

# Office of Inspector General FY2014 Annual Report



JULY 1, 2013 – JUNE 30, 2014

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**Detroit Public Schools  
Office of the Inspector General**

*Jack Martin, Emergency Manager*

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June 30, 2014

Mr. Martin,

I am pleased to forward to you the Office of Inspector General's (OIG) Annual Report summarizing our key activities and significant accomplishments for fiscal year (FY) 2014; the period between July 1, 2013 and June 30, 2014.

The OIG conducts comprehensive investigations and forensic audits based on allegations of waste, fraud, abuse, financial mismanagement and employee misconduct. To effectively uphold its mission, the OIG must be independent and autonomous. Through its operations, the OIG strives to enhance the confidence of the Detroit Public Schools (DPS) employees and restore the public's trust in our school system by enforcing honesty, integrity and ethical conduct in the business practices and policies of DPS.

Fiscal Year 2014 marked the fifth year of existence of the OIG. A look back over the past five years demonstrates that we have made significant progress in achieving our mission. Due to the efforts of this office, the District has succeeded in fighting corruption and greatly reducing financial misconduct. It would be unrealistic to presume that fraud does not continue to exist. However, the number of fraud complaints received by the OIG has significantly dropped; which indicates that the ethical climate within the DPS has improved. A lot can be attributed to the leadership of previous Inspector Generals: John Bell (March 2009 – June 2010) and Wilbert Van Marsh (July 2010 – February 2014) who provided the supervision and direction for this office during its initial stand. After the retirement of Inspector General Van Marsh in February 2014, the Acting Inspector General has sought to maintain the structural processes that had been put in place since inception of this office, while seeking to maintain the lines of communication and solid relationships with DPS department heads, as well as partnerships with local, state and federal law enforcement organizations.

This report highlights some of our significant accomplishments during the year, and describes some of our more prominent and influential investigations and initiatives. I hope that you, as well as the other readers of this report, will better understand our investigative responsibility and mission.

On behalf of the OIG staff, I thank you for the continued support afforded our office, our mission and our efforts.

Bernadette Kakooza  
**Interim Inspector General**

## **About the Office of Inspector General**

The Detroit Public Schools (DPS) Emergency Manager (EM) created the Office of Inspector General (OIG) in March 2009. The OIG reports directly to the Emergency Manager. This independent status grants the OIG authority to conduct accurate and unbiased investigations that encompass all District schools, departments, personnel and programs. Its jurisdiction also extends to all District vendors and contractors doing business with DPS.

The OIG conducts independent investigations, forensic audits and reviews into allegations of waste, fraud and abuse in order to:

- Ensure compliance with applicable local, state and federal laws and District policies and procedures;
- Identify real or potential misuse of District resources;
- Provide information that supports effective decision making; and
- Prevent and detect waste, fraud, abuse and financial mismanagement within the DPS.

Through our work, we attempt to encourage a culture of accountability, transparency, collaboration and excellence and to assist the Emergency Manager and the Board of Education in their efforts to provide a quality education for all students attending Detroit Public Schools. We conduct our investigations with a high regard for procedural fairness and integrity, which encourages individuals to continue to report wrongdoing, and deter systemic misconduct and corruption that would otherwise, have gone unreported. Indeed, this is the only school District in the State of Michigan with its own Office of Inspector General.

## **Mission**

The mission of the OIG is to ensure integrity, economy, efficiency and effectiveness in the operations of the Detroit Public Schools by conducting meaningful and accurate investigations, forensic audits, and program reviews, to detect and deter waste, fraud and abuse.

## **A look at What We Do**

The OIG is managed by the Inspector General (IG), who is appointed by the Emergency manager. Investigations are initiated upon the receipt of credible information alleging an act of waste, fraud, abuse, financial mismanagement or corruption within the OIG's jurisdiction. Only the IG can authorize the initiation of an investigation.

In performing its primary mission, the OIG is empowered to require the production of documents and records, as well as obtain witness testimony. The OIG does not have authority to execute arrests or pursue criminal investigations; therefore, it works in conjunction with the DPS Police Department (DPSPD), Detroit Police Department, the Michigan State Police, Wayne County Prosecutor's Office, the FBI and the U.S. Attorney's Office, where deemed proper and necessary.

The OIG also has effective liaison with a wide range of entities in Southeast Michigan that provide operational support. These partnerships are comprised of both public and private sector concerns and include the FBI Public Corruption Task Force, Violent Crimes Task Force, Crimes Stoppers, the Detroit Crime Commission, Absolute Software, the High Intensity Drug Trafficking Area (HIDTA), Michigan State Police, Detroit Police Department, United States Attorney's Office (USAO), Wayne County Prosecutor's Office (WCPO), Wayne County Juvenile Court, United States Department of Education, and Michigan Department of Education. Additionally, all OIG investigators have liaison responsibility with District personnel that contribute to operational support and the generation of actionable complaints.

