

ANNUAL REPORT 2022

**Office of the Inspector General
School District of Philadelphia**

**Jayme Naberezny
Inspector General**

**THE SCHOOL DISTRICT OF PHILADELPHIA
OFFICE OF INSPECTOR GENERAL**

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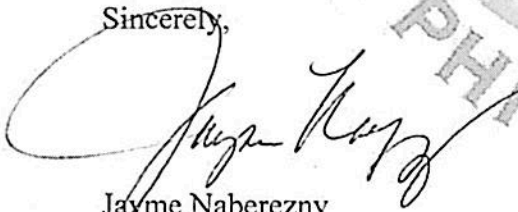
Chair and Members of the Board of Education
Dr. Tony Watlington, Superintendent

I am proud to present the Office of the Inspector General 2022 Annual Report. This report not only offers insight into the structure and mission of the OIG but also highlights our work and notable achievements over the past year.

Preparing this report each year allows me to reflect on how far the OIG has come and what the future holds for the Office. It is an honor to lead this outstanding team of investigators, auditors and attorneys. Their integrity, professionalism and tenacity are unparalleled and shine through in the work that they do.

The OIG strives to ensure integrity is a cultural norm in the District but our work would not be successful without the partnership of the Board, the Superintendent, the District staff and the public. We remain committed to the important mission of rooting out fraud, waste and misconduct in the District and are excited for what lies ahead for the Office in the coming year.

Sincerely,



Jayme Naberezny
Inspector General

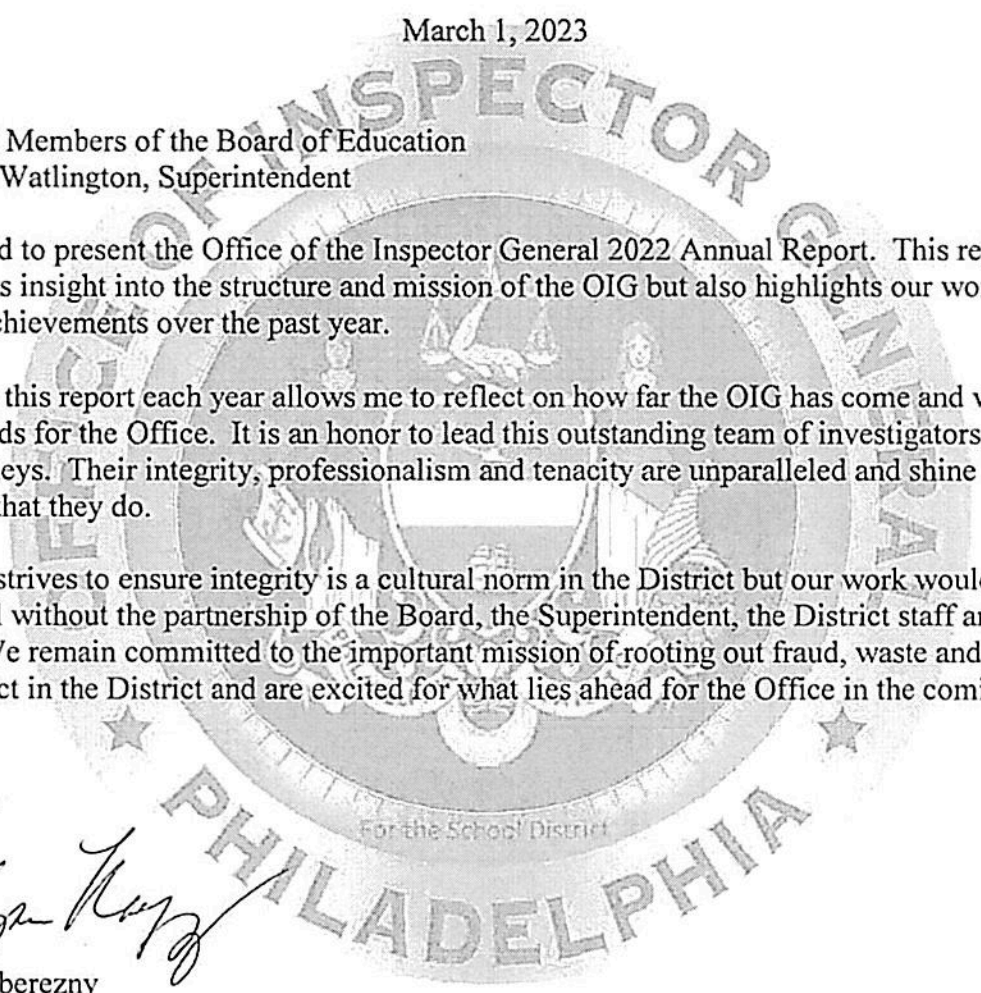


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OUR MISSION

The Philadelphia School District is the eighth largest school district in the United States with 19,000 employees serving roughly 197,000 students in more than 300 schools. The Office of Inspector General is tasked with investigating fraud, waste, and abuse and ensuring that taxpayer funds are used accordingly.

