



**ONEIDA SPECIAL SCHOOL DISTRICT  
FOOD SERVICE**

**Comptroller's Investigative Report**  
August 23, 2017

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**Justin P. Wilson, Comptroller**





STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

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August 23, 2017

Director of Schools and Members  
of the School Board  
Oneida Special School District  
195 North Bank Street  
Oneida, TN 37841

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Oneida Special School District – Food Service, 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,

Justin P. Wilson  
Comptroller of the Treasury

JPW/RAD

# INVESTIGATIVE REPORT

## Oneida Special School District Food Service

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Oneida Special School District's (OSSD) Food Service Director. The OSSD Director of Schools notified the Comptroller's Office after becoming concerned during budget preparations about unusual purchases made using food service funds. On March 15, 2017, the director of schools placed the food service director on paid administrative leave pending a complete investigation.

### INVESTIGATIVE RESULTS

- **Former OSSD Food Service Director Verna Wright misappropriated school funds totaling at least \$60,532 by paying for personal purchases with OSSD Food Service funds.**

During the period July 2011 through March 2017, Verna Wright, former OSSD Food Service Director, misappropriated at least \$60,532 from the school district.

School district officials allowed the former food service director to use her personal credit cards to make purchases and pay these personal credit card balances with food service funds without providing adequate documentation to support or justify purchases. The investigation revealed that Ms. Wright made numerous purchases with OSSD funds that did not benefit the OSSD's Food Service operations or the school district in general. These purchases included eight computers, three iPads, and eight iPods, none of which she kept on school property.

Ms. Wright's fraudulent purchases also included excessive quantities of certain items that were not appropriate for food service activities. For instance, she purchased more than 110 phone cases and decorations for Samsung cell phones at a cost to the school system of more than \$1,400. Most of these items were never removed from their packaging. [Refer to Exhibit 1.] Ms. Wright also used school system money totaling over \$2,500 to purchase more than 65 Vera Bradley designer bags. Ms. Wright purchased various electronic and entertainment items inappropriate for food service, including

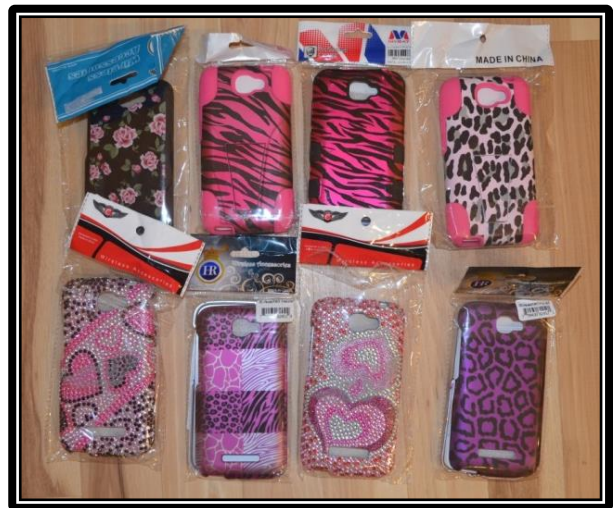


Exhibit 1

DVD/VCR recording devices and players, DVD movies, Dyson bladeless fans, and a Bose Wave Music System. [Refer to Exhibits 2 and 3.]

**Exhibit 2**

**QVC Order Detail**


We made some changes! See details

<b>Bill-To</b> VERNA WRIGHT ONEIDA SCHOOL CAFETERIA 195 N BANK ST ONEIDA, TN 37841-2702	<b>Ship-To</b> VERNA WRIGHT ONEIDA SCHOOL CAFETERIA 195 N BANK ST ONEIDA, TN 37841-2702 <a href="#">Edit Ship-to Address</a>	<b>Payment Information</b> Check / Money Order <a href="#">Edit Payment Information</a>	<b>Sub Total:</b> \$299.94 <b>Total S&amp;H:</b> \$0.00 <b>Total Tax:</b> \$0.00 <b>Order Total:</b> \$299.94
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Order Number: [REDACTED]      Order Date: 05/03/2015

**In Stock Items**

V33314



Dyson Bladeless Fan purchased by Ms. Wright in May 2015 from QVC. Ms. Wright apparently stored the fan in her basement. She returned the fan nearly two years later, after being placed on administrative leave in March 2017, unused in an unopened box.

