



**Internal Audit Department
Audit Report
of the Virginia Quarterly Review
October 20, 2010**

INTRODUCTION

The Audit Department has completed a review of the Virginia Quarterly Review (VQR) at the request of the President. The objectives were to review the financial operations and management of VQR for the period up to July 31, 2010.

To accomplish this objective, the Audit Department reviewed more than 23,000 e-mails of VQR staff and others who interacted with VQR staff on financial, personnel and management matters. The Audit Department also reviewed all UVA expenditure account records, as well as VQR's independent checking account and credit card records for the period July 1, 2008 - July 31, 2010. The Audit Department interviewed 25 individuals, including current and former VQR staff and the personnel who interacted with VQR staff on financial, personnel, and management matters (an appendix of the persons interviewed is included with this report). In addition, the Audit Department hired a consultant to assist in the review. The Audit Department also reviewed many other documents that it requested or that came to its attention during the project.

The Audit Department encountered several challenges during the performance of this review that affect the conclusions, including the extensive volume of emails and documents that had to be reviewed and comprehended in a short period of time. Also, some electronic communication in the VQR Office was done through publically available chat and e-mail services. While some accesses were granted to this information, Audit cannot guarantee that all information has been recovered from these sources. Additionally, for some of the financial transactions, no documentation existed. Audit was also unable to interview the deceased Managing Editor, who handled certain aspects of the operations. Therefore, Audit cannot conclude definitively on the appropriateness of certain expenditures or confirm or invalidate the essence of purported conversations held with the Managing Editor. However, trends were evident from the information Audit reviewed.

BACKGROUND

The Virginia Quarterly Review was established late in 1924 with the first issue being published in Spring 1925. According to its website, VQR is "A National Journal of Literature and Discussion." Individual copies of the VQR are sold at \$14 each and a one year subscription is \$32. Currently it has approximately 2,000 subscribers.

VQR operated under a unique arrangement, unseen elsewhere at the University. It had a separate bank account and a credit card with its own tax ID number in addition to having expenses paid through University accounts. It also hosted its website on an off-site, third-party server, and most VQR employees had e-mail accounts on the server. VQR also had an outside investment account that was not brought into the University until after the current Editor arrived. This account has been largely used to subsidize VQR expenses; however, some recent decreases in the available funds can be attributed to the economy. In FY 2007-08, the investment fund had a beginning balance of more than \$378,000 but withdrawals of \$185,000 were made that same year. Over the course

of three fiscal years (July 1, 2006 – June 30, 2009), \$475,000 was withdrawn from the investment fund.

The VQR reported to the President's Office. This arrangement had been established by the previous Editor prior to 1991. The VQR office had both status and independence not experienced by many other departments at the University.

OVERALL CONCLUSION

Overall, there were several institutional notifications of problems within VQR, but no specific allegations of bullying or harassment prior to July 30th. Earlier notifications this year consisted mostly of concerns about organizational structure and untimely management communication styles; more recent concerns encompassed a failure by the Editor to follow institutional procedures in a variety of areas. There were reports through the years of the Editor not being courteous or respectful with some contributors and colleagues, as well as problems with certain employees, but none ever seemed to rise to the level of a serious, on-going concern. The reports were mostly viewed by others as conflicts between a creative, innovative manager and persons who did not share the Editor's aspirations.

It is sometimes difficult to define where the line gets crossed between a tough manager and an unreasonable one. Nationwide, identifying uncivil and inappropriate workplace conduct is more difficult; no laws exist as they do for sexual harassment and other forms of illegal discrimination. The University's Code of Ethics states: "Our communications on behalf of the University with all persons, including co-employees, clients, customers, patients, students, guests and vendors, are conducted professionally and with civility."

The Audit Department found that some individuals made incorrect assumptions, regarding other institutional personnel, without necessarily being based on or aware of all the facts. Recollections were not entirely accurate when compared to written records, and presumptions regarding the projected behavior and responsibilities of certain individuals were not on target. Because many of the judgments and assessments relate to personnel matters, the University is unable to release all of the information that might clarify some of the misunderstandings and assumptions. Appropriate actions were taken by the institution, given the available and provided information and the prescribed role of employees; because some individuals were not aware of all that was going on, they incorrectly concluded that things were not being done. Issues specific to each area under review are discussed in more detail in the following paragraphs.

