



# ANNUAL REPORT

FY 2025

Office of the Inspector General

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**DETROIT Board of Education**

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Honorable Members of the Detroit Board of Education:

I hereby submit to you the Office of Inspector General (OIG)’s Annual Report for fiscal year 2025. This report summarizes our key activities and significant accomplishments for the reporting period between July 1, 2024, and June 30, 2025.

**Our year in summary:**

FY2025 cases	Total	Closed	Inactive	Pending
Ethics Violation	13	0	4	9
Abuse	8	6	2	0
Employee Misconduct	7	1	6	0
Insurance Fraud	3	3	0	0
Payroll Fraud	3	2	1	0
Financial Mismanagement	3	0	1	2
Waste	2	2	0	0
Theft	2	0	0	2
Criminal Activity	1	0	1	0
Vendor Fraud	1	0	0	1
Non-Disclosure Violation	1	1	0	0
Unauthorized Employment	1	1	0	0
<b>Total</b>	<b>45</b>	<b>16</b>	<b>15</b>	<b>14</b>

During this reporting period, we initiated 45 investigative matters, of which 31 were completed as of June 30, 2025, and 14 are pending completion.

Ethical violations remained the leading type of complaints received by this office, which includes conflicts of interest and the failure to comply with District policy and procedures. The latest trend has also indicated a rise in the misuse of District assets as well as a failure to follow standard operational guidelines required of staff within the schools and central office departments, which may not necessarily be fraudulent, but results in waste and abuse of District resources.

Through our work, the District implemented updates to its policies, including the policy for conflicting employment or contractual relationships, which specifies that no employee should conduct contractual work during District

work hours and no employee should use their District email address for contractual work. Additionally, a new vendor vetting process was introduced, which verifies any potential vendor who is also a District employee or a spouse of a District employee.

We identified approximately \$1,244,000 in monetary benefits for the District, for the 2025 fiscal year. As always, we remain committed to improving transparency and accountability for all. Thank you.

Bernadette Kakooza, Inspector General

## OIG’s Monetary Benefits to the District

The OIG identifies monetary benefits for the District in various ways, primarily through restitution, cost savings, and monetary recoveries. At the conclusion of FY2025, District monetary benefits totaled \$47,367,569, an increase of \$1,243,972 from FY2024 totals, which included the following: \$75,394.55 collected in restitution during the year, and an additional \$41,678 in cost recoveries and \$37,840 in costs avoided as result of our work during fiscal year 2025.

<b>Summary of Fraud Statistics (FY2009 through June 30, 2025)</b>	<b>Amount</b>
Monetary Loss identified	\$15,249,987
Monetary Recovery	149,059
Court Ordered Restitution	12,470,036
Restitution Payments Received	3,817,300
Cost Avoidance	12,519,065
Cost Recovery	3,162,123
<b>Total</b>	<b>\$47,367,569</b>

## Statistical Accomplishments

OIG work often results in recommendations that impact personnel decisions, and/or criminal proceedings. In FY2025, the OIG referred 31 employees for internal administrative discipline; of these three resulted in employment termination, 10 were issued suspensions, three retired in advance of administrative discipline, 11 resigned, one was reassigned to another work location, and two served with written reprimands for misconduct. One matter was referred for criminal prosecution. Also, as result of our work, the District implemented two revisions to its policy and/or operational procedures.

## Overview of Investigations: from office inception (March 2009) – June 30, 2025

Case Type	Total	Closed	Inactive	Pending
Abuse (AB)	118	116	2	0
Criminal Activity (CA)	59	58	1	0
Contractor Fraud (CF)	17	17	0	0
Employee Misconduct (EM)	47	41	6	0
Ethics Violation (EV)	242	229	4	9
Financial Mismanagement (FM)	85	82	1	2
Insurance Fraud (IF)	178	178	0	0
Misuse of District Vehicle (MV)	8	8	0	0
Non-Disclosure Violation (NV)	22	22	0	0
Payroll Fraud (PF)	102	101	1	0
Theft (TH)	239	237	0	2
Unauthorized Employment (UE)	43	43	0	0
Vendor Fraud (VF)	65	64	0	1
Waste (WS)	44	44	0	0
Whistleblower Retaliation (WR)	1	1	0	0
<b>Total(s)</b>	<b>1270</b>	<b>1241</b>	<b>15</b>	<b>14</b>



