



COMPTROLLER'S INVESTIGATIVE REPORT

Middle Tennessee State University Office of International Affairs

July 30, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

July 30, 2019

Dr. Sidney McPhee, President
Middle Tennessee State University
1301 East Main Street
Murfreesboro, TN 37132

Dr. McPhee:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Middle Tennessee State University - Office of International Affairs, 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 16th Judicial District, 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/MLC

INVESTIGATIVE REPORT

Middle Tennessee State University Office of International Affairs

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Middle Tennessee State University Office of International Affairs. The investigation was initiated after officials in that department became suspicious of an employee's travel invoices. The Middle Tennessee State University Audit and Consulting Services personnel provided vital assistance throughout the investigation. The results of the investigation were communicated with the Office of the District Attorney General of the 16th Judicial District.

BACKGROUND

Middle Tennessee State University (MTSU), located in Murfreesboro, is one of the largest public universities in Tennessee, with an undergraduate enrollment of approximately 20,000 students. MTSU's Office of International Affairs recruits international students for potential admission to MTSU. To fulfill this responsibility, the Office of International Affairs employed a recruiter who traveled extensively to Asia, South America, the Middle East, and other locations to actively recruit students.



RESULTS OF INVESTIGATION


1. FORMER MTSU INTERNATIONAL RECRUITER ARYO HASNUGUNG MISAPPROPRIATED MTSU FUNDS TOTALING AT LEAST \$39,750

From August 2012 through June 2016, MTSU's international recruiter Aryo Hasnugung misappropriated MTSU funds totaling at least \$39,750. Hasnugung perpetrated his scheme by claiming and receiving travel reimbursements to which he was not entitled. The investigation revealed that Hasnugung fabricated or altered at least 34 invoices and submitted them to MTSU to justify payments he received for travel advances and/or travel reimbursements. His submission of fraudulent documentation effectively concealed his scheme. Hasnugung falsified and submitted at least one additional invoice for \$600; however, MTSU officials identified this fraudulent document and did not reimburse the claimed expense.

Hasnugung’s duties included traveling internationally to recruit students on behalf of MTSU’s Office of International Affairs. To facilitate the trips, Hasnugung routinely requested and received travel advances from the university. Following each trip, Hasnugung submitted a travel claim to university officials, including a summary of his expenses along with related supporting documentation. These expenses included lodging and meals, as well as other miscellaneous costs. Additionally, Hasnugung claimed to have incurred expenses such as fees for translating services and college fairs. He also received reimbursements from the university for travel-related expenses he claimed to have paid with personal funds.

Investigators determined that Hasnugung fabricated and remitted to MTSU officials at least 35 false invoices for miscellaneous costs to justify travel-related advances and/or reimbursements. Investigators confirmed with vendors that these invoices submitted by Hasnugung were not authentic. [Refer to Exhibit 1 and 2]. Vendors also confirmed that MTSU and MTSU personnel were neither charged for, nor paid for, the services listed on the fraudulent invoices. Furthermore, a forensic computer analysis performed by Comptroller staff revealed that at least some of the invoices Hasnugung submitted as part of his fraudulent travel claims were altered using his MTSU computer. [Refer to Exhibits 1 and 2].

Exhibit 1



EducationUSA Thailand
C/o ACE The Academy for Education USA
21, Soi 9, Nimmanhaemin Road
Chiang Mai, 50200, Thailand

No R-1268-114/2589
Date: February 9, 2014

Receive from

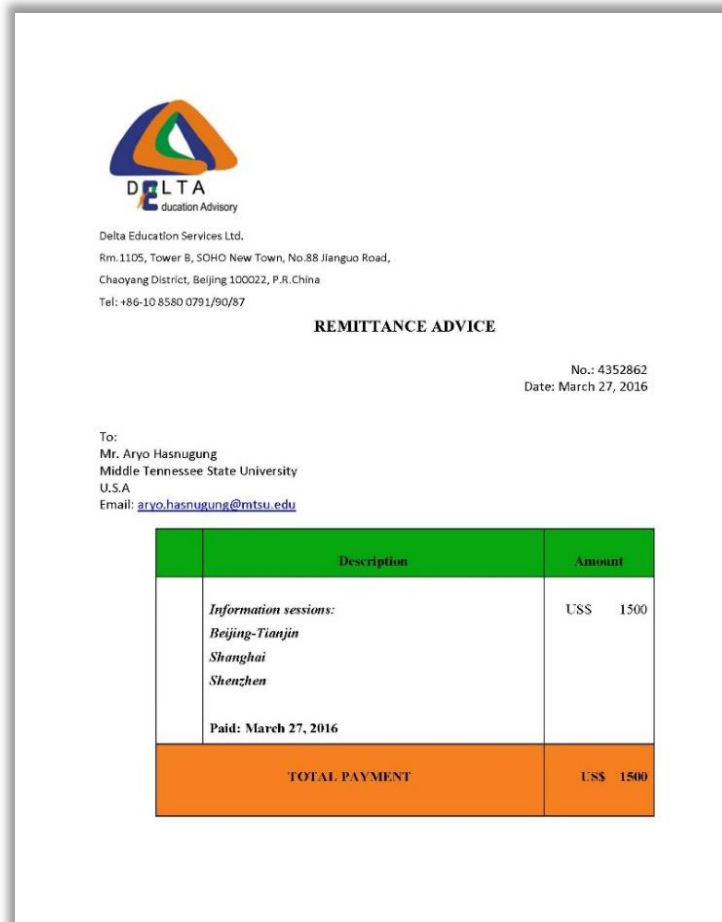
Mr. Aryo Hasnugung
Coordinator of Intl Recruitment
Middle Tennessee State University
1500 Greenland Drive
Murfreesboro, Tennessee 37132, USA
Email: aryo.hasnugung@mtsu.edu
Fax: 1-615-494-8935

