

Annual Report

FY 2024

July 1, 2023 - June 30, 2024



OFFICE OF THE
INSPECTOR GENERAL

FY 2024 Annual Report

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Students Rise. We All Rise.

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June 30, 2024

To: Honorable Members of the Detroit Board of Education
 Superintendent Nikolai P. Vitti

I hereby submit to you the Office of Inspector General (OIG)'s Annual Report for fiscal year 2024. This report summarizes our key activities and significant accomplishments for the reporting period between July 1, 2023, and June 30, 2024.

During this period, we initiated 39 investigative matters, and of these, 28 were completed with information regarding various complaints of misconduct involving fraud, waste, abuse, ethical violations, and financial mismanagement; aimed at assisting District leadership with effective decision-making, improvement of internal controls, and promoting efficiency, and accountability throughout the District. Through our work, we identified approximately \$3.6 million in monetary benefits for the District. As of June 30, 2024, 11 investigations were still ongoing.

The OIG is committed to improving the public's trust in our school system, and will continue to assist the District in this endeavor. For all your support towards our mission and our work; on behalf of the OIG staff, I thank you.

Bernadette Kakooza, MBA, CFE, CIG
 Inspector General

FY2024 INVESTIGATIONS at a glance

FY2024 cases	Total	Closed	Inactive	Pending
Ethics Violation	16	7	1	8
Insurance Fraud	7	3	4	0
Abuse	7	4	1	2
Non-Disclosure Violation	4	3	0	1
Employee Misconduct	3	2	1	0
Theft	1	1	0	0
Unauthorized Employment	1	1	0	0
Total	39	21	7	11

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 FY2024, District monetary benefits totaled \$46,123,597, an increase of \$3,559,920 from FY2023 totals, which included \$104,074.08 collected in restitution payments for the year, and an additional \$87,335 in cost recoveries and \$95,278 in cost savings resultant of OIG work during the fiscal year 2024.

Summary of Fraud Statistics (through FY2024)

Summary of Fraud Statistics	Amount
Monetary Loss identified	\$14,184,140
Monetary Recovery	147,762
Court Ordered Restitution	12,470,036
Restitution Payments Received	3,719,990
Cost Avoidance	12,481,225
Cost Recovery	3,120,445
Total	\$46,123,597

STATISTICAL ACCOMPLISHMENTS

OIG work often results in recommendations that impact personnel decisions, and/or criminal proceedings. In FY2024, the OIG initiated 39 cases, and closed 21 matters, involving allegations of misconduct or improper activities. As a result of our work, 20 employees were referred to internal administrative discipline; of these eight resulted in employment termination, four resigned or retired in advance of termination, five employees received other personnel actions (including suspensions, counseling, or reprimands), and one matter was referred for criminal prosecution.

RECORD OF INVESTIGATIONS from Office inception (2009) through June 30, 2024

CASE TYPE (in alphabetical order)	TOTAL	CLOSED	INACTIVE	PENDING
Abuse (AB)	110	107	1	2
Criminal Activity (CA)	58	58	0	0
Contractor Fraud (CF)	17	17	0	0
Employee Misconduct (EM)	40	39	1	0
Ethics Violation (EV)	229	220	1	8
Financial Mismanagement (FM)	82	82	0	0
Insurance Fraud (IF)	175	171	4	0
Misuse of District Vehicle (MV)	8	8	0	0
Non-Disclosure Violation (NV)	21	20	0	1
Payroll Fraud (PF)	99	99	0	0
Theft (TH)	237	237	0	0
Unauthorized Employment (UE)	42	42	0	0
Vendor Fraud (VF)	64	64	0	0
Waste (WS)	42	42	0	0
Whistleblower Retaliation (WR)	1	1	0	0
TOTAL	1225	1207	7	11

