



MANAGEMENT REPORT:
St. Louis Public Schools
Assessment

December 9, 2024

PREPARED FOR

Mickes O'Toole, LLC
12412 Powerscourt Drive, Suite 200
St. Louis, MO 63131

armanino 



Table of Contents

Introduction	1
Executive Summary	4
Hiring/Salaries	10
Credit Cards.....	18
Expense Reimbursements	24
Strategic Consulting Agreements	27
Other Observations and Recommendations.....	34
Appendices – Hiring and Salaries	40
Appendices – Credit Cards	46
Appendices – Consulting Agreements	47

Introduction

Background

Mickes O'Toole, LLC engaged the services of Armanino LLP to perform an assessment of the School District of the City of St. Louis (SLPS or District). We were asked to focus our assessment on the actions and activities of the District commencing with the hiring of the District's previous Superintendent (Dr. Keisha Scarlett). The focus of this assessment included the hiring of new senior level staff, credit card and expense reimbursements, and strategic contractual agreements entered into during the above-referenced time frame.

Objectives

Hiring and Salaries

1. Determine if salary increases were authorized by Board
2. Determine quantity and dollar amount of retroactive pay increases
3. Determine quantity and dollar amount of temporary and other payments to new hires prior to start dates
4. Determine deviations from the District hiring process over the last 14 months

Credit Cards

1. Determine if charges were appropriate and in accordance with policy
2. Determine if personal expenditures were incurred

Expense Reimbursements

1. Determine if items requested for reimbursement were proper and in accordance with policy
2. Determine if personal expenditures were incurred

Strategic Consulting Agreements

1. Determine if consulting services were procured in accordance with District policies and procedures
2. Determine if there were any inappropriate relationships or conflicts of interest
3. Determine if billings for services were in accordance with the rates and terms of the agreement
4. Determine if services and deliverables were provided as outlined in the agreements

Scope

Our assessment covered activity occurring within the period July 2023 to August 2024, except as otherwise noted. More specifically our scope included the following:

Hiring and Salaries

We reviewed:

1. Hiring of 11 new Cabinet Members during the review period
2. Salary and promotion changes for all Chiefs and Deputies

Credit Cards

We reviewed credit card activity for the cards issued to the Superintendent, as well as department cards issued to and/or utilized by the Superintendent's cabinet members, as follows:

- Individual Card – Issued to the Superintendent of schools
- Department Cards:
 - Chief of Staff
 - Student Support Services
 - Superintendent's office

Scope Limitations

- For department cards, due to no methods to track use of the cards (e.g., card logs), we could not conclusively identify who made certain transactions.
- Due to receipts not being retained and/or submitted to Accounting for retention, we could not conclusively determine specific goods or service purchased in many instances.
- Executive Administrative Assistants/Secretary were able to identify the nature of transactions and/or who made the transactions, in some instances.
- **Note: There were at least 16 other district cards that were not within the scope of this review.**

Expense Reimbursements

We reviewed expense reimbursement activity of the Superintendent and cabinet members that were specifically hired by the Superintendent during her tenure:

- Current Acting Superintendent
- Prior Chief of Staff
- Prior Deputy Chief of Information
- Prior Chief Financial Officer
- Prior Chief of Schools
- Prior Chief Academic Officer

Note: Job titles represent last position.

Strategic Consulting Agreements

We reviewed consulting agreements executed during the review period. Seventeen consulting agreements for services were identified by current District leadership, as strategic agreements being executed at the direction of the Superintendent.

Approach and Methodology

We performed the following:

- Interviewed various District staff, BOE Members and others as deemed necessary and available.
- Reviewed and obtained an understanding of policies, procedures, laws, regulations, etc., for each of the in-scope items.

More specifically, we performed the following for each area in scope:

Hiring and Salaries

- Reviewed HR Transaction Reports from 7/11/23-8/27/24
- Reviewed Board Minutes from July 2023 – August 2024
- Ray and Associates – Interviews, Contract Review, and Invoice Review
- Reviewed candidate applications, packets, and related job descriptions
- Reviewed related emails and text messages
- Inquired with various District staff regarding hiring and payroll decisions

Credit Cards

- Reviewed and performed data analytics of credit card statements and transactions from July 2023 to July 2024
- Attempted to obtain receipts
- Cross referenced the Superintendent’s Outlook calendar for travel and meal purchases

Expense Reimbursements

- Reviewed expense reimbursements from March 2023 to July 2024 for compliance with policies, procedures, laws, regulations, etc. (Note: These covered expenses incurred during the Superintendent’s transitional period.)

Strategic Consulting Agreements

- Assessed method of procurement for each contract
- Reviewed Board open session and closed session meeting minutes
- Researched contractor (company) ownership/leadership and general company background
- Reviewed contracts and billings (invoices)
- Inquired with various District staff regarding services and deliverables provided

Executive Summary

This section provides a high-level summary of the results of our review. Full detail for these observations is presented in the “Detailed Observations” and “Other Observations and Recommendations” sections of the report.

HIRING/SALARIES

1. Salary Increases and Promotions Authorized Without Board Approval

A compensation study was conducted by a consulting firm and presented to the Board, but we found no evidence that it was voted on and approved by the Board for implementation. It appears that the Superintendent directed the implementation of a new salary structure without Board approval which also included additional salary increases for cabinet members in excess of the amounts set forth in the compensation study. Additionally, several promotions and position changes were implemented but not approved by the Board.

There are deficiencies in the HR Transaction Reports, which is a key tool relied upon to communicate changes to the Board for review and approval. Specifically, it was determined that the monthly HR Transaction Reports were incomplete and only included certain changes.

2. Retroactive Pay Authorized by Superintendent

The Superintendent directed the Interim Co-Chiefs of HR and the CFO to execute unauthorized retroactive payments for Chiefs and Deputies. It appears that 8 Chiefs and Deputies received a total of \$94,801 in retroactive pay.

3. Contracted Screening and HR Recruitment Services

Ray and Associates (R&A) was contracted to recruit and screen 4 Chiefs and 4 Network Superintendents. The Superintendent communicated to the Board that the District would partner with R&A, and the Board expected R&A to be involved in the selection of candidates. However, it appears that R&A was not used to fill Chief positions; and District HR Practices and selection processes provided to the Superintendent were not consistently followed.

4. Temporary Contracts Were Granted Prior to Actual Contract Period

It appears that the Superintendent requested temporary contracts for some newly hired cabinet members. These temporary employees were paid approximately \$146K for temporary contracts ranging from one to three months prior to their “official” start dates and before some were able to physically report to work.

5. Employer Sponsored H1-B VISA Submissions

Employer sponsored H-1B VISA submissions were completed without Board approval. It appears the District made efforts to assist two employees in obtaining H1-B work Visas. In doing so, the District promoted the employees to positions that would potentially assist them to qualify for the Visas.

CREDIT CARDS

1. Policy Violation – Automobile Charges

We noted instances where the Superintendent incurred automobile charges on the Superintendent Card and Superintendent Department Card while also receiving a monthly automobile allowance of \$800 or when a district vehicle was issued to the Superintendent. We noted questionable charges on the Superintendent Card and Superintendent Department Card totaling approximately \$1,700.

2. Policy Violation – Purchasing

We noted instances of charges that appeared to violate the Purchasing Card Guidelines. The Guidelines include prohibitions or restrictions on types of charges that may be made related to items such as gifts/gift cards, personal transactions, conferences, meals, non-district purposes, etc. We noted questionable charges across all four cards totaling approximately \$34,000, with about \$26,500 of that amount associated with the individual card issued to the Superintendent of schools.

3. Policy Violation – Travel Policy

We noted instances of charges that appeared to violate the Travel Policy:

- Airline Violations - The Policy prohibits or provides restrictions on types of charges such as airline upgrades, travel insurance, coach airfare amounts, first class airfare, checked bag fees, etc. We noted questionable charges on the Chief of Staff Department card, Superintendent Card, and Superintendent Department Card totaling approximately \$12,600, with about \$11,500 of that amount associated with the individual card issued to the Superintendent of schools (e.g., first class and coach airfare limits).
- Lodging Violations – Policy notes a \$350 per night limit. We noted charges by the Deputy Superintendent (Student Support Services department card) that exceeded this limited by \$423.
- Meal Violations – The Policy notes meal reimbursement rates (per diem) for employees or board members, including services tips, will not exceed daily meal reimbursement amount of \$50/day. In relation to this, when traveling, employee should not incur separate meal charges. We noted meal charges totaling approximately \$24 on the Student Support Services Department card by the Deputy Superintendent while traveling and receiving the meal per diem.
- Non-Reimbursable Travel Expenses - The Policy prohibits or provides restrictions on types of charges such as expenses incurred by non-employees, Internet access fees, Tips/gratuities, travel to meetings of professional organizations, unapproved purchases, etc. We noted questionable charges on the Superintendent Card and Superintendent Department Card totaling approximately \$19,500, with about \$17,000 of that amount associated with the individual card issued to the Superintendent of schools.
- Other Observation: Potential Travel Policy Violation – The Policy notes approval from the Superintendent is necessary to travel to conferences held outside the 48 contiguous United States. We noted a May 2024 international delegation to Japan purchase totaling approximately \$10,000 on the Student Support Services Department card. The Superintendent signed the authorization for travel form, but no date is provided to confirm if it was approved before the trip.

EXPENSE REIMBURSEMENTS

1. Employment Contract Violation

The Superintendent incurred travel expenses during her transition period totaling \$4,820 that we could not find evidence of approval by the Board. The Superintendent's employment contract required approval by the Board prior to reimbursement.

2. Policy Violations

We noted instances of charges that appeared to violate the Travel Policy and Voucher Processing Policy:

- a. Lodging - The Policy notes a \$350 per night limit. The Deputy Superintendent's hotel reimbursement for Family and Community Specialists for an event exceeded the \$350 per night limit. The exceeded amount totaled \$2,660.
- b. Ground Transportation - The Policy allows for ground transportation to and from the airport and to and from the conference site only. The Chief Financial Officer (who started 7/1/2024) took 7 Lyft trips totaling \$123.00 to locations other than the airport or conference site.
- c. Prior Authorization – The Policy requires prior authorization travel forms for employees for professional out-of-town, overnight meetings, and conferences. No authorization form was completed prior to the trips being made for employees including the Chief of Schools, Chief Academic Officer, Chief of Staff, Chief Financial Officer, Deputy Superintendent, and Deputy Chief of Information.
- d. Voucher Processing – The voucher processing procedure outlines approved expenditures based on object code. We identified three questionable expense reports based on the description of the expenditure and expenses incurred. Two were related to the Chief of Staff totaling \$1,199 (Washington State Bar) and one was related to the Superintendent for \$1,096 (custom framing).