	Description	Amount
1	School visits arrangements; Chiang Mai, Bangkok	\$ 750
2	Translator fees; Thailand, Cambodia, Myanmar, Vietnam	\$ 1,000
3	School visits arrangements; Cambodia, Myanmar, Vietnam	\$ 750
TOTAL PAYMENT		\$ 2,500

Thank you for the cooperation

Fraudulent invoice edited on Hasnugung’s computer and submitted for reimbursement

Exhibit 2



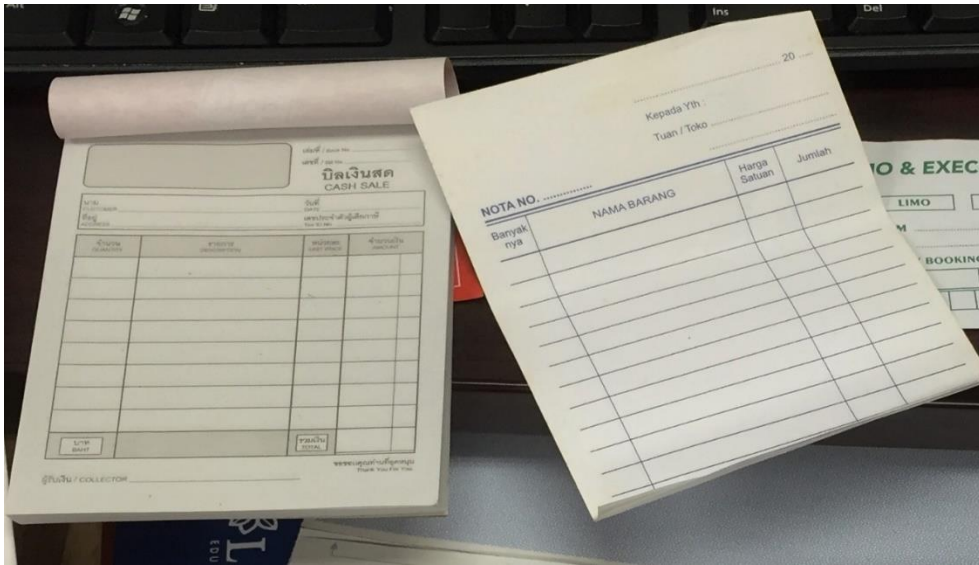
Fraudulent invoice edited on Hasnugung’s computer and submitted for reimbursement

Hasnugung acknowledged to MTSU Audit and Consulting staff that he submitted at least 6 fraudulent invoices for reimbursement. MTSU terminated Hasnugung’s employment on June 7, 2016.

2. FORMER INTERNATIONAL RECRUITER ARYO HASNUGUNG SUBMITTED OTHER QUESTIONABLE DOCUMENTATION TOTALING AT LEAST \$5,010

In addition to the false invoices discussed in Result 1, investigators discovered other suspicious documents that Hasnugung submitted to MTSU, and for which he received reimbursements totaling at least \$5,010. These suspicious documents included purported charges and payments for transportation, lodging, and miscellaneous expenses, and were manually written in handwriting that closely resembled Hasnugung’s. These questionable documents often lacked letterhead or company logos and included factual inaccuracies. For example, on one document the date of expense was not within the period of the related travel. Although these documents did not appear to be legitimate, investigators were unable to confirm with the related vendors that they were fraudulent. After the university terminated Hasnugung’s employment, MTSU officials found various blank expense documents, including a pad of blank receipts, in his office on the MTSU campus. [Refer to Exhibit 3].

Exhibit 3



Blank receipts located in Hasnugung’s MTSU campus office

On May 6, 2019, the Rutherford County Grand Jury indicted Aryo Hasnugung on one count of Theft over \$10,000, one count of Forgery over \$10,000, one count of Criminal Simulation over \$10,000 and one count of Official Misconduct.

[Middle Tennessee State University – Office of International Affairs Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Comptroller’s investigation revealed a deficiency in internal controls and compliance.

Deficiency 1: University officials improperly reimbursed meal per diem to former international recruiter

University officials improperly reimbursed international recruitment tour meal per diem expenses to the former international recruiter, even though the recruitment tour registration fees included meals. The MTSU comprehensive travel regulations prohibit a separate meal per diem claim for employees when meals are included as part of the registration fees. To prevent payment of unallowed expenses, officials should require documentation of all registration fees, including details of what items and services those fees include.