

**DR. KARAN WATSON'S RESPONSE TO ACTIONS OF TEXAS A&M PRESIDENT
MICHAEL K. YOUNG AND THE TEXAS A&M UNIVERSITY SYSTEM, SYSTEM
INTERNAL AUDIT DEPARTMENT REPORT OF ROBIN WOODS**

First, Provost Dr. Karan Watson was not afforded due process in this matter. She was denied a meaningful opportunity to respond to the allegations in the report, which violates the fundamental notion of due process, including notice of the allegations and a reasonable opportunity to confront and respond to them.

Importantly, the report contains several critical points:

- 1. The report confirms that Provost Watson did not misuse University resources.**
- 2. No evidence exists that either the Provost or Dr. Nancy Watson subverted the competitive bidding process or rigged the process.**
- 3. No evidence exists that the Provost directed or required any department to use the Center.**
- 4. The evidence is clear that Dr. Karan Watson recused herself from all matters involving Dr. Nancy Watson and the Center.**
- 5. All persons interviewed for the Internal Audit report were aware of the relationship between Dr. Karan Watson, Dr. Nancy Watson, and the Center.**

As Provost, Dr. Karan Watson did not violate any of the TAMU Ethics principles or imperatives. In an effort to find fault, however, the report contains many incorrect and/or misleading factual allegations. Dr. Watson addresses these below:

A. Appropriate Contracting:

The report alleges that the Internal Audit investigated two prior similar complaints about Dr. Watson and her relationship to Dr. Nancy Watson who owned the Center. Neither of those investigations was ever disclosed to either the Provost or Dr. Nancy Watson. However, according to the report, additional steps were taken by TAMU to improve the competitive bidding process. According to the report, TAMU subsequently entered into long term contracts with the Center for services. **The**

report makes no allegation that Dr. Karan Watson had any input, influence, or decision in these contracts issued to the Center. Clearly, these contracts were vetted by other TAMU officials with knowledge of the relationship between the Center, Dr. Nancy Watson, and Dr. Karan Watson.

A different VP, who did not report to Dr. Karan Watson, keeps the list of preferred vendors. Dr. Karan Watson was not involved in the process of developing that vendor list or the process of distributing the vendor list to TAMU departments. Jerry Strawser, EVP of Finance and Operations, oversees bidding and procurement services. **No evidence exists that Dr. Karan Watson took any action to influence in any way the competitive bidding process.**

The report's allegation that "there is no evidence that other pre-qualified firms were considered for numerous engagements" is simply a subjective belief. The report fails to discuss what considerations were made in any particular contract bidding situation that might support this unfounded conclusion. Moreover, many of the departments hiring the Center did not report to the Provost and **Dr. Karan Watson was not involved in the bid process. The report fails to even allege that the Provost was aware of these hiring decisions.**

In fact, the report specifically states that selection of the Center by various departments was based on positive past experience, recommendations from peers and other departments, and a preference among most departments for using the Center.

In light of these facts and findings in the report, the conclusion that TAMU has allowed "a bad contracting situation with the Center to become worse" is not only completely unfounded, and misleading, but is **contrary to the evidence** set forth in the report. The truth is that the Provost and Dr. Nancy Watson took more than the steps required or expected by TAMU to ensure transparency and full disclosure.

B. No Conflicts of Interest:

The report alleges that Dr. Nancy Watson was employed by TAMU at 50% to 75% effort and states that it is unclear why TAMU chose to pay her as a vendor rather than employ her full time for her training services. But no evidence exists (and the report mentions nothing) that Dr. Nancy Watson was instructed to undertake

training services as part of her TAMU employment duties. The report suggests that “the Center is perceived as a preferred training provider by many employees at the University.” **But the report makes no attempt to identify any action by either Dr. Nancy Watson or the Provost that influenced the employment decision. And the report fails to connect the positive past experiences of various TAMU departments with the perception that the Center is a preferred provider.** It is not hard to figure out why the Center would be perceived as a preferred provider considering the Center has successfully provided services to the University for years. Instead, the report opts to imply some unspecified impropriety without any evidence to support it.

