

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

In re: DOUGLAS WHITE, GREG ALT,)
and JoELLEN BAHNSEN) OEIG Case # 08-01028

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Commission to redact information from this report that may reveal the identity of witnesses, complainants or informants and "any other information it believes should not be made public." 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut its factual allegations or legal conclusions before the Commission.

The Executive Ethics Commission ("Commission") received a final report from the Governor's Office of Executive Inspector General ("OEIG") and a response from the agency in this matter. The Commission redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor's Executive Inspector General and to Douglas White, Greg Alt and JoEllen Bahnsen at their last known addresses.

These recipients were given fifteen days to offer suggestions for redaction or provide a response to be made public with the report. The Commission, having reviewed all suggestions received, makes this document available pursuant to 5 ILCS 430/20-52.

ALLEGATIONS

The Office of the Executive Inspector General ("OEIG") received a complaint alleging that Illinois State University ("ISU" or "University") Collections Manager, Douglas White ("White"), failed to notify the University that his wife, Barbara White ("Barbara"), worked for an ISU vendor, collection attorney Eitan Weltman ("Weltman"), thereby creating a conflict of interest. The OEIG finds that this allegation is **FOUNDED**. During the course of the investigation, it was further discovered that White improperly entered into a contract with Weltman and failed to follow established University procurement protocols.

EXECUTIVE SUMMARY REPORT

In its investigation, the OEIG interviewed numerous individuals including, but not limited to current and former ISU employees Greg Alt, [redacted], JoEllen Bahnsen, [redacted]

and Douglas White. In addition, investigators interviewed Barbara White and Eitan Weltman. Documents examined included, but were not limited to: a contract, dated June 2000, signed between White and Weltman; ISU delinquent accounts dated between 2007 and 2009; a list of existing ISU accounts maintained by Weltman; a memorandum titled "Delegated Contract Authority," dated July 1, 2008; a contract, dated September 16, 1993, signed between ISU and Financial Recovery Systems ("FRS"); ISU's Vendor History Maintenance system records outlining payments made to Weltman and FRS between 2003 and 2009; and an email, dated April 27, 2009 from White to Alt, [redacted] and [redacted].

The OEIG legal analysis is based, in part, upon: ISU's Code of Ethics, Higher Education Procurement Rule, ISU policy, existing case law and the State Officials and Employees Ethics Act ("Ethics Act"), 5 ILCS 430, *et seq.*

CONCLUSION

Following due investigation, the OEIG issues these findings:

- **FOUNDED** – White improperly entered into a contract with Weltman, in violation of the higher Education Procurement Rule and established ISU policy.
- **FOUNDED** – Alt and Bahnsen improperly approved payments to Weltman, in violation of ISU policy.
- **FOUNDED** – White failed to disclose that his wife, Barbara, was an employee of Weltman, in violation of ISU's Code of Ethics.
- **UNFOUNDED** – White improperly inserted himself into the 2009 RFP process, in violation of a directive issued by his supervisor.

RECOMMENDATIONS

Based upon the evidence, the OEIG recommends that White be subject to discipline, up to and including discharge, for improperly entering into contract with Weltman, with whom White's wife was employed. In addition, the OEIG suggests that the University examine its collection contracts to ensure that they are all properly awarded, pursuant to existing regulations.

Further, the OEIG recommends that Alt and Bahnsen receive additional training relative to the voucher approval process.

Finally, the OEIG refers this matter to the Department of Central Management Services and the Attorney General's Office for further consideration.

SUMMARY REPORT OF THE OEIG INVESTIGATION

SUMMARY OF INVESTIGATION

The OEIG received a complaint alleging that White failed to properly disclose his wife's (Barbara White) ("Barbara"), employment relationship with an existing ISU vendor, Weltman ("Weltman"). During the course of the investigation, it was further discovered that White may have violated existing ISU procurement procedures in signing a contract with Weltman in 2000 and by continuing to request payments be made to Weltman through June 2009. As ISU's collection manager, White was responsible for reviewing delinquent accounts and collecting on them; he supervised seven (7) full time staff employees and a number of student workers.

I. Barbara's Employment

During his OEIG interview, Weltman conveyed to investigators that Barbara only worked as a part time secretary and did not receive any commissions in regard to accounts received from ISU. Instead, she was an hourly employee. Barbara acknowledged that she had been employed by Weltman since 1992 and was an hourly employee. She denied that she received any commission for accounts referred to ISU by her husband, White.

