

BOARD OF TRUSTEES EMERGENCY MEETING
The University of North Carolina at Chapel Hill

The Board of Trustees met in special session on Thursday, December 20, 2012, at The Carolina Inn, Hill Ballroom Central & North, at 10:00 a.m. Chair Hargrove presided.

ROLL CALL

Assistant Secretary Erin Schuettpez called the roll and the following members were present:

Wade H. Hargrove, Chair	H. Kel Landis
Barbara R. Hyde, Vice Chair	Steven J. Lerner
Phillip L. Clay, Secretary	Sallie Shuping-Russell
W. Lowry Caudill	John L. Townsend III
Donald Williams Curtis	Felicia A. Washington
J. Alston Gardner	Will Leimenstoll
Peter T. Grauer	

Chair Hargrove read the following statement regarding the State Government Ethics Act:

“As Chair of the Board of Trustees, it is my responsibility to remind all members of the Board of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this Board of Trustees’ meeting. If any Board member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the Board of Trustees at this meeting, the conflict or appearance of conflict should be identified at this time.”

CHAIR’S REMARKS

Chair Hargrove thanked the Board and members of the University community for being here today. He said that the Board is keenly aware of the interest of the taxpayers of North Carolina, of alumni and friends of the University in the matters being discussed. It’s the Board’s hope that they will receive answers to the key questions that all of us have been asking for more than a year. Chair Hargrove welcomed Governor Martin, thanked him for leading this important investigation. He also welcomed representatives of the firm Baker Tilly and expressed appreciation for their service to the Board.

After receiving the results of the Hartlyn-Andrews report last spring, the Board felt the need for a professional independent firm experienced in auditing educational institutions to review the new academic reporting and audit controls that had been recommended by Dean Gil and her colleagues. Whatever the previous deficiencies that existed in the University’s academic audit controls, it was the view of the Board of Trustees and of Chancellor Thorp and of Dean Gil that the conspicuous lapses of the past cannot be repeated and that management controls must be in place to assure immediate detection and correction of any irregularities of this kind going forward. Chair Hargrove then asked Trustee Gardner to report on the process for selecting a consulting firm. Trustee Gardner mapped out the process:

- Spoke with a number of other universities who helped identify firms with expertise in this area.
- Consulted with faculty and university leaders including Provost Bruce Carney; Jennifer Conrad, the Senior Associate Dean of the Kenan-Flagler Business School; Bobbi Owen, the Senior Associate Dean for Undergraduate Education in the College of Arts and Sciences; and Chris Derickson, the Registrar of the University.
- Identified a number of firms and narrowed it to three.

**UNC-Chapel Hill Board of Trustees
Special Full Board Minutes
December 20, 2012**

- Invited Deloitte Consulting, Heron Consulting and Baker Tilly to come to campus and present their capabilities
- Trustees Caudill, Hargrove and Clay attended some of the presentations. The consensus was that Baker Tilly's team had the right combination of experience and expertise to best help the campus review all the policies, procedures, systems and processes related to undergraduate education.
- Recommended that Chancellor Thorp hire Baker Tilly.

Chair Hargrove thanked Trustee Gardner and mentioned that the report by Governor Martin and Baker Tilly is impressive. It's one of five investigations into these matters, each of which is independent of the other. The report from Governor Martin appears to be thorough and comprehensive. He received the full support of the University's administration and staff in connection with the investigation.

Chair Hargrove continued that members of the University community and those for whom this institution means so much will find portions of the report painful. It would be unfair however, to allow the failures of a few individuals to sully the reputation and the good name of each of the other 3,500 faculty members and 8,000 staff employees who had no knowledge of, nor played in any part in, any of these indiscretions and who have dedicated their professional lives to making this one of the world's most respected educational and research institutions. The failures and irregularities here strike at the very core values of this University. In facing and correcting the problems, we honor more than 200 years of commitment by members of the faculty, the staff and the administration and Trustees, past and present, to ensure that every student who comes to Chapel Hill receives a rigorous, challenging and meaningful academic experience. These irregularities must never, ever be allowed to occur again. The Trustees and Chancellor Thorp are joined in this commitment by President Ross, by the Board of Governors' Chair Peter Hans and members of the Board of Governors' Academic Review Panel. Chair Lou Bissette and members of that panel, Hari Nath, Walter Davenport, Ann Goodnight and James Deal, are with us today.