Dr. Karan Watson disclosed her relationship with Dr. Nancy Watson on her annual Disclosure Form. This disclosure complies with the Conflicts of Interest policy 07.03 sec. 1.8. **The report states that Dr. Karan Watson recused herself from any consideration of the Center for use by TAMU and from all matters associated with Dr. Nancy Watson. Importantly, the report provides no evidence that would tend to refute this fact and it demonstrates the Provost has acted impartially and not provided preferential treatment in accordance with TAMU ethics policy.**

The report alleges that Dr. Karan Watson should have done more to mitigate an appearance of conflict. However, TAMU policy does not require “more” and it is unclear what “more” Dr. Watson should have done beyond disclosing her relationship and recusing herself from all matters associated with Dr. Nancy Watson or the Center. Clearly the President of the University, Michael K. Young, knew of the relationship between the Provost and Dr. Nancy Watson and knew of Dr. Nancy Watson’s interest in the Center. Other TAMU officials also knew of these facts, including Christine Stanley, VP and Associate Provost of Diversity; former TAMU President R. Bowen Loftin; the current interim Provost Doug Palmer; and Jerry Strawser, Executive VP of Finance and Operations, among others.

Dr. Nancy Watson did not use her position as Director or professor for private gain. Dr. Nancy Watson was hired by the Dean of the College of Education and Human Development in 2008. That dean knew that she had a full-time business operating the Center which already did business with TAMU. In fact, Douglas Palmer, the dean at the time, had hired the Center for training services. The Center has contracted with TAMU since at least 1999. The report contends that there is an appearance of

conflict of interest when a department that reports to the Provost compensates the Center for professional services. This allegation is misleading. The report states on the very first page that **TAMU “received professional services in consideration for the amounts paid to the Center and the amounts charged were reasonable and consistent with market rates.”** Moreover, the report concedes that the **Center was pre-qualified by the university and selection of the Center was based on “positive past experience with the Center.”**

Although the report alleges a conflict of interest, the report does not describe how Dr. Nancy Watson’s business interest substantially conflicted with the discharge of her or Karan’s official duties and responsibilities, a requirement of the TAMU policy. The conclusion that a conflict existed is simply a subjective belief unsupported by any actual evidence.

C. The Report is Substantively Misleading

The allegation that the Center received funds from the Office of Diversity is misleading because these payments pre-dated Dr. Nancy Watson’s appointment to the Office of Diversity. Dr. Nancy Watson did not join the Office of Diversity until 2015 when she was appointed Director, with the approval of President Young.

The report completely misleads the reader regarding the payments made to the Center. Over the previous eight years, of the payments received by the Center by TAMU, barely 2% came directly from the Provost’s office and of that 2% **none was approved by Provost Watson.** Of the balance of the payments to the Center, 75% came from departments or offices outside the Provost’s office and unrelated to Dr. Nancy Watson. Moreover, these other units can and did procure services without the Provost’s knowledge or approval. Of the 25% received from the Office of Diversity where Dr. Nancy Watson was a Director at 25% effort, all or substantially all of those payments pre-dated Dr. Watson’s appointment as Director in the Office of Diversity. Finally, the report makes clear that **the Center provided professional services to the university in consideration of the amounts paid and the amounts charged were reasonable and consistent with market rates.**

D. Nepotism

Two TAMU presidents were aware of and approved Dr. Nancy Watson's employment. Nancy's appointment as Director of the Office of Diversity was specifically disclosed to and approved in 2015 by **President Michael K. Young**.

Dr. Nancy Watson's appointment as Director of Organizational Development and Instructional Associate Professor in the College of Education and Human Development was also specifically disclosed to and approved by then President R. Bowen Loftin.

The report states that the **individuals interviewed for this report were aware of the fact that Karan had recused herself from issues involving Dr. Nancy Watson**. Clearly, neither Dr. Karan Watson nor Dr. Nancy Watson violated TAMU Nepotism policies.

E. Conclusion

The conclusions of the System Internal Audit report are primarily the subjective opinion of the investigator and are not supported by the evidence, including evidence specifically set forth in the report. Provost Watson and Dr. Nancy Watson have not violated TAMUS Ethics policy or any other policy. They have adhered to all system policies and regulations (as well as local, state and federal law), member rules and procedures. They have endeavored to avoid the appearance of any such violations. They have not violated the prohibition on holding financial interests (direct or indirect) that conflict with the conscientious performance of their official duties and responsibilities. In fact, the report makes absolutely no allegation that either Dr. Karan Watson or Dr. Nancy Watson failed to perform conscientiously their duties and responsibilities. Neither has used her position for private gain in violation of TAMUS policy. Finally, the report plainly states the uncontroverted conclusion that the Provost acted impartially and did not give preferred treatment to Dr. Nancy Watson or anyone else.

Dr. Karan Watson disagrees with this report and can only speculate as to the motives of those persons who prompted this action.

