

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



AGENCY: WRIGHT STATE UNIVERSITY
FILE ID NO.: 2016-CA00002
DATE OF REPORT: DECEMBER 12, 2017

The Office of the Ohio Inspector General ... The State Watchdog

“Safeguarding integrity in state government”

The Ohio Office of the Inspector General is authorized by state law to investigate alleged wrongful acts or omissions committed by state officers or state employees involved in the management and operation of state agencies. We at the Inspector General’s Office recognize that the majority of state employees and public officials are hardworking, honest, and trustworthy individuals. However, we also believe that the responsibilities of this Office are critical in ensuring that state government and those doing or seeking to do business with the State of Ohio act with the highest of standards. It is the commitment of the Inspector General’s Office to fulfill its mission of safeguarding integrity in state government. We strive to restore trust in government by conducting impartial investigations in matters referred for investigation and offering objective conclusions based upon those investigations.

Statutory authority for conducting such investigations is defined in *Ohio Revised Code §121.41* through *121.50*. A *Report of Investigation* is issued based on the findings of the Office, and copies are delivered to the Governor of Ohio and the director of the agency subject to the investigation. At the discretion of the Inspector General, copies of the report may also be forwarded to law enforcement agencies or other state agencies responsible for investigating, auditing, reviewing, or evaluating the management and operation of state agencies. The *Report of Investigation* by the Ohio Inspector General is a public record under *Ohio Revised Code §149.43* and related sections of *Chapter 149*. It is available to the public for a fee that does not exceed the cost of reproducing and delivering the report.

The Office of the Inspector General does not serve as an advocate for either the complainant or the agency involved in a particular case. The role of the Office is to ensure that the process of investigating state agencies is conducted completely, fairly, and impartially. The Inspector General’s Office may or may not find wrongdoing associated with a particular investigation. However, the Office always reserves the right to make administrative recommendations for improving the operation of state government or referring a matter to the appropriate agency for review.

The Inspector General’s Office remains dedicated to the principle that no public servant, regardless of rank or position, is above the law, and the strength of our government is built on the solid character of the individuals who hold the public trust.



Randall J. Meyer
Ohio Inspector General



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL
RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF INVESTIGATION

FILE ID NUMBER: 2016-CA00002

SUBJECT NAME: Ron Wine Consulting Group

POSITION: Contractor

AGENCY: Wright State University

BASIS FOR INVESTIGATION: Complaint

ALLEGATIONS: False Billing

INITIATED: January 15, 2016

DATE OF REPORT: December 12, 2017

INITIAL ALLEGATION AND COMPLAINT SUMMARY

On January 15, 2016, the Office of the Ohio Inspector General met with State Representative Jim Butler (R- District 41) regarding concerns he had with a contract between Ron Wine Consulting Group (Wine) and Wright State Applied Research Corporation (WSARC). Butler stated that he had previously met with Ron Wine to discuss the contract and the work Wine performed on behalf of WSARC. Butler further stated that during that meeting, Wine presented him with an account summary showing payments Wine had received from Wright State University between October 2012 and November 2015. The account summary had two payment columns, one titled “Amt.Pd.” and the other “Retainer Pd.” The total payments received by Ron Wine totaled \$2,147,798.01.

Rep. Butler provided a copy of the account summary, as well as copies of the contracts, to the Office of the Ohio Inspector General with concerns that Wine had received payments outside of the terms of the contract. An investigation was opened upon receipt of the complaint.

BACKGROUND

Wright State Applied Research Corporation

According to Wright State University’s financial statements, WSARC was incorporated in 2004 as a non-profit 501(c)(3) to serve as the contracting authority for the Wright State Research Institute (WSRI). The purpose of WSARC is to provide “... applied research services such as business development, total cost accounting and recovery, Federal Acquisition Regulations based contracting support for large contracts, security support and special facilities for classified contracts to WSU and WSRI.”