### **Fraud Hotline**

Individuals with information of waste, fraud or abuse may contact the OIG's anonymous telephone hotline at (313) 870-3436 or email tips to [inspectorgeneral@detroitk12.org](mailto:inspectorgeneral@detroitk12.org). OIG staff is available to field calls or "walk-in complaints" Monday through Friday between 8:00 A.M. and 5:00 P.M. (EST). Our office environment provides anonymity, confidentiality, and security for complainants, witnesses or subjects in OIG matters. Alternatively, the Inspector General home page at [http://detroitk12.org/admin/inspector\\_general/](http://detroitk12.org/admin/inspector_general/) also has a Complaint Reporting Form that one may complete and submit electronically. Individuals may also write to the following address:

Office of the Inspector General  
Detroit Public Schools  
ATTN: Inspector General  
Fisher Building 6<sup>th</sup> Floor, 3011 W. Grand Boulevard  
Detroit, Michigan 48202-2710

### **Office of Inspector General Investigative Standards**

The OIG conducts its investigations in accordance with the *Principles and Standards for Offices of Inspector General*, generally accepted principles, quality standards and best practices applicable to federal, state and local Offices of Inspectors General. In addition, the OIG, at all times, exercises due professional care in conducting its investigations and issuing its reports and recommendations. Ongoing investigations are exempt from public disclosure. However, once an investigation is finalized, it becomes public record, pursuant to Michigan's public record laws.

### **Whistleblower Protection Policy**

Complainants can remain anonymous if desired, and are protected by the Whistleblowers' Protection Act 469 of 1980 which allows and encourages the reporting of violations of law by employees. The Act provides protection to employees who report violations of state, local, or federal law and provides protection to employees who participate in hearings, investigations, legislative inquiries, or court actions, and prescribes remedies and penalties. In addition, the Act prohibits an employer from retaliating against an employee for reporting such violations.

## Fiscal Year 2014 In-Service Training

The OIG has a highly educated and diverse professional staff that all have at least a four year degree, and have either advanced degrees or professional certifications and training in their areas of expertise, which include Certified Internal Auditor and Certified Fraud Examiner. Two staff members are former law enforcement officers from federal, state, and local agencies. In addition, OIG staff has membership to the Association of Inspectors General, which provides a wider forum to network with other professionals in the same industry. The constantly evolving anti-fraud industry requires that OIG staff members annually obtain Continuing Professional Education (CPE) credits to stay current with the latest developments in the field. Members of the OIG attended the following training during FY14:

### Course Title – Dates Attended

Fraud and Money Laundering: Can You Think Like a Fraudster? – September 2013

Ethics Training – November 2013

Adding Value and Health Care – November 2013

Investigating a Ponzi scheme – January 2014

Forensic and Valuation Services: A Case Study – March 2014

Finding Fraud through Data Analytics – March 2014

SE Michigan Chapter of ACFE- 20<sup>th</sup> Annual Fraud Conference – April 2014

Detecting and Preventing Procurement Fraud (webinar) – April 2014

Working with Whistleblowers and Confidential Informants (webinar) – May 2014

Closing out the Investigation and Dealing with the Aftermath (webinar) – June 2014

How to Detect and Prevent Employee Theft (webinar) – June 2014

### Monetary Benefits: FY09 – FY14

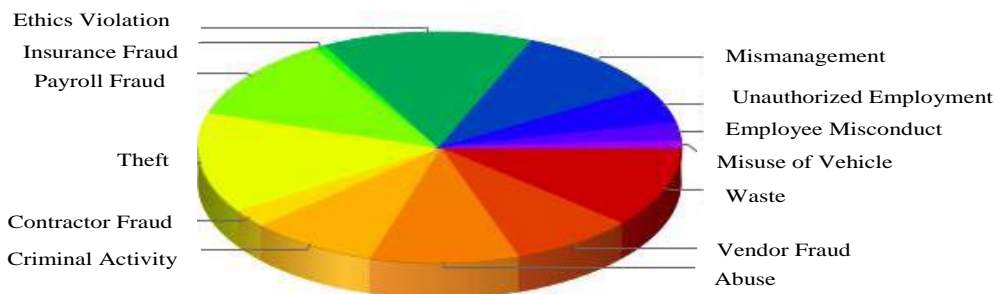
To date, OIG investigations and forensic audits have identified over \$18 million in monetary benefits to the District as follows:

