



COMPTROLLER'S INVESTIGATIVE REPORT

Hamilton County Schools Department of Transportation

May 10, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 10, 2024

Hamilton County Schools
3074 Hickory Valley Road
Chattanooga, TN 37421

Hamilton County Schools Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Hamilton County Schools Department of Transportation, 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 11th 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

Hamilton County Schools Department of Transportation

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Hamilton County Schools Department of Transportation. The investigation was initiated after Hamilton County Schools officials reported that the former Department of Transportation manager used his work-assigned vehicle to work for a commercial food delivery service. The investigation was limited to selected records for the period March 20, 2017, through June 30, 2022. The results of the investigation were communicated with the office of the District Attorney General of the 11th Judicial District.

BACKGROUND

Hamilton County Schools operates a Department of Transportation (department). The department delivers more than 20,000 students to and from school each day. There are 251 daily school bus routes covering Hamilton County: 23,000 miles each day and 4.0 million miles annually. The department's mission is to provide safe and efficient daily transportation to and from school.

David Eaves was employed by the department as the transportation manager from March 20, 2017, through June 3, 2022. Eaves was responsible for overseeing and directing the department's day-to-day operations and was required to be either at the department's office or at one of the Hamilton County schools checking on school bus operations. As transportation manager, Hamilton County Schools issued Eaves a work-assigned vehicle for the duration of his employment. Eaves signed a Hamilton County Schools vehicle use policy that disallowed personal use of his work-assigned vehicle.



Eaves admitted to Hamilton County Schools officials that he used his work-assigned vehicle to work for a commercial food delivery service, after which officials suspended Eaves and placed him on unpaid administrative leave as of May 19, 2022. On June 3, 2022, while still on suspension and unpaid administrative leave, Eaves requested early retirement. Hamilton County Schools officials approved Eaves' request for early retirement, effective July 1, 2022.

RESULTS OF INVESTIGATION

1. FORMER TRANSPORTATION MANAGER DAVID EAVES MISAPPROPRIATED AT LEAST \$18,368.19

Former transportation manager David Eaves misappropriated at least \$18,368.19 from Hamilton County Schools when he performed work for commercial food delivery and rideshare services on at least 933 occasions during Hamilton County Schools' work hours. During the scope of this investigation, Eaves spent at least 23,914 minutes, which is equivalent to approximately 399 hours, or 11 weeks, driving for commercial food delivery and rideshare services and not performing the duties for which he was paid by Hamilton County Schools.


Summary of Time Misappropriation		
Commercial Food Delivery/Rideshare Service	Time in Minutes	Value of Time
Uber Eats	10,903	\$8,512.04
Door Dash	9,279	\$7,262.70
Uber	2,283	\$1,565.13
Lyft	<u>1,449</u>	<u>\$1,028.32</u>
Total	<u>23,914</u>	<u>\$18,368.19</u>

Eaves admitted to Hamilton County Schools officials that he used his work-assigned vehicle for eight months to make commercial food deliveries. However, rideshare and commercial food delivery records revealed that Eaves began commercial food delivery and rideshare services during Hamilton County Schools' work hours on Monday, March 20, 2017, the first day he was employed with Hamilton County Schools.

2. EAVES USED HIS WORK-ASSIGNED VEHICLE TO PERFORM COMMERCIAL FOOD DELIVERY SERVICES

Eaves used his work-assigned vehicle to perform commercial food delivery services for personal benefit. Hamilton County Schools officials questioned Eaves after they received allegations that a man was picking up food deliveries in a county-owned vehicle. The allegations contained a license plate number that corresponded to Eaves's work-assigned vehicle. Eaves admitted to Hamilton County Schools officials that he had used his work-assigned vehicle for commercial food deliveries. Upon his date of hire with Hamilton County Schools, Eaves signed a Hamilton County Schools vehicle use policy that explicitly prohibited the personal use of work-assigned vehicles (**Refer to Exhibit 1**).

Exhibit 1

 HAMILTON COUNTY DEPARTMENT OF EDUCATION
3074 Hickory Valley Road
Chattanooga, TN 37421
423.209.8530 • Fax 423.209.8531

HAMILTON COUNTY DEPARTMENT OF EDUCATION

Vehicle Usage Policy:

Some employees are assigned vehicles, which they are allowed to drive home. This is based according to job assignments and the necessity to be called in on emergencies after hours and on weekends. Not all employees will be assigned a take-home vehicle.