White confirmed what Weltman and Barbara told OEIG investigators about her job and added she began her work there about the same time as Weltman became a collections vendor for ISU in 1993. White further offered that in approximately May 2009, he spoke with [redacted], regarding Barbara's position and [redacted] did not find a conflict of interest as everyone was familiar with each other in McLean County.¹ [Redacted], during his OEIG interview, denied that he previously spoke to White regarding Barbara's employment with Weltman and did not recall making the statement about McLean County.

White claimed that University comptroller, Gregory Alt ("Alt"), "had known for years" that Barbara was employed by Weltman. Alt, however, stated that although he was aware that Barbara worked for a lawyer, he did not know that it was Weltman.

II. FRS and Weltman Contracts

During the course of its investigation, OEIG investigators learned that White may have approved a contract with Weltman without proceeding through established ISU procurement procedures. During White's OEIG interview, he stated that in approximately 1993 ISU had contracted with Financial Recovery Services ("FRS") for certain collection litigation. FRS, in turn, utilized Weltman, who was a collections attorney, for litigation services. White explained that by 2000, he wanted Weltman to be solely responsible for all ISU collection litigation since he (Weltman) provided a better accounting of delinquent student debts.²

¹ ISU, located in Bloomington, Illinois, is located in McLean County.

² Although White's ISU position description permitted him to negotiate and manage collection agency contracts, it did not state that White would be authorized to enter into those contracts.

OEIG investigators obtained and reviewed a “DEBT COLLECTION AGENCY AGREEMENT” between ISU and FRS, dated September 16, 1993, which was signed by then-ISU Assistant Comptroller, Ronald Jones (“Jones”), and FRS Vice-President, Darrell Wills (“Wills”). The Agreement authorized FRS to “undertake the collection of UNIVERSITY’S delinquent accounts...” Investigators further observed that the FRS contract appeared very similar to the agreement (also obtained and reviewed by the OEIG) entered into on June 2, 2000 between White and Weltman.³ Indeed, the two contracts contained mostly identical provisions and each entitled the respective agency/attorney to a thirty (30%) percent commission on all collection accounts.⁴

Although White stated that he believed he was authorized to unilaterally hire collection vendors, [redacted], explained to the OEIG that all contracts with the University over \$2,500.00 must be funneled through ISU’s Purchasing Office. Before a contract could be established, however, a Request for Proposal (“RFP”) outlining the services to be provided must be drafted, signed by [redacted] and reviewed by the University’s general counsel. Once the RFP received the necessary approval, the completed request would then be posted on ISU’s website for fourteen (14) days and bids would be solicited. The University would only sign a contract with the winning RFP bidder, which required approval by the departmental vice president and ISU’s president, at the conclusion of the solicitation process. Further, [redacted] noted, anyone who signs a contract on behalf of ISU must be authorized to do so. OEIG investigators obtained the “Delegated Contract Authority” memorandum, dated July 1, 2008, and observed that White’s name was absent from the authorized signatories.⁵ [Redacted], Comptroller Alt and [redacted] further confirmed that White never possessed the authority to sign contracts on behalf of ISU.⁶

During their respective OEIG interviews, [redacted] and Alt all conveyed that they only realized that the Weltman contract signed in 2000 might have violated procurement policies in approximately March 2009, after the OEIG began its current investigation.⁷ [Redacted] stated that Alt had approached him in approximately February 2009 and informed him that White might have improperly entered into a written contract without authority. Shortly thereafter, he was apprised of the contract’s monetary amount by [redacted]. After [redacted] gathered the relevant information, he held a meeting in approximately March 2009 between Alt, [redacted] and [redacted] wherein they decided to cancel the June 2000 contract with Weltman and choose a vendor through the established protocol, which included the initiation of the RFP process.

³ White and Weltman both signed the June 2, 2000 agreement. No other signatures appeared on the document.

⁴ Certain differences, however, existed between the two contracts. Specifically, whereas the 1993 agreement allowed the contract to be cancelled with a thirty (30) day notification, the 2000 contract required a sixty (60) day notice. Additionally, the 1993 contract permitted FRS to receive payments on litigated accounts “but in no case for less than six (6) months after termination of [the] contract.” The same provision exists in the 2000 agreement except that the length of payment was extended to twelve (12) months.