<i>Summary of Fraud Statistics</i>	Amount
Monetary Loss	\$ 8,243,931
Recovered Computers (687)	687,000
Monetary Recovery	245,186
Court Ordered Restitution	6,853,281
Cost Avoidance	513,582
Cost Recovery	2,079,805
<b>Total</b>	<b>\$ 18,622,785</b>

During the current reporting period, \$94,800 was identified in monetary loss and \$88,000 for the value of stolen computers that were recovered. An additional \$1,060,183 associated with cases referred for prosecution has resulted in a total of \$6,853,281 for court ordered restitution, of which \$19,390 was recovered during fiscal year 2014.

## OIG Complaint Type Statistics

The OIG utilizes a paperless case management system (CMS) to record complaint details and results of investigations, as well as related statistical accomplishments. The IG evaluates complaints received via our fraud hotline, e-mail, through the electronic complaint form available on our webpage, and through direct communication with OIG personnel. If warranted, investigations are initiated, as categorized below, by complaint type:



As also indicated in the chart below, theft of DPS funds and/or assets is by far the most frequent complaint that has been received and investigated by the OIG. However, the OIG still realizes a prevalent existence of ethical violations; which include conflicts of interest and ethical misconduct.

Investigations per Type Categorized by Investigation Status				
Type	Total	Closed	Inactive	Pending
Theft	190 (28.40%)	188	0	2
Ethics Violation	94 (14.05%)	92	1	1
Payroll Fraud	79 (11.81%)	79	0	0
Abuse	60 (8.97%)	60	0	0
Criminal Activity	53 (7.92%)	51	0	2
Mismanagement	53 (7.92%)	50	0	3
Vendor Fraud	50 (7.47%)	46	2	2
Waste	34 (5.08%)	34	0	0
Unauthorized Employment	33 (4.93%)	33	0	0
Contractor Fraud	11 (1.64%)	11	0	0
Employee Misconduct	7 (0.01%)	5	0	2
Misuse of DPS Vehicle	4 (0.60%)	4	0	0
Insurance Fraud	3 (0.45%)	3	0	0
<b>TOTAL</b>	<b>671</b>	<b>656 (98%)</b>	<b>3</b>	<b>12</b>

During FY2014, the OIG initiated 43 investigations identified in the following categories: Ethics Violation (10), Employee Misconduct (7), Mismanagement (5), Abuse (5), Theft (4), Vendor Fraud (4), Payroll Fraud (3), Criminal Activity (2), Contractor Fraud (2) and Waste (1). Of these, 36 are closed, while seven investigations are in pending status.

## Investigation Statistical Accomplishments

To date, the OIG has initiated 671 investigations based on 924 complaints received. Sometimes, the OIG receives complaints that are outside of our jurisdictional authority, and as such, these complaints are forwarded to the appropriate authorities for resolution. For those complaints that we investigated, 656 (98%) have been closed. Fifteen cases are in pending or inactive status. Of the cases completed, 167 allegations were proven unfounded. For those substantiated, the OIG made recommendations for corrective action in 144 cases, while others had the following key results:

Employee Demotions	3	Search Warrant Executions	26
Barred from school entry	3	Arrests	32
Referred to the United States Attorney's Office	6	Convictions	37
Policy & Procedures Development and/or Revision	9	Referred to Local Prosecution (Wayne County Prosecutor's Office)	38
Referred to Federal Law Enforcement	9	Contract reviewed	42
Federal Indictments	10	Subpoena Service	58
Vendor Suspended / Debarred	11	Employee Suspensions / Administrative Leave	61
Referred to Local Law Enforcement	14	Employee Terminations / Resignations	69
Employee Reprimand / Other Administrative Action	23	Referred for Disciplinary Hearing	112

For FY2014 alone, results due to OIG investigations were as follows: : Employee Administrative Leave (1), Written Reprimand (3), Termination (1), Referred to Federal Law Enforcement (2), Referred to United States Attorney (1), Referred for Administrative Disciplinary Hearing (6), Employee Resignations in advance of termination (3), Retirement in advance of termination (1), Administrative Action (2), Conviction (2), Subpoena service (18), Contract review (5), Policy and Procedures development/revision (4); and Allegations proven unfounded (18).

Our ultimate goal is to prevent misconduct and abuse, as well as seek appropriate remedies to recover public monies. Generally speaking, where the OIG substantiates employee misconduct, it makes recommendations to the Division of Human Resources (Office of Employee Relations) for appropriate disciplinary action. Furthermore, when there is evidence revealing that a criminal act has been committed, the OIG will refer the case to the appropriate external entity for further action. With matters that result in prosecution, the OIG continues to liaise with the local, state or federal entity until the case is appropriately prosecuted. Overall, the OIG's principal objective is to promote ethics, honesty, integrity and efficiency in District operations, and to restore and promote the public's trust in our school District.