CONSULTANT AGREEMENTS

1. Sole Source/Emergency Agreements \$50,000 or Higher

Of the 8 sole source/emergency agreements, five were over \$50,000 and were properly approved per the Board's open or closed session meeting minutes. However, Impact Educational (\$234,000), was not approved by the Board. The contract was a walk-on to the November 2023 agenda but was removed by the Board and was not resubmitted to the Board by District leadership. The full amount of the contract was invoiced and paid. Superintendent was the signatory on the agreement.

2. Emergency Agreement With an Expected Value Over \$50,000

An emergency contract was executed with an initial value under \$50,000, which would not have required Board approval, per the Procurement Manual. However, per Board Policy, emergency contracts require Board approval. Also, further details suggest that it could be reasonably expected that the contract value would exceed \$50,000, based on the billing rates and term of the agreement. The Better Education Partners contract had a potential contract value of up to \$168,720. There were email chains that included the Superintendent, Procurement Department, and Superintendent's direct reports discussing alternatives to structure the agreement as not to require Board approval. The Procurement Department noted that Board approval was required, as it was an emergency agreement. Superintendent was the signatory on the agreement.

3. Sole Source/Emergency Agreements Under \$50,000

Of the 8 sole source/emergency agreements, 3 were under \$50,000. The District applied the Procurement Manual guidelines. As such, the agreements were NOT submitted to the Board for approval. Additionally, we noted two were not entered into BoardDocs for District information, as required in the District Procurement Manual. The agreements were:

- Better Education Partners Contract (Not entered into BoardDocs)
- Education Partners, Practice and Policy (Not entered into BoardDocs)
- Impact Intersection.

4. Vendor Quotes not Obtained for Agreements

Agreements NOT identified as Single/Sole Source or Emergency purchases (9 of 17 contracts reviewed) did not have documentation of vendor quotes on file with the Procurement department. Additionally, for 2 of the 9 agreements, a BoardDocs entry was not created (Devin Cabanilla, dba Idea Threads LLC; and Dr. Joyce Hardiman). Superintendent was the signatory on the agreements.

5. Agreements With SMJ Communications

Agreements were executed with SMJ Communications with no evidence of formal Board approval, where required, and circumvention of the Procurement Department:

- One contract for \$84,000 was arranged with the SLPS Foundation to share the costs of services, reducing the District share below the \$50,000 threshold requiring Board approval. We found no evidence that this contract went through the District Procurement department. The agreement was executed directly by the Superintendent with SMJ.
- A second contract was executed (under \$50,000), and we found no evidence that it went through the District Procurement department. The agreement was executed directly by the Superintendent with SMJ.
- Note: A Memorandum of Agreement (MOA) between the District and the Foundation was drafted to cover period July 1, 2023, to June 30, 2024, and appeared to include provisions for the Foundation to provide financial support to the District. However, the MOA provided was not formally approved by the Board.

6. Contractor Relationships

We found no inappropriate relationships or conflicts of interest. We were informed by District employees and Board members that certain previous district cabinet members worked for a District contractor, Global Citizens Development (dba Azimu Group). We saw no documentation that this prior relationship was brought to the attention of the Board during the hiring process. However, it appears the Azimu services were discontinued upon hiring the cabinet members and there was no overlap in the period of the contracted services and period of employment. We did not determine any other inappropriate relationships or potential conflicts of interest with the other in-scope contracts.

7. Services and Deliverables

For 12 out of 17 contracts, we concluded that services and deliverables were provided or were in process of being performed at the time the agreement was paused/terminated. For 5 out of 17 contracts, employees could neither confirm nor deny the services and deliverables were provided, as the Superintendent was the contract administrator, and we did not interview her as part of the assessment.

8. Contract Billing Rates and Reconciliation to Invoices

Better Education Partners Contract - The contractor billed \$3,400 in travel/lodging, which was not included as a reimbursable cost in the contract. At least \$1,800 of these billed costs were paid.

Other Observations and Recommendations

1. Internal Audit Function

The District previously had an Internal Audit Director, but this person was released, and the position is currently vacant. We recommend the District establish an internal audit function or contract with a capable firm to provide internal auditing services. Internal Audit should report functionally to the Board (Audit Committee).

2. Board Oversight of Superintendent's Office

Several of the issues noted during our assessment were due to the limited level of oversight related to the Superintendent's position, as a result of the level of authority inherent in the Superintendent's position. We recommend the Board assess the oversight practices, and related policies and procedures, regarding specific actions and activities of the Superintendent's office, including, but not limited to, travel and expense reimbursements, credit card purchases, and hiring practices related to cabinet members.

3. Board Documentation, Board Minutes and Reports

At the start of this review, meeting minutes for the previous 12+ months were not finalized or approved by the Board. We recommend Board meeting minutes be consistently prepared and approved by the Board, according to the established board schedule. Additionally, establish a process to ensure that all key items submitted for inclusion in the Board packets are properly reconciled to the agenda, and reach the Board members.

4. Policies and Procedures

We noted several of the Board policies reviewed during the scope of the assessment are dated (or reflected "revised" dates) that are over 10 years. There are also instances where Board Policies and District policies are not aligned. We recommend the District evaluate and update its Board Policies, as necessary. Additionally, the District should reconcile the Board Policies to its various procedures to ensure the procedures are aligned to the Board Policies.

5. HR Policies and Procedures

For several of the issues we identified, policies and procedures were not in place or required updating. We recommend the District assess, update, and/or develop policies and procedures governing approval of pay increases, interim roles, relocation expenses, and retroactive pay. The procedures should include requirements to obtain approval of key decisions and payroll changes in writing prior to completing the change. Additionally, policies should be developed for remote work arrangements and timekeeping requirements.

6. Credit Card Monthly Cycle Limits

The Office of the Superintendent department card exceeded the credit limit on two monthly credit card cycles. We recommend the District assess the policy regarding the monthly card limits to determine whether a hard limit or a review process for amounts over the credit limit should be implemented.

7. Credit Card Policy and Procedure Conflicts – Acceptable Purchases

We noted conflicts in acceptable credit card purchases between the purchasing card guidelines procedure manual and the procurement/purchasing manual (e.g., allowable travel and transportation costs). We recommend the District reconcile the policies and procedures to resolve any conflicts to ensure consistency and make updates, as necessary.

8. Policy and Procedure Conflicts – Travel Purchases

We noted conflicts in allowable travel purchases between the St. Louis Board of Education administrative regulations and the travel policy. The administrative regulations specify travel expenses are covered only for employees. However, the travel policy extends this coverage to both employees and Board Members, allowing reimbursement for travel expenses incurred by Board Members. We recommend the District reconcile the policies and procedures to resolve any conflicts to ensure consistency and make updates, as necessary.

9. Credit Card Receipt and Documentation Retention

There is no existing policy or guideline specifying how long detailed receipts and supporting documentation must be retained. We recommend the District implement or update and communicate the policy to all District workers regarding the retention of credit card receipts.

10. Cardholder Agreement & Purchasing Card Training

Some cardholders did not complete cardholder agreements and the required training. We recommend the District ensure all employees that are issued a credit card or that are employees in departments that are issued credit cards, complete a cardholder agreement and training.

11. Culture and Communications

As the highest-ranking official, the Superintendent exercised significant authority, issuing directives to department leaders and staff, often verbally and/or during meetings. Staff reported that critical changes—such as payroll adjustments, remote work approvals, and time entry—were frequently made without accompanying documentation from the Superintendent.

Chiefs and staff reported that the Superintendent restricted their communication with the Board, including issuing directives that staff who previously attended certain Board meetings, no longer attend. Emails from Board members addressed to Chiefs were redirected to the Superintendent, who personally handled the inquiries.

Staff expressed concerns about potential repercussions or retaliation for resisting directives from the Superintendent, Deputy Superintendent, or Chief of Staff.

Detailed Observations

Hiring/Salaries

1. Salary Increases and Promotions Authorized Without Board Approval

The following appendices are provided:

- **Appendix 1: January 2024 Employees on Increased Salary Scale (Increases Not Approved by Board)**
- **Appendix 2: 2024 New Hires on Increased Salary Scale (Increases Not Approved By Board)**
- **Appendix 3a: Activity Found on HR Transaction Report and Board Meeting Minutes**
- **Appendix 3b: Activity Not on HR Transaction Report and Board Meeting Minutes**

A. New Salary Scale

Board of education regulation R4511.1 states that all personnel compensation must be approved by the board.

A compensation study was conducted and presented to the Board. However, the compensation study was not voted on and approved by the Board for implementation. It appears that the Superintendent directed the implementation of a new salary structure without Board approval which included salary increases for cabinet members in excess of the amounts set forth in the compensation study.

The following is a summary of the key events:

- As of August 2023, near the outset of the Superintendent's tenure, the existing approved salary band for Chiefs ranged from \$84,254.61 - \$185,961, with an average Chief salary of \$166,469. As of August 2023, the newly hired Chief of Schools and Chief of Staff were paid \$185,961, significantly more than existing Chiefs.
- A consulting firm was hired, conducted, and presented a compensation study and recommendations to the Board. The consulting firm recommended that the salary range of "Chief" positions be increased to \$156,303 - \$191,037, with an average Chief salary of \$173,669. Although the Board was provided with the presentation, the presentation was not included in the meeting minutes and the Board did not vote on the recommendations set forth in the presentation.
- Subsequent to the consulting firm's presentation to the Board, the Superintendent initiated discussions and communications with the HR Chiefs, the CFO and Chief of Staff directing all Chiefs receive the top salary and equal compensation with no variation. The Chief of HR Operations proposed salary changes to the Superintendent and recommended that all Chiefs be paid \$190,000 per year, near the top of the scale recommended by the consulting firm. However, according to the HR Chiefs and CFO, the Superintendent wanted to increase Chiefs' salaries to \$200,000 by July 1, 2024.

