcement. According to President's contract, "Cause" as herein used is defined as (1) commission of a felony, (2) commission of a misdemeanor involving moral turpitude that materially impairs President's ability to discharge his duties hereunder, (3) fraud, (4) embezzlement, (5) theft, or (6) failure to promptly advise and fully report to the TSU BOR any matter known by President that tends to bring public disrespect, contempt or ridicule upon the University, or (7) any act that creates a material adverse effect on the reputation and/or brand of the University. [See Chronology: Friday, October 25, 2019, and President's Contract, Section IV]
- 2.6 Later, on October 28, 2019, a Whistleblower letter was sent to the TSU BOR Chairman formally requesting protection under the Texas Whistleblower Act. The letter reaffirmed allegations previously disclosed to the TSU BOR, including allegations of pay-for-play, acceptance of students who did not meet admissions standards, and misuse of the donor dollars gifted to the University. Most notably, the Whistleblower letter alleged President's full knowledge of the allegations. In response, the TSU BOR hired third-party investigators to review admissions and financial aid processes and hired a specialized employment law firm to assist the CAE with the school's internal investigation interviews. Also, the TSU BOR called a special meeting to inform the TSU Administrative staff of the DA's report, the school's internal investigation, the Whistleblower letter, to request that they refrain from interfering with the investigation, to preserve and not destroy any evidence, and that the Personnel Standing Committee of the TSU BOR would be reviewing all proposed terminations and demotions to protect the Whistleblower's employment. [See Chronology: Friday, November 1, 2019]



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- 2.7 Although senior executive administration were specifically directed not to interfere with the investigation, several attempts to gain insight into the investigation were made. Specifically, senior executive administration made several requests of TMSL Dean, on behalf of President, to provide information related to the investigation. Also, it was later discovered that the email account of Former TMSL Assistant Dean of Admissions and Financial Aid had been deleted. When the TSU BOR requested the name of the individual who deleted the email account, the administration delayed provision of access. By the time the access was granted to the third-party technical forensic team in January 2020, the access logs had been overwritten and the login user (responsible for account deletion on September 9, 2019) could not be identified. There were instances whereby senior executive administration did not cooperate or were otherwise delayed in providing information. [See Chronology: Monday, December 9, 2019]
- 2.8 To date, the CAE's investigation, in conjunction with third-party investigators hired to investigate admissions and financial aid improprieties within the law school, has been able to confirm many of the Whistleblower allegations. The Whistleblower letter, in part, alleges the following:
- a law student paid \$10,000 to cure character and fitness issues so that the student could sit for the Bar;
 - many students had been admitted who did not meet the school's GPA and LSAT requirements;
 - President did not report Former TMSL Assistant Dean of Admissions and Financial Aid's criminal behavior to law enforcement;
 - a transfer student was improperly admitted to the law school and was later dismissed by TMSL Dean. That student complained to President, and Provost who later enrolled the student in different graduate school program to gain his silence;
 - students are frequently admitted to programs in violation of admission requirements at the direction of President or Provost;
 - several students had failing grades changed, however Special Assistant to the President quashed the investigation and the students were not disciplined;
 - reported enrollment numbers are often inflated and do not reflect accurate numbers after students are dropped for nonpayment;
 - to avoid sending contracts over \$100,000 to the TSU BOR for approval, President often has such contracts signed by the TSU Foundation, and there is no accounting of expenses and net funds actually raised for scholarships;
 - scholarships are often given to students with GPAs below 2.0 to inflate enrollment numbers; and



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- a \$3,000,000 trust donated to be used by the School of the Pharmacy has not been used for such purposes, but instead was used to purchase the Tiger House.

III.

EXECUTIVE SUMMARY OF INVESTIGATION FINDINGS

3.1 Thurgood Marshall School of Law

A. Admissions/Enrollment:

Of these allegations, the CAE and third-party investigators have identified several students admitted to the law school who did not meet the minimum admissions requirements. Many of these students received scholarships although they had low GPAs and/or LSAT scores. After Former TMSL Assistant Dean of Admissions and Financial Aid's departure, TMSL Dean discovered admission irregularities. Specifically, TMSL Dean discovered three scenario anomalies with five first-year law students (1Ls) during the 2019 Fall Semester.

