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December 11, 2023

Members of the Arizona Legislature

The Honorable Katie Hobbs, Arizona Governor

Arizona Board of Regents  
Arizona State University

The Honorable Rachel Mitchell, Maricopa County Attorney

We conducted a financial investigation of certain Arizona State University (ASU) transactions for the period June 2017 through December 2021. We performed the investigation to determine the amount of public monies misused, if any, during that period.

The investigation consisted primarily of inquiries, observations, examinations of selected financial records and other documentation, and selected tests of internal control over ASU operations. The investigation was not conducted in accordance with U.S. generally accepted auditing standards and was more limited than would be necessary to ensure we discovered all misused public monies or to give an opinion on internal controls. Accordingly, we do not express an opinion on the effectiveness of internal controls or ensure that all deficiencies are disclosed.

The Financial Investigation Report describes our findings and recommendations resulting from this investigation.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

## Arizona State University Criminal Indictment—Theft, Misuse of Public Monies, Fraudulent Schemes, and Forgery

**SYNOPSIS:** As part of their responsibility to prevent and detect fraud, Arizona State University (ASU) officials took appropriate action by reporting to us alleged financial misconduct by Carlos Urrea, former University Technology Office (UTO) manager of information technology.<sup>1</sup> Our investigation revealed that from June 2017 through December 2021, Mr. Urrea may have embezzled \$124,093 when he used his ASU purchase card (p-card) to make 810 unauthorized personal purchases. To help conceal his scheme, Mr. Urrea submitted for processing 347 forged receipts and 358 false p-card business purpose descriptions, making it falsely appear as if the purchases were for valid ASU purposes. We have submitted our report to the Maricopa County Attorney's Office, which on December 1, 2023, presented evidence to the Maricopa County Superior Court Grand Jury. The action resulted in Mr. Urrea being indicted on 14 felony counts related to theft, misuse of public monies, fraudulent schemes, and forgery.

### Overview

Mr. Urrea began working for ASU in June 2016 as a UTO systems support analyst and was promoted to manager of information technology in July 2018 where he provided technology services to Executive Administration, including the Office of the President. For his p-card purchases, Mr. Urrea was responsible for seeking prior approval from the Executive Administration's business team and providing them with supporting receipts and business purpose descriptions. In December 2021, University Audit discovered that some of Mr. Urrea's p-card receipts were altered and did not match the issuing bank's Level 3 data (line-item details about a credit card or p-card purchase such as item description and quantity). During a consequent review of Mr. Urrea's entire p-card transaction history, University Audit and other ASU staff repeatedly requested transaction support from Mr. Urrea, who steadfastly declined to comply. In January 2022, ASU placed Mr. Urrea on administrative leave and in March 2022, terminated his employment and requested repayment of \$95,572 for personal purchases he made on his ASU p-card.<sup>2</sup> As of this report date, no repayment has been received.

### Mr. Urrea used his ASU p-card to make 810 personal purchases totaling \$124,093

From June 2017 through December 2021, Mr. Urrea used his ASU p-card to make 810 personal purchases totaling \$124,093 for gift cards, electronics and accessories, household items and furniture, appliances, gaming products, fitness and recreation, and warranties. Examples of his purchases include 12 gaming consoles, 11 \$1,000 Costco Shop Cards, 10 smart watches, 2 Christmas trees, a washer and dryer, treadmill, and row machine.<sup>3</sup> Mr. Urrea acknowledged to us that he used his ASU p-card for personal purchases, claiming he was trying to support his family and provide for his kids, but further stated it was "very dumb" on his part.

<sup>1</sup> Around September 2022, University Technology Office changed its name to Enterprise Technology Office.

<sup>2</sup> ASU informed Mr. Urrea the \$95,572 repayment amount was subject to change as the investigation was ongoing. Our \$124,093 amount differs from ASU's amount primarily because we reviewed support for ASU's unknown amounts and determined additional transactions were for personal purchases.

<sup>3</sup> Costco Shop Cards are another way for members to pay for their purchases at warehouses, gas stations, and Costco.com, and these cards are reloadable with value at any Costco warehouse.