⁵ The memorandum, provided to investigators by ISU’s Purchasing Office, was authored by ISU President “C. Alvin Bowman,” and was addressed to the University Board of Trustees Chairman Stanley Ommen.

⁶ White reported directly to [redacted], who then reported to Alt and [redacted].

⁷ [Redacted], an employee of the University for fifteen (15) years, stated that he believed that a former general counsel may have spoken to Alt about the Weltman contract, but was unaware of any specifics. Alt, during his OEIG interview, denied that he was made aware of issues associated with this contract until approximately March 2009.

[Redacted] stated that after her 2009 review of the 1993 FRS contract, she realized that it was awarded through a competitive bid process; however, that contract “migrated into a contract with Weltman without competitive process for collection and litigation [in 2000].” [Redacted] further conveyed that once he was made aware of the situation, he examined the comptroller’s records and made several unexpected discoveries. Specifically, [redacted] noted that he saw that Weltman and FRS maintained the same address and he was “struck by the amount of money paid to FRS.”⁸ [Redacted] observed that since 1998, ISU had paid FRS approximately \$339,000.00 and Weltman approximately \$535,000.00 since 2003. [Redacted] suggested that the contract with Weltman should have been competitively bid, given the amount of money involved.

White explained to investigators that in approximately 1993, [redacted], directed him to draft an RFP for litigation and collection services. [Redacted] subsequently selected FRS as the collection vendor for the University. In approximately early 2000, he experienced performance issues with FRS and he expressed the “displeasure he had with FRS” to Alt. Specifically, FRS owner [redacted] was unable to balance debtor accounts. At that time, White decided he only wanted Weltman, who handled the actual litigation for FRS, to be responsible for ISU accounts. Although he did not specifically terminate the contract with FRS, he stopped forwarding any new business to FRS. White stated, “In this business, by not listing accounts with FRS; the contract is [effectively] cancelled.” White then entered into contract with Weltman for the litigation of ISU accounts. He stated that he wrote, signed and subsequently made Alt aware of the contract. Alt, during his OEIG interview, denied that he had knowledge of the contract since he was not the comptroller at that time.⁹ White iterated that he was not aware of a problem with the contract until approximately 2009, when the issue of a potential conflict of interest surfaced involving Barbara’s employment. Indeed, White told the OEIG that he was unaware that he violated any ISU policy regarding the procurement process and was unfamiliar with said process.

White further stated that he did not seek ISU Purchasing consent in 2000 when he entered into contract with Weltman because he did not believe that collection contracts “...went through the Purchasing Office.” Instead, it was his understanding that the Purchasing Office was only consulted involving the purchase of certain items such as computers and desks.

III. Payment Vouchers

OEIG investigators obtained and reviewed various payment vouchers from ISU to Weltman and FRS between 2007 and 2009, some exceeding \$2,500.00, and observed that the majority of the vouchers were approved by either Alt or Assistant Comptroller, JoEllen Bahnsen (“Bahnsen”). For example, between fiscal year 2007 and 2009, sixty-nine (69) vouchers were approved for payment by the University to Weltman. Out of all the expenditures, Alt approved thirty-three (33) payments, amounting to almost half of all the vouchers processed. Bahnsen, on the other hand, authorized almost forty (40%) percent of the vouchers during the same period.¹⁰ Similarly, investigators reviewed six (6) FRS vouchers approved in 2009 and observed that Alt

⁸ According to the two signed contracts, FRS and Weltman offices were located in the same building, but occupied different units.

⁹ Alt stated that [redacted] was the Comptroller in 2000, and he [redacted] retired in 2002. Alt, however, conveyed that he had been employed by ISU for approximately nineteen (19) years.

¹⁰ Bahnsen approved twenty-seven (27) vouchers during the relevant period.

and Bahnsen each authorized three (3) vouchers. ISU's Vendor History Maintenance system indicated that both FRS and Weltman were last paid on June 19, 2009.