SIGNIFICANT INVESTIGATIONS COMPLETED DURING FY2024

Forensic Audit of Employees' Time Reporting while on Worker's Compensation Leave

As a follow-up to a FY2020 investigation which found that a District teacher obtained regular pay totaling \$7,000 although not working and on Worker's Compensation leave of absence, the OIG initiated an investigation to determine whether similar occurrences impacted other District staff. The scope of the OIG's forensic audit covered the period from July 1, 2018, through June 30, 2023, and found that, during the five-year period, there were 1,430 claims processed for a total value of nearly \$4 million paid out in indemnity payments for 167 District staff on worker's compensation leave. The OIG's audit revealed that, despite some recommendations made from the previous investigation, there was improper payroll reporting due to delayed or no notifications to worksite supervisors, insufficient guidance and minimal central oversight of the worker's compensation program, which resulted in 3,269 payroll hours erroneously reported: a \$73,811 loss to the District. As a result of the audit, the Office of Payroll recovered a total of \$43,570 from active employees. Additionally, the OIG recommended counseling for the program supervisor, institution of comprehensive payroll guidelines, enhanced communication, regular audits, training, and streamlined processes to improve the efficiency and accuracy of the worker's compensation program, including offering increased support and guidance to injured employees.

Falsification or Misleading Information in an IEP Report

In late June 2023, the OIG received a complaint alleging a school social worker was non-compliant in their responsibilities involving servicing a student under the Individualized Education Program (IEP), and may have provided false or misleading information in the student's IEP Team Report. The OIG's investigation determined that the social worker had not adequately observed the student to gather an informed assessment and to support the information and language used in the team report. As a result, the OIG made recommendations, which included departmental training and provision of documented resources to staff during professional development sessions.

Abuse of District FMLA Leave

In late June 2023, the OIG received a complaint regarding a school counselor who allegedly committed time abuse and violated the Family and Medical Leave Act (FMLA). The OIG's investigation substantiated the allegations and found that the employee had misrepresented their absences as medical-related, improperly obtained an approved FMLA leave, and engaged in unauthorized personal travel to at least two out-of-state locations during the medical leave. Most significantly, the counselor neglected their assigned duties and responsibilities to the District, in violation of the standards of ethical conduct policy. Consequently, the OIG referred the matter to Employee Relations, who issued a 14-day unpaid suspension, as well as to the Office of Finance to recoup a total of \$5,211 in pay that was improperly received by the employee during their leave.

Financial Mismanagement of Student Activity Funds

In June 2023, several graduating students alleged to the OIG that their high school principal had possibly mismanaged their senior dues. The students alleged that the principal authorized a transfer of funds from the senior class activity funds to pay for other expenditures that were not related to the senior class, and resultantly, caused an insufficient fund balance for the senior class. Additionally, the students did not receive their yearbooks, which were included among items in the senior dues packet. The OIG's investigation revealed that all the money collected from the seniors was deposited into the appropriate student activity bank account; however, due to unbudgeted items and overspending for some items, the students missed an opportunity to receive their yearbooks. No misfeasance was found. The OIG recommended counseling for the principal for having failed to follow the District's cash management guidelines and to attend training to prevent similar financial non-compliance as relates to management of student activity funds.

Time Abuse and Attendance Violations

An investigation, that began in April 2023, was initiated following a report of allegations involving loafing and abuse of time and attendance requirements by a District resource teacher. The OIG reviewed time reports, the employee's earnings records, and conducted multiple field surveillance operations on the employee's whereabouts, which substantiated that the employee consistently failed to be present during their assigned duty hours at District schools, and abused District time by attending to their outside employment during periods that they should have been servicing District students. In addition, it was revealed that the employee failed to disclose that they had conflicting employment, and had wrongfully obtained FMLA leave from the District to enable them to continue working their outside job while on medical leave from the District. The employees' actions were found to be in violation of the District's policies relating to Conflict of Interest, Employee Work Rules, and abuse of federal regulations regarding FMLA usage. The OIG referred this matter to Employee Relations for administrative discipline, and to the Office of Payroll to recoup \$8,944 in District pay that the employee received while working their outside employment. The employee resigned in advance of a termination board action in February 2024.

Falsified Time Records for the Parent Teacher Home Visit (PTHV) Program

In late May 2023, the OIG launched an investigation, following an anonymous complaint that a teacher and support staff member were submitting falsified records for home visits that had not occurred and fraudulently collecting District pay. The investigation confirmed that while both individuals had visited some of the students' families, they did not provide the required support services, and in fact, did not access the homes or discuss the students' needs with the families. Rather, the employees had the parents sign some forms, falsely indicating that the services were provided. The OIG recommended that the individuals be banned from servicing students under the PTHV program, and recouped funds totaling \$1,500 paid to these employees for their services.