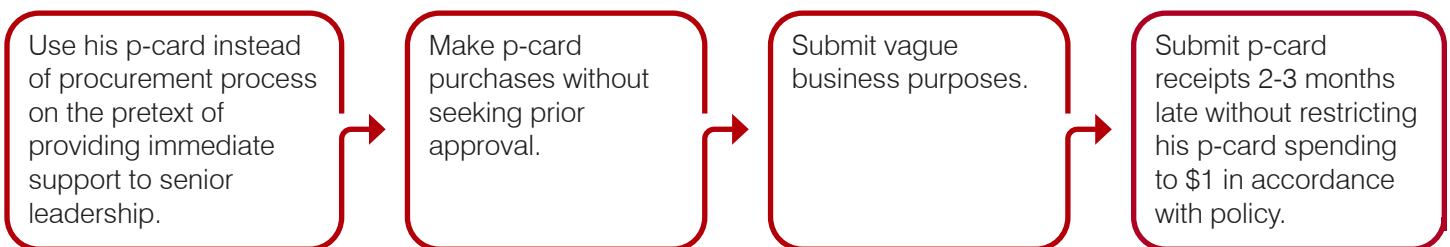
## To conceal his scheme, Mr. Urrea submitted 347 forged receipts and 358 false business purposes

From June 2017 through July 2021, Mr. Urrea submitted 347 forged receipts and 358 false business purposes for Executive Administration's business team's review, making it falsely appear that 729 of his personal purchases were for valid ASU purposes.<sup>4</sup> For example, Mr. Urrea purchased for his home a \$1,232 sectional sofa with ottoman from Costco but submitted a falsified receipt and a false business purpose of "UTO / Exec Admin purchase for spare/on hand/ replacement equipment." In the forged Costco receipt Mr. Urrea submitted, the original sofa photo and description were replaced with a photo of technology equipment and a description of 10 "Accell universal docking station bundle" for a total receipt of \$1,232. Mr. Urrea told us that, to alter a digital receipt, he opened it as a PDF and, using ASU's Adobe Acrobat Editor software, edited the item and sometimes the picture. Mr. Urrea also admitted he "obfuscated" business purposes by misidentifying end users.

## ASU Executive Administration officials failed to follow p-card policies and procedures but later took appropriate action

Although ASU had appropriate p-card policies and procedures, Executive Administration officials allowed Mr. Urrea to bypass them either because those procedures reportedly took too long for Mr. Urrea to do his job of providing immediate IT-related equipment to senior leadership or because enforcement of policies would have negatively affected Mr. Urrea's support of senior leadership. Specifically, officials allowed Mr. Urrea to use his p-card for purchases that typically went through the procurement process; allowed him to make p-card purchases without obtaining prior approval; allowed him to submit vague business purposes; allowed him to submit receipts 2 to 3 months late; and failed to enforce the Executive Administration's policy that restricted p-card spending to \$1.00 when receipts were not submitted within 30 days.

### Mr. Urrea was able to make and conceal his personal p-card purchases because management allowed him to:



Since our investigation began, ASU officials reported to us that they made p-card-related improvements by directing Executive Administration employees to use the procurement process for IT purchases whenever possible and, when not possible, requiring the business team rather than the employee to make the purchase; implementing strict adherence to timely review and approval verifications that incorporate the issuing bank's Level 3 data; requiring improved business purpose justifications; and providing employees with detailed training on these new p-card processes. Additionally, ASU officials reported they have conducted unannounced reviews of the new p-card procedures to ensure controls are implemented and Executive Administration purchases are appropriately approved, accurately recorded, properly supported, and serve ASU's business purposes.

<sup>4</sup> Total forged receipts and false p-card business descriptions differ from total personal purchases because (1) we were not provided with Mr. Urrea's receipts for 81 of his 810 personal purchases; (2) some forged receipts included multiple purchases; and (3) Mr. Urrea submitted a single business purpose for receipts that included multiple purchases.