## **FY2025 SIGNIFICANT INVESTIGATIONS**

### **Alleged Financial Mismanagement and other Improper Conduct involving a School Principal**

In October 2024, the OIG investigated an anonymous complaint alleging that a district principal was engaging in financial mismanagement, unauthorized or improper activities, and abuse of authority. The investigation included interviews, analysis of cash receipt and disbursement transactions, and surveillance observations. The investigation substantiated claims that the principal failed to properly manage the school funds, school staff, and school property; by not adequately reporting funds received at the school. Additionally, the principal failed to manage fundraisers at the school and improperly allowed an individual to utilize school space without a community use permit. The investigation determined that the principal's actions violated several District policies relating to Employee Work Rules, Employee Attendance and Punctuality, Community Use and Fraud, Waste, and Abuse. The OIG referred the matter to the Office of Employee Relations for administrative proceedings, who consequently issued a 10-day suspension without pay to the principal.

### **Abuse of FMLA Leave and Conflicting Employment**

In October 2024, the OIG received a complaint alleging that an Academic Interventionist misused intermittent Family and Medical Leave Act (FMLA) and engaged in outside employment during medical leave. The OIG's investigation confirmed that the employee had begun working full-time for an outside charter school while still receiving their sick pay benefits on FMLA from the District. Surveillance conducted by the OIG confirmed the employee's presence at the outside employer during district duty hours, and a review of payroll records revealed that the employee had improperly collected \$2,521 in salary during this period. The investigation determined that the employee's conduct violated multiple District policies, including those governing FMLA compliance, attendance, sick leave abuse, outside employment, and conflicts of interest. Following investigation, the employee was referred to Employee Relations, but they voluntarily resigned from the District prior to completion of administrative proceedings. The Office of Payroll successfully recouped their pay.

### **Alleged Fundraising Violations and Other Financial Misconduct**

In November 2024, the OIG investigated an allegation that an athletics administrator was engaging in improper concessions sales. The complaint alleged that the employee had allowed non-District personnel to run the concessions stand without District approval and was benefiting from these sales. The investigation included interviews and surveillance during several school events which confirmed the allegation. The OIG's investigation further substantiated that the employee had failed to obtain the proper training, mishandled and/or did not properly account for concession sales, and failed to properly supervise several athletic activities. The investigation determined that due to the employee's actions, the District suffered a potential loss of at least \$6,315 in concession sales revenue. The OIG referred the matter to Employee Relations who issued a five-day suspension to the employee for violations of District policy including the Code of Ethics, Fundraising, and unprofessional conduct. Additionally, the Office of Finance is recouping the lost funds through payroll deductions.

### **Conflict of Interest Between Employees Working at the Same Location**

In November 2024, the OIG received a complaint alleging nepotism and a conflict of interest between two employees with a familial relationship (mother and daughter). The complaint also raised concerns regarding misuse of intermittent Family and Medical Leave Act (FMLA) benefits and improper

payroll time reporting. The OIG's investigation confirmed that the employees worked in a manner that created an actual and perceived conflict of interest, which is against District policy. The investigation further confirmed that one of the employees failed to follow the District's attendance and FMLA protocols and was enabled in their wrongdoing by the other employee, who falsified payroll reporting to cover unapproved absences, and made attempts to influence the Office of Employee Health Services to adjust leave records for their family member. The investigation did not substantiate any financial loss to the District but determined that the actions taken by both employees constituted an abuse of District procedures and a violation of the Code of Ethics. The OIG recommended corrective measures, including reassignment of the involved employees, ethics and compliance training for school staff, and revisions to the District's FMLA approval process to ensure clarity regarding intermittent leave use. As a result of the investigation, one of the employees resigned from the District while the other was reassigned to an alternate school location.

### **Time Theft by a District Custodian**

In November 2024, the OIG initiated an investigation into allegations that a District custodian was engaging in time theft by working overlapping shifts for both the District and its contracted custodial services vendor. The OIG's investigation included a review of work schedules and payroll records, and found that the custodian often left their District work location early and misrepresented their work hours to accommodate their vendor custodial work shift, resulting in at least 119 overlapping hours and \$3,265 monetary loss to the District. As a result, the employee was referred to Employee Relations for administrative disciplinary action and recovery of lost funds, which remains pending.

