



## SUMMARY

# A Limited Review of The Citadel



## BOARD OF VISITORS

### INTRODUCTION

Members of the General Assembly requested that we conduct an audit of The Citadel. Our objectives were to:

- Review the cadet discipline process to determine how it functions, what involvement the Board of Visitors and the President have in appeals, and if the process has been equitably applied.
- Review the college's hiring practices and qualifications for staff and faculty to ensure compliance with state laws and regulations.
- Determine how the compensation package for the college's President is established.
- Review the college's management of state appropriations and other funds.
- Review other issues, including the placement of the internal auditor and compliance officer, FOIA compliance, composition of the Board of Visitors, and classification of staff.

The Board of Visitors (BOV), in amending the College Regulations over the last ten years, has delegated much of its statutorily-provided power and authority to the President and administration of the college. We reviewed and compared the 15 different versions of the College Regulations that have been in effect over the last ten years and found that amendments were frequent and appeared to be reactive in nature in some instances.

### BOARD AUTHORITY IN HIRING

The Board, by its own actions, has gradually removed itself from the process of hiring the vice presidents of the college. The President selects the vice presidents then, according to the College Regulations, "the Board reviews the selection of Vice Presidents."

### BOARD COMPOSITION

- The composition of the Board is substantially different from those of other public colleges and universities in South Carolina. Changes could be made to increase diversity, ensure equal geographic representation, and allow for the involvement of individuals who have vested interests in the college, but are not graduates of The Citadel.
- The Citadel is one of only two public institutions in South Carolina with members of the board elected directly by an alumni association.
- Ex officio members of the Board — the Governor, the Superintendent of Education, and the Adjutant General — are not actively involved with the Board. We found that state law should be amended to allow these members to appoint designees to serve and vote in their places.

### BOARD INVOLVEMENT IN APPEALS

One of our primary audit objectives was to review the cadet disciplinary process, particularly the role of the Board in appeals. During our fieldwork, an expulsion appeal was presented to the Board, but we were not allowed to observe any part of the appeal. We reported this as a scope impairment to our audit.

### BOARD COMPLIANCE WITH FOIA

We found that the Board has violated the S.C. Freedom of Information Act (FOIA) by not always including a FOIA compliance statement in the meeting minutes. Also, on at least one occasion, the Board members met at a private, membership-only club. There was a quorum of the Board, but the event was not open to the public.

## CADET DISCIPLINE

In reviewing the disciplinary process for the Corps of Cadets, we found that improvements need to be made in the following areas.

### HEARING SAME OFFENSES IN DIFFERENT VENUES

In our review of disciplinary files, we found that cases involving the same offense were sometimes heard in different venues (Class I hearing before a single hearing officer versus Commandant's board with three members), a practice for which we could not identify any rationale.

### APPEAL PROCESSES

The disciplinary appeal processes are cumbersome and some are possibly unnecessary since the President makes the final decision regardless of the recommendations of appeal panels and boards. We recommend a more streamlined version of handling appeals with the final appellate authority being a reconstituted Disciplinary Board of Review.

### SIMPLIFICATION OF RULES AND REGULATIONS

The Citadel has not addressed the length and complexity of the rules and regulations governing the Corps of Cadets, an issue identified as problematic in 2012.

### BOARD OF VISITORS INVOLVEMENT IN APPEALS

We found that the Board should not be involved in disciplinary appeals. No other governing boards of public universities or four-year colleges in South Carolina or at the five other senior military colleges hear cadet disciplinary appeals. Members of the Board have felt that legislators have attempted to exert undue influence on the appeals process. The Board has amended the College Regulations numerous times over the last few years to alter its involvement in cadet appeals, sometimes seemingly in reaction to particular situations. Also, appeals to the Board rarely result in modified punishments.

## HUMAN RESOURCES

The audit requestors asked us to review the President's compensation package and indicated that he had established his own rate of pay, including supplements from The Citadel Foundation.

FY 16-17	
President's Total Compensation Package	\$818,476
Funded by The Citadel Foundation	\$261,343 (32%)

We also reviewed dual employment, job titles and classifications, the hiring process for faculty and staff, and salary increases across the campus.

### DUAL EMPLOYMENT

The Citadel did not accurately report the amount of dual employment compensation for fiscal years reviewed, FY 12-13 through FY 15-16. Also, 85% of the dual employment forms reviewed had not been approved prior to the services being rendered, which is a violation of state law.

### JOB TITLES AND CLASSIFICATIONS

Some employees' positions at the college are misclassified. Employees whose primary job duties do not involve teaching students are listed as instructors. Also, some of these employees have "double-dipped" their annual and sick leave, being paid for both their primary and secondary positions.

### HIRING PROCESS

We reviewed a judgmental sample of 20 employees and found one employee was hired after being interviewed by only one person, instead of the normal selection committee process. Three employees in the sample did not meet the minimum qualifications for their positions and we were unable to determine if three other unclassified employees were qualified for their positions, as there were no position descriptions.

### SALARY INCREASES

The college has implemented salary increases over a two-year period totaling \$1.3 million even though it already pays professors more than most other teaching colleges in South Carolina.