2022 was both a transformative and productive year for the Office. The organization of the office changed to better suit the increasing workload. The OIG fielded more complaints and undertook more investigations than any time in the past five years. Our case management system was streamlined in order to allow managers to track information efficiently throughout the life of a case and to assist investigators and auditors in meeting investigative deadlines.

The outreach work of the OIG continued through in-person training with District staff and an enhanced social media presence to highlight the work of the Office and to serve as an informational resource for employees and the public. OIG personnel also developed an online training curriculum for inclusion on the Cornerstone platform which will eventually be utilized by all District employees.

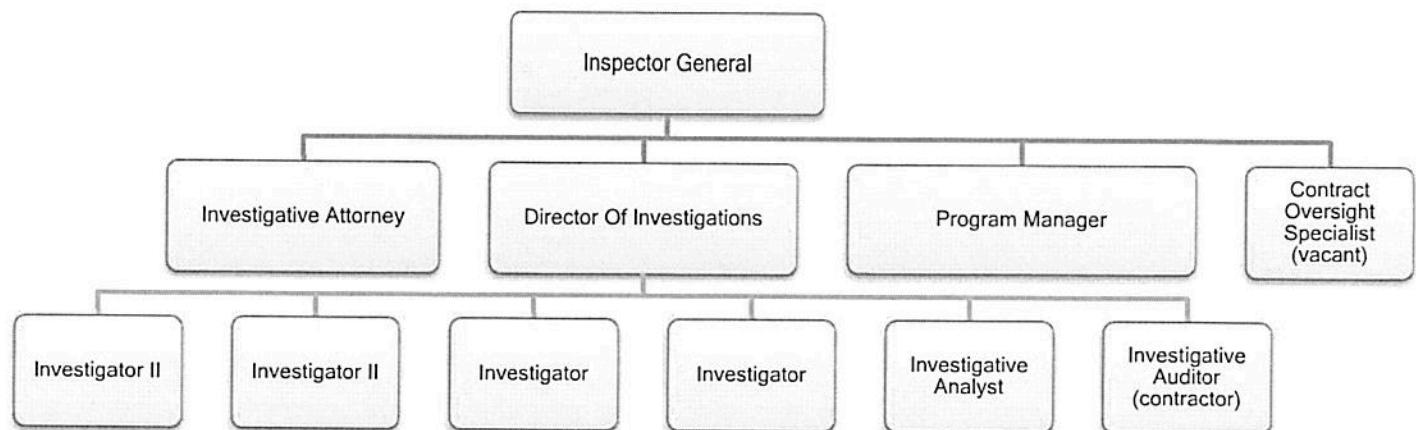
The OIG remains committed to partnering with the District to ensure accountability and fiscal responsibility and, as always, to deterring and identify fraud, waste, and abuse.

OUR STAFF

Currently there are nine full-time employees in the Office of Inspector General. In the investigation's division, there are currently four investigators and one analyst. In 2022, steps were added to the investigative lines which now result in a clear career path for investigators hired in the OIG. Two employees were promoted to Investigator 2 based on their responsibilities, experience, and skills. An Investigative Analyst has been hired and began work in mid-January.

In the coming year, one of the organizational goals that the Office is working towards is building out our compliance and auditing function. The OIG has contracted with a forensic auditor since 2016, and he performs all audits and reviews for the office. In 2020, the OIG released a comprehensive report on a construction project at Benjamin Franklin High School. A recommendation was made to the District that a more robust vetting process for vendors/contracts be developed. In furtherance of that recommendation, the OIG developed a Contract Oversight Position which will assist the District in providing general reviews, oversight, and analysis of the District's contracting process and assist with comprehensive vetting of contractors who desire to do business with the school district. This position will be filled in 2023.