- Chief salary increases were entered into the system in January 2024, with an effective date of December 16, 2023. At that time, salaries for ten (10) Chiefs were increased to \$194,000, with the goal of increasing them to \$200,000 in July 2024, following the implementation of 3% district-wide raises. The salaries for four (4) Deputy Chiefs were increased to \$175,000 – 182,000. Two newly hired Chiefs and two promoted Deputies also received the higher salaries.
- As part of the implementation of this new pay structure, HR distributed District wide emails to Building Leaders (Principals and Assistants) regarding the upcoming pay changes. HR also worked with the Communications Team to provide information to Central office employees regarding new pay structures in May 2024.
- According to Board members and confirmed in our review of Board minutes and HR Transaction Reports, neither the Chiefs, Building Leaders nor Central office salary scales were authorized by the Board. On June 27, 2024, the Board's Vice President emailed the Superintendent to inquire about the pay structure after observing the \$200,000 starting salary for the new Chief of Schools and the outgoing Chief Academic Officer's salary listed in an HR Transaction Report for that day. According to the Board, until then, they were unaware that Chiefs were earning more than \$185,961. Following this discovery, the Superintendent and Chief of HR were instructed to present an explanation of the salary increases to the Board in July 2024.
- As noted above, the Chiefs salary increases were implemented in January 2024. The Building Leader and Central Office salary scales had not yet been implemented and were paused until Board approval was received.

B. Promotions and Position Changes

We noted the following position changes and promotions that were not approved by the Board:

- Change of positions from Chiefs of HR to Interim Co-Chiefs:
 - In the District's SAP system, the two current Chiefs of HR were noted as Interim Co-Chiefs (Chief of HR-Compliance and Chief of HR-Operations) with an effective date of August 21, 2023. This was due to the previous Chief of HR leaving the District abruptly in August 2023.
 - The Superintendent shared the plan to appoint Interim Co-Chiefs of HR with Board leadership, ahead of obtaining full Board approval in the next closed session. The Board's President and Vice President confirmed knowledge of the title changes to Interim Co-Chiefs of HR, but did not recall the amount of their new salaries. The expectation of the Board's President and Vice President was the proposal would be presented to the full Board for review and approval.
 - The Director of HR emailed the Board Secretary the applicable HR Transaction Report demonstrating this change. The Interim Co-Chiefs of HR roles and new salaries of \$176,000 each were included on the transaction report. However, the HR Transaction Report was not included in the Board's packet as it was not on the agenda provided by the Superintendent's office for the upcoming work session. The Chiefs of HR were not privy to Board agendas and stated they did not know the HR Report had been excluded by the Board Secretary. As a result, the Interim Co-Chiefs of HR were not presented to the full Board for approval. Per the Board, the Superintendent attended the Board meeting but did not acknowledge the omission of the HR Transaction Report or otherwise specifically call out the proposed changes for Board approval.

- According to the Co-Chiefs of HR, on May 7, 2024, the Superintendent communicated verbally to the Co-Chiefs of HR, that their interim positions were becoming permanent.
- No additional pay increase occurred when the HR Co-Chiefs transitioned from interim to permanent Chiefs, as they had received Chief pay from August 21, 2023, until July 1, 2024, while serving as Interim Co-Chiefs of HR.
- The District does not have a designated policy that governs salary increases during interim periods.
- Promotion of a Senior Project Manager to Deputy Chief of Staff:
 - The Senior Project Manager was hired in July 2023 at \$120,000 and included in the August 2023 HR Transaction Report. As of July 2024, she was promoted to Deputy Chief of Staff at \$175,000 retroactive to March 1, 2024.
 - The Deputy Chief of Staff title and the \$175,000 salary appeared on the August 2024 HR Transaction Report, upon termination, but not at the time of promotion.
- Promotion of an Assistant Project Manager to Interim CIO and Deputy CIO:
 - The Assistant Project Manager was originally hired in December 2023 at \$52,000 and this transaction was included in January 2024's HR Transaction Report.
 - In March 2024, he was temporarily promoted to Interim CIO at \$175,000, in the absence of a permanent CIO. In July 2024, he was moved to Deputy CIO. Neither of the new promotions or new salaries appeared on the HR Transaction Reports.
 - According to HR, the new promotions and salaries did not appear on the HR Transaction Reports because they were not positions that existed, no job requisitions were available to fill, therefore their previous roles were updated to reflect the new positions.
 - Per meeting minutes and according to the HR Chiefs, there is no evidence of this being communicated to the Board.

C. HR Salary Practices and SAP System Reports

Although there was not a written policy, according to the Board and HR personnel, the District's practice beginning in 2023, was for the Chief of HR to present personnel matters in Closed Session Meetings when changes in leadership occurred. According to the Board and HR personnel, the Superintendent decided which candidates were presented to the Board.

During this period, there was variation in the types of candidates (Deputy Chiefs, Principals) the Superintendent presented to the Board ahead of their start dates.

During the presentation to the Board, salaries of the incoming personnel were not generally discussed, but the HR Transaction Reports presented at the Closed Session Meetings were expected to reflect position and salary changes that occurred since the last meeting, and was a key tool relied upon to communicate changes to the Board for review and approval.

However, we noted deficiencies in the HR Transaction Reports. Specifically, it was determined that the monthly HR Transaction Reports were incomplete and only included certain changes.

The following is a summary of the key deficiencies in the reports identified during this review:

- Monthly salary amounts that appear for Interim roles, were actually semi-monthly salaries, thus understated.
- There was inconsistent information for position titles and hire dates among SAP reports.

According to HR, the primary cause is the outdated SAP system, which is used to generate the HR Transaction reports. HR was unaware of the limitations and believed that all changes were reflected in the HR Transaction Reports presented to and approved by the Board.

Specifically:

- The report only captures transactions that are active as of the report date. Backdated pay changes do not appear on the current transaction report because the effective date of the transaction would be outside of the applicable date range of the report. It would also not appear on future reports, since the effective date would have already passed.
- We further determined that the method in which certain changes were made, in SAP - PA30 or SAP - PA40 section, would also dictate whether the changes appear on HR Transaction Report. We discovered that HR changes made in PA30 were not reflected in the HR Transaction Report.

While the HR Transaction Report has been utilized for years, it had not received an adequate level of review or scrutiny to ensure accuracy and completeness. With this additional insight, the Board should identify a more complete mechanism for reviewing HR transactions that have occurred. We noted that the HR team does have a more detailed HR Transaction Report that can include every system action taken.

2. Retroactive Pay Authorized by Superintendent

See Appendix 4: Retro Payments Issued On 2.2.23 (Payments Not Approved by Board)

The Superintendent directed the Interim Co-Chiefs of HR and the CFO to implement retroactive payments to Chiefs and Deputies, without Board approval.

The Superintendent directed the Interim Co-Chiefs of HR and the CFO to implement retroactive payments to Chiefs and Deputies. According to the Co-Chiefs and CFO, the Superintendent's directive was that all cabinet members be retroactively paid back to July 1, 2023. The Superintendent requested meetings to discuss retroactive pay for the Chiefs and Deputies. The HR Chiefs and CFO were aware of prior instances where the District had issued retroactive payments and, therefore, believed such payments were permissible under certain circumstances. Based upon these past practices and the discussions during these meetings, the HR Chiefs believed the requested retroactive payments were legally permitted and authorized. However, it appears that the Superintendent did not seek or obtain Board approval for these retroactive payments and thus the payments were not authorized by the Board. The District does not have a policy to address retroactive pay. Accordingly, it appears that 8 Chiefs and Deputies received a total of about \$94,801.33 in retroactive pay, without Board approval.

We were unable to identify a documented rationale for the Superintendent's request to retroactively pay the Chiefs and Deputies. The only exception was the Chief of Staff who received \$6,547 in retroactive pay in conjunction with a salary adjustment made in October 2023. The decision was made to align the salary with the Chief of Staff for Operational Excellence, who was hired in July 2023. Although the HR Co-Chiefs did not take on their roles as Co-Chiefs until August 21, 2023, they also received retroactive payments dated back to July 1, 2023.

On February 2, 2024, it appears that 8 Chiefs and Deputies received a combined total of \$94,801.33 in retroactive pay, covering periods ranging from 1 to 5 months. See Appendix 4.

3. Contracted Screening and HR Recruitment Services

Ray and Associates (R&A) was contracted to recruit and screen 4 Chiefs and 4 Network Superintendents. The Superintendent communicated to the Board that the District would partner with R&A and the Board expected R&A to be involved in the selection of candidates. While HR worked in conjunction with R&A to successfully identify and screen candidates for the Network Superintendents roles (resulting in three candidates hired), it appears that R&A was not used to fill Chief positions, and District HR practices and selection processes provided to the Superintendent were not consistently followed.

R&A was contracted for up to \$80,000 to source and evaluate candidates for 4 Chief and 4 Network Superintendent openings. The following are the specific responsibilities listed in R&A's contract: Recruit, advertise, conduct extensive investigations, check work history, check references, interview candidates, coordinate District interviews and communicate final candidate decisions. In some instances, there was collaboration between R&A and the District HR Team as some of the duties overlap. The District was invoiced and paid R&A \$55,600 for its services: \$40,000 for the initial 8 postings, \$5,000 for CIO placement, and \$10,600 Advertising.

In email, the Superintendent was provided with a memorandum that outlined the District's HR hiring practices. However, it appears that the typical R&A practices and the District's own hiring practices, as outlined in the above-referenced memorandum, were not consistently followed for the positions detailed below.

For the four Chief openings, several steps were bypassed and did not go through the regular HR vetting process prior to receiving job offers, according to HR. The following steps were not completed prior to making job offers: (1) applications compared to job requirements, (2) interview panels coordinated, (3) interview scoring, (4) performance tasks, (5) background screening, and (6) reference checks. More specifically, the following was noted for the four Chiefs:

- **Chief Communications Officer (CCO):** HR completed internal checks and advanced two candidates and conducted the interviews. The top candidate accepted another position prior to the final interview. According to R&A, the Superintendent asked them to hold off on the second round of interviews. It appears that the Superintendent was then introduced to the prospective CCO candidate outside of R&A. The Superintendent communicated this to R&A and directed HR to proceed with a job offer.