Status	Gift Option	Price	Quantity	S&H	Tax	Total
CHECK: 05/03/2015 Standard Delivery		\$299.94 (save \$0.00)	1	FREE	\$0.00	\$299.94

**Exhibit 3**

**QVC Order Detail**


We've made some changes! See details

<b>Bill-To</b> VERNA WRIGHT 195 N BANK ST ONEIDA, TN 37841-2702	<b>Ship-To</b> VERNA WRIGHT 195 N BANK ST ONEIDA, TN 37841-2702 <a href="#">Edit Ship-to Address</a>	<b>Payment Information</b> Visa [REDACTED] Exp: 05/17 <a href="#">Edit Payment Information</a>	<b>Sub Total:</b> \$449.95 <b>Total S&amp;H:</b> \$5.94 <b>Total Tax:</b> \$42.17 <b>Order Total:</b> \$498.06
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Order Number: [REDACTED]      Order Date: 04/23/2015

**In Stock Items**

E226519



Bose Wave Music System purchased by Ms. Wright in April 2015 from QVC. Ms. Wright apparently stored the Bose system in her basement. She returned the system nearly two years later, after being placed on administrative leave in March 2017, unused in an unopened box.

Status	Gift Option	Price	Quantity	S&H	Tax	Total
IN PROCESS: 04/24/2015 UPS Ground		\$449.95 (save \$0.00)	1	\$5.94	\$42.17	\$498.06

In addition, Ms. Wright purchased some items related to food preparation, such as a crock pot and food processors. However, they were not appropriate for use on a commercial scale required at a school cafeteria.

The purchases that investigators identified as not for the benefit of the school were neither being used for school purposes nor kept on school property. [**Refer to Property kept in Ms. Wright's basement below.**] Further, the vendors Ms. Wright used for many of these purchases, including the Home Shopping Network, QVC, and The Pampered Chef, were not typical school cafeteria vendors. School records indicated that Ms. Wright charged most of these purchases to her personal credit cards and then used food service funds to pay her credit card bills.

Property kept in Ms. Wright's basement

During an interview on April 27, 2017, Ms. Wright told Comptroller investigators that she purchased numerous items that were not for the benefit of the OSSD food service program. She related that over the years her job responsibilities had steadily increased and this, coupled with some significant personal issues, caused her to make "stress" purchases. Ms. Wright maintained that she intended to use some of the items she purchased at the school cafeterias. She acknowledged, however, that she had not used most of the items for the benefit of the school district, and many items she had bought with school funds were in her basement. From the date that Comptroller investigators interviewed her, and over the next five weeks, Ms. Wright returned several carloads of items, including: computers, cell phones and cell phone accessories, televisions, DVD/VCR recording devices and players, bladeless fans, and vacuum cleaners. Almost all the items were unused, and most were still in their original packaging. Some of these items had been purchased up to five years prior to Ms. Wright being placed on administrative leave in March 2017.

Forensic examination of purchased computers

Ms. Wright advised Comptroller investigators that the computers she had purchased were not on school property, but rather were at her home or with various family members. When Ms. Wright returned those computers to the school, Comptroller staff performed a forensic examination of the current and deleted files, programs, and internet browsing history on some of these devices. The devices examined showed either no or negligible official or permissible use on behalf of the Oneida Special School District.

Ms. Wright's contract of employment with Oneida Special School District was allowed to expire on June 30, 2017.

These matters were referred to the local district attorney general. In August 2017, the Scott County Grand Jury indicted Verna Wright on one count of Theft of Property over \$60,000 and one count of Official Misconduct.

## **ADDITIONAL ISSUES**

Our investigation revealed significant deficiencies in financial processes that contributed to the former food service director's ability to perpetrate her misappropriation without prompt detection. These financial process deficiencies included:

- School district officials failed to separate incompatible financial duties or to provide increased oversight when appropriate. The former food service director had custody of the food service checkbook, prepared checks, and signed or stamped a signature on OSSD Food Service checks. Ms. Wright was the only official who reviewed food service bank statements and invoices, which allowed her fraudulent scheme to continue undetected for several years.
- School district officials failed to require the former food service director to present for authorization a properly prepared purchase order prior to the initiation of a purchase. Purchase orders contained vague or no information about the goods requested and were not supported by quotes or purchase estimates.
- The director of schools failed to develop or implement disbursement and cash management procedures to ensure compliance with food service laws and regulations, including federal grant requirements. School district officials also failed to create a listing of approved vendors for the food service program. This permitted the former food service director to purchase a multitude of items from vendors that did not sell items related to cafeteria operations.

Oneida Special School District officials have indicated they have corrected or intend to correct these deficiencies.