The corporation is governed by an eight-member board of directors comprised of the Wright State University president, WSU assistant vice president of research, dean of the University College of Engineering and Computer Science, the WSARC chief executive officer, WSARC president, and three non-university members elected by the board.

Wright State Research Institute

WSRI is a department within Wright State University reporting directly to the vice president of research. The CEO of WSARC and executive director of WSRI are the same individual, Dennis Andersh.

INVESTIGATIVE SUMMARY

The Wright State Applied Research Center (WSARC) was formed as an independent 501(c)(3) non-profit corporation. A review of the structure of the corporation by investigators determined that WSARC did not maintain sufficient independence from the university to be considered an independent entity, and instead constituted an arm of the university itself. WSARC employees were classified as university employees, and paid by the university itself. WSARC did not maintain its own bank accounts or financial department, instead relying on the already existing university financial infrastructure. All invoices sent to WSARC were processed and paid by the university, not WSARC. Additionally, investigators determined that the university did not maintain a memorandum of understanding or affiliation agreement with WSARC. Instead, the university, through the CEO and president of WSARC who are university employees, directed all WSARC activity. Because there are insufficient barriers between WSARC and the university, the Office of the Ohio Inspector General treated WSARC as a component unit of the university itself, and not an independent private entity, during the investigation. This assessment is consistent with how the Ohio Auditor of State evaluated WSARC in its most recent audit of the university.¹

The Office of the Ohio Inspector General requested Wright State University produce all contracts between the university, or affiliated entities of the university, and Ron Wine or Ron Wine Consulting. In response, the university provided to investigators two contracts and one contract modification. The first contract, Subgrant Agreement 12-1034, covered the period from October 2012 through December of 2013. [\(Exhibit 1\)](#) That contract was modified to extend the contract period through April 2015. [\(Exhibit 2\)](#) The second contract, WSARC CA-15-020, covered the period from May 1, 2015, through June 30, 2019. [\(Exhibit 3\)](#) The university suspended this contract in January 11, 2016. [\(Exhibit 4\)](#)

¹ See Audit Report, Wright State Applied Research Center, Ohio Auditor of State, Release January 31, 2017.

A review of the contracts by the Office of the Ohio Inspector General found the following:

Contract #1 - Subgrant Agreement 12-1034

Effective Dates

The effective dates for this agreement are from October 1, 2012, through December 31, 2013, with the contract expiring at that time, "... unless extended in writing by mutual agreement of the parties." On March 27, 2015, a modification was entered into, which "retroactively" extended the contract expiration date from December 31, 2013, to April 30, 2015. Since the extension of the contract in writing was not signed until 15 months after the original expiration date, work should have ceased on December 31, 2013, and invoices should not have been paid by the university until a new agreement or extension was signed. Payment history provided by WSU show Ron Wine continued to bill for services, and receive payment from the university, past the expiration date of the agreement.

Cost of the Contract

The agreement stated, "The total estimated time and materials price for labor expended and costs and expenses incurred for the performance of this Agreement is \$400,000." However, later in the agreement it was noted, "This Agreement is incrementally funded in the amount of \$250,000."

The agreement was silent as to how often the incremental funding was to incur and if there was a maximum amount. Attached to the contract ([Exhibit 1](#)) as "Exhibit A" was a proposed project description. Section B of "Exhibit A" listed the project budget rate at \$250/hour, with an initial estimate of 60 hours per month. This placed the contract budget for the initial 15-month period (October 2012- December 2013) at \$225,000, well below the estimated expense of \$400,000.

The "retroactive" modification entered into on March 27, 2015, did not modify any of the terms of the underlying contract except for the performance period. Assuming that the same hourly rate and monthly hours estimated applied, this would increase the estimated budget of the project by another 16 months, or \$240,000, and would bring the total contract estimate cost to \$465,000, or \$65,000 over the initial \$400,000 estimate cap. As a result, the Office of the Ohio Inspector

General concluded that \$400,000 was the maximum allowable amount under the contract, for the period of October 2012 through April 30, 2015. The \$400,000 total allowable cost was the same cap used by Plante Moran in an independent audit report, although the Office of the Ohio Inspector General did not rely on that report for this investigation.²

According to university records, during this time period (October 2012-April 2015), Wine was paid \$1,526,448, or \$1,126,448 over the amount allowable in the contract.

