



## COMPTROLLER'S INVESTIGATIVE REPORT

### Hamilton County Schools Department of School Nutrition

*April 23, 2024*

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



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

April 23, 2024

Hamilton County Schools  
3074 Hickory Valley Road  
Chattanooga, TN 37421

Hamilton County Schools Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Hamilton County Schools Department of School Nutrition, 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 11<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,

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 School Nutrition

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Hamilton County Schools Department of School Nutrition. The investigation was initiated after Hamilton County Schools officials reported allegations that an employee misappropriated school nutrition assets and abused his position for personal gain. The investigation was limited to selected records for the period October 18, 2021 through April 29, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 11<sup>th</sup> Judicial District.

### BACKGROUND



The Hamilton County Schools Department of School Nutrition (HCSN) is in Chattanooga, Tennessee. HCSN “provides equal access to a nutritious meal for all students.” The HCSN serves approximately 44,500 students and has over 500 School Nutrition employees. The HCSN Assistant Director reports to the HCSN Director and is responsible for overseeing field staff and ensuring compliance with federal, state, and local guidelines. The former HCSN Assistant Director, Andrew Woodbury was suspended on February 24, 2022. Woodbury’s employment was later terminated on April 29, 2022.

The HCSN warehouse contains assets such as equipment and supplies not currently in use. When an asset is identified as broken or unusable, HCSN employees recommend that the asset be repaired, scrapped, salvaged for parts, or sold via auction.

In order for an asset to be sold via auction, a *Surplus Property Disposal Authorization Form* must be completed for each warehouse inventory asset by the HCSN Accounting Manager (**Refer to Exhibit 1**). The form requires signature approval from the HCSN Director, the Hamilton County Schools Superintendent, and the Hamilton County Schools Board Chairman. After the approval process is complete, the asset can be listed for sale. During the investigative scope, the HCSN used GovDeals to facilitate surplus equipment sales. GovDeals is an “online marketplace that provides services to government, educational, and related entities for the sale of surplus assets to the public.”

## RESULTS OF INVESTIGATION

### 1. FORMER HCSN ASSISTANT DIRECTOR ANDREW WOODBURY MISAPPROPRIATED HCSN ASSETS VALUED AT \$12,374.68

The former HCSN Assistant Director Andrew Woodbury exceeded his authority as Assistant Director and intentionally or knowingly misappropriated assets valued at \$12,374.68 by circumventing the HCSN's established property disposal process. Investigators determined that three GovDeals accounts existed under the HCSN name. The third was identified as an unauthorized account created by Woodbury on October 18, 2021, and sale proceeds from this account were directly deposited into his personal bank account.

Woodbury stated that the items sold through the unauthorized GovDeals account included:

- The sale of personal items,
- The sale of items taken from HCSN dumpsters, and
- The sale of HCSN's surplus property assets.

Woodbury did not request or receive proper authorization from the HCSN Accounting Manager or the HCSN Director for the sale of the HCSN's surplus property through his unauthorized GovDeals account. Woodbury further bypassed the approval process by completing and signing his name on the line designated for the HCSN Director on the *Surplus Property Disposal Authorization Form* for each asset sold. The HCSN Accounting Manager did not give Woodbury consent to complete the authorization form in her place, nor did the HCSN Director give Woodbury consent to sign the authorization form in her place. Subsequent form approvers incorrectly assumed that Woodbury was permitted to sign the authorization form instead of the HCSN Director, which allowed him to sell unapproved surplus property on GovDeals, and personally collect the proceeds therefrom (**Refer to Exhibit 1**).

Exhibit 1

Partially Pending 2/25/22  
S.T. Fixed Assets 1/1/14 SN12282021A  
Location Warehouse  
Lakeside  
Devalbiter

DocuSign Envelope ID: 66C2DDC8-FE1C-4537-A608-CCFE25E6105A

### HAMILTON COUNTY DEPARTMENT OF EDUCATION SURPLUS PROPERTY DISPOSAL AUTHORIZATION FORM

Date: 12/28/2021 Department: School Nutrition  
Phone Number: [Redacted] Contact Person: Andrew Woodbury

This form is for declaring surplus and to make the property available for redeployment, sale or disposal. Always refer to the HCDJE Intranet for the latest version of this form as it may change periodically.

Complete Information Below for All Items – Attach Additional Page(s) If Needed			
Detailed Description:	steam kettle, prep table w/ can opener, prep table, short prep table, proof cabinet, cold serving line, serving line, condensing unit, wedge and core master, bosch saws, electrical, flour bins		
Material (metal, wood, fabric, leather, etc.):	Quantity:	Number:	
Dimensions:	N/A	Color:	N/A
Condition (working, non-working, etc.):	Non-working		
Serial Number:	47734	Fixed Asset Number:	011990
Estimated Value:	\$ 100		
Item Pickup Location:	2501 Dodds Ave		

Note: Attach photograph of each item to this form upon submission.

I hereby certify the above-described personal property is no longer capable of being used for its original intention or because of condition. I declare it surplus property and authorize the disposal.