- **Chief Financial Officer (CFO):** R&A recommended two of three applications it received and screened for the District’s CFO position and one of their recommended applicants was described as a “unicorn” based upon his extensive school district CFO experience. However, the Superintendent directly communicated with a potential CFO candidate who was not referred by R&A. The Superintendent directed HR to have the candidate complete an application. According to HR, they did not participate in the CFO candidate’s vetting process. The candidate held a site visit to the District offices to meet with the Superintendent and CFO. The Superintendent subsequently contacted R&A to inform them that the District would be extending an offer to the candidate.

Additionally, according to the Chief of HR, the CFO candidate’s connection to a District contractor, the Azimu Group (as CFO), was later identified during the call to gather insights about the candidate for the Board presentation. (Note: The Superintendent had recently hired the CEO & Founder of Azimu Group as the Interim Deputy Chief of Operations).

The HR Chief asked the Superintendent whether the information about the CFO candidate’s connection to the Azimu Group should be disclosed during HR’s candidate presentation to the Board. However, the Superintendent instructed HR not to disclose the Azimu Group relationship to the Board. The CFO candidate was provided with a temporary contract commencing on May 1, through June 30, 2024, at which time his permanent appointment would become effective. ***(See Consulting Agreements section for more details about these facts and relationships.)***

- **Chief Information Officer (CIO):** Two of eight applications received and screened were recommended by R&A. According to R&A, the District did not ask them to contact the candidates. The Superintendent favored one of the applicants. However, according to HR, they were not involved with coordinating interview panels but checked references per the Superintendent’s instruction. The Superintendent directed the HR Chief to move forward and extend a temporary employment offer to the CIO candidate which would be in effect until the permanent appointment became effective.

The CIO candidate noted in communication to HR that he was under a University of Washington contract through June 2024. His temporary agreement with District began on March 25, 2024, one day before he was approved in closed session by the Board. As an hourly employee working in another state, he was unable to clock in and out; therefore, he emailed unapproved timesheets directly to payroll through June 30, 2024.

- **Chief Talent & Strategy Officer (CTO):** Two of three applications received and screened were recommended by R&A. According to R&A, the District did not ask them to contact the candidates. The Superintendent informed R&A of a candidate that she had a relationship with and wanted to hire. The candidate identified was ultimately not hired.

Additional instances of policy circumvention were noted. According to the HR Co Chiefs, several notable positions were newly created and appointed by the Superintendent. While some positions were approved via HR Transaction Reports, others were not. See Appendix 3A and 3B for details. The following positions were not posted online and did not follow standard HR recruitment practices once the positions were created:

- Chief of Schools, Chief Staff Operations, and Senior Project Manager appointed July 2023
- Assistant Project Manager appointed December 2023 and later appointed to Deputy CIO July 2024
- Chief Academic Officer appointed January 2024
- Deputy Superintendent of Operations appointed March 2024
- Chief of Schools replacement and Contract Compliance Officer appointed July 2024
- Deputy Chief of Staff appointed July 2024

4. **Temporary Contracts Were Granted Prior to Actual Contract Period**

See Appendix 5: Interim Temporary Non-Exempt Payments

It appears that the Superintendent requested temporary contracts for some newly hired Chiefs and cabinet members. These temporary employees were paid approximately \$146,000 for temporary contracts ranging from one to three months prior to their “official” start dates and before some were able to physically report to work.

Board Policy 4610 Assigns Administrators responsibility for approving all timekeeping data, in a timely manner, prior to payroll processing. Board Policy 4610.2 Requires all non-exempt personnel to report to work according to their specific work hours and clock in and out daily.

There are no policies governing remote work, temporary or interim contracts, and relocation pay.

The Superintendent employed temporary contracts in various ways for ten newly hired individuals. The Superintendent made these requests to the CFO and/or Chief of HR Operations either verbally or via email. According to the Payroll Director, the payments issued were based on the Superintendent’s request and further documentation was not requested. In summary, for the ten individuals:

- Three employees: Paid at hourly rates for work completed prior to their official start dates.
- Four employees: Paid a fixed salary based on a 40-hour workweek.
- Three employees: Paid one month of temporary salary.

Some employees documented their work by submitting timesheets to payroll, while others did not. Additionally, some employees reported in person to the District, whereas others, residing out of state, did not. According to the Chief of HR Operations, all out of state employees were instructed to submit timesheets. The Superintendent approved remote work arrangements for the Chiefs and strongly advocated the practice for other administrative roles.

Additionally, the following was noted regarding specific positions:

- Deputy Chief of Operations (COO):
 - Received an interim contract as a full-time employee but in an exempt position that included benefits. The Deputy Chief of Operations emailed a spreadsheet to the payroll team that showed 8 hours each weekday and did not include any descriptions of work product.
 - Received \$15K in relocation pay, while being approved for virtual work. The Deputy Chief of Operations initially requested \$12,500 in relocation expenses. In response, the CFO communicated to HR and Deputy Chief of Operations questioning the appropriateness of the relocation pay, given the remote work arrangement. The Superintendent informed the CFO, the Chief of Operations and Deputy Chief of Operations of the authorization of \$15K, stating that it had been approved by the Chief of Operations. In discussions with the Chief of Operations, he confirmed that he had authorized relocation pay up to his spending authority of \$5,000, but he did not authorize \$15,000.
 - Note: The District does not have a policy governing relocation pay.
- Chief Information Officer (CIO):
 - HR instructed the CIO to submit timesheets to payroll, to which unapproved/ unsigned timesheets were emailed to payroll with hours ranging from 25-50+ per week for March 25 - June 30, 2024. He was paid \$41,470 during this Interim period and time entries noted "IT Planning - Discovery, Mapping, Strategy Development."
 - During his onboarding period, the CIO noted in an email to the Chief of HR Operations that he was under a contract with University of Washington through June of 2024. His virtual work arrangement did not allow him to oversee the daily IT operations, so that was being done by the Deputy CIO. According to the HR Chiefs, he did meet virtually with the team while working on special projects and attended virtual cabinet meetings twice per week.
- Chief Communications Officer (CCO): HR instructed the CCO to submit timesheets to payroll. However, per the Payroll Director, timesheets were not sent and the CCO was compensated based on a 40-hour workweek, following a discussion with the Chief of HR Operations.

5. Employer Sponsored H-1B VISA Submissions

At the direction of the Superintendent, employer sponsored H-1B VISA submissions were completed without Board approval. The District took efforts to assist two employees in obtaining H1-B work Visas. In doing so, the District promoted the employees to positions that would potentially assist them in qualifying for the Visas. Furthermore, the District obtained the services of a local immigration attorney and paid approximately \$11,400 for the legal consultation services pertaining to the visas.

Credit Cards

SEE APPENDIX 6: SUMMARY OF CREDIT CARDS ACTIVITY AND ANALYSIS

In summary, there were over 1,100 transactions totaling \$260,512 in charges during the period reviewed. There were 637 questionable transactions, totaling approximately \$148,000 (or 60% of the total charges).

1. Policy Violation – Automobile Charges

We noted instances where the Superintendent incurred automobile charges on the Superintendent Card and Superintendent Department Card while also receiving a monthly automobile allowance or when a district vehicle was issued to the Superintendent. We noted questionable charges on the Superintendent Card and Superintendent Department Card totaling approximately \$1,700.

From July 2023 to October 2023, the Superintendent received a monthly automobile allowance of \$800, according to the payroll distribution report. However, there are also gas and Lyft purchases during that timeframe. We reviewed the Lyft purchases and noted that they do not correspond to any flight expenses during this period. Also, we obtained email correspondence from the Executive Assistant to the Superintendent which in summary notes that a Safety Officer would need to drive the Superintendent to meetings in the District and out of the District and that every Friday the vehicle needs to be taken to get cleaned and fueled, but a card would be provided. Furthermore, District staff confirmed the vehicle used to transport the Superintendent was a District-provided Ford Explorer SUV assigned specially to the Superintendent, not a District vehicle allocated to the Safety Captains. This arrangement continued even after the Superintendent took delivery on 10/30/2023 (as noted in email correspondence) of a leased vehicle provided by the District. During this period there were purchases for gas, car wash, and Lyft service purchases for the Superintendent, none of which corresponded to any flight-related expenses around the same time:

- Gas – Twenty-eight purchases totaling \$1,269.
- Car Washes – Nine purchases totaling \$330.
- Lyft Services – Three purchases totaling \$119.

Please refer to the chart below for details on these questionable expenditures.

Policy Violation - Automobile Charges				
	Superintendent Card		Superintendent Department Card	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Auto expense transaction while receiving \$800 monthly automobile allowance	10	\$ 456	6	\$ 247
Auto expense transaction while provided a vehicle	3	153	21	861
<i>Subtotal</i>	13	\$ 609	27	\$ 1,109

According to the Superintendent Employment Contract:

- **Expenses - Automobile:** The Superintendent has the option to use her personal vehicle to visit the sites of schools, attend District, BOE and community functions and to attend conferences, meetings, and workshops. If the Superintendent chooses to use her personal vehicle, the District shall provide the Superintendent with a monthly automobile allowance of \$800.00. The Superintendent shall be responsible for all expenses associated with ownership and use of her personal vehicle, including maintenance, repair, and operation.
- Alternatively, the Superintendent may elect for the BOE to provide her with a leased vehicle. In which case, the BOE will secure appropriate automobile liability insurance and be responsible for all costs and expenses in the maintenance, repair, and operation of the vehicle.

2. Policy Violation – Purchasing

We noted instances of charges that appeared to violate the Purchasing Card Guidelines. The Guidelines include prohibitions or restrictions on types of charges that may be made related to items such as gifts/gift cards, personal transactions, conferences, meals, non-district purposes, etc. We noted questionable charges across all four cards totaling approximately \$34,000, with about \$26,500 of that amount associated with the individual card issued to the Superintendent of schools, as summarized in the table below.

Purchasing Policy Violations								
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Gifts, Gift Certificates, Gift Cards	4	\$ 712	14	\$ 3,703	26	\$ 3,687	-	\$ -
Personal Transactions	-	\$ -	9	\$ 8,733	-	\$ -	-	\$ -
Non-District Purpose	-	\$ -	2	\$ 1,150	-	\$ -	-	\$ -
Questionable - Meals	-	\$ -	12	\$ 11,835	10	\$ 3,066	-	\$ -
Questionable - Other	-	\$ -	3	\$ 1,117	-	\$ -	-	\$ -
<i>Subtotal</i>	4	\$ 712	40	\$ 26,538	36	\$ 6,753	-	\$ -

In accordance with the Saint Louis Public Schools Purchasing Card Guidelines and Procedure Manual, under the “**Purchasing Card Guidelines**” section it states: The Purchasing Card must never be used to purchase items for personal use or for non-District purposes even if the Cardholder intends to reimburse the District.

