



## COMPTROLLER'S INVESTIGATIVE REPORT

### Overton County School Department

*November 13, 2024*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

November 13, 2024


Overton County Schools  
302 Zachary Street  
Livingston, TN 38570

Overton County Schools Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Overton County School Department, 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 13<sup>th</sup> 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,



Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Overton County School Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Overton County School Department. The investigation was initiated due to the audit findings from the fiscal year 2021 annual audit conducted by the Comptroller's Office Division of Local Government Audit. The investigation was limited to selected records for the period November 1, 2018, through June 30, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 13<sup>th</sup> Judicial District.

### BACKGROUND



The Overton County School Department (OCSD) has a central office located in Livingston, Tennessee and serves eight schools. The OCSD is managed by a director of schools and a board of education. The central office has multiple employees, including a budget director. The budget director reports to the director of schools and is responsible for directing business programs and financial services for the OCSD, which includes providing direction and support, maximizing the use of funds, and ensuring operations are within budget. During the period reviewed, the budget director's position was a salaried position required to work eight-hour days and eligible to earn compensatory time for hours worked exceeding forty hours per week. Compensatory time is paid time off that is earned and accumulated in lieu of overtime pay. Shortly after the former budget director resigned on June 30, 2021, she received a payment of \$19,177 for her remaining compensatory time balance.

## RESULTS OF INVESTIGATION

### **1. OVERTON COUNTY SCHOOL DEPARTMENT OFFICIALS PERMITTED QUESTIONABLE TIME REPORTING PRACTICES, RESULTING IN AN INFLATED COMPENSATORY TIME BALANCE FOR THE FORMER BUDGET DIRECTOR**

#### **A. Under the direction of the former director of schools, the former budget director double-counted hours worked**

The former budget director double-counted hours worked, resulting in an inflated compensatory time balance. Under the direction of the former director of schools, during the COVID-19 quarantine from April 2020 through June 2020, central office employees were required to come into the office on a rotating basis. Some employees were instructed to claim both regular and compensatory time as earned for the hours they were physically present. Other employees whose job functions were deemed less critical were instructed to claim only their regular time worked. Under the current director of schools, all central office employees who had been instructed to claim compensatory time when physically in the office during the COVID-19 quarantine returned their resulting compensatory time, except for the former budget director.

In April, May, and June 2020, the former budget director reported 224.5 compensatory time hours earned, resulting from the double-counting practice. Based on the pay scale at the time of employment, the hours of double-counted compensatory time totaled \$4,341.83 and represented approximately 22.5% of the payment the former budget director received after resigning.

The former budget director told investigators she believed physically going into the office to work while others worked from home was going above and beyond. Furthermore, the former budget director stated she was not asked to return the 224.5 compensatory hours accrued.

#### **B. The former Overton County School Department budget director failed to report lunch breaks**

The former budget director failed to report when she took lunch breaks from November 1, 2018, to June 30, 2021, resulting in an inflated compensatory time balance. Investigators found no existing written lunch break policy for OCSD central office employees. Employees are not required to record lunch breaks on their timesheets, nor do timesheets have a section for reporting lunch breaks. OCSD central office employees were allowed a flexible work schedule if employees worked their required hours and completed their assigned duties. Employees were also allowed a flexible lunch break schedule, typically thirty minutes to an hour. Additionally, investigators found that OCSD central office employees were permitted to work through their lunch breaks based on how busy their daily operations were. Office policy did not require employees to take abbreviated lunch breaks or work through lunch breaks, but they could choose to do so.

In reviewing records, investigators found that the former budget director reported 450 out of 633 days in which a lunch break was not notated on her timesheet. On these days, the total hours worked did not include a lunch break calculation. A workday of more than eight hours is considered compensatory time earned. For example, in the span of one work week (five business days), the former budget director's timesheet would reflect five hours of compensatory time earned (**Refer to Exhibit 1**). When investigators showed the former budget director her own timesheets, she was unable to distinguish between days in which she took an abbreviated lunch break or worked through her lunch break versus days in which a full lunch break was taken. She also stated that her lunch breaks were about thirty minutes when she did take them.

