



COMPTROLLER'S INVESTIGATIVE REPORT

Tennessee Technological University Office of University Housing and Residential Life

August 24, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

August 24, 2023

Tennessee Technological University
Board of Trustees
1 William L Jones Drive
Cookeville, TN 38505

Tennessee Technological University Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Tennessee Technological University Office of University Housing and Residential Life, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 13th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Tennessee Technological University Office of University Housing & Residential Life

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Tennessee Technological University Office of University Housing & Residential Life. The investigation was initiated after the Comptroller's Office received allegations that newly hired employees and their families were provided free on-campus housing. The investigation was limited to selected records for the period from July 31, 2021, through November 1, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND



Tennessee Technological University (TTU) is a public doctoral-level university located in Cookeville, Tennessee. TTU enrolled over 10,000 students during the fall 2022 semester. The Office of University Housing & Residential Life (office) provides housing and support services to students living in TTU's on-campus housing facilities. The revenue derived from student housing fees supports the operations of the office. The office is led by an Executive Director who is responsible for overseeing the administration and maintenance of on-campus housing services.

According to TTU's housing policy, TTU students wishing to live in on-campus housing must submit a housing application, provide ancillary information such as immunization records, and pay a reservation deposit, which is applied toward their housing fee. The office processes each application and assigns the applicant housing. If there are not enough on-campus living spaces to support the number of student housing applicants, student applicants may be placed in overflow housing at hotels in Cookeville until either an on-campus dormitory or apartment becomes available, or the student applicant finds off-campus accommodations and cancels his or her campus housing request.

TTU Policy 305, *Student Housing*, states that on-campus housing "...shall be limited to occupancy by Tennessee Tech students and Office of Residential Life staff, unless otherwise designated by the Director of Residential Life." However, according to office staff, it has been a longstanding practice in the office to offer temporary on-campus housing accommodations to new TTU

employees moving to Cookeville. Additionally, the office outlined a procedure for providing on-campus housing accommodations in its 2019-2020 *Residential Life Administrative Handbook*.

RESULTS OF INVESTIGATION

1. TTU EMPLOYEES AND THEIR FAMILIES RECEIVED ON-CAMPUS HOUSING ACCOMMODATIONS WORTH AT LEAST \$34,987.89 AT NO CHARGE

TTU employees and their families received on-campus housing accommodations worth at least \$34,987.89 at no charge. Investigators interviewed housing officials and employees who received on-campus housing accommodations and determined that at least ten TTU employees and six family members of employees lived in on-campus housing between July 31, 2021, and November 1, 2022. The employees were provided the on-campus housing at no cost upon beginning their jobs with TTU.

The office failed to charge employees for their on-campus housing accommodations as required by the 2019-2020 *Residential Life Administrative Handbook* and did not document or retain any records relating to the on-campus housing accommodations provided to employees. The office also failed to document its procedure for ensuring that students seeking on-campus housing were not displaced by TTU employees and their families receiving on-campus housing accommodations. Investigators estimated the value of each employee's on-campus housing accommodations using date estimates provided in interviews, employment start dates from employee personnel files, student housing fee rates, and electricity bills.