1. Students with Incomplete Files or who Failed to Meet Eligibility Requirements:

- a) Two applicants were not on official class rosters but were attending first-year classes. TMSL Dean determined that the two applicants' files were incomplete. However, upon completion of their admissions files, the two students were properly enrolled.
- b) Also, two additional students did not meet the initial academic eligibility requirements for enrollment in the law school (LSAT score of at least 140 and a GPA of 2.5 or greater). TMSL Dean consulted with the first student and the student withdrew from the program voluntarily. When TMSL Dean consulted with the second student (who had an LSAT score of 125), she advised him that he was being removed from the TMSL program and that he would need to retake the LSAT and reapply for consideration for Fall 2020. The student explained that he understood but asked whether the \$14,000 he paid the Former TMSL Assistant Dean of Admissions and Financial Aid to attend the program would be refunded.

2. Student with Character and Fitness Issues:



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- a) TMSL Dean discovered an applicant who was attempting to be accepted into the law school as a third-year (3L) student versus a first-year (1L) transfer student. The applicant did not disclose character and fitness issues on his application; however, TMSL Dean discovered significant character and fitness issues related to the student. Former TMSL Assistant Dean of Admissions and Financial Aid told TMSL Dean that he was unaware of the character and fitness issues related to the applicant.
- b) As a result, TMSL Dean revoked the applicant's admission due to his falsified application. The TMSL Admissions Council seconded the revocation. On or about August 30, 2019 the student met with Provost, TMSL Dean, and Former TMSL Assistant Dean of Admissions and Financial Aid in an effort to refute the revocation of his admission. The student provided TMSL Dean with authenticated email correspondence between him and Former TMSL Assistant Dean of Admissions and Financial Aid stating, "if you keep the information in, I cannot help you". Also, TMSL Dean determined that Former TMSL Assistant Dean of Admissions and Financial Aid directed and allowed the student access to his student file to remove evidence related to his character and fitness matters. President, Provost, and Special Assistant to the President indicated that they gave TMSL Dean the support that she needed to proceed with terminating Former TMSL Assistant Dean of Admissions and Financial Aid upon authentication of the email correspondence. However, the decision to submit a request for Audit of the Admissions and Financial Aid, External Affairs, and Law Library areas was made solely by TMSL Dean, who stated she was never directed by President or Provost to initiate the engagement of the CAE to investigate these matters. In a formal interview with TSU BOR Counsel and the CAE, President asserted that he did not know about any fiscal impropriety, and still does not know. There are inconsistencies with these statements per the multiple interview sessions.
- c) Also, the CAE was never contacted by President nor senior executive administration to initiate an audit or investigation into the above law school matters. It should be noted that during President's tenure, approximately eighteen special projects (inclusive of investigations) were presented directly by President to the CAE. Typically, matters needing review/investigation begin either with verbal dialogue and/or a meeting with President and senior executive administration to address the issue; then, they are followed up with a more



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formal request detailing the potential issue for review or investigation. The CAE would then prepare the project scope, review objectives, and develop the project plan. Here, President's failure to notify the CAE directly regarding these matters was atypical; as these matters indicated fraud and were reported by TMSL Dean to President and senior executive administration. However, neither TMSL Dean, nor the CAE received any directives from President to initiate an audit or investigation.

3. Failure to Review All Applications In 2019 – 2020 Class:

- a) For the 2019 – 2020 class, there were over 507 completed applications that were never reviewed and thus, no decision made regarding them. Many of these applicants had strong entering credentials and had even called President and Provost complaining that they had applied and received no response from the TMSL. It was discovered that these applications were not acted upon at all. Of these applications, approximately 365 were presumptive admits and thus, the TMSL lost an opportunity to have students that could have improved its entering class credentials.

B. Financial Improprieties:

1. Inadequate Scholarship Awards:

Many students received scholarships although they had low GPAs and/or LSAT scores. Most notably, the third-party investigators identified a scheme where students not eligible for federal financial aid were granted scholarships large enough to receive substantial refunds. The initial review and investigation were for the current TMSL students for academic years 2017/18, 2018/19, 2019/20 (3L, 2L, 1L) who were awarded over \$3.2 million in TMSL scholarships.

