

September 3, 2013

Randall J. Meyer, Inspector General  
30 East Broad Street, Suite 2940  
Columbus, OH 43215-3414

Dear Inspector General Meyer:

This letter is in response to the recommendations made by your office to Kent State University in File ID NO: 2012-CA0039. The Action items detail how the recommendations have been implemented.

**Recommendation #1**

**Consider revising [KSU] purchasing policies and procedures to further define when a sole source provider designation is allowed.**

**Action:**

*The offices of Business and Administration Services, Procurement, Compliance, and General Counsel have conducted a review of the current KSU purchasing policies and procedures. Additional language has been incorporated to specify the basis for a waiver of the competitive bid process, and requiring price quotations from sole source providers. "Used" equipment has been added as a basis for a sole source designation. The policy further specifies that preference for a particular vendor does not constitute the basis for a sole source designation. A copy of the draft policy is attached as Exhibit A and will be finalized after university process for policy adoption is completed.*

*In addition, the Procurement office is considering a uniform "cover sheet" to all requests for a waiver of competitive bidding. The form solicits information from the principal investigator and the manufacturer of the equipment that enables the procurement director to make decisions about whether a sole source designation is permitted under KSU policy.*

**Recommendation #2**

**Ensure the equipment purchased has the appropriate inventory tags and the items have been included in the inventory system.**

**Senior Vice President for Finance and Administration**

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Action:

*KSU policy 3342-5-12.3 provides that equipment purchased with university funds are subject to university inventory control procedures. All equipment with a value in excess of \$2,500 with a life expectancy of more than one year must be tagged and assigned an inventory control number by university inventory control. Each department head is responsible for such equipment and must perform a physical equipment inventory every two years. Current practice is that, upon processing of the invoice, the Controller's office sends the inventory tag to the department via campus mail and it is the responsibility of the department purchasing the equipment to place the tag on the equipment.*

*In addition to the foregoing, the University is implementing the following changes to its procedures:*

*(1) Education/training of departments regarding the physical inventory of fixed assets, including what is expected and what documentation is required. This includes documented procedures available on our website as a resource for departments. This documentation will be available by the end of calendar year 2013.*

*(2) Language has been added to the inventory letter (FY 2013) to indicate that if the inventory information is not provided in a timely manner, the matter will be turned over to Internal Audit (Exhibit B).*

*(3) Spot checks will be conducted by Internal Audit to ensure that inventory tags have been placed on equipment.*

I appreciate the opportunity to provide this response to your recommendations. Please be assured that Kent State University is committed to compliance with state and federal regulatory requirements and strict adherence to its own policies.

Sincerely,



Gregg S. Floyd  
Senior Vice President  
Finance and Administration

Attachments

cc: Lester A. Lefton, President