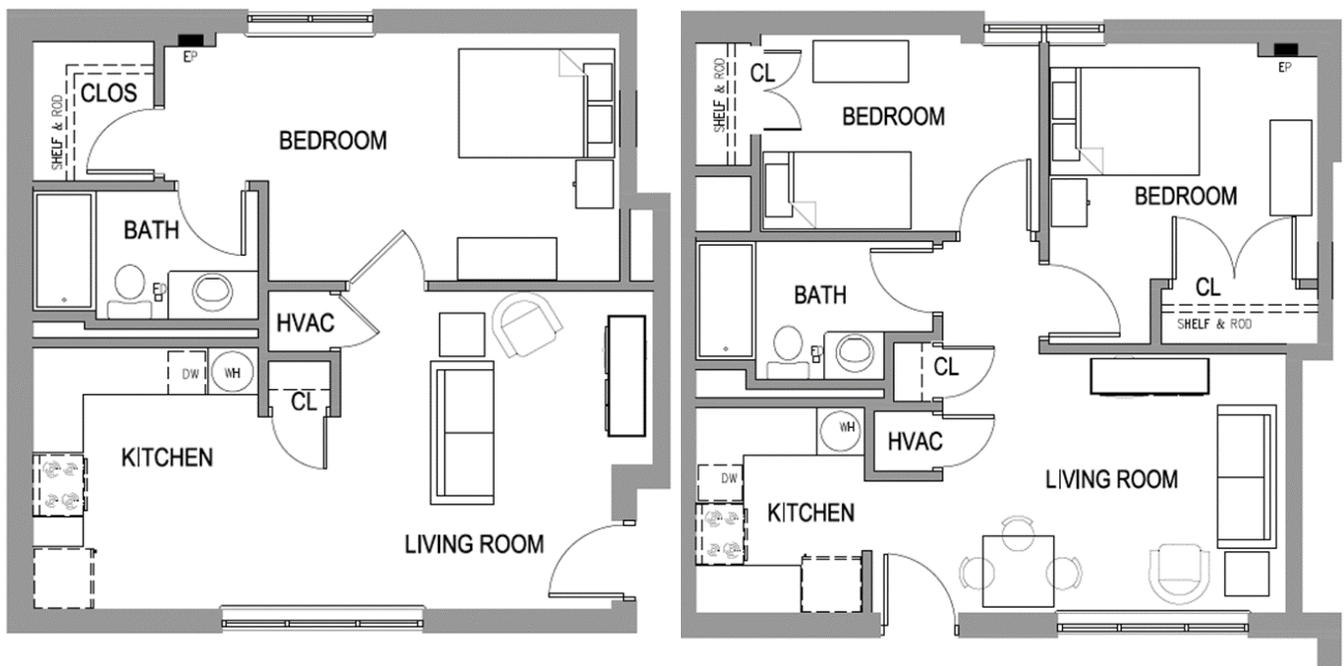
Employee	Estimated Days In On-Campus Housing Accommodations	Estimated Value of On-Campus Housing Accommodations
Employee #1	21	\$ 700.51
Employee #2*	215	\$ 16,918.20
Employee #3	30	\$ 773.26
Employee #4	48	\$ 1,852.09
Employee #5	24	\$ 795.03
Employee #6	34	\$ 1,124.18
Employee #7	213	\$ 5,762.57
Employee #8	7	\$ 216.41
Employee #9	60	\$ 2,921.41
Employee #10	141	\$ 3,924.23
Total Estimated Value of On-Campus Housing Accommodations:		<u>\$ 34,987.89</u>

*This employee was provided two on-campus housing accommodations to comply with maximum occupancy limits

2. THE FORMER EXECUTIVE DIRECTOR RECEIVED TWO ON-CAMPUS HOUSING ACCOMMODATIONS AND VIOLATED MAXIMUM OCCUPANCY LIMITS WHILE LIVING IN ON-CAMPUS HOUSING ACCOMMODATIONS

The former executive director received two on-campus housing accommodation units and violated maximum occupancy limits while living in on-campus housing accommodations. On January 1, 2022, TTU provided on-campus housing to the former executive director during his employment. The former executive director lived in campus housing from January 1, 2022, through August 4, 2022, and resigned from his position on January 3, 2023. To comply with maximum occupancy requirements, the office provided two on-campus apartments to house the former executive director, his spouse, and his three dependent children. The former executive director was assigned an on-campus one-bedroom apartment with a maximum occupancy of two residents, and an on-campus two-bedroom apartment with a maximum occupancy of three residents. See the on-campus apartment floorplans in **Exhibit 1**.