### **Vendor-related misconduct by a District Administrator**

In November 2024, the OIG initiated an investigation into allegations of financial misconduct involving an administrator in the District's Finance division. The OIG's investigation revealed that over a period of nearly eight years, from June 2017 through August 2024, the employee misused their position to process and issue 98 District accounts payable checks - totaling nearly \$1m - to a former District supplier. These payments were made outside of standard operating procedures - without supporting purchase orders, contractual agreements, invoice documents, or supervisory authorization, and with no evidence that services were provided to the District; circumventing District rules regarding payments for goods and/or services. Upon completion of the OIG's investigation, the employee was terminated for violating multiple District's policies and for unprofessional conduct. A criminal referral into the matter is currently underway.

### **Allegations of Ethical and Policy Violations involving a High School Principal**

In December 2024, the OIG received an anonymous complaint alleging multiple policy violations and inadequate staff oversight by a principal. The OIG's investigation determined that the principal instructed the school clerical to misreport staff absences (including that of the principal) as regular hours, resulting in several staff receiving pay for a combined 644 hours they did not work, totaling \$32,025. Additionally, the investigation confirmed that some members of the staff were routinely absent from work, and although the principal knew, no action was taken, other staff shared District login credentials with unauthorized individuals, volunteers were given access to the school facility and interacted with students without proper approvals, and several students were falsely marked present resulting in improper attendance incentive payments totaling \$1,800. Overall, the investigation substantiated the allegations that the principal failed to properly manage staff and to ensure compliance with District policies. The matter was referred to Employee Relations for consideration of administrative discipline, which is pending.

## **Conflict of Interest and Attendance violations**

In February 2025, the OIG received a complaint alleging that a school administrator was engaged in outside employment while actively employed with the District. The complainant raised concerns about the administrator's frequent absences and a potential conflict of interest. The OIG's investigation confirmed that the administrator had been working for the outside employer since 2022 and failed to disclose their secondary employment during the district's mandatory annual employee disclosure process. The investigation also uncovered a significant pattern of absenteeism, with over 60 documented absences for the administrator over 10 months, including multiple instances of failing to follow the District's call-in procedures. The investigation substantiated District policy violations and made a referral to Employee Relations for discipline; however, the employee resigned prior to administrative discipline being issued.

## **Unauthorized Fundraising & Conflict of Interest**

In February 2025, the OIG received an allegation that a school employee, who also served as a Parent Outreach Coordinator, was engaging in financial and ethical misconduct. Specifically, the complainant claimed that the staff member conducted an unauthorized fundraiser, failed to pay required league fees for student athletes, and used their position to retaliate against the volunteer coach. The OIG's investigation confirmed that an unauthorized fundraiser had occurred and found evidence of a potential conflict of interest between the staff member and another individual employed at the school. The investigation further determined that the complainant had been active on campus without volunteer clearance, in violation of District policy. The claim regarding unpaid league fees for the athletes was determined to be unfounded. The OIG recommended that the school employee receive administrative discipline for failure to follow District policies related to fundraising and conflict of interest and that school leadership reinforce compliance with volunteer and visitor management procedures. The employee resigned from the district prior to discipline being implemented.

## **Unauthorized Field trip and Conflict of Interest**

In March 2025, the OIG investigated allegations that a teacher violated the District's Fundraising policy by organizing an unauthorized out-of-state field trip and raised funds through a GoFundMe campaign. The OIG's investigation confirmed that the teacher collected \$13,755 in public donations for a Cedar Point trip and had previously organized a similar trip in the prior year, both without District approval. The teacher failed to provide required parental notifications, could not produce permission forms, and violated student privacy by posting identifiable images and videos on the crowdfunding site—actions that are not aligned with FERPA regulations and District policy. The investigation also revealed that the teacher was a co-owner of a business that became an active District vendor in July 2024, and the company had received multiple purchase orders for services while the teacher remained employed by the District; actions that pose a conflict of interest. Although the teacher disclosed ownership of the business, they failed to report active vendor status and did not follow District policies governing fundraising, field trips, and conflicts of interest. The OIG recommended that Employee Relations schedule an administrative hearing to address these violations and administer appropriate discipline. Also, as result of this investigation, the Office of Finance introduced a new Supplier vetting process, effective July 1, 2025, which is designed to verify any potential vendor who is also a District employee or a spouse of a District employee.