In accordance with the Saint Louis Public Schools Purchasing Card Guidelines and Procedure Manual, under the “**Usage and Restrictions**” section it states, “DO NOT use the Purchasing card to purchase the following items”. Examples include and are not limited to:

- Meals (Per diems for meal allowance will be paid to Cardholder via District check prior to Purchasing)
- Conference registration
- Gifts, Gift Certificates, Gift Cards

Below are examples of unusual credit card transactions and merchants that appear to be violations of the purchasing card guidelines and procedures.

- Potential Gifts, Gift Certificates, Gift Cards (Superintendent Card and Superintendent Department Card)
 - According to the Executive Admin to the Superintendent, the purchases of charcuterie boards, flowers, and Edible Arrangements were gifts for BOE members and District employees, which we confirmed through some obtained email receipts. The purchase from Dick’s Sporting Goods was for insulated coffee cups for the entire department; however, we could not obtain a receipt to verify this transaction.

Examples - Gifts			
	Count of Transactions	\$	\$ of Transactions
Dick's Sporting Goods	2	\$	410
Edible Arrangements	12	\$	1,717
Charcuterie Board	9	\$	3,192
Birthday Lunch	1	\$	225
Flowers	20	\$	2,179
	44	\$	7,722

- Potential Personal Transactions (Superintendent Card)
 - Massage Envy
 - One purchase for \$125.00. Please note we were unable to obtain a receipt for this purchase.
 - Wayfair and Ikea
 - One Ikea and three Wayfair purchases totaling \$6,903.00. Per discussion with the Executive Admin to the Superintendent, purchases were for office furniture for the Superintendent, with the District as the delivery address on the email receipts we obtained. Five Wayfair items were verified at the District by the Chief of HR Compliance, specifically in the Superintendent's or the Deputy Chief of Staff's office. Please note we could not obtain a receipt for the \$26 Ikea purchase to verify this purchase.
 - PowerScore – This merchant offers products such as, but not limited to, pre-law LSAT prep, admissions consulting, law school prep courses, bar review, MPRE prep, and paralegal certificates.
 - One purchase for \$1,510.00. Please note we could not obtain a receipt for this purchase.
 - Planet Fitness
 - One purchase for \$26.00. Please note we could not obtain a receipt for this purchase.
 - Trufusion (dynamic fitness class)
 - Two purchases for \$169.00. We obtained an email receipt identifying these as a lifestyle membership.
- Questionable – Meals (Superintendent Card and Superintendent Department Card)
 - Twenty-two purchases totaling \$14,901. Per discussion with the Executive Admin to the Superintendent meal purchases were made for cabinet retreats once or twice a month, retreats with the BOE, or for meetings with out-of-town consultants.
- Questionable – Other (Superintendent Card)
 - Local Church – One purchase of \$467.00 appears to have been made by the Superintendent, as confirmed by the email receipt. This purchase was for three tickets for the Superintendent, Deputy Superintendent, and a Safety Officer to attend a Pastoral Anniversary Gala at a church.
 - Local Women's Shelter – One purchase of \$150.00 appears to have been made by the Superintendent, according to the email receipt. The receipt lists three transactions of "Donation Only - \$50.00" each, totaling \$150.00. The receipt indicates the purchase was for three tickets to a 2024 luncheon.
 - Missouri Botanical Garden – One purchase of \$500.00 was made for a President's Contributor membership donation to the Missouri Botanical Garden, as confirmed by the email receipt.

3. Policy Violation – Travel Policy

We noted instances of charges that appeared to violate the Travel Policy:

- Airline Violations - The Policy prohibits or provides restrictions on types of charges such as airline upgrades, travel insurance, coach airfare amounts, first class airfare, checked bag fees, etc. We noted questionable charges on the Chief of Staff Department card, Superintendent Card, and Superintendent Department Card totaling approximately \$12,600 with about \$11,500 of that amount associated with the individual card issued to the Superintendent of schools.

	Travel Policy - Airline Violations							
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Additional Travel Insurance	-	\$ -	4	\$ 194	-	\$ -	-	\$ -
Airline upgrades	1	\$ 28	6	\$ 250	-	\$ -	-	\$ -
Convenience fees such as priority check-in or preferred seat assignment	4	\$ 88	6	\$ 229	-	\$ -	-	\$ -
Coach airfares should not exceed \$500.00	3	\$ 988	26	\$ 9,973	1	\$ 13	-	\$ -
Exceeded \$35 Bag Fee Limit	-	\$ -	3	\$ 15	-	\$ -	-	\$ -
Excess airline baggage fees beyond one bag	-	\$ -	1	\$ 45	-	\$ -	-	\$ -
First Class Airfares	-	\$ -	2	\$ 796	-	\$ -	-	\$ -
<i>Subtotal</i>	8	\$ 1,104	48	\$ 11,501	1	\$ 13	-	\$ -

In accordance with the St. Louis Board of Education Travel Policy, under the “**Airline**” section, airline expenditures that will not be reimbursed:

- Additional Travel Insurance
- Airline Upgrades
- Convenience fees such as priority check-in or preferred seat assignment
- Coach airfares should not exceed \$500.00.
- For airlines that charge a checked baggage fee, fees will be reimbursed to pay for one checked bag up to \$35.00.
- Excess airline baggage fees beyond one bag
- First Class Airfares
- Lodging Violations – Policy notes a \$350 per night limit. We noted charges by the Deputy Superintendent on the Student Support Services department card that exceeded this limited by \$423 as outlined below.

	A	B	C = A - (B * \$350)
Transaction Date	Transaction Amount	Number of Nights	Policy Violation Amount
12/3/2023	\$ 1,367	3	\$ 317
5/13/2024	423	1	73
6/26/2024	733	2	33
			\$ 423

In accordance with the St. Louis Board of Education Travel Policy, under the “**Lodging**” section: The reimbursable room per night rate including taxes and fees should not exceed \$350.00, the number of nights charged must not exceed the number of approved travel dates, and should coincide with the conference date...If a ‘conference package’ room rate at the same location of the conference is available that exceeds the \$350 per night limit, an exception may be granted in order to eliminate back and forth transportation charges between the hotel and the conference location.

- Meal Violations – The Policy notes meal reimbursement rates (per diem) for employees or Board members, including services tips, will not exceed daily meal reimbursement amount of \$50/day. In relation to this, when traveling, employee should not incur separate meal charges. We noted meal charges totaling approximately \$24 on the Student Support Services Department card by the Deputy Superintendent while traveling and receiving the meal per diem. On May 13, 2024, we identified two purchases in New York, which align with the Deputy Superintendent’s travel itinerary, which included a departure from Lambert Airport (MO) to LaGuardia Airport (NYC) on May 12, 2024, for their May 2024 International Delegation to Japan. However, Deputy Superintendent also received a per diem reimbursement of \$50 for May 13. To that end, the Deputy Superintendent received per diem but used the department credit card for meals.

	Travel Policy Violations							
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Meals:								
Meal per diem and meal purchases on credit card	-	\$ -	-	\$ -	-	\$ -	2	\$ 24

In accordance with the St. Louis Board of Education Travel Policy, under the “**Meals**” section: Approved meal reimbursement rates for employees or board members, including services tips, will not exceed: Daily meal reimbursement amount: \$50/day.

- Non-Reimbursable Travel Expenses - The Policy prohibits or provides restrictions on types of charges such as expenses incurred by non-employees, Internet access fees, Tips/gratuities, travel to meetings of professional organizations, unapproved purchases, etc. We noted questionable charges on the Superintendent Card and Superintendent Department Card totaling approximately \$19,500 with about \$17,000 of that amount associated with the individual card issued to the Superintendent of schools.

	Non-Reimbursable Travel Expenses							
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Expenses incurred by non-employee traveling with the staff member or Board member, including room surcharges	-	\$ -	16	\$ 8,439	1	\$ 600	-	\$ -
Internet access fees	-	\$ -	9	\$ 79	-	\$ -	-	\$ -
Tips/Gratuities	-	\$ -	11	\$ 84	-	\$ -	-	\$ -
Travel to meetings of professional organizations unless approved by the District	-	\$ -	2	\$ 916	-	\$ -	-	\$ -
Unapproved purchases or miscellaneous items	-	\$ -	16	\$ 6,178	2	\$ 639	-	\$ -
Other expenditures not directly related to performance of the business travel	-	\$ -	1	\$ 1,457	1	\$ 1,054	-	\$ -
Valet Parking Fees	-	\$ -	1	\$ 19	-	\$ -	-	\$ -
<i>Subtotal</i>	-	\$ -	56	\$ 17,172	4	\$ 2,293	-	\$ -

The following are some examples of the Non-Reimbursable Travel Expenses:

- We identified two travel purchases to Chicago, IL totaling \$916 for the Superintendent in September 2023 related to a Q1 Board Meeting for the Danielson Group as indicated on her Outlook calendar.
- We identified five travel purchases for the Chief Academic Officer totaling \$874 in December 2023 and January 2024. The employee started as the Interim Chief Academic Officer on January 1, 2024. However, through discussion with various BOE members, they were unaware travel costs would be incurred and paid for by the District as part of the Chief Academic Officer’s hire.
- We identified seven travel purchases for the Interim Deputy Superintendent of Operations totaling \$2,821 in February 2024, April 2024, and May 2024. The employee started as the Interim Deputy Superintendent of Operations on March 1, 2024. However, through discussion with various BOE members, they were unaware travel costs would be incurred and paid for by the District as part of Deputy Superintendent’s hire.
- We identified eleven transactions for tips totaling \$84 associated with ground transportation for Lyft services.