## **Fiscal Year 2014 Significant Investigations**

During the current fiscal year, the OIG has been involved in some significant endeavors. Below are some of this office's most noteworthy achievements:

### **Alleged Fraud and Other Misconduct by a DPS vendor**

In October 2013, the OIG received a complaint from a school administrator, who alleged that a workshop vendor and an associate appeared inside the school to solicit business with the District. The administrator alleged that the vendor and the associate refused to identify themselves, behaved rudely and tried to circumvent the administrator's authority by dealing directly with the school's parent organization leader. The administrator further alleged that the vendor tried to fraudulently obtain her approval on scope of service documents that were submitted using District letterhead. OIG investigation revealed that the vendor had used unacceptable practices and behavior for soliciting business inside the school, using school community groups to circumvent the administrator's approval of proposed contracted services, as well as harassing the school administrator. The OIG recommended that the District's Office of Procurement and Logistics consider suspension of the vendor based on a District policy regarding ingress to school property and vendor protocol. Also, as a result, the District's contracting office implemented procedures to develop policies to dictate vendor's dealings with schools.

### **Allegations of Misuse of School Store and State Grant Funds**

The OIG received anonymous tip information that a business education teacher at a high school was operating a school store to obtain funds to support a students' marketing organization, Distributive Educators Contributors of America (DECA). The complainant alleged that the teacher lacked the state mandated occupational endorsement required to teach, obtain funds or operate school-based stores. Furthermore, the complainant believed that the teacher received state funding for the program, and had possibly misused this funding. The investigation revealed that, although the teacher in question lacked the required occupational certification to manage the school store, he/she was authorized to provide instruction but did not qualify to receive any additional state funding. Verification sought with Michigan Department of Education confirmed that the teacher had not applied for, or received any type of funding through the Perkins grant, as was alleged. Additionally, the OIG did not find any evidence of misappropriation or a lack of accountability of the proceeds derived from operation of the school store.



### **Theft of Paper Product Inventory**

In March 2014, the OIG initiated an investigation, based on allegations from an administrator that a District supplier negligently maintained and supervised an inventory of janitorial supplies. It was revealed that on many occasions, the supplier's personnel neglected to properly secure the location storing the inventory; resultantly, District supplies valued at approximately \$17,000 were stolen. The investigation was unable to identify the individuals responsible for the theft; however, the OIG recommended that the supplier reimburse the District for the monetary loss. This matter is still pending with the District's Office of the General Counsel.

### **Alleged Contractor Fraud**

In December 2013, an investigation was initiated based on allegations from a DPS employee that a District contractor had violated the District's Computer Hardware / Software and Office Equipment Use policy. The investigation confirmed that the contractor violated the existing Information Technology policy by accessing privileged student data and changing information pertaining to her son, who is a DPS student. As a result, all DPS computer access for the contractor was relinquished, and she was barred from future business with the District.

### **Allegations of Conflict of Interest involving DPS vendor**

A complainant, who requested anonymity, alleged to the OIG that a DPS official had directed significant work to his relative, who was a vendor with the District. The complainant alleged that the vendor was incapable and lacked the qualifications to perform the required services. The complainant was also certain of the familial relationship between the DPS official and the vendor. The OIG initiated an investigation to determine whether any district policies and procedures were violated. The investigation included interviews and document reviews, including the DPS Conflict of Interest Policy, Request for Proposals (RFP) and related Contract documents, Disclosure records and payment history for the vendor. The investigation did not sustain the allegations. It was determined that there was no evidence of a conflict of interest and/or violation of procurement guidelines. Furthermore, the investigation did not establish any familial relationship to exist between the employee and the vendor.

### **Alleged Conflict of Interest between School Administrator and Teacher**

In July 2013, the OIG received tip information that a school administrator and teacher, who both worked in the same building and had a supervisor/subordinate relationship, were mother and daughter-in-law. The OIG investigation substantiated the allegation and further found that both

individuals had failed to complete the annual disclosures required of all DPS employees, which would have revealed the conflict of interest involving the two individuals. The teacher was subsequently transferred to another school location.