## **Ethical Concerns and other Unauthorized Activities by a Dean of Students**

In March 2025, the OIG received an anonymous complaint alleging that a school Dean improperly engaged their spouse to participate in recruitment interviews during a District hiring fair. The Dean had been assigned to assist with interviews on behalf of school administrators. It was alleged that the Dean had their spouse participate in the interviews of candidates, and misrepresenting the spouse as a school administrator. The OIG's investigation confirmed that the spouse was not a District employee at the time of the hiring fair and had no official role or authority to conduct interviews for the District. Additionally, it was also alleged that the Dean used the school's gymnasium on multiple occasions to host unauthorized extracurricular activities without obtaining the required community use approval and without submitting payment for facility usage. The OIG reviewed surveillance footage and social media posts which showed that unauthorized athletic events and tryouts, organized by the Dean, took place in the school's gymnasium. As a result, the employee was referred to Employee Relations for administrative disciplinary action, which remains pending.

## **Allegations of Vendor Fraud Involving a District Supplier**

In March 2025, the OIG became aware of potential vendor fraud being committed by a District supplier. It was alleged that the supplier was providing services outside of their authorized scope and was also asking principals to falsify billing records. The OIG's investigation included interviews with school leaders and their clerical staff, a review of procurement and billing records, as well as review of documents verifying various services at the schools. Overall, a completed analysis confirmed that the supplier received payments totaling \$292,290 for services provided at 25 district schools, which included \$41,310 (14%) that was invoiced for food services – which was not included in the contracted scope of services. The investigation collected documentary and testimonial evidence that confirmed the supplier's attempts to misrepresent food services as educational programming and substantiated findings of repeated contractual violations. In at least one instance, it was determined that the supplier invoiced \$18,000 for services that were not rendered to the schools. The OIG recommended that the district consider suspending the supplier from District business as well as strengthen procurement oversight, enforce contractual compliance, and ensure accuracy of invoice documentation submitted by all District suppliers.

## **Alleged Possible Theft (or Negligence) in Handling Student Activity Funds**

In March 2025, the OIG initiated an investigation upon receiving a complaint that a teacher failed to account for money collected from students for Senior Dues and Senior Activities. The investigation included a review of school camera footage, interviews, review of the school's banking financial records, and a detailed analysis of the school's cash receipts. The investigation determined that the employee did not efficiently perform their duty as an activity sponsor, gave several conflicting statements regarding the missing funds, and violated District's Cash Management Procedures regarding cash receipts. The investigation was unable to establish that theft occurred; although it was proven that the employee was negligent with handling student funds, which resulted in a loss of \$5,999. It was also determined that the employee's behavior violated District policies relating to the Code of Ethics and Fraud, Waste and Abuse. The OIG recommended that the Office of Employee Relations schedule an administrative hearing with the employee and issue the appropriate discipline, which remains pending.

## **Non-Disclosure of Conflicting Interests**

In April 2025, the OIG received a complaint that a District teacher was also providing District vendor services during regular duty hours. The investigation revealed that the employee was using their



District-issued email and other communication tools to market and sell products including books and apparel to District staff and schools; actions that violate District policy. The investigation further identified that the teacher had failed to disclose their conflicting interests as required by District policy. The OIG's investigation substantiated the employee's abuse of District time by engaging in self-serving business interests during duty hours and referred the matter to Employee Relations for disciplinary action, with other recommendations to strengthen controls regarding vendor activity. Resultantly, the employee received a 14-day suspension without pay. Furthermore, the district's policy regarding conflicting employment was revised to include language prohibiting District employees from conducting contractual work during District work hours and from using District email to conduct their personal business or contractual work.

### **Former Employee Received District Payroll After Separation from Service**

In April 2025, the OIG became aware that a former employee continued to receive their salary after resigning from the District. An investigation was launched which included interviews and an analysis of the former employee's payroll records which ultimately substantiated that the employee had improperly received District pay following their resignation. The OIG determined that the employee's supervisor had continued to authorize payroll without verifying the employee's work status, resulting in a \$38,895 loss to the District. As a result of the investigation, the Office of Finance was able to recoup nearly all the funds that were improperly distributed. Also, due to the OIG's recommendation, the District will continue to reinforce school and department managers' role and responsibilities in the employee separation process.

### **Possible Abuse of Intermittent FMLA by a Teacher**

In May 2025, the Office of Inspector General (OIG) received a matter referred by Employee Health Services (EHS) concerning a teacher who allegedly abused Family and Medical Leave of Absence (FMLA) and Sick Leave. The OIG's investigation substantiated the allegations, finding that the teacher inappropriately utilized 135 sick days over two years, representing approximately 33% of working days, which exceeds the permitted 20% threshold for Intermittent FMLA. The investigation also identified weaknesses in EHS's internal controls, including reliance on manual audits and misreported payroll time. The employee was referred to Employee Relations for administrative action, and resultantly, was issued a suspension without pay for violating the District's policies related to FMLA and Attendance. The OIG also recommended issuing clearer guidance on proper FMLA use, and implementation of automated leave management controls to strengthen oversight.