During the course of the investigation, control deficiencies were determined within the Admissions and Financial Aid disbursement processes, that in the aggregate, constitute a significant deficiency¹, as a single individual was the sole authority over these critical processes. Specifically, there was no written policy for awarding

¹ A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that are important enough to merit attention by those responsible for oversight so that immediate control procedures can be implemented to provide reasonable assurance that a misstatement or omission in the relevant financial statement assertions is prevented or detected by the controls in a timely manner. [Source(s): Government Auditing Standards by the U.S. General Accounting Office (GAO). Public Company Accounting Oversight Board (PCAOB), Auditing Standard No. 5.]



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scholarships at TMSL. These scholarships were awarded to students at the discretion of the Former TMSL Assistant Dean of Admissions and Financial Aid.

There were at least seventeen 2L and 3L students identified who have received over \$430,000 in scholarships yet they had low entering credentials and/or were ranked in the bottom 50% of their class. One of these students has curved out of the TMSL program after receiving \$41,500 in scholarships.

Additionally, it was determined that at least six students were in communication with Former TMSL Assistant Dean of Admissions and Financial Aid regarding a financial impropriety scheme whereby these students were instructed to remit funds to Former TMSL Assistant Dean of Admissions and Financial Aid in exchange for enrollment and/or financial aid. The funds remitted by the students to Former TMSL Assistant Dean of Admissions and Financial Aid were in large part, either cash payments or the students remitted amounts from their refunds as instructed by Former TMSL Assistant Dean of Admissions and Financial Aid.

- a) Students 1 and 2 have confirmed that they were instructed to obtain cashier's checks made payable to Former TMSL Assistant Dean of Admissions and Financial Aid in the exact refund amounts they received. The total of these cashier's checks was approximately \$73,658.
- b) Students 3 and 4 claimed that they were also instructed by Former TMSL Assistant Dean of Admissions and Financial Aid to remit their refunds to him, which totaled approximately \$18,372. However, Former TMSL Assistant Dean of Admissions and Financial Aid was no longer with the TMSL when the refunds were issued to the students.
- c) Student 5, who was admitted to the TMSL but failed to meet the eligibility requirements, alleged that the student's parents sold a vehicle for \$10,000 and withdrew from the bank another \$4,000 and gave the \$14,000 in cash to Former TMSL Assistant Dean of Admissions and Financial Aid. In turn, the student alleged that Former TMSL Assistant Dean of Admissions and Financial Aid would place \$14,000 in his account by way of scholarship, and he would be admitted into the law school. During the investigation, it was determined that designated appropriated funds of \$14,000 were placed in Student 5's account.
- d) Student 6 claimed that he gave Former TMSL Assistant Dean of Admissions and Financial Aid approximately \$16,200 as well as concert and airline tickets in order to obtain admission to the TMSL. Student 6 also claimed that Former TMSL Assistant Dean of Admissions and Financial Aid instructed him to



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remove character and fitness information from his application file in order to be admitted. Student 6 stated he informed President and Provost of these issues; as a result, the student was placed into a graduation program of the student's choosing.

Based on the findings with the current TMSL students (3L, 2L, 1L), an additional seven years of information for scholarships awarded to students from Fall 2010 through 2017 was reviewed. Testing during the investigation revealed that the financial impropriety scheme was discovered and evident in academic year 2015-2016, and there were unusually large scholarships awarded at TMSL. For the same time period, eight former TMSL students were identified who received scholarships that were significantly larger than the tuition (in-state or out-of-state) for the semester and/or rounded dollar amounts that warrant further review. These eight former TMSL students received approximately \$416,325 in scholarships. Two of the eight students received approximately 42% of the scholarships and one student's record reflects their application for admission was in fact denied/rejected.

