

P: 773-534-9400
F: 773-534-9401
cpsoig.org
@cpsoig



For Immediate Release: Tuesday, January 9, 2024

Contact: Inspector General Will Fletcher (773) 534-9400 or inspectorgeneral@cpsoig.org

CPS Inspector General Releases FY 2023 Annual Report:

Millions of Dollars in CPS Tech Devices Reported Lost or Stolen Without Appropriate Search and Recovery Efforts; School Clerk Stole Over \$150,000; Assistant Principal Indicted on 17 Counts for Stealing Nearly \$274,000; 8 Sexual Abuse Cases Substantiated by the OIG's Sexual Allegations Unit; and Improved Training Protocols Needed for CPS Vendor Employees and Volunteers Following Pattern of Misconduct

CHICAGO—The Office of Inspector General (OIG) for the Chicago Board of Education released its Fiscal Year 2023 Annual Report today, summarizing its investigations and other matters reported to the Board of Education between July 1, 2022, and June 30, 2023. During this period, the OIG received over 2,000 complaints of misconduct, waste, fraud, financial mismanagement, and adult-on-student sexual misconduct. The allegations ranged from relatively minor violations of Chicago Public Schools (CPS) policies to criminal acts. More details on specific investigations are available in the Annual Report at cpsoig.org/reports.

In addition to its other findings, the OIG continues to closely monitor CPS' spending of \$2.8 billion in pandemic relief received through the federal Elementary and Secondary School Emergency Relief (ESSER) fund. In FY 2023, CPS significantly increased its use of ESSER funds to pay program staff outside of the regular school day, including \$30 million for summer school and \$25 million for Out-of-School Time programming. Notably, the system CPS uses to pay staff for this type of work in the past has been prone to abuse, lacked sufficient controls, and was the subject of a previous OIG performance review that is also discussed in the FY 2023 Annual Report. The OIG also previously highlighted ESSER spending on technology as another area of concern. Through May 2023, CPS reported spending over \$114 million on technology in response to the Covid-19 pandemic and remote learning, much of which has been covered by ESSER funding.

Finally, the OIG has noted that a primary concern for CPS—similar to all districts receiving ESSER funding nationwide—is whether pandemic relief expenditures will lead to a “fiscal cliff” in which the District commits to increased permanent spending that can no longer be covered once federal relief funds run out. CPS has already publicly disclosed that it

Chicago Board of Education • Office of Inspector General
567 W. Lake Street, Suite 1120, Chicago, IL 60661
File a Complaint at CPSOIG.ORG

anticipates a \$391 million shortfall in its FY 2025 budget, even with a projected \$300 million of ESSER funds available during that fiscal year. CPS has not yet disclosed specific anticipated effects of the end of pandemic relief funding, although a comprehensive review of the sustainability of ESSER-related spending is reportedly underway.

Millions of Dollars in Tech Devices Reported Lost or Stolen Without Appropriate Oversight or Recovery Efforts Post-Pandemic Remote Learning

Among its most significant findings, the OIG determined that during the District's first post-Covid-19 inventory, CPS schools reported an unacceptably high percentage of technology devices as lost or stolen, based on a flawed inventory and recovery process that lacks appropriate oversight and is in need of a serious overhaul.

The OIG's performance review found that during the 2021–22 school year, CPS schools reported 77,505 tech devices as lost or stolen, with a total original purchase price of well over \$23 million, including numerous cases in which schools marked as “lost” tech devices that had been assigned to students or staff but never returned, without any consequences. Even taking into account depreciation of tech assets, the value of the devices that were reported lost or stolen is estimated, conservatively, in the millions; due to missing inventory data across the District, the exact amount is unknown.

At three dozen schools, 100 percent of tech devices assigned specifically to students were marked lost or stolen, inventory data showed. Across the District, 27 percent of tech assets assigned to students were marked lost or stolen in 2021–22, more than one of every four tech devices. Across all schools that completed their inventories, 11% of all tech devices were reported lost or stolen—a level even CPS' inventory software vendor considered concerning.

Additionally, evidence indicated that some inventory workers were too quick to mark devices lost, a designation that must be manually entered into the inventory system; that CPS officials rarely used search and recovery procedures that cost CPS nearly \$2.6 million annually; and that some lost devices were never returned by their users post-Covid-19. The lack of sufficient recovery efforts combined with flawed inventory numbers represents a significant problem, as inventory information can be used to calculate what tech devices to buy—at taxpayers' expense.

Also worth noting, the concerning level of reported lost or stolen tech assets in 2021–22 coincided with a massive jump in tech spending across the District. In this same school year, CPS spent more than \$124 million on technology assets, the highest level in the last five school years.

Under current CPS procedures, schools must file police reports about all items designated as lost. The OIG contends that CPS schools have been spending excessive time filing noncriminal Lost Property police reports that have consumed police processing time, only to never be resolved by the Chicago Police Department (CPD) due to lack of actionable

information. Key CPS officials could not cite a single example of any tech device marked lost in 2021–22 that was later returned to CPS based on a Lost Property police report. Based on CPS procedures, the OIG estimates thousands of CPS tech devices have been reported lost to the police, a significant waste of time for both CPS and CPD staff.