### **Unauthorized GoFundMe Online Fundraiser Conducted by a Teacher**

In May 2025, the OIG investigated a complaint alleging that a high school teacher organized an unauthorized crowdfunding campaign through GoFundMe. The OIG's investigation verified that the fundraiser raised approximately \$3,400. The OIG's investigation determined that the teacher violated the District's crowdfunding policy by establishing the campaign without pre-approval from the school Principal and District. While the OIG did not find evidence of fraud or intent to misuse the funds, the activity created reputational risk for the District. The OIG recommended counseling for the teacher to enhance knowledge and awareness of the District's crowdfunding rules. Further, the OIG recommended that the Office of Finance provide clear guidance to school staff on proper crowdfunding requirements to prevent similar issues in the future.

## **Financial Mismanagement and Conflict of Interest by School Coach**

In May 2025, the OIG received a referral from the Internal Audit Department involving a school coach who allegedly misappropriated team funds and used their company to provide uniforms for the athletics team. The investigation included an analysis of cash receipts and disbursement transactions, which revealed that the coach collected at least \$56,645 in fees from the team, of which \$21,812 (39%) was deposited in the school account, and \$34,833 (61%) was collected via the individual's cashapp and was not deposited with the school. Using open-source intelligence, the investigation identified businesses owned by the coach and found that school checks totaling \$1,875 were issued to these businesses, in violation of the district's Conflict of Interest policy. The individual resigned from their District role before conclusion of the investigation. A determination for prosecutorial review is pending.

## **Fraud Allegations Related to Administration of the I-Ready Assessment**

In June 2025, the OIG received a complaint alleging that an elementary school teacher improperly assisted students while administering the Spring 2025 I-Ready reading assessment. The OIG conducted interviews with staff and students and reviewed test data, which confirmed that the teacher had read passages, guided responses, and otherwise influenced student performance, in violation of the District's policy as well as the I-Ready Proctor Guide. During interview, the teacher admitted to their wrongful actions that constituted a violation of both the District's policy against fraud, and the Code of Ethics. The matter was referred to Employee Relations for disciplinary action, while other recommendations were made to strengthen testing oversight, including enhanced training, proctor accountability measures, audit controls, and safeguards to prevent wrongful conduct due to teachers' evaluations or bonuses being tied to students' testing results.

## **Alleged "Pay for Grades" Scheme by a District Teacher**

In June 2025, the OIG investigated an allegation that a teacher improperly accepted money from students and in turn, provided the students with points, per each dollar amount, to improve their grades. The investigation included a review of written student statements, interviews, review of the school's banking financial records, cash receipts, and student payment portal. While the investigation did not substantiate that the employee initiated a "pay for grade scheme" per se, it was determined that the employee had collected student donations towards a field trip, although violated the District's procedures as relates to Cash Management, Fundraising, and Donations by failing to obtain proper approval before soliciting these donations, and did not deposit the funds with the school; nor did they adequately perform their duty as an activity sponsor. The OIG recommended that the Office of Employee Relations schedule an administrative hearing with the employee and issue discipline as appropriate, which is pending.

## **COMPLIANCE AND OUTREACH SERVICES**

Continuing with its mission to prevent, deter, and detect fraud, waste, and abuse, the OIG has been a driving force to promote integrity and ethical conduct throughout the District. Our role isn't limited to investigations; rather, proactively, we have been consistent with educating employees about fraud and the ways in which they can engage with us by reporting any suspicions of fraudulent conduct.

And along this path of educating and sharing information about fraud awareness, effective FY2026, the OIG will introduce 'Office Hours', which will provide an opportunity for monthly open sessions to help foster trust, build relationships, and ensure that all District employees understand the OIG's role and how we can protect and strengthen our District. These approaches not only reflect the office's dedication to the core value of Integrity, but affirms our strong support to transparency and accountability for all employees and those doing business with the Detroit schools system.

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Scan the QR code below to visit the OIG webpage, and learn more regarding our role and anti-fraud efforts



The School Board is committed to the highest standards of openness, honesty, and accountability. In consideration of that, anyone with a serious concern regarding Fraud, Waste, Abuse, or Unethical Conduct should immediately contact the **OFFICE OF INSPECTOR GENERAL**

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