

Special Review: Georgia Perimeter College (GPC) Engagement 12-17 September 17, 2012

(Excerpts)

“The President understandably must rely on the institution’s Chief Business Officer (CBO or EVP) and the CBO’s staff in the President’s execution of his fiduciary duty.”

“It is clear from our review that GPC’s CBO did not provide GPC’s President with timely and reliable financial information for the President’s use in managing the institution.”

“The CBO indicated that he relied on the Budget Director and the AVP to keep him informed of fiscal deficits. The AVP indicated that she was excluded from key decision-making with respect to the budget. The Budget Director indicated that he brought some budget concerns to the attention of the CBO and AVP; however, the internal reports produced by the Budget Director did not suggest that any significant budget issues existed.”

“The former President also indicated that multiple other officials (USG administrators and external and internal auditors) should have informed him that GPC was spending more than it took in through revenue.”

“GPC’s CBO did not perform his assigned duties. GPC’s former CBO, per his job description, is the “chief financial officer of the college, responsible to the President for providing leadership and ensuring integrity, stability and excellence in the fiscal and administrative operations of the institution.” He is to establish a “sound, stable financial base and adequate physical resources that support the mission and scope of programs and services of the institution.” Further, the CBO is to “develop and administer the college budgets, financial strategic planning, and administrative program assessment to maximize the most efficient and effective use of resources.” However, **GPC’s former CBO indicated that he did not review GPC’s financial statements and that he essentially relied on the Budget Director and AVP to bring budget-related fiscal issues to his attention.** scope or magnitude of the underlying fiscal issues when they were raised with him by both his own staff and auditors. **The former CBO cooperated fully throughout this review and acknowledged his responsibility for GPC’s fiscal operations. We agree that he was responsible for the institution’s fiscal operations in the overall context of his accountability to the former President.”**

“The former Budget Director’s job description states that he is responsible for “budget planning, development and monitoring in accordance with institutional and System requirements.” As noted throughout this report, fundamental budget duties were not performed. Budget reporting was inaccurate, budgets were not correctly loaded into the financial system, numerous individuals could override the flawed budgets that were loaded in the system, and budget development essentially ignored actual financial experience. **In short, essentially every primary duty of the Budget Director was left unfulfilled.”**

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“1 We also noted the existence of email discussions among staff within GPC’s Office of Financial and Administrative Affairs starting in January 2012 that reference declines in auxiliary fund balances and the use of auxiliary reserves for non-auxiliary expenditures over the past several fiscal years. There was no evidence that these emails were shared outside of the Office of Financial and Administrative Affairs until several months afterwards.”

“The AVP’s responsibilities with respect to budget management primarily consisted of providing oversight to the Budget Director. The Budget Director’s failure to adequately exercise the duties of his position cannot be separated from the responsibility of the AVP to manage the Budget Director and to ensure that he exercised his assigned duties.”

“The former President also indicated that multiple other officials (USG administrators and external and internal auditors) should have informed him that GPC was spending more than it took in through revenue.”

“It is difficult to determine exactly where the budget was overspent; the beginning budget was not allocated correctly among departments and amendments were not posted to the financial system. The fund balance amounts in the appropriations (budget ledger) and revenue ledgers did not match the budgetary amendment system as they should have.”

“A significant inaccuracy regarding personal services was budgeting of fringe benefits. GPC understated the fringe benefits that corresponded with each employee on the payroll. This understatement has been estimated at \$6.7 million. Understating fringe benefits allowed other budget areas to be overstated. When funds were spent against the overstated areas, deficit spending occurred.”

“Meanwhile, the former budget director stated that he knew of no one who was looking at the overall budget. It seems apparent that he should have had the responsibility for doing so since his job description included responsibility for budget planning, development and monitoring in accordance with institutional and system requirements. He indicated he had conversations with the former CBO and the former AVP to notify them they were overspending, but no actions were ever taken to curtail the spending. (We did not find documented evidence to support the existence of the conversations referenced by the former budget director.) **He also stated in an affidavit signed for former President Tricoli that he did not believe there were any budget deficits and that he never brought concerns about budget deficits to the attention of the former President.**”

“GPC’s former fiscal leadership team relied on inaccurate, internally generated spreadsheets that did not correspond to the General Ledger. Specifically, it appears that members of GPC’s cabinet, to include the former President, and both the President’s Council and the Strategic Budget Committee were provided incomplete and inaccurate budget presentations made by the CBO and the Budget Director at various group meetings. The CBO relied on budget spreadsheets developed by the Budget Director. We found three such presentations for FY 10, 11, and 12 and noted that presentations were not representative of GPC’s financial condition.”

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