Abuse of Authority and other Improper Conduct by a District Police Official

A whistleblower complaint was filed alleging numerous violations by a police supervisor; which included: storage of a personal vehicle on District facility, providing false information on their employment application, misuse of departmental funds, misappropriation of union dues, conflicting interests involving a District parent, and the misuse of authority and District resources. The OIG's investigation involved interviews and a thorough review of various records, including employment applications, other personnel records and employee disclosures, union agreement and teamsters' dues receipts, training records, and other administrative documents. The investigation substantiated violations of District policies regarding unauthorized storage of personal property on District premises, and failing to timely remit union dues collected from subordinate officers. Ethical violations were also confirmed, including a conflicting relationship with a student's parent, falsified student's records, and directing subordinate officers to transport the official's minor child in a District vehicle. The OIG recommended administrative discipline for the official, who resultantly was issued a 30-day unpaid suspension.

False Medical Document Submitted to Explain Unauthorized Leave

In September 2023, a supervisor advised the OIG that they received a medical document from a District employee which they believed to have been falsified. Reportedly, the employee had provided the medical note after receiving a 'Notice of Job Abandonment', and was facing possible discipline for numerous unexcused absences from work. The OIG investigation confirmed that the employee had only worked a couple of weeks, submitted a fake medical note for work, and stopped reporting in to excuse their absences. The investigation determined that the employee held outside employment, which interfered with their District duties and was consistently attending to the other employment during their District duty hours. The OIG recommended discipline for the employee, and as result, the individual was terminated from District employment in October 2023.

Unauthorized Outside Employment and FMLA Abuse by District Public Safety staff

In January 2023, the OIG began an investigation into misconduct allegations involving two police officers and a Lien Operator. The allegations included time theft, unauthorized employment, and misuse of Family and Medical Leave Act (FMLA) leave. The investigation revealed that all three individuals were engaged in undisclosed outside employment, violating district policies, and maintained private security jobs during their approved District sick leave. Payroll records showed one officer received \$2,123 in District pay while working outside employment that overlapped with 80 District duty hours and sick leave. The second officer admitted to engaging in outside employment too, although the investigation was unable to determine their specific dates/hours of service due to unavailable timesheet records. The third individual, the Lien Operator, admitted to similar abuses and resigned following their OIG interview. The OIG recommended administrative discipline for the two officers to address policy violations and to seek repayment of the funds they improperly obtained. Both officers were advised to update their disclosure records and to obtain approval, from department leadership, for any outside employment. The OIG recommended discipline; one officer was terminated, and the other one retired in advance of a disciplinary action.

Abuse of Fundraising Policy and Procedures by Several District Teachers

In September 2023, the OIG received a complaint from a source alleging improper crowdfunding activities involving District teachers, on the Donors Choose website. In response to this complaint, the OIG initiated an investigation, which included interviews, review of the Donors Choose website, and a detailed analysis of the items solicited by each teacher, to determine whether this crowdfunding was appropriate, in compliance with District policies., authorized by the District, and whether the donated items were reported to the District and used to benefit their students. The OIG's investigation concluded that the teachers solicited unauthorized supplies, had improperly used their students' pictures on the crowdfunding website, failed to obtain proper fundraising approvals, and violated the District's fundraising policy and guidelines. As a result of the OIG investigation, the employees were referred to the Office of Employee Relations for administrative discipline and required to undergo training in cash management and fundraising procedures.

Time Theft and Unethical Conduct by a District police officer

In September 2023, the OIG initiated an investigation in response to a complaint about an officer's excessive absences and possible sick leave abuse. Despite several reprimands by their supervisor, attendance had not improved. A payroll audit of attendance for the officer was conducted from August 2022 to October 2023, which confirmed a pattern of absences on Tuesdays and Thursdays. During the course of investigation, the OIG became aware that the officer had requested FMLA leave, and although denied due to insufficient medical documentation, the officer failed to return to work as directed, resulting in unauthorized absences. Additionally, the investigation uncovered fraudulent unemployment benefit claims by the officer from the State of Michigan totaling \$3,982. The OIG recommended disciplinary action for the officer, who resigned in advance of discipline.

