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Oxnard schools must repay \$5.6 million in meal funds

The district charged the state and U.S. governments for nonexistent cafeteria meals, investigation shows. Criminal charges are possible.

By Steve Chawkins, Los Angeles Times

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An Oxnard school district charged the state and federal governments at least \$5.6 million for distributing school meals that never existed, according to a two-year investigation triggered by district officials.

The Oxnard Union High School District must now come up with the missing funds and is attempting to work out a repayment schedule with the state Department of Education, said Jack Parham, an attorney for the district. Meanwhile, the inspector general's office of the U.S. Department of Agriculture, which pays for discounted and free student meals, is weighing the the possibility of criminal charges.

Most of the reimbursement for phantom meals was used to pay for kitchen expenses and capital improvements, Parham said. Roughly \$350,000 is unaccounted for — but so, he said, are the records that would provide a more accurate estimate.

Suspicions about food service in the 16,500-student district surfaced in a workers' compensation claim filed by an accountant who said he left his job because of stress. After conferring with local prosecutors and the Ventura County Office of Education, the school board commissioned an investigation by Vicenti, Lloyd & Stutzman, a Glendora CPA firm that specializes in school fraud allegations.

The firm's 150-page report concluded that, from 2005 to 2009, food service managers at the district's schools inflated their cafeteria sales by 100 to 800 meals a day. The district's top food service officials — unnamed in the report — had given orders to estimate based on the percentage of students eligible for discounts.

The report cited spotty training procedures — which, it notes, have since improved — and what may have been deliberate disregard by top food service officials. In hindsight, some of the oversights seem glaring: In 2005-06, reimbursement for meals jumped by more than 52%, even though enrollment was virtually flat.

The accountants said that managers bringing in more money could have been securing their jobs — or feathering their nests. The report notes that extra cash would allow for overpaying vendors and "the possibility of kickbacks."

"We believe there was criminal action here, but we can't prove it," said Parham. Many of the managers involved in the overbilling no longer work for the district, he said.

The district's teachers have taken pay cuts and the school year has been trimmed by eight days. Its cafeterias now operate about \$200,000 in the red — down from a surplus of \$2 million during the alleged scam.

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