Chair Hargrove pledged to do everything that the Board can do to resolve these issues. Following the meeting, the Board of Governors' Academic Review Panel will meet with Governor Martin and with Baker Tilly at the Spangler Center at General Administration. The members of that panel will report their findings to the full Board of Governors next month. Today's report reflects a collective commitment of this Board, that of Chancellor Thorp, President Ross, and the Board of Governors to ensure and protect the academic integrity of this great University for generations to come.

CHANCELLOR'S REMARKS

Chancellor Thorp thanked everyone for being at the meeting, and he spoke about how important it is to maintain and rebuild the integrity of the University. Chancellor Thorp said the following:

We come here with a mix of sadness, anger, and hope- sadness because of the toll that this has taken on the University and the people who love it; anger because of the irresponsible actions of a few people; and hope because today is an important milestone for our University and for all of us. For years we've been proud and you might even say boastful of always doing things the right way. We can't run away from what we've learned. We made mistakes in the past. We were complacent. We didn't ask hard questions that should have been asked, and we didn't live up to our reputation. We have

**UNC-Chapel Hill Board of Trustees
Special Full Board Minutes
December 20, 2012**

to acknowledge that we had an environment that placed too much trust on people and not enough emphasis on having the systems in place to catch the issues that we're here to talk about today. We still need a system of trust, but we also need appropriate accountability. We have to acknowledge all of these things and we have to get better. We can't be the world-class university that we are and the economic driver for the State that we are if there are any questions about our integrity. He then introduced Governor Martin and thanked him for his time and energy. He also introduced and thanked Baker Tilly for their leadership in the investigation. We will implement the reforms they have suggested so that this never happens again.

I've had the opportunity to be briefed by Governor Martin and Baker Tilly on their report and I'm confident that no other university has ever opened itself to this kind of investigation. The hard questions have been asked and today we have the answers. We're here today to receive the reports and to embrace any findings and move forward as a much stronger university. Jim Martin's credentials were perfect for this assignment. In addition to being a former Governor and Congressman, he is a former Davidson College Chemistry faculty member who served on the faculty, athletics and admissions committees. Governor Martin accepted no payment for this assignment, and I'm confident that at the time he agreed to do it, he had no idea how much time it was going to take. Governor, we are very grateful. Thank you.

Chancellor Thorp continued:

When Governor Martin and Baker Tilly agreed to this assignment, I told them to explore any and all issues as they saw fit with no restrictions. And as has already been said, and I believe Governor Martin will say again, we have cooperated fully. Over the past year we have strived to understand what went so wrong, and we have focused on implementing every reform possible to ensure that we are never in this position again. This is an important day for the University of North Carolina at Chapel Hill. We are embracing these findings and we are moving forward as a stronger University. I hope that ultimately we will be judged not only by what happened here, but by what we are doing about it. So thank you all for being here today.

PRESENTATION OF POLICY AND PROCEDURES REVIEW

Raina Rose Tagle, of Baker Tilly, reported that this was an objective, external assessment regarding the efforts of the Institution to enhance academic policies, procedures, processes and systems.

In thinking about the types of controls (preventative and corrective), the cost effectiveness, and the practicality of what will succeed in an academic environment, Baker Tilly was given by the University a set of criteria against which to assess the new policies, procedures, processes and systems that the University has put into place. In short, Baker Tilly was assessing the design of the new policies, procedures, processes and system. Operational effectiveness was not tested since these are new changes.

The Hartlyn-Andrews Report and the report of the Independent Study Task Force was the start of Baker Tilly's work to identify what are the risks that all of these new changes are intended to address, what could go wrong and how to best implement the changes. The review process was iterative and Baker Tilly worked with the institution to enhance the policies and procedures.

**UNC-Chapel Hill Board of Trustees
Special Full Board Minutes
December 20, 2012**

Ms. Rose Tagle stated that the Baker Tilly review found no gaps in the new policies, procedures and systems put in place by the University. Ultimately, Baker Tilly believes that the work performed by the University will position this institution well as it looks toward the future.

PRESENTATION BY GOVERNOR MARTIN & BAKER TILLY

Governor James Martin gave a full report on his review and findings surrounding the academic anomalies. Last summer, the University of North Carolina at Chapel Hill requested that the Governor undertake a deeper review to investigate “serious anomalies” related to the course offerings and methods of instruction within the Department of African and Afro-American Studies (AFRI/AFAM). The University engaged Baker Tilly, a national advisory firm, to assist with the review. Baker Tilly has experience in working with other institutions on sensitive matters and is accustomed to performing such reviews objectively, but also cooperatively. The review team worked independently from University leadership and staff, but with their full cooperation. We were granted unfettered access to University systems, records, and personnel. Specifically, we were ask by the university to find out when this problem began and why and to see if anything like it had occurred in other departments and to, above all, follow the evidence. We were expected to be independent and thorough. And we began with a general attitude of caution, if not suspicion, regarding any view that we received that could not be corroborated.