C. Diversion of State Funding to Account Outside of University's Control:

1. During the discovery phase of the investigation, pertinent matters directly implicating the mishandling, misappropriation or possible theft of state funds was found. The anticipated revenue in the TMSL Admissions and Financial Aid Office for the Fall 2019 was estimated as \$115,700 minimally.
2. Former TMSL Assistant Dean of Admissions and Financial Aid promised to submit a financial reconciliation of the unreconciled finances, which was never provided. Former TMSL Assistant Dean of Admissions and Financial Aid directed TMSL Dean to (under) the desk calendar in said Assistant Dean's office, where \$13,456.25 was recovered. Former TMSL Assistant Dean of Admissions and Financial Aid advised TMSL Dean that monies were given to the TMSL Director of External Affairs as well. Upon consultation with TMSL External Affairs, it was determined that an external fund at the TSU Foundation existed and from October 2018 through September 2019, public funds totaling \$95,621.50 were initiated by Former TMSL Assistant Dean of Admissions and Financial Aid and deposited into the TSU Foundation General Operating Account. Funds within the TSU Foundation are generally private funds and the comingling of private and public funding through this mechanism is prohibited. Additionally, these misdirected funds were not used in strict conformity with the Texas General Appropriations Act because these funds were not allocated back to student's accounts at the University, and a reconciliation was not performed of the students' accountability for payment of these fees. Again,



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Former TMSL Assistant Dean of Admissions and Financial Aid did not submit the financial reconciliation nor did he return to the TMSL; therefore, approximately \$31,600 remains unreconciled.

D. Withholding of Information/Obstruction:

1. Electronic Mail:

- a) During the investigation, there was a point in time when Former TMSL Assistant Dean of Admissions and Financial Aid's core email and active directory accounts were removed. It is the understanding of the CAE and third-party investigators that Former TMSL Assistant Dean of Admissions and Financial Aid's emails were automatically archived after 30 days but could not be recovered because the backup files were deleted and/or moved from their designated folder. Upon inquiry, the Office of Information Technology ("OIT") team stated that someone with intimate knowledge and system privileges moved Former TMSL Assistant Dean of Admissions and Financial Aid's email folder from an "active" to a "root" directory. This demonstrates a deliberate attempt to hide and prevent access to these emails. At that time, the OIT team was unable to identify who moved the file folder. Additionally, due to the absence of an updated technical asset inventory, some of Former TMSL Assistant Dean of Admissions and Financial Aid's technology assets could not be located.
- b) The OIT team was instructed by senior executive administration not to communicate with third-party investigators on the matter.

2. Attempts made by Senior Executive Administration to Coordinate Information Prior to the Interview Period:

Update information relative to the investigation was shared by TMSL Dean to President and senior executive administration in various update sessions from the removal of Former TMSL Assistant Dean of Admissions and Financial Aid (September 2019) through the initiation of the discovery investigative phase (October 2019). As TMSL Dean provided updates to the senior executive administration during discovery, she was not given a course of action by them as critical findings were uncovered. Additionally, during planning discussions in preparation for the TSU BOR regular meeting in October 2019 through the



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conclusion of the actual October TSU BOR regular meeting, senior executive administration did not discuss a plan to disclose discovery matters to the TSU BOR. Multiple iterations of a cease-and-desist letter from TSU BOR Counsel by way of the CAE were issued to senior executive administration as they pressured TMSL Dean to produce/present a timeline of investigation details during the discovery period.

3. Personnel & Management Matters:

During August 2019, preparatory meetings were held, led by TMSL Dean, and supported by President, Provost, and Special Assistant to the President to address approach and presentation to be utilized in the upcoming ABA Meeting in Chicago, Illinois. Attendees to the ABA Meeting in Chicago included: TMSL Dean, President, Provost, Special Assistant to the President, Former TMSL Assistant Dean of Admissions and Financial Aid, and TMSL Associate Dean of Academic Affairs. [A Regent was interested in attending the ABA Meeting but was encouraged not to attend] Relevant Note: The prior ABA Meeting attendance included: Acting TMSL Dean, President, Provost, Former Chairman of TSU BOR, and Special Assistant to the President. President indicated that a 'holistic approach' is utilized for TMSL admissions consideration where other factors are considered to the LSAT score of 140 - inclusive of the LEAP program, essays, etc. President indicated that he was not aware of any false statements that have been made to the ABA from anyone within the institution. This is noteworthy as a Former Interim TMSL Dean shared that he was encouraged by President to submit a report to a third-party consultant who would then author the information as their own; the Former Interim TMSL Dean did not acquiesce and later resigned.



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3.2 **Texas Southern University**

A. Admissions/Enrollment:

1. The Whistleblower Letter:

The Whistleblower letter alleges that President inflated enrollment numbers, and a key witness discussed an alleged scheme ranging from open enrollment to the placement of funding on the student's accounts (at times without their knowledge) through the census date to ensure a certain reportable number. Testing by the CAE and third-party investigators of these matters continues to be in progress.

