

From: Pitts, Ted <TedPitts@gov.sc.gov>  
To: Soura, Christian <ChristianSoura@gov.sc.gov>  
Date: 6/27/2014 9:59:41 AM  
Subject: FW: Whistleblower Statute  
Attachments: SIG letter to Chairman Small 06\_26\_2014.pdf

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From: Maley, Patrick  
Sent: Thursday, June 26, 2014 4:52 PM  
To: Adams, Marcia; Pitts, Ted; Mike Shealy; beverlysmith@schouse.gov  
Subject: FW: Whistleblower Statute

FYI --for your situational awareness only— I am providing this information based on your involvement with SCSU on financial matters, as well as to support your oversight efforts of SCSU's current fiscal crisis.

Attached is a letter I sent to Chairman Small, SCSU, regarding President Elzey's budget for the upcoming FY recommending "outsourcing internal audit." It just so happens the only person in Internal Audit is Evelyn Anderson, who provided information to the SIG under the Whistleblower statute protection. My third and final report on SCSU will be finalized next week. The pattern in all reports was SCSU management's unwillingness to demonstrate a fiduciary mindset for objective assessment and stimulate self-correction. "Outsourcing internal audit" at the current time falls into that same category at best; it is the opposite of what SCSU needs now—full transparency to garnish public and political support.

I planned on having the final report out this week, but I just got a call from Chairman Small advising he had not been able to get a copy of the DRAFT from SCSU management. SCSU management has had the report since June 6<sup>th</sup> and responded this past Monday (6/23) with no suggested changes or comments. I sent Chairman Small the DRAFT report and certainly allowed him until next week to provide comments. He and the Board should have an opportunity to see the DRAFT report before it is in the news media inasmuch as the report will show how SCSU diverted over \$2 million (2010-13) from SCSU vendor contracts to foundations which paid for such items as SCSU President salary supplements, golf club memberships for SCSU executives, and the myriad of other foundation type expenses (some of which were highlighted this week in the federal corruption trial) and are inconsistent with how taxpayers and appropriators, let alone the procurement code, view as an appropriate use of state funds.

It is often said the mismanagement identified by the SIG at SCSU were legacy issues, but the reality is these inappropriate long-standing practices were still in use in 2014 until Internal Auditor Evelyn Anderson's showed the courage to speak up and stimulate the SIG's reviews. And now, the President is proposing to "outsource" the whistleblower who forced SCSU into addressing its fiscal problems, rather than SCSU kicking the can down the road some more and making it even more difficult to address later.

Thanks

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From: Maley, Patrick  
Sent: Thursday, June 26, 2014 3:46 PM  
To: 'William Small'  
Cc: 'Burgess, Craig E'; Elzey, Thomas; Wilkins, Sam  
Subject: Whistleblower Statute

Chairman Small, attached is my letter to you regarding the proposed outsourcing of SCSU's Internal Audit Function as it relates to the Whistleblower Statute. Thank you.