A. Payments to FRS

According to ISU records, FRS received a total of \$339,469.11 since the inception of its contract with ISU. Although the University's Vendor History Maintenance system was able to calculate the total amount expended to FRS, the system was only able to track annual payments from 2003. The voucher payments paid out during those periods are outlined below:

Year	Annual Payment
2009	\$6,449.28
2008	\$4,212.89
2007	\$5,563.92
2006	\$9,459.56
2005	\$10,115.20
2004	\$17,916.01
2003	\$22,262.96
TOTAL (since 2003)	\$75,979.82

B. Payments to Weltman

ISU records further showed that Weltman's law firm received a total of \$535,541.35 from the University since the inception of its contract. Between 2003, when annual records were first available, and 2009, Weltman received a total of \$489,857.07. Dividing the total amount (between 2003 and 2009) by the number of years (7) yielded an average of approximately \$69,979.58 per year. The exact annual payout is outlined below:

Year	Annual Payment
2009	\$68,091.60
2008	\$63,610.30
2007	\$55,497.19
2006	\$76,174.59
2005	\$73,660.55
2004	\$81,257.06
2003	\$71,565.78
TOTAL (since 2003)	\$489,857.07

C. Voucher Payment Process

During their respective interviews, [redacted] both informed investigators that although the Comptroller's Office was responsible for ISU payments, any amount over \$2,500.00 also

required authorization from ISU's Purchasing Office via either a purchase order or an existing contract. Alt further explained that those vouchers were reviewed by the Purchasing Office and it was generally assumed that a purchase order or contract was attached with them. Alt recalled approving vouchers from either Weltman or FRS approximately once or twice per month because he "assumed Purchasing had properly vetted out the invoice vouchers and they [vouchers] were properly examined." Alt noted that his predecessor, [redacted], had also approved vouchers associated with those firms. Bahnsen echoed Alt's sentiment and added that since 2003, FRS, a "vendor we see all of the time," was paid in excess of \$66,000.00. Bahnsen approved the items because "it's my assumption that something [was] already on file with Purchasing."

White confirmed that "interaction" with FRS still exists because certain accounts were still handled by that firm. Specifically, FRS continued to collect delinquent accounts dated prior to June 2000.¹¹ White conveyed that was not unusual since ISU attempted to collect on nonpayment dating back as far as the 1970s. White stated that currently, FRS serviced approximately fifteen (15) to twenty (20) accounts.¹² Regarding the voucher process, White stated that either Weltman or FRS would submit receipts to ISU. Next, White himself would make any necessary adjustments to the receipt and approve it for payment. He then forwarded the receipt to the Comptroller's Office for processing.

During her OEIG interview, [redacted], stated that she had been employed by ISU since approximately 2006 and only became aware that White may have improperly entered into a contract with Weltman's firm in approximately 2009, after the OEIG began its investigation. Once she discovered that Weltman's contract failed to undergo ISU's procurement procedures, she directed Weltman to cease all collection activities, with the exception of certain collection cases that were already on the docket since, logistically, it would have been impossible to stop the cases which were already filed by Weltman.

IV. June 2009 RFP

[Redacted] and Alt all agree that the contract signed in 2000 between White and Weltman was improper. In their attempt to rectify the situation, [redacted] requested the issuance of a RFP in approximately March 2009. OEIG investigators obtained and reviewed RFP #RR062209, dated June 22, 2009, which outlined the "University's desires to contract with a firm with experience and knowledge of collection litigation services..." The expected contract duration was for approximately five (5) years, until June 30, 2014, with one option to renew for five (5) additional years. Several bidders responded to the RFP, including Weltman's firm.

[Redacted] conveyed to investigators that after he told White to refrain from participating in the RFP process, White sent an email, dated April 27, 2009 to Alt, [redacted] and ISU Collections employee, [redacted], which outlined certain items he thought should be included in the "upcoming litigation RFP." [Redacted], White's subordinate, was on the RFP committee charged by [redacted] to select a new litigation collections vendor. White, in his email,

¹¹ Accounts referred for collections after June 2000 were serviced by Weltman.

¹² According to White, Weltman serviced approximately 175-200 active accounts.

specifically asked that the Attorney have: an office in McLean County, Illinois;¹³ have ten (10) years of public University collection experience; be a member of the American Collectors Association; advance all court costs on suits referred by ISU; establish a separate trust account; and remit all collected monies on a specific day of the month. [Redacted] stated that Alt allowed White to submit suggestions due to White's subject matter expertise; however, the suggestions were rejected by the RFP committee for being "too specific."