This is relevant because during the investigative process, there were instances where President asserts that "we were cleared" from any admissions improprieties, and references were made to a conclusion letter submitted by the Texas Higher Education Coordinating Board ("THECB") on a different, but similar matter regarding admissions practices at the undergraduate level.

2. THECB Complaint:

- a) In November 2018, an anonymous complaint was submitted to the THECB by a complainant stating that they were an employee within TSU enrollment services, and they were concerned with the admissions practices utilized within the unit. An excerpt from the complaint is disclosed in Section 3.2, A. 1. 2.

Section 3.2, A. 1. 2.

"The institution is not adhering to its own admission policies. The Staff were strongly encouraged to admit "all" students even if they did not meet the institutions admission requirements both transfer and incoming freshman. If you look at 2017-2018 and this current 2018-2019, I believe you will see where the fraud took place."

- b) Additionally, Special Assistant to the President was named as the person responsible for this area in the complaint; and he served as the Senior Associate Vice President for Enrollment Management Services during that time. The Due Diligence Evaluation Review determined that a clause existed in the admissions policy allowing for the evaluation of other measures for applicants who did not



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meet the academic eligibility criteria; measures of which were determined to include the following (in 2017 and 2018):

- Sliding scale;
- Successful completion of the Summer of Success (academic preparatory) program; and
- Senior management approval for selective applicants.

These scenarios were not approved by the TSU BOR; and additional information has come to light that warrants additional testing in this area. Incomplete and/or deficient information was provided to the audit function during the initial review; thus, certain elements are being revisited along with new attributes.

- c) While two of the three scenarios for admissions consideration noted above were disclosed in the conclusive Due Diligence Evaluation Review Report (“Report”), controls deficiencies were addressed that were indicated as having the potential to rise to the level of significant deficiency if unmitigated. The Report also noted that a review of the revised Admissions practices would be revisited subsequent to Fall 2019 semester to evaluate the operability and effectiveness of additional controls implemented from 2018 through 2019.

Section 1. Board Authority, Powers and Duties; Subsection 1.2 Duties and Responsibilities, Item 6 of the Texas Southern University Board of Regents Bylaws identifies a responsibility of the BOR to:

- Set campus admissions standards consistent with the standards and mission of the institution and considering the admission standards of similar institutions nationwide having a similar role and mission as determined by the THECB.

To reiterate, the scenarios by which admissions exceptions were made to the enrollment of first-time freshmen and/or transfer students in Fall 2017 and Fall 2018 were not approved by the TSU BOR. Additionally, during the course of the TMSL investigation, an interviewee from the TMSL identified an alleged admissions/enrollment scheme; and because lookback testing from the Due Diligence Evaluation Review (submitted in May 2019) is currently in progress, the lookback elements and certain additional attributes have been included in the retesting phase. This lookback and additional attribute direct testing continues to be in progress.



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B. Personnel and Management Matters:

MAPP 02.05.03 TSU's Discipline and Termination Policy identifies the Senior Associate Vice President of Human Resources and Payroll Services as the initiation point for the hiring authority to contact for personnel actions including (but not limited to): suspension with pay; suspension without pay; transfer, demotion and/or salary reduction for disciplinary reasons; dismissal or involuntary termination.

The termination process for the professional whom senior executive administration believed to be the Whistleblower did not originate with the Senior Associate Vice President for Human Resources and Payroll Services, and President did not admit to the intended termination of this employee in formal statements. Additionally, it is noteworthy that Senior Associate Vice President for Human Resources and Payroll Services ("HR") identified multiple personnel actions that did not initiate with HR (nor was HR consulted until after the action was completed); which poses a significant, unmitigated litigation risk to the University. Due to conflicts of interest by senior executive administration, the Personnel Standing Committee Chair of the TSU BOR received reports from the TSU General Counsel who began a review of personnel actions for the protection of the Whistleblower. HR identified other critical personnel anomalies after the legal review process was put in place. Three termination scenarios intended by senior executive administration were reversed by HR with the assistance of TSU General Counsel during the investigative period after HR and CAE determined university policies and procedures were not being followed in connection with such terminations. These personnel actions remain subject to review on the merits by new management.