Office of the Inspector General, Organization Chart FY 2022



All investigative employees of the OIG are members of the Association of Inspectors General (AIG), a national organization of state, local, and federal inspectors general. Every member of the investigative staff holds an advanced educational degree. Among the other certifications that our staff holds are Certified Inspector General, Certified Inspector General Investigator, Certified Public Accountant, Certified Fraud Examiner, Certified Global Management Accountant, Certified Internal Auditor, and membership in the Pennsylvania Bar, New Jersey Bar, District of New Jersey, Eastern District of Pennsylvania, Third Circuit Court of the United States, and the Supreme Court of the United States.

Each year, employees who hold certifications under the AIG must complete several hours of continuing education credits. In October 2022, the investigative staff traveled to Washington D.C. for the annual training conference presented by the AIG. The focus of this training module was pandemic related fraud, which will become a focus for the Office in the coming years.

Another professional goal for the OIG is to undergo a peer review by the AIG in preparation for accreditation. National accreditation by the Association of Inspectors General will help ensure that the OIG is following best practices in the industry.

OUR WORK PROCESS

In 2022, the OIG fielded 173 complaints. Upon receipt, each complaint is logged into our case management system and then assigned to an investigator or auditor for review. That evaluation may result in the following actions:

- A request for additional information as needed;
- A referral to an internal School District department or outside agency for handling;
- Opening a preliminary investigation or case, audit or review.

Once an investigation is completed, the OIG may release a Report of Investigation to the Board of Education, internal partners, and publicly, recommending corrective and disciplinary action or policy and procedural recommendations.

In 2022, 17 investigations were active. The OIG also completed and released a self-

initiated review of the District's fleet in 2022. As a result of our completed investigations and reviews, the OIG made 91 policy and procedural recommendations, issued 11 investigative reports, one major review, and two recommendation letters.

Of the complaints, 66 were referred to other District Departments or externally. The remaining complaints were retained by the OIG for verification, preliminarily investigated, and either closed or elevated for full investigation.

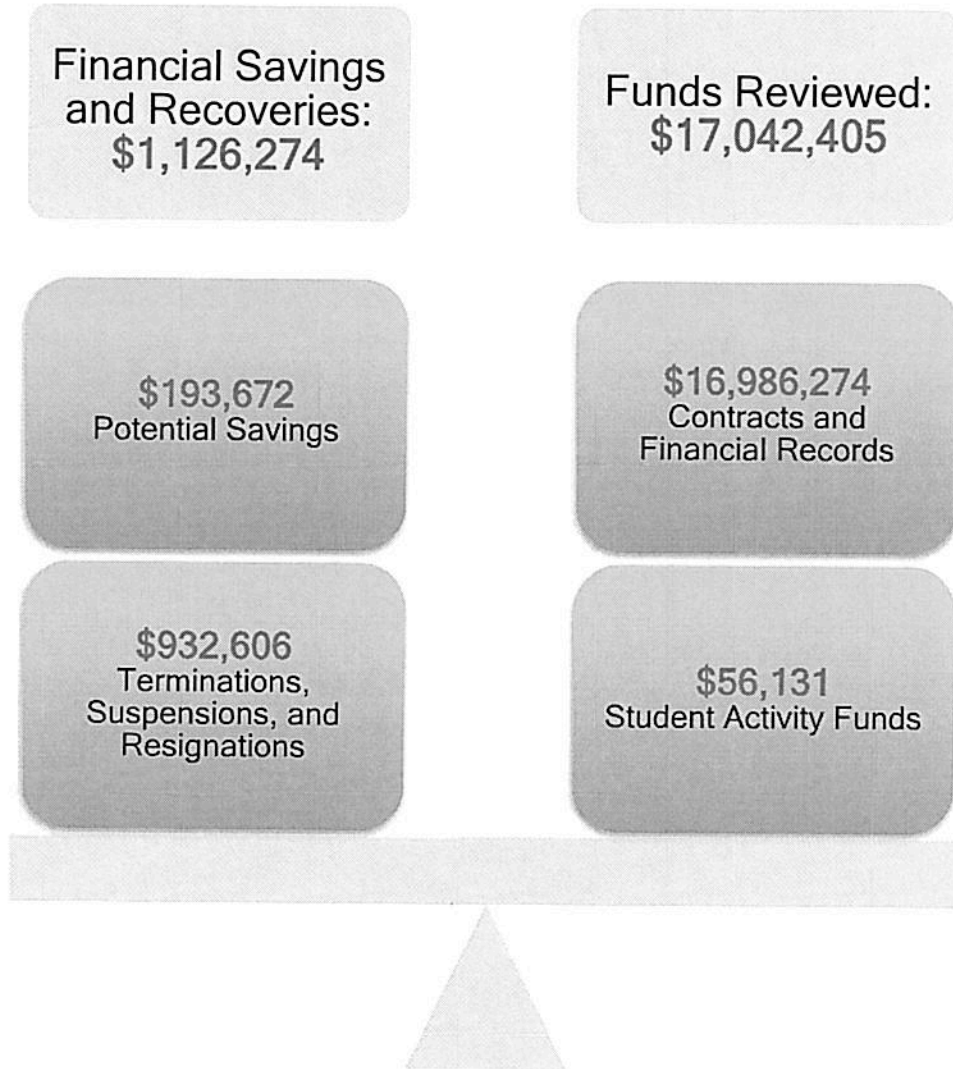
In comparison to 2021, the OIG received almost double the number of complaints, conducted more investigations, issued more investigative reports, and had more active cases in 2022.