OEIG investigators interviewed certain members of the RFP committee and all agreed that the RFP process was unbiased. Indeed, [redacted] told investigators that White, his supervisor, did not exert any pressure to select Weltman. During his interview, however, [redacted] added that he [redacted] did approach White for "ideas" regarding the RFP since he was unfamiliar with the process, and he had shown White a draft copy of the RFP. White, in turn, suggested to [redacted] that the vendor remain local for court purposes and have higher education collection experience. [redacted] offered, and fellow committee member [redacted] confirmed, that those ideas were rejected by the RFP committee as being too restrictive. White denied, however, that he either participated in the RFP process or attempted to influence the RFP outcome.

ANALYSIS

The Ethics Act states, "An investigation may not be initiated more than one year after the most recent act of the alleged violation or a series of alleged violations except where there is reasonable cause to believe that fraudulent concealment has occurred."¹⁴ All activities presented herein constitute a series of alleged violations, beginning with the award of the Weltman contract in June of 2000 and ending with White's improper submission of payment vouchers through June 2009. Therefore, because White continued to submit improper receipts for payment, even as the OEIG's investigation progressed, each activity remains under the OEIG's jurisdiction.

Further, although White improperly contracted with Weltman in 2000, approximately nine (9) years before it was discovered that the contract was improper, White's actions caused continued payments to be made to Weltman until 2009. In Illinois, the receipt of money for the performance of the contract has been held to be an overt act, which tolls the statute of limitations.¹⁵

I. Procurement Violation

The Higher Education Procurement Rule ("Procurement Rule"), Section 526.05 states: "The principles of competitive bidding and economical procurement practices shall apply to all purchases and contracts..."¹⁶ In Addition, Section 526.2060 limited the contract length to "up to

¹³ Weltman's office was located in McLean County.

¹⁴ State Officials and Employees Ethics Act, 5 ILCS 430 §20-20.

¹⁵ See *Hartigan v. Moore*, 143 Ill.App.3d 410 at 413 (1986). Although this case involved antitrust issues, the court specifically held that the receipt of payments by the defendants resulted in an extension of the applicable limitation statute.

¹⁶ The Higher Education Procurement Rules reiterated various provisions of the Illinois Procurement Code, 30 ILCS 500.

10 years.”¹⁷ Section 526.2005(l) notes, however, that: “No University contract is transferable, or otherwise assignable, without...prior written consent...”

ISU Policy 7.3.2 “Procurement Authority” states that “All purchases require Budget Officer (fiscal agent) approval. The dollar amount of the procurement governs the approval required to commit University funds. The following rules apply:

- Budget Officers (fiscal agents) or their authorized designee, may purchase up to \$2,500.00 without the involvement of the Purchasing Office. The \$2,500.00 limit applies to any order to a single vendor and includes all shipping, handling or other charges. Orders over \$2,500.00 must be submitted to the Purchasing Office as a requisition.
- The Purchasing Office has authority, with the Budget Officer’s (fiscal agent’s) approval, to purchase up to \$25,000 .00of merchandise or services.
- Purchases of \$25,000.00 to \$500,000.00 must have the concurrence of the President of Illinois State University. The Purchasing Office seeks this approval...

The evidence uncovered was sufficient to show that White violated established procurement procedures when he authored the Weltman contract in 2000. Although White stated that he had notified Alt of the agreement, Alt denied such an encounter. In failing to publicize the collection service through a RFP, White not only fraudulently concealed the contract from his superiors, he also failed to seek out competitive bids, in violation of the established regulations. Further, White, who stated that he drafted the RFP for FRS in 1993, should have been aware of ISU procurement procedures in 2000. Given White’s previous RFP experience, his assertion that he was unfamiliar with the process is not credible. In examining the payments made to Weltman between 2003 and 2009 (the years for which annual records were available), Weltman received, on average, \$69,979.58 per year for his services. In accordance with ISU policy, purchases between \$25,000 and \$500,000 must be submitted to the Purchasing Office and receive concurrence from ISU’s president. This process was not followed by White when he authored and signed, without contract authority, the agreement with Weltman.