## REVENUES AND EXPENDITURES

One of our audit objectives was to review the college's management of state appropriations and other funds. Sources of funds for FY 15-16 totaled \$116.2 million with expenditures for the same period totaling approximately \$115.5 million. Our limited review focused on the college's general fund and some expenditures associated with contracts and permanent improvement projects. We found areas in need of improvement.

THE CITADEL FOUNDATION RECORDS  
WERE CLOSED TO US, WHICH HINDERED OUR AUDIT.

### DEFICIT MONITORING

The State Executive Budget Office was not notified in a timely manner of an identified deficit involving the college's athletic department.

### CONTRACTS

- The Citadel did not have a contract with a public relations vendor readily available during our fieldwork, but provided a contract during the exit process. However, the college did not provide documentation that the competitive-bid process was followed.
- Invoices were not paid in accordance with due dates, as required by the S.C. Consolidated Procurement Code.

### POSSIBLE EXPENDITURE REDUCTIONS

We found areas where the college may have the opportunity to reduce expenditures, including discontinuing degree programs with low interest, or at least decreasing the number of faculty in those programs, and by paying faculty salaries comparable to similar institutions in the state.

### FOUNDATION RECORDS AND PURCHASING

Foundations have been described, in essence, as publicly-related entities that are shielded in a thin private veneer. The Citadel Foundation's 2015 tax return indicated that it spent a total of over \$4 million in salary, benefits, and payroll tax for the year for all staff.

- The Citadel Foundation purchased goods and services, circumventing the S.C. Consolidated Procurement Code, which the college is required to follow.
- Permanent improvement projects are being funded or completed by related foundations. Funding for a new building, Bastin Hall, may require the use of academic funds if donations are not sufficient.
- Some memorandums of understanding between the college and foundations do not address the utilization of Citadel staff for foundation activities, resulting in the potential for conflicts of interest.

## ADMINISTRATIVE ISSUES

### INTERNAL AUDITOR

We found that the internal auditor and other employees are not reporting to the proper authority. The internal auditor currently reports to the chief compliance officer, who reports to the Vice President of Finance, instead of to the Board of Visitors. This placement has impaired the internal auditor's independence.

We found instances where the issuance of audit reports was delayed, audit report management responses were inappropriately modified, and monthly status reports were delayed by management. We recommend that the internal auditor report to the Board of Visitors.

We determined that other staff positions, including the Campus Advocacy, Response, and Education (CARE) Director, the Title IX Coordinator, the Chief Compliance Officer, and the Special Assistant to the President for Board Matters, should each report directly to the President.

### APPROVAL FOR OUTSIDE COUNSEL

Although the college has used outside legal counsel in FY 16-17, it did not submit the proper authorization form to the Attorney General's office. Also, for years FY 14-15, FY 15-16, and FY 16-17, there were no approval forms for the law firm where one of the attorneys employed there is considered the counsel for the Board of Visitors even though the college made payments to this firm in each of those years.

### TITLE IX COMPLIANCE

We conducted a limited review of 67 case summaries from Title IX investigations and records from the CARE program and did not identify material deficiencies in the handling of these cases.

## LAC SURVEYS

### FOR MORE INFORMATION

Our full report, including comments from relevant agencies, is published on the Internet. Copies can also be obtained by contacting our office.

LAC.SC.GOV

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In April 2017, we surveyed all Citadel faculty and staff to obtain anonymous feedback on issues involving cadet discipline, Board involvement in various aspects of the college, and composition of the Board. The survey also allowed for general comments. We had a 43.3% response rate.

In a second April 2017 survey, we contacted all current members of the Board of Visitors and former members (over the past 10 years) to obtain anonymous feedback on issues involving relationships with the college administration, the roles and composition of the Board, and general comments. We had a 44% response rate.

Results and responses summarized from the open-ended questions from both of the surveys are noted throughout the report.

### SCOPE IMPAIRMENT

Generally accepted auditing standards require us to report significant constraints imposed upon the audit approach that limit our ability to address audit objectives. One of our primary audit objectives was to review the cadet disciplinary process, including appeals, what role the Board of Visitors (BOV) and the President play in discipline, and if the process is fair and equitable. During our fieldwork, an expulsion appeal was presented to the Board of Visitors. We were not allowed to observe the cadet's or the college's presentation to the BOV regarding the case, nor were we allowed to observe deliberations by the Board. We, therefore, have no firsthand knowledge of the Board of Visitors' entire role in the appeal's process. We noted our limitations in this area in the report.

During the audit, we also attempted to attend, either in person or by telephone, every BOV meeting, including teleconference meetings of the individual committees of the BOV. From February 15, 2017 (entry conference date) to July 27, 2017, there were at least 17 meetings of the full BOV or a committee of the BOV. There were at least six instances where the meeting agenda called for an executive session. We were not allowed to observe or listen to any part of any of the executive sessions, as is our usual protocol during audits.

S.C. Code §2-15-61 gives us access to all records and facilities of an agency under review. Even though we have the authority to attend any and all executive sessions of boards or commissions under review, we agreed to excuse ourselves in specific instances where legal advice was given from the college's General Counsel to the BOV. For all executive sessions, the college stated that the BOV was receiving legal advice throughout the executive session even though the agenda did not state that legal advice was part of the executive session and it was clear that other information had been discussed based on conversations after executive session was closed. Since the college blocked our observations of executive sessions of the BOV, our ability to effectively review the BOV's involvement in running the college was hindered.