



**UNIVERSITY OF TENNESSEE-KNOXVILLE
SPORTS SURFACE MANAGEMENT**

Comptroller's Investigative Report
January 24, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

January 24, 2018

Mr. Joe DiPietro, President
Beverly Davenport, Chancellor
Phillip Fulmer, Director of Athletics
University of Tennessee at Knoxville
831 Andy Holt Tower
Knoxville, TN 37996

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the University of Tennessee-Knoxville – Sports Surface Management, and the results are presented herein.

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

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

University of Tennessee – Knoxville Sports Surface Management

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the University of Tennessee-Knoxville – Sports Surface Management. The University of Tennessee Department of Audit and Compliance notified the Comptroller’s Office of possible discrepancies after investigating a complaint related to an athletics department lease.

INVESTIGATIVE RESULTS

- **Director of sports surface management accepted travel and entertainment from a vendor of his department**

On at least two occasions in 2016, the director of sports surface management (director) accepted paid trips and related entertainment from a department vendor, a violation of university policy. Based on agendas obtained by investigators, both trips appeared primarily recreational in nature. The director traveled to Illinois for two days of golf beginning on August 7, 2016. [Refer to Exhibit 1.] Also, on November 10, 2016, the director participated in a golf scramble at the East Lake Golf Course in Georgia. The vendor provided lodging and air fare (when applicable), as well as the greens fees and other privileges, which exceeded \$75 for each trip. This vendor had previously been awarded a five-year equipment lease worth \$763,898 as noted later in this report.

The University of Tennessee’s employee gift acceptance policy prohibits university employees from accepting entertainment or any other gift exceeding \$75 in value. The director told investigators that he felt he was representing the University of Tennessee while he participated in these trips and that he used the opportunities to speak with manufacturing representatives about the use of field maintenance equipment. Further, he told investigators that he was unaware of the university policy that prohibited his acceptance of gifts.

- **Director of sports surface management failed to record leave while on recreational trips**

In April 2016, the director attended the Masters Golf Tournament in Augusta, Georgia, during the work week, but failed to record any personal leave. Although the director received an event pass for this tournament from a prospective vendor, the vendor’s records showed that the director reimbursed the vendor for the pass. The director was absent from work during that two-day trip, even though he recorded no leave on his university time records.

- **Athletics department officials accepted entertainment from a potential vendor of the University of Tennessee**

In 2014, two current University of Tennessee athletics department employees attended the Masters Golf Tournament in Augusta, Georgia, as guests of a potential vendor that was actively marketing its product to the university. The potential vendor provided the two University of Tennessee employees tournament tickets that granted them access to the hospitality venue, Berckmans Place, for one day during the tournament – a total value well in excess of \$75. The university ultimately did not purchase from that vendor. The University of Tennessee’s employee gift acceptance policy prohibits university employees from accepting entertainment or any other gift exceeding \$75 in value.

- **Restrictive requirements on bid request inhibited competition**

An athletics department request for quotation (RFQ) included mandatory requirements which ultimately excluded some vendors, effectively inhibiting competition. The athletic department submitted an RFQ to the University of Tennessee Purchasing Department (purchasing department) to purchase or lease 30 pieces of sports surface and golf facility maintenance equipment for the sports surface management department. At the request of the athletics department, the RFQ included mandatory requirements that the vendor be a franchise dealer for all the items on the list and that each vendor provide a price for every piece of equipment. Shortly after the RFQ was issued, one vendor expressed concern to the purchasing department about the restrictive nature of the mandatory requirements. Purchasing department staff proposed an addendum which would, along with other changes, remove the franchise dealer requirement. Although an addendum was issued, purchasing department officials stated that the franchise dealer provision was inadvertently left in the RFQ.

The purchasing department requested and received bids from three vendors. Only one of the three was a franchise dealer for all items on the equipment list and consequently was the only vendor to bid on every item. The purchasing department awarded the contract to the sole qualifying vendor on June 2, 2016, and signed a five-year equipment lease worth \$763,898 on August 8, 2016. The purchasing department had a process in place for unsuccessful bidders to protest the decision; however, none of the bidders formally protested the bid award.

Government officials hold a position of public trust and therefore must strive to hold themselves and their employees to the highest standards. Officials should not engage in any action, whether specifically prohibited by statute, regulation, or policy, which might result in or create the appearance of private gain, preferential treatment, or impeding government efficiency.

ADDITIONAL ISSUES

Our investigation revealed several deficiencies in processes, some of which contributed to the director’s and other athletics officials’ failure to abide by university policies:

- University officials failed to require and document periodic training related to the Employee Gift Acceptance Policy. Officials should consider an annual or periodic communication to athletics employees regarding this policy.
- Applicable officials did not adequately supervise or oversee some trips by university employees traveling on university time. All travel occurring during work time should be evaluated as to the benefit to the university and should be authorized in advance.

University of Tennessee officials indicated that they have corrected these deficiencies.

Exhibit 1



2016 ITINERARY

PACKAGE INCLUDES
Pro-Am playing privileges, golf outing at Davenport Country Club, all meals, VIP credentials for tournament access, and gift package.

Sunday, August 7

Arrive Moline (MLI) airport and take John Deere shuttle to the Isle Casino Hotel, Bettendorf, IA.
Recommend flight arrival by 4:00 PM to allow time for transportation & hotel check-in.

5:30 p.m.
Buses depart the Isle hotel for Deere & Company World Headquarters (evening attire is business casual)

6:00 p.m.
Welcome remarks and presentation in the auditorium

6:30 p.m.
Dining event at Deere & Company World Headquarters

8:45 p.m.
Buses depart Deere & Company World Headquarters for the Isle hotel

Monday, August 8

9:00 a.m.
Breakfast and pairings lottery at the Waterfront Convention Center (Golf clubs will be collected in the hotel lobby each morning. On Monday we will utilize the convention center which is conveniently located next door to the hotel).

10:15 a.m.
Buses depart hotel for TPC Deere Run

10:45 a.m.
Warm-up

11:30 a.m.
Players meet forecaddies at their carts staged behind the TPC Clubhouse

12:00 p.m.
Shotgun start for Monday Pro-Am

Tuesday, August 9

6:30 a.m.
Breakfast at the Isle hotel

7:30 a.m.
Buses depart for Davenport Country Club

8:45 a.m.
Shotgun start at Davenport Country Club for the John Deere Classic Charity Scramble

1:00 p.m.
Awards luncheon in the clubhouse immediately following play.

2:15 p.m.
Buses depart for both the Moline airport & the Isle hotel.

Players departing Tuesday evening: We recommend flight departure at 4:00 PM (or later) to allow time for transportation and airport security policies.

Wednesday, August 10

John Deere shuttle from the Isle hotel to Moline airport will be made available throughout the morning based on scheduled flight departures. Breakfast coupons can be used at Calypso's Buffet from 7:00 – 10:00 a.m.

**JOHN DEERE
CLASSIC**