No personal use of these vehicles will be allowed. The employees assigned this privilege are to proceed directly from home to their job site and from their last job assignment home. At no time are vehicles to be used for personal use. Only Hamilton County Department of Education employees are to be transported in said vehicles.

I fully understand the policies for Vehicle Usage for the Hamilton County Department of Education. I also understand that documented abuse of the vehicle will eliminate all driving privileges.

Signed: Dal Eaves
Date: 3/20/17

Hamilton County Schools' vehicle use policy signed by Eaves

3. EAVES MADE AT LEAST \$1,475.91 IN QUESTIONABLE FUEL PURCHASES USING HAMILTON COUNTY SCHOOLS FUNDS WHILE PERFORMING COMMERCIAL FOOD DELIVERIES

Eaves made at least \$1,475.91 in questionable fuel purchases using Hamilton County Schools funds while performing commercial food deliveries. Investigators compared Hamilton County Schools fuel records to Eaves' commercial food delivery records and found that on at least 44 occasions, Eaves purchased fuel using his work-assigned fuel card while performing commercial food deliveries. As a result, investigators question at least \$1,475.91 in fuel purchases Eaves made while driving for commercial food delivery services. Investigators were unable to determine if Eaves was purchasing fuel for his work-assigned vehicle or his personal vehicle.

On May 7, 2024, the Hamilton County Grand Jury indicted David B. Eaves on one count of Theft over \$10,000, one count of Forgery over \$10,000, one count of Violation of the Tennessee Personal and Commercial Computer Act of 2003 over \$10,000, one count of Destruction of and Tampering with Government Records, and one count of Official Misconduct.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Hamilton County Schools Department of Transportation Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance, some of which contributed to Eaves’s ability to perpetrate his misappropriation without prompt detection:

Deficiency 1: Hamilton County Schools officials failed to provide adequate oversight of Eaves’s duties

Hamilton County Schools officials failed to provide adequate oversight of Eaves’s duties, responsibilities, work hours, and attendance. Officials’ failure to adequately oversee Eaves’s performance directly resulted in Eaves’s ability to perpetrate misappropriation and allowed him to receive benefits to which he would not otherwise be entitled.

Deficiency 2: Hamilton County Schools officials failed to provide adequate oversight of Eaves’s fuel use

Hamilton County Schools officials issued fuel cards to select department employees to fuel their work-assigned vehicles. When purchasing fuel for work-assigned vehicles, the employee would scan their fuel card and a personal identification number to document the purchase and then enter their work-assigned vehicle odometer readings that captured miles/hours per gallon. However, Hamilton County Schools did not have a process to reconcile fuel purchases and did not require department employees to document where they traveled. Officials should design and implement a process to reconcile fuel purchases on a monthly basis to reduce the risk of fuel being misused or misappropriated.

Deficiency 3: Hamilton County Schools’ policies did not address the payment of accumulated leave to suspended employees

As noted above, Hamilton County Schools officials suspended Eaves and placed him on unpaid administrative leave on May 19, 2022. Despite Eaves’ admission that he misused his work-assigned vehicle, and under investigation by the Tennessee Comptroller’s Office, officials approved Eaves’ retirement request and disbursed a payment of \$7,682.68 to Eaves for his accumulated vacation and sick leave.

Value of Leave Paid to Eaves	
Sick Leave	\$1,133.75
Vacation Leave	<u>\$6,548.93</u>
Total Paid to Eaves	<u>\$7,682.68</u>

Retiring from Hamilton County Schools may result in significant payouts to the retiring employee, but Hamilton County Schools’ policies did not provide guidance regarding the approval of

retirement requests for suspended employees. According to Hamilton County Schools' *Classified Employee Handbook*, "If an employee is terminated for cause, the employee loses all accumulated sick leave." According to Hamilton County School Board's *School Board Operations* policy, "Upon retirement employees shall be reimbursed at his/her daily rate for all unused vacation days." The policy also states, "In recognition of faithful attendance over the course of an employee's career, the Board will pay a loyalty bonus of unused sick leave day(s) accrued by an employee at the time of his or her retirement." Hamilton County Schools officials should update their policies to address reimbursement of accrued leave to suspended employees.