Complaints: End of Calendar Year 2022	
Closed Intakes - No Further Action	66
Closed Intakes - Referred	66
Closed Intakes - Associated with Other Cases	4
Closed Intakes - Employee Retired/Resigned under Investigation	3
Closed Intakes - Preliminary Investigation Initiated	30
Open Intakes	4
Total	173

Year-to-Year Comparison		
	2021	2022
Number of Complaints	97	173
Number of Cases Active	14	17
Number of Reports Issued	9	12

The substantial increase in the number of complaints made to the Office is a result of several factors. This Office has always strived to be accessible to the population that we serve. We have successfully raised awareness of the Office and our mission by completely revamping our website and streamlining the process for making a complaint. Deterrence is invaluable as a means of fraud prevention, and, as such, we have increased our presence and engagement on social media with the public release of redacted reports. In 2022, both the District and the Board have graciously included an "IG spotlight" in their respective newsletters. All of these methods of engagement provide important information to stakeholders about the mission and current work of the OIG.

OUR IMPACT



OUR CASES

City taxpayers deserve the best and every collected dollar should be secured and safeguarded. The investigations the OIG conducts aim to eliminate the costs of fraud, corruption, and misconduct, which are squarely borne by the taxpayers. As such, the OIG's mission includes a mandate to ensure that our taxes are spent in a responsible, efficient, and transparent manner, and the cases the OIG works on each year embody this goal. As a result, the OIG inspected about eleven times its annual budget this year, and the Office continues to be a prudent investment for taxpayers.

Transportation Division and Vehicle Misuse

The Office undertook a review of the Transportation Division immediately prior to the pandemic shutdown. The review was initiated to determine departmental compliance with Board Policy 711 - School District of Philadelphia's "Non-Bus Vehicle Usage Policies and Procedures". Previously, the OIG began to notice a pattern of allegations regarding various components of transportation and specific to the potential abuse of the non-bus fleet. The review focused on several processes and procedures that potentially created the greatest risk of noncompliance, misuse, and abuse of the District's assets. The OIG concluded that Transportation failed to maintain comprehensive and chronological records for each vehicle with critical information often missing or difficult to locate. Additionally, the OIG found that transportation was unable to provide documentation to verify compliance with District requirements for employee take-home vehicle privileges, including the required approvals for those privileges. Often, investigators were unable to ascertain who was actually driving a District vehicle and the system often lacked critical driver information.

At the heart of the OIG's recommendations was the need for the District to simply maintain an accurate vehicle inventory, comply with the vehicle policy, and ensure that District assets are not misused. Transportation has several asset management tools to aid in managing the non-bus fleet, but were not using these tools effectively and, as a result, nearly every area of the non-bus vehicle program was deficient and non-compliant with District policy.

Vehicle Misuse

The Transportation review steered investigators towards several more cases of misuse and abuse of District vehicles. In February 2022, an OIG investigation substantiated a District executive's improper use of a District vehicle as well as unapproved outside employment and improper timekeeping procedures.

In July of 2022, the OIG substantiated an allegation that a School Safety employee was using a marked, District vehicle for personal use during work hours, after work, and on a District holiday.

In September 2022, a Facilities employee was found to be using his assigned District vehicle on weekends, after work hours and even while on leave from the District for personal purposes to travel to shopping centers, restaurants, and airports, while also transporting non-District employees in the vehicle.

Finally, in November 2022, the OIG discovered that another Facilities employee was using a District vehicle to travel to and from casinos in Atlantic City. The investigation also substantiated that the employee transported a non-District employee in the vehicle and made false statements to OIG investigators during the course of the investigation.