Since the contract was not properly vetted through established ISU procedures, certain deficiencies existed within the contract itself. Specifically, the contract essentially allowed the parties to extend the terms in perpetuity, which was not permitted by the procurement rule (outlining that a contract length may only extend up to ten (10) years). In addition White, who copied the 1993 FRS provisions and compiled them into an agreement with Weltman, attempted to transfer the contract from FRS to Weltman in 2000. White admitted during his OEIG interview that he was unsatisfied with FRS’ performance and unilaterally cancelled the contract with FRS. Afterwards, he transferred the business to Weltman, without permission and bypassing the Procurement Rule. Therefore, the OEIG finds sufficient evidence that White improperly entered into a contract with Weltman, in violation of the higher Education Procurement Rule and established ISU policy.

¹⁷ See also 30 ILCS 500/20-60, “Duration of contracts.”

II. Improper Voucher Approval

ISU policy required that any payments over \$2,500.00 needed approval by the Purchasing Office. Since at least 2003, the Comptroller's Office issued payments totaling approximately \$489,857.07 to Weltman. Alt and Bahnsen, whose names appeared on the majority of the vouchers, both stated that they approved said vouchers because they assumed that an existing purchase order was in place. Their assumption, however, proved false and, therefore, improper payments totaling several hundred thousand dollars were provided to Weltman since 2000. Therefore, the OEIG finds that Alt and Bahnsen improperly approved payments to Weltman, in violation of ISU policy.

The OEIG recommends that ISU take steps to ensure that all voucher payments correspond with either an existing purchase order or contract. Since Alt, according to [redacted], was the first employee to realize that the contract may have been improper, the OEIG declines to make a recommendation of discipline for either Alt or his subordinate, Bahnsen. However, the OEIG notes that a large sum of money, in excess of \$489,000.00, was improperly paid and recommends that Alt and Bahnsen receive additional training relative to proper voucher approval.

III. Conflict of Interest

A. Barbara's Employment by Weltman

The Illinois State University Code of Ethics, 3.3.12 states that "This Code of Ethics establishes standards of professional conduct for executive officers, faculty, staff, and other individuals employed by Illinois State University...9. Allocate resources fairly and equitably, consistent with institutional goals and objectives, without discrimination or favoritism...11. Avoid conflicts of interest and conflicts of commitment."

In addition, Section 526.5023(c) of the Procurement Rules states:

"No contract will be awarded to a member of the immediate family of an officer or employee of the University or to a firm, partnership, association, or corporation, the owner or principal owners or major officers or primary employees of which are members of the immediate family of officers or employees of the University, unless such contract is deemed beneficial to University operations and is approved by the President of the University (or designee) and such approval is filed with the contract."

The evidence was sufficient to support a finding that White failed to properly disclose Barbara's employment with Weltman, who was a vendor of ISU. Although White stated that he disclosed the information to [redacted] in 2009 and was told that a disclosure was unnecessary, [redacted] denied that such a conversation ever took place. Even assuming the conversation did occur, White's notification in 2009 happened approximately nine (9) years after the contract was signed. Further, White's assertion that Alt had known "for years" that Barbara worked for Weltman was denied by Alt, during his OEIG interview. In keeping [redacted], Alt and

[redacted] oblivious to the contract, White was able to pay, indirectly, Weltman a substantial amount of money. Although Barbara, White and Weltman all maintained that Barbara did not receive a monetary benefit from ISU delinquent accounts, her salary, arguably, was financed in part from the monies paid to Weltman from the University. In signing an exclusive contract with a Weltman, which benefited White's wife through her employment with the vendor, White's actions amounted to a conflict of interest, in violation of ISU policy. Therefore, the OEIG finds the allegation that White failed to properly disclose that his wife, Barbara, was an employee of Weltman, in violation of ISU's Code of Ethics is FOUNDED.¹⁸

The OEIG further notes that although White did not disclose the Weltman contract to his supervisors in 2000, it still took almost nine (9) years for ISU personnel to realize that something was amiss. ISU leadership should have taken a more active role in reviewing its payment history to ensure that those disbursements were made only to entities that maintained either a purchase order or a contract with the University. Therefore, the OEIG recommends that the University review all current collection contracts to ensure that they were properly awarded, in accordance with existing procurement rules.

B. RFP Process

Section 7.3.5 of the University's "Competitive Selection-Policy" further defines the RFP process: "The Request for Proposal process...may be used where matters of service, maintenance, or non-price issues are of paramount importance. The factors that will be considered for the award must be detailed in the bidding documents."

Procurement Rule 526.2035(h)(2) further states: "Proposals shall be evaluated on the basis of evaluation factors stated in the Request for Proposals."