Unauthorized Use of a District Facility

In October 2023, the OIG received a complaint regarding a breach of Community Use policy. Reportedly, an outside entity held an unsanctioned event within a school building, which involved alcohol sales and use of recreational drugs, in violation of District policies. OIG investigation revealed that community use procedures were bypassed by a District employee, who granted the outside entity access to hold the unauthorized event. Additionally, the community use office failed to secure the necessary insurance and payment for use of the District facility by the outside entity. The OIG found multiple instances of nonpayment of community use by external entities, resulting in a monetary loss of over \$711,818 for the District. The OIG recommended disciplinary actions for the employees involved and procedural improvements to address policy noncompliance as well as the collection of outstanding payments and regular audits of District community use activities.

Falsification of Title IX records by a Dean of Culture

In November 2023, the OIG received a complaint alleging a School Dean had falsified Title IX documents submitted to the District's Title IX Office of Civil Rights and Compliance. The OIG's investigation included interviews with multiple District employees, as well as with the students and parents involved in the alleged incident, and determined that the dean had failed to meet with the involved students' parents, as required by Title IX guidelines. Furthermore, the students involved confirmed that the written statement that the dean provided to the District was not a true representation of what had transpired. The Dean's actions were deemed to be misleading and unethical, and as a result, the OIG referred the employee to the Office of Employee Relations for administrative discipline, as well as recommended staff training on the federal guidelines for Title IX procedures. Subsequently, the dean retired in advance of a disciplinary action.

Conflict of Interest

In November 2023, the OIG received a complaint alleging that a District employee, assigned to the Office of School Nutrition, was also operating a personal business which provided catering services to various District schools and offices. The OIG's investigation determined that the employee had catered school events and was issued school checks and District payment for their catering business, while also visiting schools on District business, or while on District duty time. Resultantly, the employee received counseling by their department manager, and was directed to cease and desist from conducting their personal business during duty hours or on District locations.

Excessive Absences and Willful Failure to Comply with Attendance Policy and Procedures

In November 2023, the OIG responded to a claim filed by a District employee, who alleged improper withholding of pay and abuse of authority by the District. The OIG's investigation reviewed various payroll records, time and attendance tracking, as well as the Detroit Federation of Teachers (DFT) collective bargaining agreement with the District. The OIG determined that, despite consistent guidance provided to the employee by their supervisor, reminding the employee of District procedures that required daily sign-ins or punch in, at their work site, the employee had failed to comply. The attendance records reviewed indicated that, over a period of one month, the employee signed in for only 19 days, which the OIG calculated to total 152 hours, valued at \$7,336. The OIG recommended that the District make payment in the amount of \$7,336 to the employee, who was also directed to begin complying with the District's attendance policy and procedures.

Fraudulent Unemployment Benefit Claim by an employee on Administrative Leave

In December 2023, the OIG became aware that a District employee, placed on an unpaid administrative leave following an off-work misconduct incident involving the Michigan State Police, had filed an unemployment claim against the District. The OIG reviewed online transactions for unemployment benefit compensation and determined that the employee had collected benefits totaling \$5,792, while falsely misrepresenting that they were "laid off" from the District. The employee was interviewed by the OIG and admitted to the false unemployment claim. Upon a recommendation for termination, the employee resigned in advance of the Board's action.

Possible Theft of School Funds and Unethical Actions by a School Bookkeeper

In March 2024, the OIG received a complaint alleging that a school bookkeeper improperly removed school funds totaling at least \$3,342 from school premises, and had falsified the deposit pick-up log, misrepresenting that the money was already picked up for deposit in the bank. In the course of investigation, the employee, who admitted to the wrongful actions, but denied intent, returned an additional \$3,010 that they had removed from the school and taken to their residence. The investigation determined that the employee had failed to deposit school funds in over three months, as well as falsified bank deposit logs, in violation of cash management procedures. The employee subsequently resigned from the District in advance of being terminated.

Conflicting Business Interests with Schools

In April 2024, an investigation was conducted, following a referral from a District manager regarding a school employee, who was the owner of an apparel business that was registered as a supplier for the District. The investigation determined that the employee had not disclosed their ownership of the business, and continued to solicit business from school leaders and other staff throughout the district. Principals interviewed confirmed that they had received emails and other correspondence from the employee, seeking business projects with their company. Four District purchase orders were identified, totaling \$7,760, while other information was obtained which confirmed the employee physically contacted principals and dropped off product samples during District duty hours, in violation of District policies for Conflicts of Interest and Ethical Conduct. The OIG recommended that the employee's business be removed from the approved vendor list, and additionally, the employee was referred to Employee Relations for administrative discipline.