Over the last two years, this office has investigated several cases of official vehicle misuse. At the conclusion of each investigation, the recommendations were the same: District supervisors must take a more proactive role in managing and overseeing their fleet. Furthermore, District employees must be held accountable for their behavior and, at the very least, must be aware of District policies and procedures governing the use of official vehicles. The OIG is currently working on a subsequent review regarding the process that the District uses to dispose of older vehicles by scrapping and selling them.

Prep Time Pay Back

The OIG received an allegation alleging that a large number of missed prep periods were submitted at Tilden Middle School compared to the rest of the District. The investigation determined that a lack of accountability on the part of school administration, a failure to follow proper policies and procedures as outlined in the Collective Bargaining Agreement between the Philadelphia Federation of Teachers and the District, and the absence of oversight led to a large amount of prep payback claims worth more than \$78,000. The investigation substantiated that some teachers at Tilden made claims for prep pay back on days that they were absent and astonishingly, on the District's only snow day that year. Due to the OIG's investigation, the District did not pay out the full amount of the prep payback claims resulting in a savings of approximately \$35,000 to the District. Further, the District can potentially recover an additional \$38,000.

The Office also received a complaint about excessive prep payback amounts at Julia de Burgos School regarding the 2020-21 school year, most of which was remote due to the pandemic. The investigation did not substantiate any fraudulent activity by the staff at de Burgos but once again substantiated that the District does not require schools to maintain sufficient records as required by the Collective Bargaining Agreement.

Residency

The OIG completed two residency cases this year regarding students who were attending Philadelphia public schools but lived outside of the city limits. One case involved students who attended District schools but lived in New Jersey. These two cases, involving a total of four students, resulted in recommendations to the District to bill the parents/guardians more than \$112,000 for tuition reimbursement.

Wage Continuation

The OIG received an anonymous complaint that an employee was abusing the wage continuation benefit offered by the District by working as an Uber driver while on leave. The investigation substantiated that attendance and leave records contained numerous discrepancies that allowed the employee to remain on wage continuation for more than six months beyond the permitted time period. The employee collected full salary and benefits during this time. As a result of this investigation, the OIG recommended that the District improve the accuracy in terms of tracking employee time. To date, Employee Health Services has partnered with District Information Technology to add an extra layer of accountability to the timekeeping process for those employees who are out on extended medical leave. The cooperation between the two departments is essential in ensuring that this type of leave can be accurately tracked and reduces the opportunity for abuse.

Fraudulent Education Credentials

As a result of an OIG investigation, a District employee was terminated when investigators confirmed that she submitted a fraudulent resume and employment application indicating an earned Bachelor's Degree to qualify for and receive a promotion. The employee submitted a photograph of a Bachelor's Degree in support of her application for a promotion to an internal position. As an internal employee, she was not required to submit sealed college transcripts. OIG investigators contacted the university and confirmed that the employee did not in fact receive a degree. This case was one of several over the past two years where false or fraudulent statements were made to obtain employment at the District.

Criminal Cases or Referrals

In 2018, the OIG received a complaint that Dyheim Watson received state funds for services billed under false pretenses and billing of unlicensed tutoring services for students under Compensatory Education agreements with the District through his company, Recovery Education Services, LLC. The investigation substantiated that Watson had received more

than \$90,000 over a seven-month period from the District. The OIG referred the case to the Pennsylvania Attorney General's Office. In December 2022, an arrest warrant was issued for Watson. He surrendered in January 2023 and was charged with multiple felonies including theft and forgery.

OUR FUTURE

Once again, 2023 promises to be a year of growth for the office. In 2022, we developed an official policy to further delineate the mission of the Office and the administrative procedures that the office follows and hope to appear before the Board for adoption in early 2023. As previously mentioned, we are seeking to be peer reviewed by the Association of Inspectors General with a kick off scheduled for June 2023.

The proposed Contract Compliance Program will begin in earnest in 2023. The OIG is actively seeking a qualified individual to provide this service. Hiring for this position in particular has been difficult but with the assistance and expertise of the Office of Talent, we hope to identify a candidate in early 2023.

As always, the Office will continue to engage District leaders in proactively identifying corruption hazards, fraud, waste and abuse. Our anti-corruption training will continue with all classes of employees at the District. Since 2019, this Office has trained more than 1,000 employees and given them resources to report fraud, waste and abuse.

Our effort to increase awareness of the work of the office never ceases. Through our redesigned website, our anonymous tip line and our social media presence, the OIG has enabled both employees and the public to easily and confidentially make complaints. We believe our accessibility to employees and the general public has been a major contributing factor in the workload increase of the Office.

OUR CONTACT INFO

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