Further, Article 16.1 of the agreement states,

This Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter. No prior verbal agreement, conversation, understanding or representation between any officers, agents, or employees of the Parties either before or after the execution of this Agreement shall affect or modify any of the terms or conditions of this Agreement.

This clause specifically forbids the use of verbal contracts to modify the work or fee structure under this contract. Any payments made to Wine for work performed on behalf of WSARC could not have been approved by verbal contract during the time period covered by this contract.

Payment of Funds

When submitting invoices for payment, the agreement states each invoice shall contain one of two certification statements "... signed by a duly authorized representative." A review of the invoices submitted by Wine show neither of the required statements appeared on any of the invoices nor were they signed by Wine or a representative. These invoices should have been returned to Wine and corrected before WSU processed them for payment.

Scope of Work

The scope of work was provided in "Exhibit A" attached to the agreement. The exhibit listed several areas of service Wine was to provide to WSARC. However, the scope of work was silent regarding any administrative work, research, review of local and state newspaper articles, and

² See Plante Moran WSRI/WSARC Analysis Report, October 3, 2016.

office support. A review of the supporting documentation provided by Wine shows hours related to these activities were invoiced and paid by WSU. It should be noted this supporting documentation was not provided by Wine to the university and therefore, neither WSU nor WSARC would have known they were paying for these services. The agreement should have clearly defined when these types of services were to be provided and a limitation on hours.

Contract #2 – Agreement WSARC CA-15-020

Effective Dates

The effective dates for this second agreement are from May 1, 2015, to June 30, 2019.

Cost of the Contract

The second agreement similarly did not list an overall “do not exceed” amount. However, in the project budget it stated the total hours worked per month was not to exceed 480 hours. The budget also listed three rate categories - \$100, \$175, and \$250. However, it did not list who was to charge each rate and what services they would perform. Using the maximum rate category of \$250, multiplied by the total maximum monthly hours of 480, the monthly maximum amount would be \$120,000. Over the 50 months of the agreement, the total allowable cost would be \$6,000,000. From May 1, 2015, to the date when the contract was suspended on January 1, 2016, Wine was paid \$449,400.

Further, Article 15 of the agreement stated, “This Agreement sets forth the entire understanding between Consultant and the Client concerning the subject matter hereof and supersedes all prior understandings or agreements.”

While this agreement did not explicitly forbid verbal contract modifications, it did “supersede” and replace any prior verbal contracts which may have existed prior to May 1, 2015. Therefore, any payments for work on behalf of WSARC occurring after that date should not have been approved based on the prior verbal agreement.

Scope of Work

Included in this agreement was information regarding the billing of administrative or office support work. Specifically, it stated, “Compensation for support services will be done on a case-by-case basis and will require approval of the WSARC CEO prior to commencing work.” A review conducted by investigators of invoices and supporting documentation submitted and paid for under this agreement found no indication that approval had been received prior to this type of work being performed. As a result, WSU should not have paid for support services without verifying the proper approval had first been obtained prior to the commencement of work.

Contract Performance Bonus

On January 19, 2016, the Office of the Ohio Inspector General interviewed Ron Wine concerning the payments he had received from the Wright State Applied Research Corporation (WSARC). During the interview, Wine referred to the account summary document he had provided to Jim Butler. [\(Exhibit 5\)](#) Wine stated that the two separate payment columns represented two separate contracts for consulting and business development work he was performing for WSARC. Wine stated that he had a written contract for hours worked, but that he also had a verbal “retainer” contract that he “... applied hours to, but never really billed it as hours. It was just billed against a purchase order.”