FINANCIAL OPERATIONS

- 1) For the most part, the financial accounts appeared to be in order. No inappropriate transactions were found related to the funds in the University's accounts; the reconciliations for these accounts were timely, accurate, and complete. Audit identified one questionable item that merits further inquiry; a

- possible unapproved subvention involving a \$2,000 payment by VQR to a publisher to subsidize printing costs for the Editor's poetry. As mentioned previously, there was an independent bank account and credit card, which were not subject to the same rules to which University accounts adhere. However, for the transactions for which there was documentation and which were made from these outside accounts, the majority of these transactions likely would have been approved had they been charged to a local account of the University.
- 2) Documentation was missing for a substantial number of transactions charged to the credit card held outside of the University. The Audit Department was unable to determine if these transactions were appropriate. However, nothing came to Audit's attention that appeared to be significantly different from the types of expenses for the transactions for which there was documentation.
 - 3) There was an internal financial system that combined the information from both the University accounts and the outside accounts. There was a noted decline in the completeness of the transactions being entered to this system starting around January 2010. Because of the death of the Managing Editor, Audit was unable to definitively determine the reason for this decline.
 - 4) The investment funds arguably were not spent in a judicious manner with regard for the needs of the future. There was more of a focus on generating new investment funds than on being frugal with the current funds.

MANAGEMENT OPERATIONS

UVA personnel responded to employee concerns in accordance with institutional policies and procedures, given the information they were provided. However, there was a lack of clarity with regard to certain roles, as well as a perceived lack of independent institutional authority to engage and resolve issues for employees while operating with a general good faith desire to respect employee confidences. The University provided its employees with access to support offices. Oversight of the VQR operation was inconsistent; there were identified opportunities for more attention to regularized evaluations as the policy was not clear in this area.

The VQR Editor did achieve certain aspects of performance for which he had been hired, e.g. to raise the stature of the VQR publication. The VQR received national awards and the Editor has many supporters in the literary community. However, not everyone has managerial skill, and the Editor's capacity to supervise and lead his staff well, and to operate his department in accordance with University policies, is questionable. The University maintains the confidentiality of personnel matters; therefore, this report will not provide a detailed discussion of these issues except to point out that a manager must always be mindful of leadership responsibility, the importance of people, and the impact of good and bad interpersonal communications.

By his own admission, a weakness of the Editor to lead well by example was a failure to respond to e-mails promptly, which made it difficult for the staff to accomplish their work; this situation created unnecessary frustrations and consternation. Additionally, institutional policies were not always followed by the VQR Editor with regards to personnel actions, and he did not always provide documentation to support certain credit card transactions to the Managing Editor.

SUGGESTED ACTIONS

This review was requested to evaluate VQR operations; however, Audit could not isolate that office and consider it solely, given its interaction with other high-level University offices regarding particular concerns.

- 1) The organizational placement, legal status, financial viability and mission of the VQR Office needs to be comprehensively evaluated. The current reporting relationship was established when the University was a much smaller institution and the current arrangement no longer makes sense. Placement of this office is dependent on what the institution determines the mission of the office to be and whether the institution can support the operation. Benchmarking to similar operations, especially with regards to contributor payments, should be included in this evaluation.

On a related topic, a decision will need to be made as to the legal standing of the VQR Office and whether the outside accounts should be integrated fully into the University systems or whether the office will need some sort of other organizational arrangement. Additionally, the VQR Advisory Board should be reconstituted and charged to fulfill its intended functions.

Management Response: VQR has traditionally been a vehicle for scholarly communication in the humanities, and it has achieved substantial success and national recognition. Scholarly communication is an important aspect of the University's central missions of education, research, and service. VQR should be seen as part of the University's mission in scholarly communication. The University currently fulfills this mission in numerous ways, including the University of Virginia Press, the libraries, and other journals and publications that are edited or published on Grounds.

The Vice President for Research (VPR) Office has the charge to facilitate research, scholarship, and creativity in all disciplines. Vice President for Research, Thomas Skalak, will look comprehensively at scholarly communication at the University and will suggest ways that we can be more effective and efficient scholarly communicators. While maintaining the editorial integrity of each publication, he might find it possible to achieve some economies of scale. Given the current pace of change in communications, such a comprehensive review seems to be timely.

The University will continue with President Casteen's plan to reorganize VQR within the VPR portfolio. Vice President Skalak will determine the appropriate placement of VQR within his portfolio, including lines of reporting and supervision. All funds of VQR will be transferred to the VPR.

The Editor will report within the reorganized VQR structure. The Advisory Board will be immediately reconstituted, with membership subject to the approval of the VPR, and it will meet on a regular basis to provide advice to the Editor and to the VPR. The first task of this Advisory Board will be to prepare, with the Editor, a mission statement and a business plan for VQR going forward. These documents will be due no later than October 1, 2011.

- 2) Appropriate corrective action should be taken with regards to the Editor. The issues of the unapproved subvention and the unsupported receipts both need to be addressed as well as his responsiveness on administrative matters and his management style.

Management response: This is a personnel issue that will be handled confidentially.

- 3) Management of the VQR must follow institutional policies in the areas of financial transactions, personnel actions, and computer access. Staff must follow institutional policies in the area of computer access.