**Exhibit 1**

Sat / Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Total
					Time In: 7:30 Out: 4:30 Total Hrs. Worked: 9	9
2 3	Time In: 4:30 Out: 4:30 Total Hrs. Worked: 7	Time In: 5:30 Out: 4:30 Total Hrs. Worked: 9	Time In: 6:30 Out: 3:30 Total Hrs. Worked: 8	Time In: 7:30 Out: 4:30 Total Hrs. Worked: 9	Time In: 8:30 Out: 2:30 Total Hrs. Worked: 7	42
9 10	11 (Break) Time In: 5:00 Out: 5:00 Total Hrs. Worked: 0	12 (Break) Time In: 5:00 Out: 5:00 Total Hrs. Worked: 0	13 (Break) Time In: 5:00 Out: 5:00 Total Hrs. Worked: 0	14 (Break) Time In: 5:00 Out: 5:00 Total Hrs. Worked: 0	15 (Break) Time In: 5:00 Out: 5:00 Total Hrs. Worked: 0	32
16 17	18 Time In: 7:00 Out: 3:30 Total Hrs. Worked: 6 1/2	19 Time In: 7:30 Out: 3:30 Total Hrs. Worked: 6 1/2	20 Time In: 7:30 Out: 4:00 Total Hrs. Worked: 8 1/2	21 Time In: 7:15 Out: 4:00 Total Hrs. Worked: 8 1/4	22 Time In: 7:30 Out: 3:30 Total Hrs. Worked: 8	41 3/4
23 24	25 Time In: 7:15 Out: 3:30 Total Hrs. Worked: 8 1/4	26 Time In: 7:15 Out: 4:00 Total Hrs. Worked: 8 1/4	27 Time In: 7:15 Out: 4:00 Total Hrs. Worked: 8 1/4	28 Time In: 7:15 Out: 3:30 Total Hrs. Worked: 8 1/4	29 Time In: 7:30 Out: 4:30 Total Hrs. Worked: 9	43
30 31						

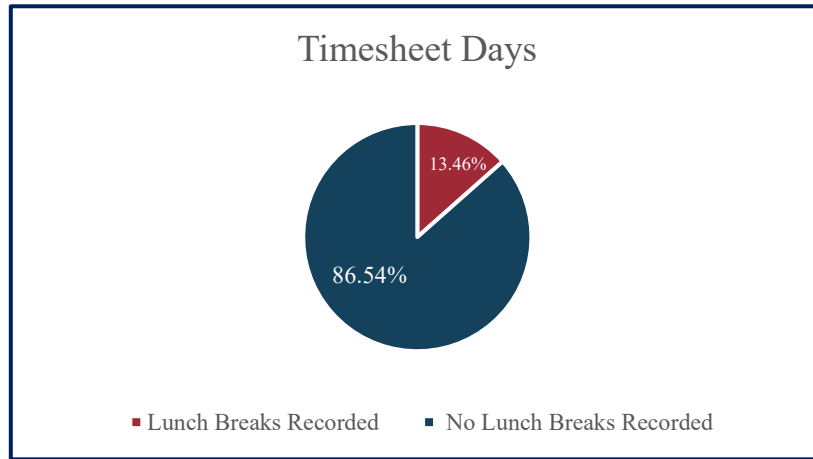
***The former budget director's timesheet for  
March 2019***

The former budget director did not record a lunch break for 86.54% of her reported workdays during the period reviewed (**Refer to Exhibit 2**). Investigators were unable to determine on which days a lunch break was taken, resulting in 450 days that included questionable time worked. The failure to accurately document lunch breaks resulted in an inflated compensatory time balance that accumulated over multiple years. Recognizing that employees were permitted to work through lunch, and policy did not require employees to document lunch breaks on timesheets, investigators analyzed the range of potentially inflated compensatory time balances. Depending on how a lunch break was or was not calculated on a given day (thirty minutes versus an hour lunch break), the former budget director reported between 225 to 450 compensatory hours earned. Based on her pay scale at the time of employment, the compensation for the hours of unrecorded lunch breaks would have totaled \$4,351.50 to \$8,703 and represented 22.5% - 45% of the payment the former budget director received after resigning. Given the absence of accurate documentation for lunch breaks on employee



timesheets, investigators were unable to determine the specific amount of improper or inaccurate payments made to the former budget director for her compensatory leave balance.

**Exhibit 2**



***Lunch breaks reported by the former budget director for the period November 1, 2018 - June 30, 2021***

## **2. OVERTON COUNTY SCHOOL DEPARTMENT OFFICIALS PERMITTED QUESTIONABLE TIME REPORTING PRACTICES, RESULTING IN RETROACTIVELY APPLIED COMPENSATORY HOURS**

The former budget director retroactively applied compensatory hours earned. OCSD central office timesheets are completed each month. The director of schools was responsible for signing and approving the former budget director's timesheet. The information reported on the approved timesheets is then submitted by the payroll department.