Wine told investigators that he had an “understanding” with David Hopkins, president of Wright State University, that Wine’s firm would obtain “about 5% of the workload.” Wine stated that he would meet every six months with Ryan Fendley, WSU director of Operations and Strategic Initiatives, and together they would decide what the 5 percent “retainer” amount would be. Wine noted that typically, the amount was 5 percent of the total of funds Wine had generated for the university through grants and other funding sources during the previous six months. Wine added that the payments were made retrospectively, and not in advance. Wine informed investigators that the agreement establishing the amount of the “retainer” was generally approved verbally. However, Wine noted that he had an email which he had sent to Fendley memorializing his agreement specifying the amount of the “retainer” for 2013. [\(Exhibit 6\)](#) The email, dated January 23, 2013, confirms the “retainer” amount of \$14,750. Although Wine characterized this as a “retainer” in his interview and in documentation provided to the Office of the Ohio Inspector

General, in a recent lawsuit filed by Wine against WSU, Wine characterizes the 5 percent payments as a “... performance-based bonus of 5% of new research related revenue...”³ This email was followed by another email on March 12, 2013, sent by Fendley to former WSU Chief Legal Counsel Gwen Mattison, explaining an increase in Wine’s “compensation” from “just under ~\$9,000” to “\$14,750” as “compensation fluctuation as a function of the statement of work.” [\(Exhibit 7\)](#)

A review conducted by investigators of Ryan Fendley’s email box discovered emails, dating as far back as July 2010, between Fendley, Wine, and former WSU Provost Sundaram Narayanan discussing awarding a 5 percent “performance bonus” to Ron Wine Consulting Group “based on past performance and total funding” generated for WSRI and WSARC. In a July 30, 2010, email, Wine suggested making contract language regarding the performance bonus read “... more like an adjustment of the monthly retainer based on management of projects and external partnerships.” [\(Exhibit 8\)](#) However, in a March 17, 2011, email to Fendley, Wine stated that his 2008 contract included both a monthly retainer and a 5-percent performance bonus. [\(Exhibit 9\)](#) Wright State University was unable to provide to investigators a copy of this contract.

On May 11, 2016, the Office of the Ohio Inspector General interviewed David Hopkins, former president of Wright State University.⁴ Hopkins stated that the university had approached Wine and had “engaged him on a retainer in 2009” to create an economic development framework for the university. Hopkins stated that the “retainer” in 2009 was a flat rate of \$6,000 a month, or \$72,000 for that year. Hopkins noted that a contract with Wine was never presented before the board of trustees for the university, but that Fendley had “ultimate authority to enter into” a contract with Wine. Hopkins added that he never met with Wine to discuss payments outside of the contract with WSARC, but he also stated that, “... it’s always been the retainer and then he had a contract with [WSARC] that was specifically defined.” When asked if Wine had a two-payment contract, with one payment being a flat monthly rate and another payment representing

³ See, Plaintiff’s Complaint, Ron Wine, et al. v. Wright State University, et al., 2016-00698, Ohio Court of Claims.

⁴ Hopkins was president of the university at the time the interview was conducted, but has since been removed from that position, and is no longer with WSU.

hours worked, Hopkins stated, “I don’t know. I know that we’ve done both of those at one time or another, yes.”

Other Payments to Wine Consulting

The Office of the Ohio Inspector General identified payments made from WSU to Ron Wine prior to the above-discussed contracts. On request, WSU was unable to provide a contract or supporting documentation for these payments. Without proper documentation, the Office of Ohio Inspector General could not determine the validity of these payments, and therefore considered them to be questionable. The Office of the Ohio Inspector General identified \$403,028.37 in payments made from WSU to Ron Wine from March 2009 through September 2012 that did not include proper documentation such as a verifiable contract.