### **Report of Missing Funds at DPS School**

In August 2013, the OIG received a complaint alleging missing school funds at a DPS school. The complainant, who was the school administrator, reported that he/she had learned of the alleged missing funds nearly three months after the funds were received at the school, and only after reconciliation records indicated a discrepancy with bank records. In the course of investigation, the OIG identified additional money bags that contained District revenue funds that were not deposited, and also appeared to be missing. The investigation determined that procedures for the safe custody of incoming funds at the school were lax, or almost non-existent. The investigation revealed that the administrator failed to implement secure means for safeguarding both the school's funds and District revenue deposits, and did not make use of a school safe; despite having one located within the school's main office. The OIG review of forensic evidence and witness statements was unable to conclusively identify the individual(s) responsible for the missing funds. To prevent this type of fraud from reoccurring, the OIG made a recommendation to the Finance Division to provide school personnel that are responsible for funds' receipt and deposits with the necessary training to ensure adherence to prescribed District cash management policies and procedures.

### **Violation of District Computer Use Policy**

In September 2013, the OIG received information that a District computer utilized in a school's main office was used to view pornographic images and sites. At the request of the OIG, the Division of Information Technology performed a forensic analysis to substantiate the allegation. A browser history analysis to identify the "Index.dat files" stored on the computer established that there was no pornographic content or inappropriate internet sites visited on the computer. The investigation concluded that; absent any inappropriate internet sites evidenced on the computer, it was possible that a reputable site that was accessed may have contained some nefarious malware that "infected" the system. Based on results of the computer forensics performed, the investigation determined that the allegations were unfounded.

### **Alleged Payroll Fraud**

In July 2013, a complainant alleged to the OIG that a teacher was marked present on the staff sign-in sheet for a week's period that she did not physically report to work. Furthermore, the

complainant alleged that the school administrator was involved in falsifying the school payroll records to assist the subject employee in receiving pay. During interview, the teacher acknowledged to the OIG that she was out of state during the week in question; an absence that was approved and supported by her administrator as a justifiable professional development experience. The OIG found that neither the administrator nor the teacher appeared to have had any intentions to falsify school payroll records; rather, were oblivious to the actions taken by another staff member who admitted to marking the subject teacher's name as present without verification and knowledge of proper payroll reporting procedures. Documents provided to the OIG, as well as witness interviews, revealed that the teacher did in fact provide services to the school even while away out of state. The investigation did not uncover any violation of DPS policy.

### **Allegations of Mismanagement and other misconduct**

In January 2014, the OIG received information alleging mismanagement and various infractions by a school administrator. It was alleged that the school administrator violated the District's requirements for security and safety in school buildings by allowing a convicted felon to access school property and provide "volunteer" services as the school's baseball and football coach. Furthermore, the complainant alleged that the administrator misused staff positions that were federally funded by directing personnel in these positions to perform work outside of their respective job descriptions. Also, it was alleged that the administrator directed staff to falsify students' attendance data; misallocated grant funding provided to the school and misappropriated gift cards that were provided to the school as student incentives. During the course of investigation, the OIG learned that the administrator had also submitted false documentation to obtain approval of grant funding for vendor services that were misrepresented as tutorial in nature. The allegations were sustained in part, and the matter was referred for disciplinary hearing. As of June 2014, administrative action was still pending.

### **Alleged Vendor Fraud Involving Sham Company**

From 2004 through 2007, a former District contract bookkeeper, and her relative, a District employee, received over \$530,000 in billings to the District using a sham company. Investigation of the bookkeeper and District employee was initiated by the OIG, which was joined by law enforcement officers in support of a prosecution by the U.S. Attorney's Office. Investigation revealed that District payments were made to the sham company at a post office box address, for supplemental educational supplies which were not provided to the District. Most of the transactions were initiated for orders made for schools that were slated for closure. In August 2013, the bookkeeper and District employee were convicted on program fraud-related charges. In December 2013, the bookkeeper was sentenced by the U.S. District Court in Detroit to 70

months in prison. In May 2014, the former District employee was also sentenced to 36 months of incarceration and both were ordered to pay over \$530,000 in restitution.

### **Allegations of Fraud & other irregularities by DPS Charter school management**

In August 2013, the OIG became aware of potential misappropriation of school funds by a management company with oversight of a DPS charter school. Concerns involved purchase of a personal vehicle, the use of family members to provide services for the school using Federal Title One funds allocated to the school, as well as other irregularities which included transfer of corporate overhead expenses to the school's expenditure reports. The OIG reviewed the contract and budget reports to establish reporting and accountability of the management company, and to which extent the Board of Directors for the school was contractually authorized to compel production of the school's financial records. Based on the potential for criminal charges being filed, the OIG referred the matter to the Detroit FBI Field Office for further action.