As a result of these findings, the OIG outlined 16 recommendations to improve the District's asset inventory process and procedures. Following the OIG's report and recommendations, more than 11,800 lost tech devices have been recovered as of mid-November 2023.

Each of the OIG's recommendations is outlined in the FY 2023 Annual Report, including:

- Rewriting the CPS Asset Inventory and Management Policy, improving inventory training and search techniques, and requiring annual training on asset inventory procedures.
- Creating an amnesty period to recover 2021–22 lost assets, and asking students and staff to return the assets assigned to them and/or their classrooms.
- Making students and staff accountable for their assigned tech devices, and requiring that they be notified in writing of any missing asset assigned to them.
- Hiring more specialized technology staff to assist schools, and ensuring proper training and compliance of outside technology vendors working in the District.
- Sharing more detailed audit information with principals, holding them accountable for their schools' future audit results, and training principals on how to effectively oversee annual school audits.
- Eliminating lost property police reports (while continuing reports for stolen devices).

CPS agreed with the majority of the OIG's recommendations, and has begun to implement several measures outlined in the Annual Report.

Assistant Principal Indicted on 17 Counts for Stealing Nearly \$274,000

In its 2021 Annual Report, the OIG reported its findings in an investigation involving financial crimes by an assistant principal at an elementary school. The OIG found that the assistant principal stole over \$195,000 in school funds over the course of two years by embezzling parent payments for an after-school program and by issuing fraudulent checks to herself and her family members. During the course of the investigation, the OIG also recovered and returned to CPS an additional \$77,436 of parent fee payments that the assistant principal had diverted to an online bank account that she created and controlled.

The OIG referred this matter to the Cook County State's Attorney's Office and assisted with its criminal investigation. On July 3, 2023, a Cook County grand jury returned a 17-count indictment against the assistant principal charging her with three counts of theft of over \$100,000 from a school, nine counts of forgery, and five counts of committing a continuing

financial crimes enterprise. The indictment alleges that the assistant principal stole a total of \$273,364—including the funds that the OIG recovered during the investigation.

The case is currently pending in the Circuit Court of Cook County. The assistant principal resigned during the OIG's investigation, and a Do Not Hire designation was placed in her personnel file.

School Clerk Stole Over \$150,000 in CPS Funds Through Payroll Fraud and Cash Embezzlement

An OIG investigation found that a school clerk stole over \$150,000 in CPS funds through two separate fraud schemes. In one of the schemes, the clerk engaged in payroll fraud by submitting false pay requests over the course of five school years for at least \$68,000 for work that she did not do. In the other fraudulent scheme, the clerk embezzled nearly \$90,000 of school funds by skimming from cash collected by the school that she was responsible for depositing in the school's bank account.

The clerk's payroll fraud scheme involved misuse of CPS' flawed system for giving supplemental pay for work outside the regular workday, which was the subject of an OIG performance review discussed in the FY 2023 Annual Report. The OIG found that the clerk abused her position of trust to submit fraudulent requests for extra pay to her supervisors for hours that she did not work. Multiple administrators at elementary schools where she worked then failed to attempt to verify her extra pay requests and allowed her to collect the unearned payments. The OIG also found that in addition to the at least \$68,000 in payroll funds that the clerk stole for herself, she also directed at least \$15,000 in unearned extra pay to a fellow clerk, who accepted the stolen funds.

During the investigation, the OIG also identified suspicious cash deposits by the first clerk and found evidence that she took advantage of her cash-handling responsibilities to skim nearly \$90,000 of school funds. She denied stealing any school funds; however, she was unable to explain the questionable deposits and instead provided a false narrative that was easily disproven. Moreover, nearly all the school's financial records relating to cash collection and deposits were missing. As in the payroll fraud scheme, the first clerk's embezzlement of school funds was enabled by administrators' failure to have any controls in place for cash management.

The OIG recommended that the CPS Board terminate the employment of both clerks and enter Do Not Hire designations in their personnel files. The Board initiated disciplinary proceedings against both clerks. The first clerk subsequently resigned, and the Board placed a Do Not Hire designation in her personnel file. The second clerk's proceedings remain pending. The OIG referred this matter to the Cook County State's Attorney's Office for prosecution.

These payroll fraud and cash embezzlement schemes are discussed in more detail in the FY 2023 Annual Report.

8 Sexual Abuse Cases Substantiated by the Sexual Allegations Unit

The OIG's Sexual Allegations Unit (SAU), established in October 2018, is the nation's first and only centralized independent investigative body with jurisdiction over a broad range of sexual misconduct allegations involving K–12 school-based staff and students. The FY 2023 Annual Report includes details of 8 cases of adult-on-student sexual abuse substantiated by the SAU, as well as other instances of misconduct ranging from sexual harassment to nonsexual conduct that raises the appearance of impropriety or possible grooming concerns. Examples of allegations handled by the SAU that are not overtly sexual include staff members driving/calling/texting a student, buying gifts for a student, making a student uncomfortable through perceived staring or invasion of personal space, and otherwise showing an inordinate amount of attention to a student.

