

INDIANA UNIVERSITY

INTERNAL AUDIT



INVESTIGATION OF ALLEGED CONFLICT OF INTEREST BY MEMBERS OF AN IUPUI STUDENT ORGANIZATION

INDIANAPOLIS CAMPUS

Reference #08-96426

February 8, 2008

Karen Whitney
Vice Chancellor for Student Life and Dean of Students
Indiana University – Purdue University Indianapolis

The following report contains the results of our investigation of an alleged conflict of interest by an IUPUI student organization. This audit was performed in accordance with The Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing*. We sincerely appreciate the cooperation and assistance provided by the IUPUI Student Life and Learning staff.



Terry Radke, CPA
Internal Audit Director
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OBJECTIVES AND SCOPE

To determine the validity of an alleged Conflict of Interest involving a payment request submitted by the CrossRoads Dance student organization president and staff/faculty advisor to reimburse expenditures for a student event incurred by an organization that they co-owned.

EXECUTIVE SUMMARY – AUDIT ASSESSMENT

The following are the overall assessments for each section of this report.

Allegation

No conflict of interest occurred because the Campus and Community Life Staff recognized the potential conflict and did not approve the payment. Student organization representatives and staff/faculty advisors need annual training on relevant university policies including conflict of interest.

BACKGROUND

On December 19, 2007, the Associate General Counsel asked Internal Audit to investigate a possible conflict of interest involving a \$1,500 payment request submitted by an IUPUI student organization (CrossRoads Dance) to reimburse Circle City Swing LLC for expenses incurred for a weekend dance workshop. The workshop was held September 7 – 9, 2007. The CrossRoads Dance organization's president had previously submitted a Student Fee Funding Proposal to the Student Development Committee for this event. Because the committee was not yet populated, the Assistant Vice Chancellor for Student Life approved the proposal. The Campus and Community Life Business Manager questioned the propriety of the actual payment request because the invoice from Circle City Swing LLC indicated that only four IUPUI students had participated in the workshop (there were 91 non-IUPUI participants). Upon further review, the Campus and Community Life staff also determined that the CrossRoads Dance student organization president and staff/faculty advisor were also co-owners of Circle City Swing LLC. Internal Audit confirmed this.

According to IUPUI publications for establishing student organizations, “Student organizations are considered affiliated with, but not official units of IUPUI. As a condition for establishment of the affiliation relationship, the named student organization agrees to abide by all University regulations.” One University regulation is the Conflict of Interest Policy ([Purchasing Policy 3.3](#)) which is based on the Indiana state statute #35-44-1-3.

In our interviews with the CrossRoads Dance student organization president and staff/faculty advisor, they acknowledged being co-owners of Circle City Swing (a for-profit limited liability corporation) which they started in January 2007. Neither of these individuals had filed a conflict of interest disclosure statement as required by university policy.

In order to prevent a reoccurrence of this incident, the Division of Student Life should provide mandatory training for student organization representatives and staff/faculty advisors on relevant university policies including conflict of interest.

Response

In response to this potential conflict of interest situation, the Division of Student Life will be taking several steps to ensure the students and advisors in the student organizations as well as the staff of the Division receive training on the relevant university policies including conflict of interest.

The student organization representatives, including the staff/faculty advisors, are required to attend a “Nuts and Bolts” training session. The training is being modified to include a section on conflicts of interest. These training sessions are held throughout the year but are concentrated heavily at the beginning of each school year.

Also, the electronic student organization funding request form has been modified to include a statement affirming no conflicts of interest are present. The form also includes a link to the official university policy. Information regarding conflicts of interest will be added to the FAQ and other sections of the Student Life website.

In addition, training sessions will be held with the Student Development Funding Committee (SDFC), which is the funding committee for Student Organization Grants (SOG), in order to raise awareness and to help identify any potential conflicts of interest.

Additional training and resources will be provided to both the Undergraduate Student Government (USG) and the Graduate Student Organization (GSO) to raise awareness of the conflict of interest policies.

All Division of Student Life staff will receive additional training and resources on conflicts of interest.

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