### **Irregularities regarding Separation of Service of former DPS employee**

In July 2013, the OIG received information that a former DPS employee had improperly received pay for a period that she did not work. It was alleged that the former employee did not return to work after an approved sick leave expired; and yet, continued to receive pay due to an error in payroll reporting and improper coding in the human resource database, which reflected the individual as actively working and enabled her to erroneously receive salary payments for a six-month period. The investigation revealed that the former employee received pay totaling \$14,500, which was subsequently recovered. Furthermore, the OIG found several irregularities to have occurred which resulted in the improper payments made to the former employee. Resultantly, the OIG recommended a uniform process of reinstating employees from approved leave, and other responsibilities to be met by the appropriate District units to ensure the accuracy of payroll time reports submitted by locations.

### **Alleged Waste and Violation of Procurement Process and Policy**

In November 2013, the OIG received information alleging that a school administrator had engaged the services of an independent contractor, without a purchase order being issued, to erect a sign at the school location. Furthermore, the complainant alleged that the administrator had not received the proper Permit from the City (Detroit) to install the sign. The OIG investigation included the conduct of interviews, review of email communication, the District's Procurement Policy and Procedures, as well as the Emergency Manager Order relevant to procurement procedures. The investigative results revealed that the school administrator had

attempted to install the sign despite being prohibited to do so by the City due to zoning restrictions. Furthermore, the OIG found that he/she violated procurement policy and procedures by committing a vendor without obtaining approval from the District's procurement office. It was also determined that the District incurred a monetary loss of \$33,383, which included the cost of the sign (approximately \$24,000) and a \$9,000 payment made to the vendor for unauthorized services. The administrator was issued a written reprimand and a disciplinary hearing was held by the Office of Employee Relations. Administrative action is still pending.

### **Review of Service Provider agreement with the School District**

In September 2013, the OIG performed a review of the contractual agreement between the DPS and a service provider. The review was initiated based on concerns expressed to the OIG about appearances of possible waste, fraud and abuse regarding the parties' contractual agreement. The OIG reviewed the contract sections that were pertinent to pricing and compliance, and performed a forensic analysis of all invoices received by the District and related payments, to verify amounts billed for contractual services and other services performed by the vendor. The OIG review did not address performance related standards. Overall, the OIG review revealed some anomalies regarding the contract provisions, but did not identify any incontrovertible evidence of motive, relationship or collusion between any of the specific parties involved in the contract arrangement. The OIG made recommendations to improve the billing process and ensure compliance.

### **Misuse of Official Position and Conflict of Interest between an Employee and Service Provider**

In April 2014, the OIG received information alleging a potential conflict of interest between a school administrator and a DPS supplier that provided services to the school where the administrator worked. During the investigation, the OIG discovered evidence that the administrator used his/her official position with the District, together with a romantic relationship with the supplier's representative, to obtain a \$10,400 monetary benefit for services (unrelated to DPS) that were provided to the supplier organization by the administrator's family member. The payments were obtained unbeknownst to the rest of the leadership of the supplier organization, which put the contractual relationship between the District and the supplier at great risk. Additionally, the investigation found that the administrator violated the District's Electronic (e-mail) policy by exchanging various personal messages using his or her District email account. Many of the e-mail exchanges were personal intimate messages with the supplier's representative, while a few e-mails involved messages from and to a tax accountant regarding what appeared to be a plan by the school administrator to evade taxes by claiming fraudulent business expenses on his/her 2013 tax returns for services he/she purportedly provided to the

supplier organization. Overall the OIG investigation found that the administrator's actions were not consistent with the District's Employee Code of Ethics, and violated the District's Conflict of Interest Policy and rules governing Vendor / Contractor Relations with District employees. In April 2014, the administrator was placed on an immediate Administrative Leave pending the results of administrative hearing by the Office of Employee Relations. In June 2014, the Division of Human Relations issued a discipline decision, which included a five-day suspension without pay for the school administrator.

### **Alleged Abuse and Unauthorized Employment**

The OIG received a tip from an anonymous source alleging that an instructor in a District program may have been involved in misconduct with students, and also should be investigated regarding submitting a fraudulent college degree transcript. The OIG investigation included a review of documents, and consult with experts on the job requirements for the instructor's position. The OIG did not find any evidence to support the alleged behavior, and furthermore, investigators obtained independent verification of the subject's degree; which did not sustain the allegations.