In accordance with the St. Louis Board of Education Travel Policy, under the “**Non-Reimbursable Travel Expenses**” section, the following travel expenses are not reimbursable:

- Expenses incurred by non-employee traveling with the staff member or Board member, including room surcharges
- Internet access fees
- Tips/gratuities
- Travel to meetings of professional organizations unless approved by the District
- Unapproved purchases or miscellaneous items
- Other expenditures not directly related to performance of the business travel

Other observations - Potential travel policy violation – Conference (Student Support Services Department Card): May 2024 international delegation to Japan purchase totaling \$10,416.00. In accordance with the St. Louis Board of Education Travel policy, under the “General Policy Information” section, “If a conference is held outside of the 48 contiguous United States, approval from the Superintendent is necessary to travel.” The Superintendent signed the authorization for travel form, but no date is provided to confirm if it was approved before the trip.

	Travel Policy - Other Observation							
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Superintendent Approval Prior to Travel Outside United States	-	\$ -	-	\$ -	-	\$ -	2	\$ 10,416

Expense Reimbursements

1. Employment Contract Violation

It appears that 18 of 19 Superintendent’s travel expense reports totaling \$4,820 may have violated the Superintendent’s employment contract which required Board approval.

The employment contract states: The Board will engage the Superintendent for up to 25 workdays of transitional duties prior to July 1, 2023...*Additionally, subject to approval by the BOE, the Superintendent shall be reimbursed by the District for reasonable and necessary expenses incurred in the performance of these transitional duties including travel, meals, and hotel rooms (if an overnight stay is required). Prior to reimbursement, the Superintendent shall submit to the BOE appropriate documentation of expenses incurred and the BOE will review and approve subject to the applicable limits in the District’s reimbursement policies and practices.*

Reimbursed Amount	Travel Explanation
1 \$	348 Flight
2	85 Train ticket - Philadelphia, PA to Washington DC
3	379 Flight - Washington DC to Phoenix
4	982 Drury Inn & Suites St. Louis Convention Center.
5	35 Uber to DCA
6	30 Baggage fee from Seattle, WA to St. Louis, MO.
7	33 Sugarfire
8	209 Flight - Seattle, WA to St. Louis, MO
9	160 Train ticket -Washington DC to Philadelphia, PA
10	42 Meal
11	30 Checked bag (DCA-PHX)
12	279 Flight - Atlanta to Seattle
13	38 Uber
14	309 Flight - San Antonio, TX to Atlanta and Atlanta to Philadelphia
15	1,039 Hotels from 3/26-3/30.
16	14 Uber
17	575 Per diem for on-site visits for 3/27/23-3/29/23; 4/25/23-4/28/23; 5/1/23-5/3/23; half day per diem for 4/29/23-4/30/23; 3/30/23 = \$17.23; 5/4/23 = \$7.81
18	234 Flight - Atlanta to St. Louis, MO
\$	4,820

Per discussion with BOE members, they were never presented with documentation of expenses incurred for this transition period for review.

2. Policy Violations

We noted instances of charges that appeared to violate the Travel Policy and Voucher Processing Policy.

Travel Policy

In accordance with the St. Louis Board of Education Travel policy, under the “Travel Authorization” section: All levels of approval signatures, except for the superintendent, shall be secured by employees for professional out-of-town, overnight meetings, and conferences on the Authorization for Travel Form prior to the trip being made and prior to a request for an advance being submitted.

We noted no authorization for travel form was completed for employees listed below prior to the trip being made.

- Chief of Schools (2 of 3)
- Chief Academic Officer (2 of 2)
- Chief of Staff (1 of 1)
- Chief Financial Officer (1 of 1)
- Deputy Superintendent (1 of 1)
- Deputy Chief of Information (1 of 2)

Additionally, we noted the following questionable activity:

- Deputy Superintendent's hotel reimbursement to house 13 Family and Community Specialists for the 2023 National Family Engagement Summit in Kansas, MO for 17 nights exceeded the \$350 per night limit. To that end, the exceeded amount totaled \$2,660.

In accordance with the St. Louis Board of Education Travel Policy, under the "**Lodging**" section: The reimbursable room per night rate including taxes and fees should not exceed \$350.00, the number of nights charged must not exceed the number of approved travel dates, and should coincide with the conference dates...If a 'conference package' room rate at the same location of the conference is available that exceeds the \$350 per night limit, an exception may be granted in order to eliminate back and forth transportation charges between the hotel and the conference location.

- Chief Financial Officer who started 7/1/2024 took 7 Lyft trips totaling \$123.00 to locations other than what is listed in the travel policy. Reimbursed Lyft purchases include trips to The Ritz Carlton (146 Carondelet Plaza, St. Louis), urgent care center (3100 Market Street), 1015 Locust St., St. Louis, MO, and 1802/1901 Park Ave., St. Louis, MO.

In accordance with the St. Louis Board of Education Travel Policy, under the "**Ground Transportation**" section: Ground transportation includes cab/shuttle/Uber/Lyft services to and from the airport; and cab/shuttle/Uber/Lyft services to and from the conference site only. Cab/shuttle/Uber/Lyft services to and from restaurants or other places will not be reimbursed.

Voucher Processing Policy

Voucher Processing (Approved Expenditures) - The voucher processing procedure outlines approved expenditures based on object code. However, we identified three questionable expense reports based on the description of the expenditure and expenses incurred. Two were related to the Chief of Staff totaling \$1,199 and one was related to the Superintendent for \$1,096. These are further detailed as follows:

- An object code for Licenses, Fees, and Permits which is for expenditures relating to any licenses, fees or permits required by District employees, e.g., security guards, etc. However, the reimbursed expenses totaling \$1,073 were for the Washington State Bar Association for the Chief of Staff.
- An object code for general supplies (\$200 maximum) which is for expenditures relating to the purchase of supplies including equipment costing under \$1000/unit; items which are not found in the warehouse. However, the reimbursed expenses totaling \$126 were for an LSAT books set for the Washington State Bar for the Chief of Staff.

- An object code for other professional & technical which is for expenditures relating to professional or consultant services not specified in other purchased services commitment items (excludes technology-related professional services). However, the reimbursed expenses totaling \$1,096 were for custom framing services at Michael's purchased by the Superintendent.

Strategic Consulting Agreements

SEE APPENDIX 7: SUMMARY OF CONSULTANT AGREEMENTS

Board Policies, Procurement Manual and Other Processes:

- Board Policy - Article 3 - P3323.4, ST. LOUIS BOARD OF EDUCATION POLICY, BUSINESS AND NON-INSTRUCTIONAL OPERATIONS, EXPENDITURES, Purchasing Procedures, Purchases/Contracts -- Emergency Letting of Contracts, Superintendent may award a contract to the lowest responsible bidder complying with the terms of the letting. **The superintendent shall submit a report of such action to the board for ratification at its next regular meeting.**
- Per the District Procurement Manual:
 - The Superintendent or designee must approve all emergency purchase requests.
 - The Manual classifies emergencies into two categories (in summary):
 - Repairs and maintenance to physical assets
 - Sole Source purchases, which includes Emergencies. The Manual defines emergencies as, “Urgent need for the item or service does not permit soliciting competitive bids”.
 - In the section, Board Resolution Process, it notes, goods and materials greater than \$5,000 and services, contracts, and agreements greater than \$50,000 must go through the Board Resolution process and be entered in BoardDocs.
 - In the section, Services, Contracts and Agreements - Board Resolution Process: Requisitions greater than \$5,000 must be entered into BoardDocs for District information. Requisitions greater than \$50,000 must be approved by the Board. *(Note: The Procurement Manual does not specifically note whether sole source/emergency purchases under \$50,000 must be approved by the Board.)*
 - Services, Contracts and Agreements - Purchase Requisitions between \$3,000 - \$50,000 require three vendor quotes (except Preferred and CO-OP). Complete a board resolution for all contracts over \$5,000. This is for District information only and generally will not need to be approved by the Board of Education.
 - Board Resolution Process - Requisitions greater than \$5,000 must be entered into BoardDocs for District information. Requisitions greater than \$50,000 must be approved by the Board.
- Approval process for contracts under \$50,000: Agreements under \$50,000 are not included on the consent agenda. These items are to be submitted into BoardDocs but are then placed on a “special meeting” report for items to be approved within (under) the Superintendent’s threshold. (Note: Due to BoardDocs system functionality, the workflows are lost once moved to this special meeting report). During our review period, the Chief of Staff would review and approve these on behalf of the Superintendent and notify the Executive Assistant to the Board. In turn, the Executive Assistant to the Board would send an email to the BoardDocs submitter (and copy procurement), noting approval of the contract, to initiate the contract execution process.

We were made aware of 17 strategic consultant agreements executed during the Superintendent's tenure. The following are observations regarding those agreements. Per the Contracts, BoardDocs submission and/or Single/Sole Source Justification Forms reviewed, 8 of the 17 consultant agreements were identified as sole source/emergency purchases.

1. Sole Source/Emergency Agreements \$50,000 or Higher:

Per the Contract, BoardDocs submission and/or Single/Sole Source Justification Form, 8 of the 17 consultant agreements were identified as sole source/emergency purchases. Of the 8 sole source/emergency agreements, 5 were over \$50,000 and were approved per the Board's open or closed session meeting minutes, except as follows:

- Impact Educational (\$234,000)
 - The contract request was submitted in BoardDocs (by the Chief of Staff at that time) and forced approved by the Executive Assistant to the Board. It was noted that this was a walk-on item to the November 2023 agenda but was removed by the Board and was never resubmitted.
 - The full amount of the contract was invoiced and paid.
 - Invoices were approved by the Deputy Chief of Staff (terminated); and Chief of Staff (on leave).
 - The contract noted an effective date of 11/15/23, with printed sign-off of contractor 12/13/23. Superintendent signed the contract on 1/8/24.
 - First invoice was dated 11/8/23, paid 2/1/24.
 - Contractor owner was Executive Intern to the Superintendent for "Seattle Public Schools" (2008-2009) - Taught in the Lake Washington School District.

Single/Sole Source Request Forms were provided for 4 of the 5 agreements over \$50,000 (A Request Form was not provided for Ray & Associates. However, the District had prior contractual relationship with Ray & Associates). The requestor was noted as the Chief of Staff. None of the forms had an approval signature of the requestor and Procurement. The justification for the agreements were noted in the Single/Sole Source Request Forms, and were submitted on the BoardDocs submission and consent agenda. Superintendent was the District signatory on each agreement.