The former budget director regularly used compensatory time earned weeks later in the month to complete her regular hours worked during prior weeks in the month. For example, in the first week of February 2021, the former budget director reported 38.5 hours of regular time worked without taking leave. The following week, the former budget director reported 44 hours worked. The former budget director then subtracted 1.5 hours from week two (the second week of February 2021) and added the 1.5 hours to week one (the first week of February 2021) (**Refer to Exhibit 3**). The former budget director repeated the practice in weeks three and four of the same month and year (February 2021). Investigators found that the OCSD central office allows their employees to retroactively apply compensatory hours earned, provided the employees meet the total required hours for the month. The practice of allowing employees to retroactively apply compensatory time earned creates a risk that employees will be paid for work not performed.

**Exhibit 3**

Monday	Tuesday	Wednesday	Thursday	Friday	Total
Time In: 7:30 Out: 2:30 Total Hrs. Worked: 7	Time In: 8:00 Out: 5:30 Total Hrs. Worked: 8 1/2	Time In: 8:45 Out: 4:00 Total Hrs. Worked: 9 3/4	Time In: 8:30 Out: 2:45 Total Hrs. Worked: 8 1/2	Time In: 5:00 Out: 10:30 Total Hrs. Worked: 4 1/2	38 1/2 1 1/2 (40)
Time In: 8:30 Out: 2:30 Total Hrs. Worked: 8	Time In: 9:30 Out: 4:30 Total Hrs. Worked: 10	Time In: 10:00 Out: 2:00 Total Hrs. Worked: 8	Time In: 11:30 Out: 4:00 Total Hrs. Worked: 9 1/2	Time In: 12:00 Out: 3:30 Total Hrs. Worked: 8 1/2	44 42 1/2

*The former budget director's timesheet for February 2021*

### 3. OVERTON COUNTY SCHOOL DEPARTMENT OFFICIALS APPROVED TIMESHEETS INCLUDING IMPROPER CALCULATIONS FOR THE FORMER BUDGET DIRECTOR

OCSD officials approved the former budget director's timesheets for hours worked that did not agree with the hours reported. The former budget director received her wages for hours overreported based on improper calculations. In each instance, she received additional compensation for time not worked, ranging from thirty minutes to sixty minutes per day (**Refer to Exhibit 4**). Investigators found 54 instances in which the former budget director calculated hours worked that did not agree with the day's start time and end time. This resulted in 50.75 hours being overreported. Based on her pay scale at the time of employment, the miscalculated hours resulted in \$981.50 in inaccurate pay. During the period reviewed, there was no instance where improper calculations led to underreported hours.

**Exhibit 4**

10	11	12
Time In: 6:15 Out: 2:30 Total Hrs. Worked: 8 1/2	Time In: 6:15 Out: 3:45 Total Hrs. Worked: 10 <i>Payment due</i>	Time In: 6:15 Out: 3:00 Total Hrs. Worked: 9 1/4

*The former budget director's timesheet for May 2021 shows miscalculations*

## INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal controls, some of which resulted in the investigative findings detailed above. These deficiencies included:

**Deficiency 1: Overton County School Department officials failed to provide adequate oversight in reviewing and approving timesheets**

OCSD officials failed to provide adequate oversight in reviewing and approving timesheets for central office employees. Officials with supervisor responsibilities who are tasked with signing employees' timesheets should ensure they adequately review timesheets, question any discrepancies, and require timesheets to be turned in on time. Failure to provide adequate oversight in reviewing and approving timesheets increases the risk that error, fraud, waste, or abuse will occur.

**Deficiency 2: Overton County School Department officials failed to provide adequate oversight or properly separate duties in reporting, recording, and maintaining leave balances**

OCSD officials failed to provide adequate oversight in reporting, recording, and maintaining leave balances for central office employees. The current practice for reporting compensatory time earned operates under an honor system, where employees can enter their hours worked and report compensatory time earned for payroll to record in a separate system. Officials should establish a procedure for reporting and accruing compensatory time that is not solely based on manual entry. Failure to provide adequate oversight or properly separate duties in reporting, recording, and maintaining leave balances increases the risk that error, fraud, waste, or abuse will occur.

**Deficiency 3: Overton County School Department officials failed to establish a written policy on lunch break requirements**

OCSD officials failed to establish a written policy on lunch break requirements for central office employees. Employees are not currently required to document lunch breaks taken. Officials should establish a procedure requiring employees to properly document lunch breaks, including acceptable practices for taking an abbreviated lunch break or working through a lunch break. Failure to establish a written policy on lunch break requirements increases the risk that error, fraud, waste, or abuse will occur.

Overton County School Department officials indicated that they have corrected or intend to correct these deficiencies.

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