The available evidence was sufficient to support the contention that White inserted himself in the RFP process, even after [redacted] told him (White) to refrain from participating in the procedure. However, it appeared that the April 27, 2009 email, sent by White suggesting certain vendor requirements, was permitted by Alt because of White's subject matter expertise. White's suggestions were subsequently dismissed by the RFP committee because they were, according to [redacted], "too specific" to be included in the RFP. Although, by all accounts, the June 2009 RFP process was considered fair, the OEIG remains concerned that White attempted to inject himself in the process, which could have tainted the selection; the conditions he attempted to insert in the RFP could have benefited Weltman's attempt to secure the contract. While the OEIG was unable to find that White improperly participated in the RFP process since Alt and [redacted] were aware of his minimal involvement, ISU, in the future, should be diligent in its efforts to fully exclude individuals from the RFP selection process where an apparent conflict exists. Accordingly, the allegation that White improperly inserted himself into the 2009 RFP process, in violation of a directive issued by his supervisor, is UNFOUNDED.

¹⁸ The available evidence was not sufficient, however, to conclude that Barbara's employment violated the Procurement Rule prohibiting contracting with family members. According to Barbara, Weltman and White, Barbara's responsibility extended to only part-time secretarial work and she was paid hourly. The evidence, therefore, did not suggest that she was either a "principal employee," "major officer" or "owner," which are required to establish such a finding.

CONCLUSION

Following due investigation, the OEIG issues these findings:

- **FOUNDED** – White improperly entered into a contract with Weltman, in violation of the higher Education Procurement Rule and established ISU policy.
- **FOUNDED** – Alt and Bahnsen improperly approved payments to Weltman, in violation of ISU policy.
- **FOUNDED** – White failed to disclose that his wife, Barbara, was an employee of Weltman, in violation of ISU's Code of Ethics.
- **UNFOUNDED** – White improperly inserted himself into the 2009 RFP process, in violation of a directive issued by his supervisor.

RECOMMENDATIONS

Based upon the evidence, the OEIG recommends that White be subject to discipline, up to and including discharge, for improperly entering into contract with Weltman, with whom White's wife was employed. In addition, the OEIG suggests that the University examine its collection contracts to ensure that they are all properly awarded, pursuant to existing regulations.

Further, the OEIG recommends that Alt and Bahnsen receive additional training relative to the voucher approval process.

Finally, the OEIG refers this matter to the Department of Central Management Services and the Attorney General's Office for further consideration.



OFFICE OF EXECUTIVE INSPECTOR GENERAL
for the Agencies of the Illinois Governor

James A. Wright, Executive Inspector General • www.inspectorgeneral.illinois.gov

OEIG RESPONSE FORM

Case Number: 08-01028

Due 20 Days after Receipt of Report

Please check the box that applies.

- We have implemented all of the OEIG recommendations:
(Provide details regarding action taken.)

See attached

- We are implementing the OEIG recommendations however, we seek to deviate as follows:
(Provide details regarding action planned / taken and proposed alternate(s).)

We do not wish to implement any of the OEIG recommendations and seek to deviate as follows:

(Explain why and provide details of alternate plan.)

[redacted]

Signature

Al Mammone

Print Name

Illinois State University
President

Print Agency and Job Title

3/4/2010

Date

Return to Arian Beasley, Office of Executive Inspector General, 32 W. Randolph St.
Chicago, Illinois 60601

OEIG Response Form Attachment

Illinois State University

Case Number 08-01028

The University is in the process of implementing all of the OEIG recommendations.

1. *The OEIG recommends that White be subject to discipline, up to and including discharge.*

University Action: The University has directed its Office of Human Resources to begin an investigation into the issues regarding White which were brought forward during the OEIG investigation in order to obtain evidence as the basis for disciplinary action. Once Human Resources concludes its investigation, the University will begin discipline proceedings against White. The investigation should be concluded and discipline proceedings initiated within 30 days.

2. *The OEIG recommends that Alt and Bahnsen receive additional training relative to the voucher approval process.*

University Action: Alt and Bahnsen, and other relevant Accounting and Purchasing staff, will receive additional training on the payment approval process including contract requirements and the identification of conflict of interest transactions.

In addition, the University Vice President for Finance and Planning has directed University Internal Auditing to complete a comprehensive audit of all University collection agreements and collection practices. That audit is in process now.