### **Unauthorized Access and Use of District Computer by a Non-Employee**

In August 2013, the OIG was advised that a recently retired high school counselor was given the user name and password of an unknown District employee, and was allowed to access the student database. Investigation by the OIG, which included interviews of employees and the retired counselor, revealed the identity of the employee, a teacher, who provided the user name and password to the retired counselor. The retired counselor admitted to the OIG that she had used the employee's log-in information and accessed student records. However, it was determined that the counselor's actions were done voluntarily and without compensation, in order to help her former school staff prepare student schedules for the upcoming school year. The teacher admitted to the OIG that he provided his District computer access to the counselor, and that he was not familiar with the District's technology policy prohibiting such action. As result of this investigation, the school administrator was required to provide guidance to the teacher and an assistant principal about the District's computer use policy and the importance of not sharing restricted District information, even with recently retired employees.

### **Alleged Mismanagement by School Administrator and Other Employees**

In March 2014, a teacher alleged to the OIG that a school administrator allowed teachers to take up to three days of personal illness leave before their sick banks would be charged. In addition, interviews of other employees indicated that an incident of a serious and sensitive nature may

have not been addressed properly. Investigation did not reveal any evidence to support improper handling of the incident and leave records analyzed by the OIG regarding the first allegation did not provide evidence to make a definite conclusion. However, given that interviews of staff at the school indicated plausible wrongdoing, a recommendation was made for an administrative hearing for the school administrator by the Office of Employee Relations.

### **Alleged Unauthorized Employment Involving a District Employee**

An investigation initiated in May 2013, based on information received from a District administrator, alleged that a current employee applying for a high school principal position had held unauthorized employment with another school district during a period that he/she was on an approved sick leave with the DPS. The OIG reviewed the personnel file for the employee and verified that the employee was granted medical leave for a period of two years; 2008 – 2010. The investigation further established that, during the same period, the DPS employee was gainfully employed with another school district, thus defrauded DPS of approximately \$20,000 received in sick leave pay during this period. The OIG referred the matter for disciplinary hearing, and in December 2013, a day prior to the scheduled hearing, the employee resigned from the District.

### **Alleged Offensive Contact and Words by Administrator**

In July 2013, the OIG was informed of allegations by a female District employee that she was struck on the back twice and called offensive names by her male supervisor. The subordinate employee complained that her supervisor mocked and harassed her by his actions. Subsequent investigation, including review of video recording of the alleged physical assault, and interviews of the complainant, her supervisor, and an eye witness, revealed that the subordinate employee was not struck but instead, was patted on the upper back area. Overall, the interviews revealed that the supervisor called his subordinate employee names such as “girl”, and that he referred to other employees, both male and female, by nicknames, and gave them “sports pats” on their respective shoulders and backs as well. Although no assault or harassment was found, an OIG recommendation was made to the supervisor’s manager to counsel the supervisor and his colleagues against “locker room” humor, gestures, “sports pats”, and the use of nicknames, so as to avoid the appearance of misconduct. The manager complied with the OIG recommendation.

### **Allegations of Theft of Teaching Supplies**

In April 2014, the OIG received anonymous information that budgeted school supplies, slotted for teachers at a high school, were being misappropriated and/or stolen. The anonymous source

also alleged that teachers had received only a small portion of the supplies ordered. The OIG conducted interviews among various teachers at the school, as well as reviewed requisition documentation for the supply orders. In addition, physical observation of the requisition and receiving process at the school was conducted; which revealed that, due to a clerical staff limitation, the process of getting orders filled and delivered to the appropriate teachers was affected. The investigation did not find any evidence to support the claims of misappropriation or stolen items.

### **Alleged Mismanagement by School Administrator and Misconduct of other Employees**

In January 2014, the OIG received an anonymous letter alleging that a high school administrator allowed a fellow administrator and several teachers to engage in misconduct. The letter writer alleged that the fellow administrator was allowed to play computer games and otherwise, not engage in work often while on duty; that the fellow administrator utilized the services of an employee to renovate his home at District expense; that certain teachers sold snacks, at the school and during school hours, for personal gain; that a contractor was allowed to have access to District student and personnel records; that two other teachers left work early on a regular basis; and that a certain teacher made offensive racial and sexual comments about a white employee of the District. As of June 2014, the OIG conducted ten interviews of school personnel, reviewed school financial records and District policy regarding fundraisers, and is seeking additional documents from the school. The allegations were substantiated in part. The OIG has verified that fundraising was regularly conducted and was likely not in accordance with District protocol. Regarding the allegation that the contractor has been using a DPS database for student records, the OIG requested computer analysis of a particular computer to determine if there was unauthorized access to DPS records.

