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# MEMORANDUM

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TO: Audit Committee &  
Tom Courtway, President

FROM: Pamela Massey, Director of Internal Audit

DATE: May 29, 2014

RE: Post-Resignation Review of Gilbert Baker

## PURPOSE AND SCOPE

The Post-Termination Review of Mr. Gilbert Baker, former Executive Assistant to the President, was added to the Internal Audit approved audit plan by the Audit Committee Chair on April 23, 2014 due to Mr. Baker's abrupt resignation from his administration position on April 2, 2014. The purpose of the review was to examine documentation and computer files specifically related to Mr. Baker's duties as an administrator at UCA during the fiscal years 2012-2013 and 2013-2014. The methodology used in conducting this investigative review was developed uniquely to address the stated objectives; therefore, this review was more limited in scope than an audit or consultation engagement performed by the Internal Audit Department.

The objective of this review was to determine (1) whether Mr. Baker had committed egregious acts or fraud against the University as it relates to his duties as an administrator at UCA; (2) whether travel expenses were adequately supported and that travel was related to Mr. Baker's job duties as Executive Assistant to the President; and (3) whether there was any noncompliance with laws, rules, regulations, or Board policies.

In order to accomplish the audit objectives stated above, information was obtained primarily through interviews, observations, and examination of documentation in conjunction with the following procedures including analyses and tests:

1. Reviewed state laws, rules, and regulations regarding lobbying activity and the employment of lobbyists paid with state funds;
2. Inquired with various members of management, faculty, and staff regarding Mr. Baker's previous duties as Executive Assistant to the President and his current duties as an assistant professor;
3. Reviewed Mr. Baker's computer for evidence of any unusual or fraudulent activity;

4. Reviewed IT access controls to determine whether Mr. Baker had access to any IT resources or data not related to his position at UCA;
5. Performed data analysis and analytical procedures for any evidence of fraudulent activity related to Mr. Baker's position at UCA;
6. Reviewed procedures taken by the University related to Mr. Baker's resignation (i.e., return of keys, equipment, purchasing card, etc.);
7. Reviewed procedures taken by the University to grant tenure for Mr. Baker as a Music Department faculty member;
8. Examined personnel records to determine whether appropriate documentation was on file (i.e., Lobbying Registration forms, Statement of Financial Interest forms, and Conflict of Interest forms, etc.)
9. Examined payroll and leave records to determine whether salary and leave amounts were properly approved and adequately documented;
10. Reviewed travel expenses to determine whether expenses were adequately documented and complied with state and university travel rules and regulations;
11. Reviewed documentation related to the receipt and return of any donations raised by Mr. Baker.

### **SUMMARY OF FINDINGS**

No exceptions were noted during the performance of the above procedures. Further, Internal Audit's review did not disclose any evidence that fraud was committed against the University by Gilbert Baker, in his position as Executive Assistant to the President during the audit period.

### **BACKGROUND AND OBSERVATIONS**

Gilbert Baker became Executive Assistant to the President on January 15, 2013 and officially had his tenure as an assistant professor reinstated by the Board on February 22, 2013. Gilbert Baker resigned from his administrative position as Executive Assistant to the President at the University of Central Arkansas on April 2, 2014 and subsequently returned to a nine-month faculty position as an assistant professor in the Music Department on April 3, 2014. According to President Courtway, Mr. Baker's job duties included government relations, communications, government affairs, and raising private funds which required both in-state and out-of-state travel.

Internal Audit reviewed travel expenses totaling \$9,141.83 incurred by Mr. Baker from February 28, 2013 through March 19, 2014. As part of the review, Internal Audit examined travel expenses to determine if (1) the expense was properly authorized, (2) the expense was adequately documented including the business purpose of the travel, and (3) the expense complied with State and University travel rules and regulations. Based on Internal Audit's review, no exceptions were noted; however, during the examination of travel expenses submitted

by Mr. Baker, Internal Audit noted that no expenses were submitted for reimbursement related to the purchase of meals for any guests of state.