Conflicting Outside Employment

In May 2024, the OIG received an anonymous complaint alleging that a school employee maintained conflicting outside employment as an airline staff member, during District duty hours. The OIG sought and obtained verification from the airline, who confirmed the employee's work schedule. Furthermore, the OIG compared attendance history and reported payroll time for the employee with the airline's records, and determined the employee was not present at their District job for at least 88 duty hours, amounting to \$2,420 that they improperly received in District pay. The employee was directed to repay the District for the overlapped hours, and additionally, was referred to the Office of Employee Relations for administrative discipline, which is pending.

Violation of District Policy on Family & Medical Leave Act (FMLA)

In May 2024, the OIG received a complaint alleging that a school employee abused their Family Medical Leave Act (FMLA) and worked as an entertainer during medical leave from the District. It was determined that the employer had sought leave due to a work-related injury, and reported that they were experiencing sensitivity to light and noise. Despite these claims, the OIG's investigation found that the employee was singing before a live audience at a jazz nightclub during their leave, and was exposed to the same conditions they stated they could not work under, at their District job. The investigation further determined that the employee did not immediately return to work when the FMLA protected leave expired, and accumulated \$3,335 in District sick leave pay, although did not provide any medical documentation to support their absences from work. As a result, the OIG made a recommendation to recoup the improperly obtained sick pay from the employee, who was also referred to Employee Relations for administrative discipline. However, the employee resigned in advance of a disciplinary action. As result of the misconduct, HR placed a 'Do Not Rehire' notice in the employee's personnel file.

Unemployment Insurance Fraud involving District Employees

The OIG assisted the Human Resources (HR) department to investigate several District employees who were found to have filed unemployment claims, provided bi-weekly certifications, and collected benefits from the State of Michigan, while actively working and receiving District pay. The OIG reviewed each employee's online profile with the state's unemployment agency, as well as assessed payments they received, comparing dates with timesheets and District payroll records. The investigation confirmed six out of 80 active employees had received unemployment benefits that they were not entitled to, totaling \$18,810, charged to the District's Unemployment Tax account, a potential monetary loss to the District. These six employees failed to disclose to UIA they were still actively working and did not report any earnings on the weekly certifications. As a result, OIG recommended administrative discipline, and that the employees repay the District for the benefits they improperly received. Two employees subsequently resigned in advance of discipline, while the other four remain employed with the District, pending disciplinary actions.

COMPLIANCE AND OUTREACH SERVICES

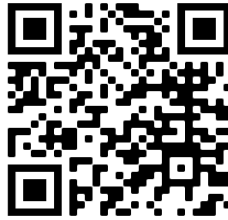
As part of our mission to assist the District with the prevention, detection, and deterrence of fraud, waste, abuse, and unethical conduct among District employees and contractors involved with the District, the OIG continued with its compliance and outreach services by providing presentations on fraud awareness, code of ethics, whistleblower protection and conflicts of interest throughout the year. Throughout FY2024, we provided 100 live training sessions, and 118 online sessions for participants. Our aim is to continue these outreach services until every District employee and contractor has had an opportunity to attend. Training sessions are posted in Frontline. Building on the District's core value of Integrity, the OIG strives to mitigate the risk of fraud, waste, and abuse, and effectively promote an ethical culture within the district, beginning with the Tone at the Top.

Furthermore, the OIG assists the District by conducting due diligence reviews of the Employee Disclosures, each year, to assess whether employees have conflicting personal interests that are or may interfere with the proper conduct of their District duties. Such reviews guide the District in decisions regarding personnel assignments, vendor relations, and provide support in investigating conflicts of interest among employees. We plan to continue offering this service during FY2025.

CONTINUING PROFESSIONAL EDUCATION

To keep abreast of fraud trends and enhance their professional proficiency, OIG staff are required to obtain at least 20 hours of continuing professional education each year, with at least 12 hours being directly related to the staff member's job responsibilities with the office and at least two (2) hours of ethics training. The OIG is a proud member of the Association of Inspectors General, a nonprofit organization which establishes standards and best practices for inspectors general offices and offers training, certifications in IG-specific disciplines, as well as other professional development sessions to its member agencies. During FY2024, three OIG staff members successfully completed the Association of Inspectors General (AIG) Institute certification program and obtained designations of Certified Inspector General Investigator - CIGI (2 members) and Certified Inspector General Auditor - CIGA (1 staff member).

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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