DocuSigned by: Andrew Woodbury  
School Principal/Director/Department Administrator

DocuSigned by: [Redacted]  
Superintendent

[Redacted]  
School Board Chairman

SUBMIT COMPLETED FORM AND PHOTO TO PROCUREMENT: [duc\\_purchasing@hcdje.org](mailto:duc_purchasing@hcdje.org)

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For Purchasing Use Only

Assigned To:  IT  Federal Programs  Fixed Assets  Maint  Purch  Risk Mgmt

Warehouse  School Nutrition  Other: \_\_\_\_\_

Initial Disposition:  
 Scrap/Trash  
 Transfer to County School/Agency  
 Surplus – Internet Auction

Final Disposition:  
 Authorized as Scrap/Trash  
 Redeployed to: \_\_\_\_\_  
 Sold at Auction - Gov Deals

Tracking Number: \_\_\_\_\_ Lot Number: \_\_\_\_\_ Sale Date: \_\_\_\_\_

***Surplus Property Disposal Authorization Form Completed and Signed by Woodbury***

Woodbury's first unauthorized listing was a stainless-steel table. The table was listed on his unauthorized GovDeals account the same day the account was created on October 18, 2021.

The table sold for \$160, and the sale proceeds were directly deposited into his personal bank account on November 5, 2021. The sale was discovered by HCSN officials, as the table had not been classified as surplus property or approved for sale. Woodbury told HCSN officials the table was paid for in cash, but the sale proceeds were actually paid via direct deposit to his personal bank account. After being confronted with this information, Woodbury turned over cash for the sale of the table to the HCSN on October 29, 2021. After the first sale, Woodbury subsequently sold an additional 18 HCSN assets without the knowledge or approval of HCSN officials prior to his suspension. All sales proceeds were directly deposited into Woodbury's personal bank account.

When Woodbury listed the unapproved HCSN surplus property for sale on GovDeals, he undervalued the assets. Woodbury received a total of \$2,304.33 for the sale of unauthorized HCSN surplus property; however, the surplus property was valued by HCSN officials at \$12,374.68.

Woodbury acknowledged he was responsible for properly remitting sales proceeds to Hamilton County Schools in a timely manner. Woodbury refrained from performing this duty and did not remit the funds back to Hamilton County Schools; instead, a portion of the misappropriation was found in his office in the form of cash contained in envelopes. The total amount of cash in the envelopes was \$1,576. One envelope was labeled for the sale of a stainless-steel table and contained \$160, but the cash for the sale of the table had already been remitted to HCSN. After Woodbury's suspension, the envelopes of cash discovered in Woodbury's office were properly remitted to Hamilton County Schools by HCSN officials. Woodbury did not tell anyone about the cash contained in the envelopes prior to being suspended and questioned by investigators.

The table below summarizes by month and year the sales proceeds directly deposited into Woodbury's personal bank account, the fair market value of the HCSN assets sold, as well as the cash in sealed envelopes found in Woodbury's desk.

**Summary of Misappropriation**

<b>Month-Year</b>	<b>Sales Proceeds Directly Deposited into Woodbury's Personal Bank Account</b>	<b>Fair Market Value of the HCSN Assets Sold</b>	<b>Returned Cash and Cash Found in Woodbury's Desk</b>
Oct 2021	\$ -	\$ -	\$ 160.00
Nov 2021	503.33	503.33	-
Jan 2022	1,272.00	10,799.43	-
Feb 2022	529.00	1,071.92	1,576.00
<b>Total</b>	<b>\$ 2,304.33</b>	<b>\$ 12,374.68</b>	<b>\$ 1,736.00</b>

## 2. WOODBURY ABUSED HIS POSITION FOR PERSONAL GAIN

Woodbury knowingly exceeded the authority of his position for personal gain by selling his personal property on an unauthorized HCSN GovDeals account. On Woodbury's unauthorized GovDeals account, 24 listings were identified as a combination of items he owned and items he had taken from Hamilton County dumpsters. The 24 listings sold for \$1,219.11 in total. The items taken from the Hamilton County dumpsters were considered abandoned trash and free for anyone to take, and the disposed items collected became Woodbury's property after he retrieved the items.

Woodbury stated that he knew using the unauthorized HCSN GovDeals account to sell his personal property was wrong. Woodbury also confirmed that he never asked for or received permission, or authorization from HCSN officials to sell his personal property on GovDeals using the HCSN name.

On February 12, 2024, the Hamilton County Grand Jury indicted ANDREW WOODBURY for one count of Theft of Property over \$2,500, one count of Forgery, one count of Misrepresenting Information to State Auditor, 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 School Nutrition Investigative Exhibit](#)

### INTERNAL CONTROL AND COMPLIANCE DEFICIENCY

Our investigation revealed an internal control and compliance deficiency, which resulted in Woodbury's ability to misappropriate HCSN assets. The deficiency included:

**Deficiency 1: Hamilton County Schools officials did not provide adequate oversight or separate financial duties for the HCSN surplus property disposal process**

Hamilton County Schools officials did not provide adequate oversight or separate financial duties for the HCSN surplus property disposal process. Hamilton County Schools officials and Hamilton County School Board members should be aware of, and confirm, authorized signatories prior to giving their approval. If a document is signed by an unauthorized signatory, officials should make inquiries to verify authenticity and proper authorization before providing their approval via signature. Due to the lack of oversight by officials, the HCSN surplus property disposal process proceeded despite having an unauthorized signatory on the *Surplus Property Disposal*

*Authorization Form.* Failure to provide proper oversight and segregate financial duties increases the risk that fraud, waste, or abuse will occur without prompt detection.

Hamilton County Schools officials failed to reconcile the assets sold on GovDeals with the collection of sales proceeds from GovDeals. A Hamilton County Schools official not involved in the HCSN surplus property disposal approval process or sales process should obtain a monthly sales report for reconciliation, regardless of the third-party auction site used. Proper reconciliation of sale proceeds ensures that all sales were authorized and appropriate and that the funds collected are accurately accounted for, and timely deposited.