Invoice Review

Investigators reviewed all of the invoices submitted by Wine and paid by WSU under both contracts and found questionable issues. It should be noted that supporting documentation was provided by Wine to the Office of the Ohio Inspector General. This documentation was not included in the information provided by WSU when investigators requested copies of all invoices and supporting materials. Results of the review by investigators revealed the following issues:

Underbillings

While the first agreement stated, “Initial estimate of hours to be worked per month under this agreement is 60,” there was no clause stating that more than 60 hours per month could be billed. From October 2012 to September 2013, Wine is shown to have billed only 60 hours. A review of the supporting documentation for October 2012 showed Wine attended various meetings totaling 62 hours, but only billed for 60. As a result, Wine underbilled WSU for two hours, totaling \$500.

Double Billings

Included in the supporting documentation were notes made by Wine regarding hours charged for administrative costs and office support stating the hours should be charged to the “retainer.” When the Office of the Ohio Inspector General reviewed the hours Wine attended for meetings and what he charged for his administrative costs compared to what was billed, it was determined that some of the hours he listed as “retainer” hours were included in the invoice for work performed under Contract #1 - *Subgrant Agreement 12-1034*.

For example, in April 2014, per the support documentation provided by Wine ([Exhibit 10](#)), he listed the following: 56 hours for meetings, 106 administrative hours, 100 hours for work performed by Deb Wine “per retainer,” and 60 hours for “Prog (sic) support, BD (DDT) per retainer” for a total of 322 hours. On the invoice, Wine listed 247 hours at \$250 per hour, to be billed for a total of \$61,750. However, the total hours for the cost categories not identified as “retainer” only totaled 162. When one subtracts the total hours billed (247) minus the meeting and administrative hours (162), there are 85 hours that Wine identified as “retainer” hours that are billed on the “retainer” invoice. Therefore, these hours were billed on both the hourly pay invoice and the “retainer” invoice, meaning Wine was paid twice for the work performed.

The Office of the Ohio Inspector General identified five invoices totaling \$63,250 where hours identified as “retainer” were billed on both the hourly invoice and the “retainer” invoice, which constituted double billing.

Unallowed Costs

Contract #2 - *WSARC CA-15-020* stated any support work performed needed to be pre-approved before work commenced. The supporting documentation provided by Wine did not show where any pre-approval was obtained from the WSARC CEO before the work was performed. These costs were billed at the \$100/hour rate, except on two occasions where part of the hours were charged at the \$175/hour rate with no explanation given on why some of the hours merited a higher rate. Therefore, Wine billed 1,018 hours for a total of \$139,950 in unallowable costs from May 2015 to the contract suspension in January 2016.

Questionable Costs

When reviewing the supporting documentation provided by Wine, it was noted that each month Wine include a line stating “admin, research, travel, communications, writing, etc.” and a total number of hours attributed to him each month. However, no additional support documentation was provided detailing the work performed or the dates and hours when the work occurred.

Additionally, each month Wine provided a one-page document from Deb Wine showing her hours worked by week with a statement noting the hours were for research, office support, and news clippings. It should be noted that the hours attributed to Deb Wine totaled 100 hours each month over the total time period under review.

Due to the lack of supporting documentation detailing the alleged work performed, the Office of the Ohio Inspector General lists 726 hours, totaling \$181,500 in questionable billings.

In total, investigators show the following after a review of the invoices:

<u>Category</u>	<u>Hours</u>	<u>Total Cost</u>
Payments to Wine prior to October 2012 without proper documentation	—	\$403,028.37
Contract #1-Unallowable 5 percent Performance Bonus	—	\$1,126,448
Contract #1- Double Billings	253	\$63,250 (Included in Unallowable Performance Bonus)
Contract #1- Underbillings	-2	-\$500
Contract #2- Unauthorized Costs	1,018	\$139,950
Contract #2- Questionable Payments	726	\$181,500
TOTAL	<u>1995</u>	<u>\$1,850,426.37</u>

Most of the supporting documentation provided by Wine included handwritten notes indicating items that were to be billed and the amount “per RF,” “per Ryan F,” “per Ryan,” etc. During Wine’s interview with the Office of the Ohio Inspector General, Wine stated he

received verbal approval of his “retainer” rates from Fendley every six months. Investigators requested to speak to Ryan Fendley through his attorney, but the request was denied.

