



## COMPTROLLER'S INVESTIGATIVE REPORT

### Eaton Elementary School

*August 23, 2019*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JUSTIN P. WILSON  
*Comptroller*

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*Deputy Comptroller*

August 23, 2019

Loudon County School Board  
100 River Road  
Loudon, TN 37774

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Eaton Elementary School, 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 9th 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

## Eaton Elementary School

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the National School Lunch Program at Eaton Elementary School. The investigation was limited to selected records for the period of August 8, 2017 through May 18, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 9<sup>th</sup> Judicial District.

### BACKGROUND



The Eaton Elementary School (EES) is in Lenoir City, Tennessee, and is one of five elementary schools operated by the Loudon County Board of Education in Loudon, Tennessee.

EES provides eligible students free and reduced meals through the School Breakfast Program (SBP) and the National School Lunch Program (NSLP). These federally funded meal programs operate in public and nonprofit private schools as well as residential childcare institutions. Meal programs assist in providing nutritionally balanced, low-

cost or free meals to children each school day. Schools that take part in meal programs receive cash subsidies in the form of meal reimbursements from the United States Department of Agriculture (USDA).

### RESULTS OF INVESTIGATION

#### 1. LOUDON COUNTY SCHOOLS RECEIVED USDA MEAL REIMBURSEMENTS FOR SEVERAL STUDENTS WHO WERE ACTUALLY ABSENT

Investigators determined that Loudon County Schools received meal reimbursements totaling \$1,500.39 for meals reflected as served to absent students. Investigators reviewed the daily attendance and meal history transactions of each student on the free eligibility list for the period August 8, 2017 through May 18, 2018. For that period, 162 breakfasts and 351 lunches were charged to a free eligible child's account when attendance records indicated the child was absent. This resulted in the Loudon County School District receiving excess

reimbursements totaling \$1,500.39, calculated at the USDA reimbursement rate of \$2.09 for breakfast and \$3.31 for lunch. The combined 513 breakfast and lunch meals incorrectly charged to the USDA, averaged approximately 2.8 meals per day based on Tennessee's minimum 180 school days.

The cafeteria manager was responsible for the daily operations of the cafeteria at EES. Cafeteria collections were from classrooms and at the point of sale. The school cafeteria cashier advised that the cafeteria manger sometimes gave her a list of students to enter into the system as eating and then she disposed of the list. However, the cafeteria manger denied providing a list to the cashier. Further, she stated they provided meals to students who were obviously not getting enough to eat.

Both the cafeteria manager's and cafeteria cashier's employment were terminated as a result of these false meal claims.

School officials have contacted USDA to report the event and determine what resolution they require.

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## INTERNAL CONTROL DEFICIENCY

Our investigation revealed the following internal control deficiency:

**Deficiency 1: Collections were not properly documented**

There were no prenumbered receipts, collection logs, or other documentation available to account for the total amount of cash that was received by the cafeteria. Classroom teachers were not required to prepare a collection log or other collection record documenting collections made and remitted to the cafeteria. Additionally, the school bookkeeper failed to count cafeteria collections from teachers and issue receipts at the time the collections were remitted. Teachers or students would deliver cafeteria collections to the school bookkeeper, the cafeteria manager or the cafeteria cashier.

School officials indicated that they have corrected or will correct this deficiency.

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