The review looked at every course in every department taught by every instructor with grades and grade changes for every student going back as far as useful electronic data were available, back to 1994. That included 172,580 course sections, taught by 12,715 instructors for a total of 118,611 undergraduate students. That required processing almost five million data elements. We interviewed 86 individuals, most at our request but some at their own initiative. Those interviews include student-athletes, undergraduate students, faculty, staff, administrators, current and former coaches, advisors, counselors, tutors and one mom. In every aspect, cooperation throughout the university was impeccable and our access was unrestricted. We did receive a number of additional opinions and observations, but limited our findings to those we could corroborate.

Findings:

- This was not an athletic scandal. It is an isolated academic scandal, contained to one department, AFRI/AFAM.
- As the internal Hartland-Andrews review surmised, the anomalous courses in the department did not begin in 2007. The first course occurred in the fall of 1997.
- We found nothing inconsistent with the internal Hartlyn-Andrews Review. We found red flags in other departments that aroused our curiosity, but found reasonable, acceptable explanations for those courses. After pursuing a large number of leads, we found no evidence to implicate parties other than those identified by the Hartlyn-Andrews Review.
- Within AFRI/AFAM, no other faculty member was involved unethically, other than former Chairman Nyang’oro and Administrator Crowder. Eight other professors were unwittingly and indirectly compromised in dozens of instances in which someone else signed their signatures to Grade Rolls, and Grade Change Forms, without their knowledge or authorization to do so.
- The patterns of activity with Type 1 and Type 2 courses spiked in the 2003 – 2006 span. It disappears in the summer of 2009, when Administrator Crowder retired. While the review can’t confirm that all of the independent course sections flagged in the department were

**UNC-Chapel Hill Board of Trustees
Special Full Board Minutes
December 20, 2012**

defective (in fact, some may be legitimate), you can see the magnitude during this timeframe.

- Enrollments in these courses were never restricted to student-athletes, although in a few instances their proportions exceeded 40% occasionally reaching a very high percentage and occasionally very low. Some courses had no student-athletes at all.
- In general, grade changes do not appear to be isolated or reserved for student-athletes.
- The total number of all course sections offered in AFRI/AFAM over this span was 1,992. The total number of Type 1 and Type 2 anomalous lecture courses was 167. The total enrollment within the department was 66,584 while the total enrollment in the anomalous courses was 4,194, or 6%.
- In the course of the review, a clear motive was not discerned. The evidence is consistent with one hypothesis that these courses were provided for the primary purpose of enlarging the department's enrollment. As a generality, no one was paid for having more than the number of courses. There is no evidence that anyone outside the department was active in its instigation or its continuance. There is no evidence that counselors or students or coaches had anything to do with perpetrating this abuse.
- On two occasions in 2002 and 2006, leaders of Academic Support for Student Athletes brought the Faculty Athletic Committee information about students taking independent study courses, including that that one professor might be teaching lecture classes in an independent study format. At the time, that information regarding independent studies was not deemed to be alarming by the FAC.

Governor Martin continued by commenting on grade inflation as a concern throughout higher education.

Members of the Board of Trustees asked numerous questions of Governor Martin and Raina Rose Tagle of Baker Tilly.

A copy of the full report is located in the Office of the Assistant Secretary.
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RECESS

Chair Hargrove recessed the Board meeting at 12:12 p.m. to attend a press conference.

RECONVENE

Chair Hargrove reconvened the Board meeting at 12:58 p.m.

MOTION TO CONVENE IN CLOSED SESSION

On motion of Secretary Clay, and duly seconded, the Board voted to convene in closed session pursuant to North Carolina General Statutes Section 143-318.11 (a) (1) (to prevent the disclosure of privileged information under Section 126-22 and the following); and also pursuant to Section 143-318.11 (a) (2), (3), (5), and (6).

EXECUTIVE CLOSED SESSION

Chair Hargrove convened the Board in Executive Closed Session to discuss personnel and legal matters.

RECONVENE MEETING IN OPEN SESSION

Chair Hargrove reconvened the meeting in open session.

UNC-Chapel Hill Board of Trustees
Special Full Board Minutes
December 20, 2012

OPEN SESSION

ADJOURNMENT

There being no further business to come before the Board, Chair Hargrove adjourned the meeting at 2:07 p.m.


Assistant Secretary