Mr. Baker's time spent fundraising for the University was coordinated with the University's Division of Advancement. Regarding Mr. Baker's fundraising duties, Internal Audit noted the following donations were received by Baker during the 2013-2014 fiscal year:

| <b>Check Date</b>                         | <b>Date Recorded</b> | <b>Donor</b>                                       | <b>Amount</b>   |
|---|----------------------|--|-----------------|
| 7/8/2013                                  | 7/15/2013            | Michael Morton                                     | \$ 100,000.00   |
| 7/17/2013                                 | 7/17/2013            | Donald Thomas                                      | \$ 10,000.00    |
| 10/25/2013                                | 11/21/2013           | Central Arkansas Planning and Development District | \$ 5,000.00     |
| Total                                     |                      |  | \$ 115,000.00   |
| Less Donation returned to Donor 3/24/2014 |                      |  | \$ (100,000.00) |
| Donations for FY 14 as of 4/30/2014       |                      |  | \$ 15,000.00    |

According to President Courtway and Shelley Mehl, Vice President for Advancement, there was no expectation for Mr. Baker to achieve any stated fundraising goals due to his other responsibilities as the Executive Assistant to the President.

The following illustrates the chronological details leading up to Mr. Baker's resignation on April 2, 2014:

November 15, 2012 Gilbert Baker requested tenure reinstatement in the Music Department upon future administrative appointment.

December 4, 2012 Music Department Personnel Advisory Committee (DPAC) unanimously recommended that Mr. Baker be granted tenure in the Music Department at the rank of Assistant Professor.

Articles of Incorporation for LRM Consulting, Inc. executed indicating Gilbert Baker as Incorporator and Chris Stewart as Registered Agent with the principal purpose for the formation of the corporation being for the establishment of a public affairs and consulting business.

December 5, 2012 Department of Music Chair and the Dean of the College of Fine Arts and Communication concurred with the recommendation of DPAC.

LRM Consulting, Inc.'s Articles of Incorporation filed with the Secretary of State's Office.

December 11, 2012 In a memorandum to President Courtway the Provost concurred with the recommendations of DPAC, and the Music Department's Dean and Chair to grant tenure and the rank of assistant professor.

January 9, 2013 Arkansas Faith and Freedom Coalition's Articles of Incorporation amended removing Mr. Baker from the Board of Directors.

January 15, 2013 Gilbert Baker began employment as Executive Assistant to the President.

January 22, 2013 Gilbert Baker submitted UCA Conflict of Interest Financial Disclosure Statement indicating no conflicts.

February 11, 2013 Gilbert Baker registered with the Secretary of State as an individual lobbyist with UCA as his only client/employer.

February 22, 2013 Mr. Baker's tenure and rank as assistant professor in the Department of Music were approved by the Board of Trustees.

May 29, 2013 Gilbert Baker filed Lobbyist Notice of Termination with Secretary of State.

Gilbert Baker added as a lobbyist to the UCA Lobbyist Registration Form.

July 15, 2013 UCA Foundation received \$100,000 donation dated 7/8/13 from Michael Morton.

July 17, 2013 UCA Foundation received \$10,000 donation dated 7/17/13 from Donald Thomas.

January 21, 2014 Gilbert Baker submitted UCA Conflict of Interest Financial Disclosure Statement indicating no conflicts.

January 31, 2014 Gilbert Baker filed Statement of Financial Interest with Secretary of State disclosing LRM Consulting as a Business Holding with a fair market value greater than \$12,500.

February 28, 2014 LRM Consulting, Inc., Articles of Incorporation amended to provide a share exchange from Gilbert Baker to Linda Leigh Flannigan and named James McAlister as Incorporator and Chairman (filed with Secretary of State on 3/6/14).

LRM Consulting, Inc., Articles of Incorporation amended to name James McAlister as the President, Secretary, and Treasurer (filed with Secretary of State on 3/11/14).

March 24, 2014 Michael Morton donation returned to donor.

April 2, 2014            Gilbert Baker resigned from administrative position.

April 3, 2014            Gilbert Baker moved to nine-month faculty position as an Assistant Professor as a result of being granted tenure on 12/5/12.

### **CONCLUSION**

The review of the Post-Resignation Review of Mr. Baker conveyed the following: (1) there was no evidence that Mr. Baker had committed egregious acts or fraud against the University as it relates to his duties as an administrator at UCA; (2) travel expenses were adequately supported, and supporting documentation indicated that travel expenses were related to Mr. Baker's job duties as Executive Assistant to the President; and (3) there were no instances of noncompliance with applicable laws, rules, regulations, or Board policies.

This report is intended solely for the information and use of the University of Central Arkansas Board of Trustees and University management and is not intended to be used and should not be used by anyone other than these specified parties. However, pursuant to the Arkansas Freedom of Information Act (A.C.A. § 25-19-105), all reports presented to the Board of Trustees are matters of public record and distribution is not limited.

c:        Warren Readnour, General Counsel  
          Larry Hunter, Deputy Legislative Auditor