Complaints regarding improper boundaries between staff and students make up most of the misconduct allegations received and investigated by the SAU each year. Out of the 446 complaints received by the SAU in FY 2023, 67% of them fell into this nonsexual category, as compared to 33% that clearly alleged sexual abuse, physical contact, sexual communications or grooming. Breaking this statistic down further, 7% of the total complaints handled by the SAU in FY 2023 explicitly alleged sexual abuse or sex acts by CPS-affiliated adults directed towards CPS students.

This is an important distinction for several reasons. The SAU's reporting of data about all types of adult-on-student sexual misconduct allegations has sometimes been equated with instances of sexual abuse, which is an inaccurate and misleading interpretation. While conducting thorough and impartial investigations of alleged sexual abuse is an important part of the SAU's work that requires considerable time and resources, this represents only a portion of the unit's overall jurisdiction. Furthermore, it is critical that the SAU's work include investigations of complaints that are not overtly sexual, including anonymous allegations, those offering minimal details or names, and allegations of unprofessional behavior that are not explicitly sexual but may make students uncomfortable or indicate grooming concerns. The value in having the SAU's uniquely trained staff handling these allegations for CPS is indisputable: some of the SAU's more serious substantiated investigations started with allegations that were not explicitly sexual at the outset. Were it not for the SAU and CPS' Office of Student Protections and Title IX (OSP), many of these allegations would not be reported, much less investigated.

Over the past five years, the SAU's accomplishments have been significant. As of December 15, 2023, it has opened 2,188 cases following allegations reported by students, alumni, parents, staff, and others. Of those, it has closed a total of 1,768 cases raising concerns of adult-on-student sexual misconduct, and substantiated policy violations in 363 investigations. Of the cases closed by the SAU in FY 2023, five CPS-affiliated adults were criminally charged for sexual misconduct directed at children; three of which involved school-based abuse of a CPS student.

Although not individually summarized in the OIG's annual reports, equally important are the almost 500 full SAU investigations since 2018 that have not substantiated misconduct, because they reflect the OIG's equal commitment to investigating and accounting for those instances where sexual misconduct was not uncovered. The SAU gives students, parents, staff, and administrators an opportunity to have their concerns heard and evidence assessed in an impartial manner. Such investigations that do not identify sexual misconduct concerns also frequently lead to referrals for staff to receive additional training; in FY 2023, 145 CPS teachers and other staff were referred to OSP for training following recommendations by the SAU.

Improved Training Protocols Needed for CPS Vendor Employees and Volunteers Following Pattern of Misconduct

Through its position as the centralized investigative body for potential adult-on-student sexual misconduct within the District, the SAU has amassed a growing body of data and other information that it uses to help CPS prevent sexual misconduct and related unprofessional behavior. In the course of its investigations involving volunteers and vendor employees—who can serve in student-facing roles like coaches, mentors, custodians, and afterschool program staff—the OIG determined that training for these individuals on CPS policies that govern their interactions with students has been inconsistent at best, even though the District's policies have long required their compliance.

The vast majority of these individuals are valued members of their respective school communities whose interactions with students comply with CPS policies. However, over the past five years, the OIG has closed 138 investigations into misconduct among vendor employees and volunteers, and determined that at least 53 individuals violated CPS policies. This includes 31 vendor employees and volunteers who were found to have engaged in some type of sexual misconduct, ranging from sexual comments directed at students to sexual abuse.

Across these investigations, the SAU observed that training for vendor employees and volunteers concerning sexual misconduct and professional boundaries has been quite inconsistent. Starting in the 2023–24 school year and consistent with an OIG recommendation made to the District in August 2023, CPS started training Level I Volunteers on CPS' Protecting Chicago's Children module addressing sexual misconduct, Department of Children and Family Services (DCFS) Mandated Reporter requirements, and other topics. While the outlook for volunteer training has improved, training expectations and protocols remain vague and inconsistent for vendors and their employees. For several years, the OIG has recommended training for various vendors involved in SAU sexual misconduct investigations, both on an individual basis and for all employees of certain vendors. For example, based on an OIG recommendation, OSP conducted vendor-wide training for a large after-school program in early 2023.

To improve student safety, the OIG urges CPS to improve the vendor and volunteer onboarding process to include clearly articulated expectations for mandatory CPS-created or approved trainings for those vendor employees expected to have contact with students, a centralized and searchable database of those who have completed the training each year, and an oversight mechanism to help drive compliance.

The details of related substantiated cases of misconduct by CPS vendor employees and volunteers are included in the FY 2023 Annual Report.

Other Investigations

As always, the Annual Report covers additional investigations into a wide range of misconduct, including: CPS employees who committed timekeeping fraud or abused benefits; Paycheck Protection Program (PPP) fraud involving CPS employees; CPS vendor procurement fraud; and CPS employees and students who were living in the suburbs in violation of CPS' residency policy. More details on specific investigations are available in the Annual Report at cpsoig.org/reports.

#