2. Emergency Agreement With an Expected Value Over \$50,000

An emergency contract was executed with an initial value under \$50,000, which would not have required Board approval, per the Procurement Manual. However, per Board Policy, emergency contracts require Board approval. Also, further details suggest it was reasonably expected that the contract value would exceed \$50,000, therefore requiring Board approval. We found no BoardDocs submission and no Board approval per meeting minutes.

Better Education Partners Contract (transportation consulting) – Identified as an emergency contract and noted a rate of \$8,880 per week. However, a "not-to-exceed amount" was not included. As there was no "not-to-exceed" amount, based on the term of contract (5.17.24 to 9.27.24), the potential contract value could have been up to \$168,720 (19 weeks @ \$8,880). Total amount invoiced to date was \$92,000 and paid \$55,000.

We identified several email chains that included the Superintendent, among other District staff and cabinet members. In summary:

- It was recommended to the Superintendent that the contract be presented to the Board for approval, as the term was originally over 6 months. The Contractor noted the term would be reduced as to avoid this, but acknowledged the contract to be \$167,200, not including travel.
- The Superintendent instructed execution of the agreement with retroactive Board approval. However, we identified no further direction to the District staff or cabinet members per their inquiries on next steps.
- The Contractor also gave direction to District staff noting that the contract did not need to be presented to the Board, since it was an emergency. **(Note: The direction given by the Contractor appeared to be out of the scope of the Contractor’s contractual authority. Additionally, it appeared to be a conflict of interest that the Contractor was “attempting” to give direction to District staff regarding the execution of said Contract).**

3. Sole Source/Emergency Agreements Under \$50,000:

Of the 8 sole source/emergency agreements, 3 were under \$50,000. District applied the Procurement Manual guidelines. As such, the agreements were NOT submitted to the Board for approval. Additionally, we noted 2 were not entered into BoardDocs for District information:

- Better Education Partners Contract (not entered into BoardDocs)
- Education Partners, Practice and Policy (not entered into BoardDocs)
- Impact Intersection

Single/Sole Source Request Forms were provided for 1 of the 3 agreements. The requestor was noted as the Chief of Operations. The forms had an approval signature of the requestor and Procurement. The justification for the agreement was noted in the Single/Sole Source Request Forms. Superintendent was the District signatory on each agreement.

4. Vendor Quotes not Obtained for Agreements

We noted 9 of the 17 agreements were NOT identified as Single/Sole Source or Emergency purchases. However, none of these agreements had documentation of vendor quotes on file with the Procurement department. The agreements ranged in value from \$10,000 to \$49,900, and 5 of the 9 were just under \$50,000 (\$49,000 to \$49,500). Superintendent was the District signatory on each agreement.

Additionally, we found no evidence for 2 of the 9 agreements that a BoardDocs entry was created:

- Devin Cabanilla, dba Idea Threads LLC (professional development training)
- Wintonnette Joyce (Dr. Joye Hardiman) (professional development during retreat)

5. Agreements with SMJ Communications

We found that agreements were executed with SMJ Communications without evidence of formal Board approval. It also appears that one agreement was executed without Procurement awareness.

- Agreement #1: \$84,000 - Term: October 2023 to March 2024. The Superintendent arranged with the SLPS Foundation to share the costs of services, reducing the District share below the \$50,000 threshold requiring Board approval. We found no evidence that

this contract went through the District Procurement department. The agreement was executed directly by the Superintendent on 10.6.23 with SMJ.

- Agreement #2: \$25,000 - Term: April 2024 to May 2024. We found no evidence that it went through the District Procurement department. The agreement was executed directly by the Superintendent on 4.18.24 with SMJ. Subsequent requests for amendments were submitted to the Board which may have been to cover the additional \$25,000.

The following are details regarding each agreement.

Agreement #1:

We identified emails involving Superintendent discussing arrangements for the District to split the cost of the agreement 50/50 with the Foundation. This appears to tie into the BoardDocs submission in October for \$42,000 (discussed below), which would not have required Board approval as it was under the \$50,000 threshold, if applying the Procurement Manual guidelines. (Note: A Memorandum of Agreement (MOA) between the District and the Foundation was drafted to cover period July 1, 2023, to June 30, 2024, and appeared to include provisions for the Foundation to provide financial support to the District. However, the MOA provided was not formally approved by the Board).

BoardDocs submission October 2023 for \$42,000, was approved within the Superintendent's threshold. This submission appears to cover the District's half of the first agreement of \$84,000.

The agreement was executed directly by the Superintendent with SMJ and appears not to have gone through District Procurement. District Procurement was not aware of the agreement and did not have a copy on file, although A/P paid District's portion of the invoices.

Per the Purchasing Manual, Contract Execution, the Procurement Department serves as the repository for all original signed vendor contracts. All vendor contracts, (consultant, services, leasing, maintenance, and construction) are kept on the E-procurement Bonfire repository in the Procurement Department. All requests for the use of vendors (greater than \$5,000) must comply with the competitive bid process (with the exception of those previously identified in the authorized exclusions category).

Based on the agreement term of 6 months, we identified two invoices (Feb/March 2024) paid by District A/P totaling \$25,000. While we could not conclude whether invoices for Oct 2023 to Dec 2023 were paid by the Foundation, we did identify an email noting the Foundation's payment of the January 2024 invoice. Invoices were addressed to "Saint Louis Public Schools Foundation" but were submitted to the Superintendent and were approved by either the Superintendent or the Deputy Chief of Staff.

Agreement #2:

The agreement was executed directly by the Superintendent with SMJ and did not appear to go through District Procurement. However, District Procurement was provided a copy of the executed agreement and had a copy on file.

The agreement request could not be located in BoardDocs. Per the agreement language, it was NOT an amendment to Agreement #1 and appeared to be a new agreement. There was a BoardDocs submission May 2024 requesting an amendment to increase to \$62,000, which was approved per the May 14, 2024, Open Session meeting minutes. However, we found no executed amendment reflecting this amount.

Based on the agreement term of 2 months, we identified two invoices paid by District A/P totaling \$25,000. We noted 1 of 2 invoices were paid prior to the request and approval of the amendment. Invoices were addressed to “Saint Louis Public Schools Foundation” but were submitted to the Superintendent and were approved by the Deputy Chief of Staff.

Other comments regarding the Agreement #2:

- Appeared to be treated as a single/sole or emergency source procurement, as there was no indication of bidding. However, there were no Single/Sole Source Request Form completed. Per Board policy, would have required approval of the full Board.
- BoardDocs submission July 2024 for amendment to increase to \$67,500 – Not approved per the July 2024 Open Session meeting minutes.

6. Contractor Relationships

District Policy prohibits certain relationships:

- R4850, ST. LOUIS BOARD OF EDUCATION REGULATION, PERSONNEL EMPLOYEE AND LABOR RELATIONS Procedure if Board Members or Employees Are Linked With Contracts or Claims Against the Board - Members of the Board of Education and/or employees of the board shall not enter into or become interested in any contract with or claim against the board either directly or indirectly. Nor shall they serve as agent or employee of an individual, firm, association, or corporation which contracts with the board or has a claim against the board.
- R 4280 ST. LOUIS BOARD OF EDUCATION REGULATION, PERSONNEL, EMPLOYMENT- Perform no duties related to an outside job during regular working hours or during the additional time needed to fulfill the responsibilities of the employee's position with the board.

District employees and Board members noted that certain district cabinet members previously worked for the contractor, Global Citizens Development (dba Azimu Group). We saw no evidence that this previous consulting agreement was brought to the attention of the Board during the hiring process.

We reviewed to determine whether the Azimu Group continued to provide services to the District during the period of the cabinet members employment. We noted the following:

- The CEO & Founder of Azimu Group was employed at the District as Interim Deputy Superintendent of Operations from 3/1/24 to 7/31/24.
- Another person from the Azimu Group leadership team was hired at the District as Interim Chief Financial Officer from 5/1/24 to 6/30/24 and Chief Financial Officer from 7/1/24 to 8/14/24.
- The contract period was 9/1/23 thru 6/30/24. Azimu's last invoice was dated 2/10/24 (paid 2/28/24), which was prior to the employment start date of both employees.

Based on the above, it appears Azimu's services were discontinued upon the employees hiring and there was no overlap in the contracted services and employment.

We did not determine any other inappropriate relationships or potential conflicts of interest with the other in-scope contracts, per our inquiry of District employees and review of the contracts, company websites, and Secretary of State search.

Other Observations regarding the consulting agreements:

- The consulting agreements reviewed did not have clauses regarding conflicts of interest.
- 6 of the 17 contractors noted business locations in the state of Washington.
- 5 of the 17 owners/CEOs worked in the Seattle school district or other school districts in the state of Washington.
- 2 of the 17 contractors founded the contracted business in 2024 around time of the District contract period:
 - Better Education Partners Contract (transportation Consulting) – **Founded 5/20/24** per Washington Secretary of State website and company website. **Contract term: 5/17/24 to 9/27/24.** (Contract execution date could not be determined). Owner has previous experience in the Seattle school district.
 - Devin Cabanilla, dba Idea Threads LLC (professional development training) - **Founded 5/20/24** per Washington Secretary of State website. No date shown on company website. **Contract term: 6/7/24 to 8/30/24.** (Contract execution date could not be determined). Owner has previous experience in the Seattle school district.

7. Services and Deliverables

We inquired with District staff to determine whether the services and deliverables noted in the 17 agreements were provided. District contract templates include the identification of a District Administrator(s), who is responsible for the following (in summary):

- Evaluation of consultant's performance
- Determining satisfactory completion of work per the scope of services
- Verification of the receipt of all deliverables

The Superintendent was noted as the District Administrator on 7 of 17 contracts. We did not interview her as part of this assessment, but we identified alternate employees and inquired to determine if services and deliverables were provided. For the remaining contracts, if an Administrator was not listed or no longer employed with District, we also identified alternate employees.