### **Alleged Misappropriation of Senior Dues and Other Irregularities**

In April 2014, the OIG received information from a parent alleging students were being charged excessive senior dues at a high school. The parent believed that the amount of money being charged each student was not equivalent to the services and merchandise that the senior students were receiving. The parent also alleged that the senior class sponsors (teachers) were possibly receiving kickbacks or other personal gain through contracts that they established with vendor companies who provided the senior students' items and venue for related class activities. The OIG investigation included various interviews, a review of documentation detailing payments from students as well as payments to vendors; and related contract records. The investigation did not uncover any evidence of wrongdoing.



### **Conversion of Parent Teacher Organization Funds by a DPS Employee**

The OIG received information from an elementary school administrator alleging that Parent Teacher Organization (PTO) bank records received from the school's PTO president, a parent, who was also a DPS employee assigned to another school, revealed ostensible personal purchases. Among the questionable expenditures from the PTO account was a \$98 satellite TV bill and a \$300 cellular phone bill, and several gas purchases at service stations throughout the metro area. The OIG investigation revealed that the PTO account included proceeds from student fundraisers that were meant to benefit students only. The PTO president admitted to OIG investigators that she used PTO funds to pay her personal cell phone and satellite TV bills, as well as to purchase gasoline for her personal car. The matter was referred for disciplinary action based on charges of violation of Employee Work rules against conversion of school property belonging to students for personal gain. As a result of the Disciplinary Hearing, the employee was terminated.

### **Alleged Overpayments to a High School Administrative Employee and Conversion**

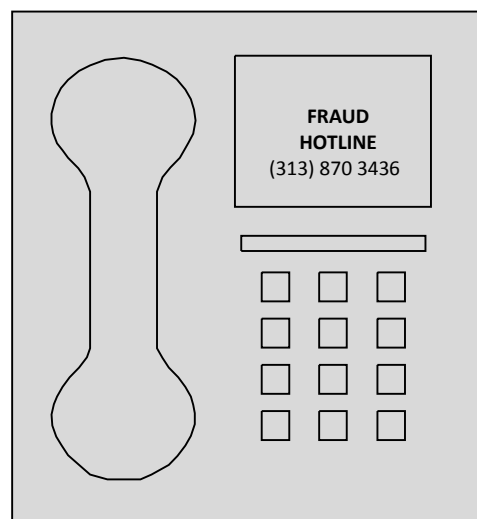
In an investigation initiated in April 2013, the OIG learned that a high school administrative employee received overpayments totaling nearly \$18,000, for after-school work. Subsequent investigation revealed that the administrative employee was not assigned and did not perform the after-school work for which payments were received; rather, the overpayments occurred due to a coding error by the Human Resources division. The investigation further revealed that similar, though smaller and less noticeable, overpayments were made to another administrative employee at the same high school; who likewise, did not perform the after-school work for which he/she was paid. The investigation established that the first administrative employee had improperly regularly received and failed to disclose the relatively substantial overpayments, which he/she attributed to a "raise", or to inexplicable "paybacks" of union dues. The second administrative employee claimed he/she did not review paycheck stubs, and was thus unaware of any incongruous take-home pay. No information was developed that unethical actions by any HR employees led to the overpayments. The OIG recommended a disciplinary hearing for the first administrative employee, based on the position that he/she had an ethical and moral duty to inquire with administration and disclose the inordinate increases in his/her earnings before retaining them. In September 2013, the first administrative employee resigned in advance of the scheduled disciplinary hearing.

## Possible Employee Misconduct Involving Alteration of Standardized Test Answer Documents

In December 2013, the OIG received information from a confidential source that standardized test answer documents from two District schools appeared to contain an anomalous number of changed answers. Most of the changed answers were from wrong-to-right, and further study by the government agency indicated that the volume of test answer changes and the wrong-to-right ratio indicated a strong possibility of falsification of the tests. The OIG conducted a forensic analysis, including through the use of a forensics laboratory, to examine fingerprint and erasure evidence. The OIG also conducted interviews of students and will conduct interviews of District employees as needed and necessary in an effort to determine whether the anomalies identified on the test answer documents are a result of cheating, and if so, identify those responsible. District employees found to be responsible in this scheme will be referred to the Office of Employee Relations for internal discipline. If the OIG investigation uncovers remuneration on the part of those responsible for cheating, a referral will be made for prosecution at the appropriate level.

## CONTACTING THE OIG

Please be sure to visit our internet [home page](http://detroitk12.org/admin/inspector_general/) to learn more about the history of the office, what we do, ordinances governing our authority and Standards for operation. We have addressed in a special section the most Frequently Asked Questions (FAQs) posed by our visitors. Previous OIG Annual reports can be found and printed directly from the DPS website. Most importantly, employees, vendors, contractors and the general community can confidentially [REPORT FRAUD](#) directly to the OIG through our home page and hotline.





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