Exhibit 1



Floorplans for the on-campus apartments assigned to the former executive director

The former executive director initially told investigators that he and his oldest child lived in the one-bedroom on-campus apartment, and his spouse and two younger children lived in the two-bedroom on-campus apartment. However, the former executive director later admitted that his family (spouse and three minor children) lived in the two-bedroom on-campus apartment during their stay on campus. He stated that he stayed in the one-bedroom apartment six days a week and in the two-bedroom on-campus apartment with his family one night a week. He admitted that he later moved into the two-bedroom on-campus apartment.

Additionally, one office employee witnessed the former executive director using the one-bedroom on-campus apartment to store personal belongings.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the office's ongoing practice of providing on-campus housing accommodations to TTU employees at no charge. These deficiencies included:

Deficiency 1: Office staff failed to document employee on-campus housing accommodations

Office staff failed to document employee on-campus housing accommodations. Investigators interviewed office staff and both current and former TTU employees who received on-campus housing accommodations and determined that office staff did not:

- a. document the Executive Director's approval of the on-campus housing accommodations;
- b. document the TTU employees' move-in and move-out dates;
- c. require employees to submit a housing agreement or proof of rental insurance; and
- d. document the condition of the on-campus housing after the employees' move-out date.

Failure to document on-campus residential stays increases the risk that TTU student housing resources could be wasted or abused by TTU employees. Failure to document the condition of on-campus housing upon each resident's move-out increases the risk that damages will not be identified or properly charged to the correct former resident. Additionally, the failure to document on-campus residential housing assignments for employees and their families increases the risk of legal liabilities since there is no official record of move in dates, resident information, or signed housing agreements acknowledging any housing rules or regulations.

Furthermore, permitting employees, their spouses, and dependent minors to live in on-campus housing units adjacent to TTU students increases the risk of legal liability exposure. This practice not only risks displacing TTU students that would be eligible for housing assignments to these units, but also increases the risk of legal liabilities for any potentially improper or inappropriate conduct involving TTU students and the employee, a spouse, or dependent minors.

Deficiency 2: TTU officials did not report the value of on-campus housing accommodations on employees' federal tax forms

TTU officials did not report the value of on-campus housing accommodations on employees' federal tax forms. TTU financial officials told investigators that because office staff did not document or report on-campus housing accommodations to TTU's bursar or payroll offices, there were no financial records documenting the value of on-campus housing accommodations provided to TTU employees and their families. As a result, TTU officials did not report to the Internal Revenue Service (IRS) fringe benefits (monetary value of free housing and utilities) provided to employees. IRS regulations require an employer to report fringe benefits provided to an employee

as income on the employee's Forms W-2 or 1099-MISC. While the IRS allows exemptions to reporting housing as a portion of gross income for employees required to accept lodging on campus as a condition of employment, none of the TTU employees offered on-campus housing accommodations met the requirements for exemption. Failure to report employees' fringe benefits to the federal government increases the risk that benefits are not subjected to income tax, social security, and Medicare calculations.

Deficiency 3: The office's policy for non-student housing was not updated timely and did not reflect the office's practices

The office's policies and procedure for non-student housing was not updated timely and did not reflect the office's practices. The office documented its procedures for on-campus housing accommodations in its 2019-2020 *Residential Life Administrative Handbook* but failed to update the procedures in the subsequent academic years. Additionally, the procedures outlined in the handbook did not match the office's practices in providing on-campus housing to employees and their family. According to the handbook,

The Guest Apartment is available for rent by faculty and staff or other sponsored guests of the University unless it is booked for the period requested. The guest apartment is a one-bedroom, furnished apartment located in Jobe Hall.

The current rates [for the 2019-2020 academic year] are as follows: \$39.00 per night, \$200.00 per week or \$725.00 per month. The rates are subject to change each academic year. Payment for the rental term is due in full prior to checking into the apartment.

However, TTU office officials provided employees and employees' family members with larger, more expensive apartments and did not request payment for rent or utilities.

Office officials indicated that they have corrected or intend to correct these deficiencies.