Source of Funding

A review of the funding sources used to pay Wine revealed all the payments that he had received came out of a \$16 million dollar “Workforce Development Fund” established by the state legislature and awarded to WSU in \$4 million dollar increments over four years. WSU was unable to provide any information regarding the funding source of payments made prior to 2012.

The Ohio General Assembly created the Defense/Aerospace Workforce Development Initiative in 2012 with the stated purpose of developing a “... strategic plan to align the University System of Ohio’s research and workforce development assets with workforce needs of public and private sector employees.” A portion of the total fund was awarded to WSU to “... support the Aerospace Professional Development Center to establish process necessary to link underemployed or unemployed persons to job openings in these industries.”⁵ A memorandum of understanding between the Ohio Department of Higher Education⁶ and the Dayton Area Graduate Studies Institute identified the moneys used by the legislature to create the Workforce Development Fund as “... Casino Licensing funds, which must be used in accordance with the Ohio Constitution.” The Ohio Constitution, Article XV, Section 6(C)(4) restricts casino license funds to “... state economic development programs which support regional job training efforts to equip Ohio’s workforce with additional skills to grow the economy.”

The work Wine was contracted to perform was to secure funding development for WSU and WSARC; and specifically, to obtain private or public grant funds for defense research. However, during the course of the investigation, the Office of the Ohio Inspector General reviewed a document listing all of the grant sources Wine reported he secured and had submitted as part of his law suit against WSARC.⁷ Cited in this document of grant sources was the

⁵ See, Amended Substitute House Bill No. 59, 130th General Assembly.

⁶ At the time the MOU was entered the Ohio Department of Higher Education was known as the Ohio Board of Regents.

⁷ See, Plaintiff’s Complaint, Exhibit 4, Ron Wine, et al. v. Wright State University, et al., 2016-00698, Ohio Court of Claims.

Workforce Development funds that Wine was ultimately paid from. However, the other funds listed in the document did not specifically relate to job creation, training, staff augmentation, or connecting underemployed or unemployed Ohioans with public or private employers. Instead, the funds listed appeared to be for scientific-based research projects, like remote piloted aircraft, neuroscience imaging, and establishing research networks. There is no evidence that Wine materially participated in any workforce development projects.

In one instance, regarding a DARPA⁸ grant application, Aaron Miller, project manager for WSRI, said he specifically stated to Fendley in an email that he did not want to include Wine on the grant application because Wine would "... stick out like a sore thumb raising questions on cost." ([Exhibit 11](#)) In a telephone interview conducted on November 1, 2017, Miller stated that he felt pressure from Fendley and Narayanan to include Wine on all grant proposals. Miller stated that he was constantly trying to avoid Wine, as he felt Wine did not add any value to his projects. When asked about his email to Fendley, Miller stated that he felt Wine was a general strategy contractor, not a technical expert, and as such, he should be paid out of WSARC's general overhead funds, and not specific project funds.

An analysis of the hard drive from Fendley's computer revealed an Excel spreadsheet titled "Workforce Development Funding Budget." In that document, Ron Wine is classified as being paid for "AFRL Future Focus Plan." The budgeted amount for "RWCG" (Ron Wine Consulting Group) is \$275,000 each year of the fund. The line item "Job Creation" and "Talent Attraction" do not have any related contractors, other than Dennis Andersh, the CEO of WSARC, who was budgeted to receive \$313,720 dollars each year of the fund.

CONCLUSION

The Office of the Ohio Inspector General received a complaint from State Representative Jim Butler regarding contract issues between Wright State University and Ron Wine Consulting Group. Based on the unusual payment structure, an investigation was opened.

