

## Wright State Faculty Senate

### A Resolution Wright State Research Institute/Wright State Applied Research Corporation

#### WSRI Response

In response to the draft faculty senate resolution, I appreciate your concern regarding the recommendations and findings report within the OIG report dated December 12, 2017. It is important to note, that the University is currently in the process of preparing a response that addresses many of the inaccuracies contained in the report. When the University's response is complete, I will share it with you and we can discuss it further at that point.

As you are well aware, significant corrective actions have taken place at WSRI and WSARC, centered in the areas of transparency, compliance, and operational efficiency and effectiveness. This important and necessary work was completed with the oversight, collaboration, and involvement of WSU Board of Trustees and the WSARC Board. One example of the corrective action is the standing up of the EAC and RAC that were discussed at the "Let's Talk" event and the Faculty Senate Executive Committee.

I am confident in the plan and processes we now have in place at WSARC and WSRI and as you indicate in the resolution, there is great benefit in having these affiliated entities in place for our students and faculty. Our goal over the next 18-24 months should be to closely monitor and measure how the affiliated entities are performing as a result of the corrective actions and the new plan; and whether they are meeting the high expectations we have set. We should give this plan time to work. Together we can observe and review the performance of the WSARC and WSRI and address any unresolved issues identified in the OIG report.

In the meantime, to better inform your draft faculty senate resolution, please consider the information summarized below:

- 1. Consider implementing an affiliation agreement between the University and WSRI and/or WSARC to better establish a demarcation in finances, duties and responsibilities.**

WSU and WSARC approved and executed an affiliation agreement on October 23, 2017. See Attachment.

- 2. Consider establishing independent leadership and financial accounting for affiliated entities such as WSARC, creating a wall between the university and the affiliated entity.**

WSARC is fully separated from WSU in board oversight. See past and current Board composition below in Figure 1 and 2.

WSARC is also fully separated from WSU as to financial and contractual responsibilities.

As part of the plan, movement of all WSRI contracts to WSARC will be completed by July 1, 2018 thereby finalizing complete independence in all activities (a "wall") between WSU and WSARC regarding WSRI. See below.

**3. Consider staffing affiliated entities with their own staff instead of allowing university employees to staff independent affiliated entities.**

The WSARC staff that provides contract, finance, security, IT and export control support are independent of the WSU staff providing similar functions on campus. As previously planned and stated, WSU and WSARC will explore additional opportunities for further separation between WSU and WSARC over the next 12 months.

**4. Consider hiring outside legal counsel to represent affiliated entities to offer independent advice on contract terms, instead of using University council.**

In September 2015, WSARC hired the law firm of Taft Stettinius & Hollister, LLP as its independent legal counsel. This hiring occurred in consultation with the Ohio Attorney General's office and the WSU General Counsel. Taft has since handled all WSARC legal and contract review and coordinates with the WSU General Counsel as required.

**A. The WSARC Board**

Calendar Year 2015 (CY15) was the start of many changes at WSU, WSRI and WSARC, including the WSARC Board composition and structure, which is shown in Figure 1.

CY 2015 Board Structure			
<b>MAR</b>	<b>JUNE(no meeting)</b>	<b>SEP</b>	<b>DEC</b>
Ellen Reinsch-Friese (Chair WSU)		Ellen Reinsch-Friese (Chair WSU)	Ellen Reinsch-Friese (Chair WSU)
Jeff Hoagland (External)		Jeff Hoagland (External)	Jeff Hoagland (External)
Al Wofford (External)		Al Wofford (External)	Al Wofford (External)
Tim Hull (External)		Tim Hull (External)	Tim Hull (External)
Dr Hopkins (WSU President)		Dr Hopkins (WSU President)	Dr Hopkins (WSU President)
Terry Rapoch (WSARC President)		Terry Rapoch (WSARC President)	Terry Rapoch (WSARC President)
Dr Narayanan (WSU Provost & WSRI Exec Dir)		Dr Fyffe (Vice President for Research)	Dr Fyffe (Vice President for Research)
Ryan Fendley (Executive to Provost)		Dr Dunn (BSOM Dean)	Dr Dunn (BSOM Dean)
Dennis Andersh (WSARC CEO)		C D Moore (WSU Board of Trustees)	C D Moore (WSU Board of Trustees)
Jason Parker (WSRI Director)		Dennis Andersh (WSARC CEO & WSRI Exec Dir)	Dennis Andersh (WSARC CEO & WSRI Exec Dir)

Figure 1. WSARC Board Structure in CY15 when many of the organizational changes took place.

Contrary to a statement on OIG report, today a 13-person Board oversees WSARC. The majority of the WSARC Board members are external to WSU. See Figure 2.

## Current WSARC Officers & Board

Officers	
• CEO & President:	Dennis Andersh
• Chair:	Lloyd Fields
• Secretary:	Brian McCartan
• (Interim) Treasurer/CFO:	Elizabeth Wiesman

  

WSU Permanent Members	Appointed
Dr. Schrader	7/1/17
Dr. Dunn	9/17/15
Lt Gen (Ret) C.D. Moore	9/17/15
Ellen Reinsch Friese	9/19/17

  

Elected Members (External)	Expiration
Tim Hull	6/30/19
Al Wofford	12/30/19
Lloyd Fields	10/16/19
Mary Margaret Evans	11/16/19
Roger Furrer	11/16/19
Tawnya Darlington	11/15/20
TBD	
TBD	
TBD	

  

Officers	Expiration
Lloyd Fields, Chair	10/16/19

Terms are 3 years.

Board and Officer Elections were discussed and made at  
Dec 2017 Board meeting.

*Figure 2. Current WSARC Board Members as of December 2017. New board composition created in September 2015 in response to investigations.*

### **B. WSARC Leadership and Operations**

#### ***1. Leadership***

In September 2015, the WSRI Executive Director, WSRI Director, and WSARC CEO were combined into one. The purpose of the realignment was to consolidate leadership and correct the deficiencies that were identified in an external audit and investigation performed by Plante Moran and other independent process reviews and evaluations of WSRI and WSARC. Mr. Andersh did not take over these combined positions until September 2015. See Figure 1. Prior to September 2015, Dr. Sundaram Narayanan was the WSU Provost and WSRI Executive Director, Dr. Jason Parker was the WSRI Director, and Mr. Andersh was the WSARC CEO.

#### ***2. Finance and Contracting Operations***

The OIG Report incorrectly describes WSARC's finance and contracting operations. WSARC actually had its own contracting and finance departments outside of WSU from its inception in March 2011. WSARC has also always had its own bank accounts for all WSARC-related activities.

Confusion exists as to contracting support because WSRI used both WSU and WSARC contracts and finance offices for different contracts, based on the contracting support required or desired. Contrary to the Report, WSARC's finance office was used for all WSARC-related invoices that were sent to WSARC and those invoices were paid for by WSARC, not WSU.

Today WSARC solely manages 90 to 95% of the WSRI contracts and finances. The plan calls for WSARC to manage and support 100% of all WSRI contracts by July 1, 2018, which will provide complete independence of WSU and WSARC.

There are a few current WSRI contracts which cannot be moved because the clients do not support moving them from WSU to the WSARC for efficiency reasons. These are contracts that are ending very soon or have a small amount of funding remaining.

Again, as of October 23, 2017, WSU and WSARC entered into a memorandum of agreement for operation of WSARC, formalizing WSARC as an affiliated entity of WSU.