Management response: All institutional policies will be followed. The VPR office will enforce standard University procedures with respect to human resources and financial accountability. Specifically, the practice of an "outside" bank account and credit card will end; all funds will be treated as property of the Rector and Visitors. University procedures for procurement will be followed, although a streamlined process for contracts with contributors should be considered. Similarly, University personnel procedures, including required annual performance reviews, will be employed. University computer policies will be followed.

- 4) A clear chain of command should be established when supervisory employees need to be away from the workplace. A "delegation of authority" memo is an advised practice that details the responsibilities of the employee assuming another person's tasks.

Management response: A clear chain of command will be established with procedures for working away from the office and for delegating authority. These procedures will be available in writing. Delegations of authority will be written and kept on file.

- 5) The current structure for receiving employee complaints needs to be re-evaluated by the University. Either Human Resources should be charged with this

responsibility and give this employee-reporting function a higher status in its department, or an office that is independent of Human Resources should be established for this purpose. The employee-reporting function should be more independent from the current structure and should be given the authority to intervene when necessary, to ensure compliance with institutional policies regarding employees. Additionally, an institutional data base, for offices involved in employee concern functions, should be established so that contacts with multiple offices are consolidated and identified for possible action.

Management response: Susan Carkeek, the Vice President for Human Resources, will be tasked with developing a structure within Human Resources in which employee complaints about their supervisors can be taken, registered, and followed up. Two sorts of protection must be provided: the employee must be protected from potential retaliation, and the supervisor must be protected from negative consequences if the complaints should be unfounded or trivial. This new structure will require some capacity to investigate complaints and report findings to the relevant units. The Vice President for Human Resources will have the responsibility of reporting findings and making recommendations to the relevant units and to the Vice President in whose portfolio the unit rests.

- 6) Clarity needs to be established for institutional employees regarding the differing roles of Employee Relations, the Ombudsman, the Office of Equal Opportunity Programs and the Faculty & Employee Assistance Program (FEAP). Notifications to at least two of these offices (FEAP and the Ombudsman) are held in strict confidence for the employee and are not considered to be institutional notification. Offices of the President, Vice Presidents, and Deans need to be aware that employee complaints made to their personnel may be perceived to be “institutional notification” more so than if the complaints are made to employees in other offices.

Management response: Clear charters need to be developed and prominently posted in the offices mentioned in this recommendation. The charter should specify whether the office’s employees may or may not hold the complaint in confidence and whether a complaint to the office’s employees constitutes notification to the institution. In each contact with a complainant, the Human Resources personnel should make clear the confidentiality status of the conversation and should refer to the charters explicitly when they are meeting with complainants. In cases such as the University Ombudsman, the charter should be explicit that the employee complainant can expect complete confidentiality and that talking with the Ombudsman does not constitute official notice to the University. In other offices, the default position should be that the Human Resources officer has the duty to report possible abuses and may not offer confidentiality to the complainant. Vice President Carkeek will have responsibility for carrying out these changes.

- 7) A task force should be created and charged to strengthen the institution's policies and structure with regards to acceptable workplace conduct. This should include emphasizing a culture where all employees are valued, regardless of their position. Additionally, for the future, all institutional employees need to be taught to recognize and report situations where they or their fellow employees may need help in dealing with a supervisor who is perceived as engaging in improper conduct of any type. Employees need to report concerns to an appropriate office. The institution should reaffirm the availability of existing resources to assist employees with workplace conflict resolution.

Management response: This recommendation will be implemented.

Appendix 1

List of Persons Interviewed

Lynda Birckhead, Director of Finance and Administration, Office of the President
Jeff Blank, Assistant Vice President for Research
President John T. Casteen, III
Alan Cohn, Director – Faculty and Staff Employee Relations
Joan Fry, Special Assistant to the President
Ted Genoways, VQR Editor
Angelee Godbold, Human Resources Consultant Manager
Brad Holland, Ombudsman and ADA Coordinator
Waldo Jaquith, Former VQR Web Developer
Alana Levinson-LaBrosse, Former VQR Assistant Editor/Development Manager
Owen McKenzie, Director – Faculty and Employee Assistance Program
James McKinley, Former VQR Employee
Shelia McMillen, Circulation Coordinator
Molly Minturn, Assistant to the Editors
Jeffery Plank, Associate Vice President for Research
R. Jahan Ramazani, Edgar F. Shannon Jr. Professor, Department of English
Nancy Rivers, Chief of Staff for the President
Darlene Scott-Scurry, Director – Equal Opportunity Programs
Ken Sinarski, Associate Comptroller, Office of Strategic Planning and Analysis
Tom Skalak, Vice President for Research
George Stovall, Director of Institutional Assessment and Studies
Robert Sweeney, Senior Vice President for Development and Public Affairs
Anda Webb, Vice Provost for Administration and Chief of Staff
Anonymous 1
Anonymous 2