⁸ Defense Advanced Research Projects Agency is an agency within the United States Department of Defense tasked with researching and developing emerging technologies.

It was determined that Ron Wine had been paid in excess of \$2.3 million since at 2009. Over \$1.8 million were identified as overpayments, unsupported payments, unauthorized payments, or questionable payments. Upon investigators' request, Wright State University (WSU) could only produce two contracts for consulting services with Ron Wine Consulting Group over that time. The first contract specified a cap at \$400,000; however, WSU paid a total of \$1,126,448 over the contracted amount. Wine claimed a verbal contract covered extra payments for work performed on behalf of WSARC. However, the contract in effect from October 1, 2012, to April 30, 2015, explicitly disallows verbal contracts and agreements that were unsigned.

Accordingly, the Office of the Ohio Inspector General find reasonable cause to believe that a wrongful act or omission occurred in these instances.

A review by investigators of the second contract revealed that WSU had paid a total of \$449,400; however, an analysis of the individual invoices related to this contract indicated \$321,450 in unauthorized or questionable costs. Wine stated that he had a verbal agreement to provide the extra payments for work performed on behalf of WSARC. However, all evidence to support Wine's assertion occurred prior to 2015, and the 2015 contract explicitly replaced and superseded all prior contracts.

Accordingly, the Office of the Ohio Inspector General find reasonable cause to believe that a wrongful act or omission occurred in these instances.

Investigators determined that a total of \$403,028.37 was paid to RWCG prior to the first contract, and WSU was unable to provide documentation supporting those payments. WSARC, and by extension Wright State University, failed to institute cost control mechanisms which would prevent these overpayments, unauthorized payments, and unsupported payments. Instead, WSU employee Ryan Fendley was granted the authority to approve these contracts and individual payments without oversight, resulting in overspending.

Accordingly, the Office of the Ohio Inspector General find reasonable cause to believe that a wrongful act or omission occurred in these instances.

Since 2012, all of the money expended to pay for Ron Wine Consulting Group was obtained from the Workforce Development Fund, which was created by the Ohio state legislature and specifically earmarked for the creation of worker training and development programs and general job creation. From interviews conducted and documents reviewed by investigators, it appeared that Ron Wine Consulting Group was not involved in any work specified by the Workforce Development Fund. Instead, it appeared that Wine was solely providing grant finding and lobbying services to secure additional state and federal funds for WSARC and WSU.

Accordingly, the Office of the Ohio Inspector General find reasonable cause to believe that a wrongful act or omission occurred in these instances.

RECOMMENDATION(S)

The Office of the Ohio Inspector General makes the following recommendations and asks that the president of Wright State University respond within 60 days with a plan detailing how these recommendations will be implemented. Wright State University should:

1. Consider implementing an affiliation agreement between the university and WSRI and/or WSARC, to better establish a demarcation in finances, duties, and responsibilities.
2. Consider establishing independent leadership and financial accounts for affiliated entities, such as WSARC, creating a wall between the university and the affiliated entity.
3. Consider staffing affiliated entities with their own staff, instead of allowing university employees to staff independent affiliated entities.
4. Consider hiring outside legal counsel to represent affiliated entities to offer independent advice on contract terms, instead of using university general counsel.

REFERRALS

This report will be provided to the Ohio Auditor of State and the Greene County prosecutor for consideration.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Wright State University

FILE ID #: 2016-CA00002

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
December 12, 2017

MAILING ADDRESS

OFFICE OF THE INSPECTOR GENERAL
JAMES A. RHODES STATE OFFICE TOWER
30 EAST BROAD STREET – SUITE 2940
COLUMBUS, OH 43215-3414

TELEPHONE

(614) 644-9110

IN STATE TOLL- FREE

(800) 686-1525

FAX

(614) 644-9504

EMAIL

OIG_WATCHDOG@OIG.OHIO.GOV

INTERNET

WATCHDOG.OHIO.GOV