A forensic audit close to home

You've heard the hype. The hot specialty in accounting is forensic accounting, the application of accounting and auditing evidence to both civil and criminal legal problems.

Leslie Fletcher

But have you ever actually read a forensic audit report? If not (or even if you have), buy a copy of "Behind the Hedges: Big Money and Power Politics at the University of Georgia" by Rich Whitt and enjoy.

The 2003 forensic audit report (the Report) prepared by Deloitte & Touche (D&T) for the UGA Foundation is reproduced in its entirety as Appendix A to this riveting work of non-fiction.

Additional appendices include the Regents' and UGA President Michael Adams' responses to the Report as well as other related correspondence.

Whitt provides an insider's view of events leading up to and following the release on Oct. 27, 2003, of the D&T Report commissioned by the UGA Foundation and its attorneys.

Adultery, back room deals, Vince Dooley and power politics all play roles in this true story of university governance at a football powerhouse striving for academic excellence. Whitt's access to key individuals and painstaking documentation of his sources remove the gossip and hearsay from the scandals that rocked UGA at the beginning of the decade.

University foundations are private charitable organizations that operate within cooperative agreements with the related university. They provide private financial support to the university that is independent of administrative decision-making.

As state funding of public higher education declined in the late 1990s and early 2000s, the fundraising role of the UGA Foundation became increasingly important.

Simultaneously, the UGA Foundation began to seriously question the use of foundation funds by President Adams.

It hired D&T's special practice unit to conduct fraud and forensic investigations and asked it to examine the facts surrounding the following items plus any other issues that might arise during the course of its investigation:

- Expenses and compensation of President Adams.
- Stipend paid to Mary Adams, the president's wife.
- Honorarium of $30,0000 paid to UGA's senior VP of finance and administration and treasurer of the UGA Real Estate Foundation (REF) while on loan to newly-elected Georgia Gov. Sonny Perdue.
- Football coach's $250,000 unwritten supplemental salary side agreement.
- Purchase of the Ecolodge in Costa Rica.
- Design and construction of the Alumni Center Project (p. 190)

In its report, D&T answered the following questions:

1. Were Foundation funds used?

2. Were proper procedures and policies followed by all parties connected to this transaction or were there improprieties?

3. What approval was obtained? (p. 190)

Additionally, D&T reported its findings on each of the issues in questions.

Can't remember how this ends? Adams is still president. Some of the key members of the Regents are still members. The Regents terminated the memorandum of understanding with the UGA Foundation and disassociated itself from its fundraising arm. The UGA Foundation, however, is still a powerful force for raising support funds for the university. The Arch Foundation is the competing and currently sanctioned fundraising arm of UGA.

Read the book for the details and a political analysis. Then, answer for yourself, "What happened at UGA?"

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