IV.

VIOLATIONS OF CONTRACT, POLICY, AND PROCEDURES

4.1 University Policy Violations

A. MAPP 02.05.06 II (a-h) and (o):

Fraudulent or Dishonest Activities: (a) Theft of funds, securities, supplies or any other asset; (b) Fraud; (c) Bribery/rebate/kickback; (d) Misapplication, destruction, removal or concealment of property, or conflicts of interest; (e) Illegal or fraudulent handling or reporting of money transactions; (f) Forgery or alteration by employees of student related items such as grades, transcripts; (g) Disclosing confidential information the employee is routinely privy to at the University; (h) Any apparent



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violation of Federal, State, or local laws related to dishonest activities; or (o) Any similar or related activity.

B. MAPP 02.05.05 III (A, B, H):

Ethics and Conflicts of Interest Policy: Standards of Ethical Conduct – A. Employees shall put forth honest effort in the performance of their duties; B. Employees shall not use their public offices for private gain; and H. Employees shall not disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act (Texas Government Code, Chapter 552), or information that has been ordered sealed by a court, that was acquired by reason of the employee's official position.

C. MAPP 02.05.03 V. E (4):

Progressive Discipline: E. Transfer, Demotion and/or Salary Reduction for Disciplinary Reasons: (4) The supervisor will notify the employee in writing of the transfer, demotion and/or reduction in pay, the reasons for this action, and the effective date of the action.

D. MAPP 02.05.03 VI. A (1) and (3-5):

A. Dismissal or Involuntary Termination: (1) Supervisors are authorized to initiate an action to terminate an employee with prior approval of the Associate Vice President of Human Resources or a designated appointee, such as the Director of Human Resources, and after consulting with legal counsel; (3) Dismissal from employment may occur immediately after consulting with and receiving the written approval by Human Resources; (4) The employee must be given written notice of the dismissal; and (5) The prescribed personnel action form confirming the dismissal must be processed within 24-hours of receiving the notice. Any written response to the dismissal may be submitted to the Associate VP of Human Resources.

E. Official Functions and Discretionary Expenditures:

MAPP 03.07.04 II. B. – Policy Statement. B. In most cases, designated funds or certain unrestricted auxiliary funds shall be used for payment of expenditures for official functions and discretionary items. Payment may be authorized from restricted or sponsored project funds only where allowed by the donor or the terms of the contract or grant. State-appropriated funds cannot be expended for entertainment expenses,



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alcoholic beverages, gifts, service awards costing over \$50, etc. (*General Appropriations Act, Article 3, Section 51, Texas Constitution*). Agency funds, which are not owned by the university, are not subject to the requirements of this policy. However, departments that administer agency funds should expend those funds prudently

MAPP 03.07.04 A. – Procedures. A. Expenditures for meals, alcoholic beverages, or tickets to cultural, athletic, or social events may not be reimbursed through the petty cash process. These expenses require reimbursement through the Accounts Payable process.

MAPP 03.07.04 V (A-D) and (H-I) – Required Documentation. Expenditures related to official University function and discretionary items may be paid or reimbursed only if accomplished by the complete documentation listed below. All documents will be reviewed by the responsible processing department prior to processing. A. A detailed description of the nature and purpose of the official functions, noting honoree(s); B. Date(s) and location of the function; C. Name(s) of the participants, both guests and employees, and their titles, institutional affiliations, and/or relation to the university for groups of ten or fewer. For larger groups, the name(s) of the honored guest(s) must be provided, together with the number of persons attending and the general relationship of the guests to the university; D. A specific, clear, and meaningful statement of the benefit of this function to the mission of the university. A general and broad statement will not be accepted; H. Original invoices or receipts (or copies of certified by the vendor) covering all expenditures for which payment is being requested; and I. Employees who make out-of-pocket official function and discretionary expenses must provide receipts and any additional information provided to the business office within sixty days of the event.

4.2 **Relevant TSU BOR Bylaws**

Board Authority, Powers and Duties

Section 1.2 (6) – Duties and Responsibilities: The Board sets campus admissions standards consistent with the role and mission of the institution and considering the admission standards of similar institutions having a similar role and mission as determined by the Texas Higher Education Coordinating Board (THECB).