We found the following:

- For 12 out of 17 contracts, we concluded that services and deliverables were provided (or were in process of being performed at the time the agreement was paused/terminated) per responses from the District Administrators or alternate employees.
- For 5 out of 17 contracts (the Superintendent was noted as the Administrator for 4 of the 5), the alternate employee could neither confirm nor deny the services and deliverables were provided.
 - EduSolve LLC
 - Azimu Group
 - Devin Cabanilla, dba Idea Threads LLC (Note: The agreement did not list an Administrator)
 - Insight Education (Sole Source/Emergency)

- Larry Nyland

8. Contract Billing Rates and Reconciliation to Invoices

We noted billing discrepancies for the Better Education Partners Contract (transportation consulting at \$8,880 per week). The contractor billed \$92,200 and was paid \$55,080. Per invoices, the contractor performed 10 weeks of work which amounts to \$88,800. The contractor billed \$3,400 in travel/lodging, which was not included as a reimbursable cost in the contract. The travel costs were noted on 3 invoices. We verified one invoiced paid, which included travel costs of \$1,800. We did not determine the payment status of the other 2 invoices totaling \$1,600. The District Accounting team could not locate documentation of approvers of the invoices.

Other Observations and Recommendations

This is a summary of control gaps, procedural enhancements, etc. identified.

Observation	Recommendation
<p>1. <u>Internal Audit Function</u></p> <p>We noted that the District currently does not have an Internal Audit function. The District previously had an Internal Audit Director, but this person was released, and the position is currently vacant. Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.</p> <p>Internal auditing enhances the organization’s:</p> <ul style="list-style-type: none"> • Successful achievement of its objectives. • Governance, risk management, and control processes. • Decision-making and oversight. • Reputation and credibility with its stakeholders. • Ability to serve the public interest. <p>Internal auditing is most effective when:</p> <ul style="list-style-type: none"> • It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest. • The internal audit function is independently positioned with direct accountability to the board. • Internal auditors are free from undue influence and committed to making objective assessments. <p>The internal audit function should perform a risk assessment of the organization to create a risk-based internal audit plan that focuses on the areas with the most significant risk exposure, while also ensuring areas of low risk receive adequate audit coverage. After the audit risk assessment is complete, the audit committee approves the plan to put it into action.</p> <p>The items reviewed within the scope of our assessment are some of the processes that would typically be considered in the risk assessment and included in the internal audit plan.</p>	<p>We recommend the District re-establish its internal audit function or contract with a qualified firm to provide internal auditing services.</p> <p>Internal Audit should report functionally to the Board (Audit Committee).</p> <p>We recommend the District consider an immediate full review of the following processes:</p> <ul style="list-style-type: none"> • Hiring and Salaries (e.g., evaluation of onboarding, employment contracts, salary rates, and overall review and approval processes) • Credit Cards and Expense Reimbursement Processes – (e.g., evaluation of appropriateness and activity; review to determine circumvention of procurement procedures) • Procurement Process – (e.g., evaluation of the contracting process including contract approvals)

Observation	Recommendation
<ul style="list-style-type: none"> Hiring and Salaries (e.g., evaluation of onboarding, employment contracts, salary rates, and overall review and approval processes) Procurement Process – (e.g., evaluation of the contracting process including contract approvals) Credit Cards and Expense Reimbursement Processes – (e.g., evaluation of appropriateness and activity; review to determine circumvention of procurement procedures) 	
<p>2. <u>Board Oversight of Superintendent’s Office</u> Several of the issues noted during our assessment were due to the limited level of oversight related to the Superintendent’s position. Due to the level of authority inherent in the Superintendent’s position, policy violations can occur, but not be brought to the Board’s attention due to the fear of possible retaliation. A best practice in organizations is certain activities of leadership (e.g., CEO, CFO) are to be approved and/or reviewed by the Board (or Audit Committee). In some instances, the Board may request the Internal Audit function include activities of leadership within its audit plan and report on results to the Board (or Audit Committee).</p>	<p>We recommend the Board assess the oversight practices, and related policies and procedures, regarding specific actions and activities of the Superintendent’s office, including, but not limited to, travel and expense reimbursements, credit card purchases, and hiring practices related to cabinet members.</p>
<p>3. <u>Board Documentation, Board Minutes and Reports</u> At the start of this review, meeting minutes for the previous 12+ months were not finalized or approved by the board. When meeting with Board members in September 2024, concerns were expressed about the need to approve minutes in bulk and their ability to accurately recall decisions made over this extended period. Given the heavy reliance on Board meeting minutes for key decisions and documentation, it is crucial to maintain accurate and timely records. Board materials were also not thoroughly completed and lacked critical information, without Board visibility or knowledge.</p>	<p>We recommend Board meeting minutes be consistently prepared and approved by the Board, according to the established board schedule. Additionally, establish a process to ensure that all key items submitted for inclusion in the Board packets are properly reconciled to the agenda, and are not omitted without proper communication.</p>
<p>4. <u>Policies and Procedures</u> We noted several of the Board policies reviewed during the scope of the assessment are dated (or reflected “revised” dates) that are over 10 years. There are also instances where Board Policies and District policies are not aligned.</p> <p>For instance, there appeared to be a conflict regarding approval of emergency agreements between the Board Policy and the Procurement Manual. The Board policy notes all emergency agreements are to be submitted by</p>	<p>We recommend the District evaluate and update its Board Policies, as necessary. Additionally, the District should reconcile the Board Policies to its various District policies and procedures to ensure alignment with the Board Policies.</p> <p>A review and assessment of applicable Board Policies and district procedures</p>

Observation	Recommendation
<p>the Superintendent to the Board for approval, but the language is not clear whether it is to be submitted before executing the contract. The Procurement Manual notes the Superintendent is to approve emergency agreements and agreements greater than \$50,000 must be approved by the Board. However, the Procurement Manual does not specifically note that emergency purchases under \$50,000 must be approved by the Board. In practice, the District did not submit emergency purchases under \$50,000 to the Board for approval during the Superintendent’s tenure.</p>	<p>may be performed as part of individual internal audit engagements.</p>
<p>5. <u>HR Policies and Procedures</u> During our assessment, we noted there were no policies and procedures (or there were gaps in the policies and procedures) addressing approval of pay increases, interim roles, relocation expenses, retroactive pay, remote work, and time keeping regarding ability to swipe badges to clock in and out.</p>	<p>We recommend the District assess, update, and/or develop policies and procedures governing approval of pay increases, interim roles, relocation expenses, and retroactive pay. The procedures should include requirements to obtain approval of key decisions and payroll changes in writing prior to completing the change. Additionally, policies should be developed for remote work arrangements and timekeeping requirements when employees are not able to swipe badges to clock in and out.</p>
<p>6. <u>Credit Card Monthly Cycle Limits</u> The Office of the Superintendent department card exceeded the \$5,000 credit limit on two monthly credit card cycles.</p> <ul style="list-style-type: none"> • January 2024 - \$5,027.34 • April 2024 - \$14,995.04 <p>Saint Louis Public Schools Purchasing Card Guidelines and Procedure Manual, Section 10, Purchasing Card Guidelines: Cards have a default limit per monthly cycle which has been established based on the type of Cardholder usage. A written request by the Business Representative to the Chief Financial Officer for an alternate credit limit will be required for consideration and approval. In signing the agreement, the Cardholder is agreeing to the standard credit limit and to responsibility for ensuring that transactional activity does not exceed the school or department’s fiscal year budget availability for said expenses. The Cardholder can check with their Business Representative for allowable dollar limits for each expense.</p>	<p>We recommend the District assess the policy regarding the monthly card limits to determine whether a hard limit or a review process for amounts over the credit limit should be implemented. Additionally, the District may assess whether the credit limit should be adjusted.</p>

Observation	Recommendation
<p>7. <u>Credit Card Policy and Procedure Conflicts – Acceptable Purchases</u> We noted conflicts in acceptable credit card purchases between the purchasing card guidelines procedure manual and the procurement/purchasing manual:</p> <ul style="list-style-type: none"> • Saint Louis Public Schools Purchasing Card Guidelines and Procedure Manual, Section 12, Usage and Restrictions, <ul style="list-style-type: none"> ○ This section outlines examples of purchases that <u>should not</u> be made using the purchasing card of which includes transportation (e.g., air, taxi, shuttle), parking, and hotel (room and tax only – no incidentals) • Saint Louis Public Schools Procurement/Purchasing Manual, Procurement Cards Section, <ul style="list-style-type: none"> ○ Authorized District employees and Board of Education members <u>may use credit cards</u> or purchasing cards issued to the district to make purchases for the District or <u>pay for reasonable travel expenses incurred when performing job duties.</u> 	<p>We recommend the District reconcile the policies and procedures to resolve any conflicts to ensure consistency and make updates, as necessary.</p>
<p>8. <u>Policy and Procedure Conflicts - Travel Purchases</u> We noted conflicts in allowable travel purchases between the St. Louis Board of Education administrative regulations and the travel policy. The administrative regulations specify travel expenses are covered only for employees. However, the travel policy extends this coverage to both employees and Board Members, allowing reimbursement for travel expenses incurred by Board Members while participating in educational activities that benefit the District.</p> <ul style="list-style-type: none"> • Saint Louis Public Schools Board Administrative Regulations, Policy 4251 - Guidelines Governing Travel for Official School Business, Conferences, Conventions, etc. <ul style="list-style-type: none"> ○ <u>Covered Expenditures:</u> When <u>any employee</u> of the Board of Education is authorized to travel outside of the metropolitan area on official business, he/she shall be allowed transportation costs, registration costs, the actual cost of lodging and a maximum per diem as detailed in the Administrative Guidelines Governing Travel Expenses. • Saint Louis Public Schools Travel Policy, General Policy Information section, <ul style="list-style-type: none"> ○ This policy applies to <u>all employees and Board Members</u> to conferences, conventions, and 	<p>We recommend the District reconcile the policies and procedures to resolve any conflicts to ensure consistency and make updates, as necessary.</p>

Observation	Recommendation
<p>travel undertaken for execution of District Business.</p>	
<p>9. <u>Credit Card Receipt and Documentation Retention</u> There is no existing policy or guideline specifying how long detailed receipts and supporting documentation must be retained.</p> <p>Each department assigned a credit card is responsible for maintaining electronic or paper receipts. However, practices for retaining receipts vary widely across departments, with most lacking complete documentation for credit card transactions for the department credit cards that were in scope.</p>	<p>We recommend the District implement or update and communicate the policy to all District workers regarding retention of credit card receipts. (Note: If the District has other document retention policies currently in place, particularly regarding financial records, those policies may apply to the credit card receipts).</p> <p>A long-term solution may be implementation of an expense reporting application whereby receipts can be scanned, reviewed for approval, and uploaded for reconciliation and retention.</p>
<p>10. <u>Cardholder Agreement & Purchasing Card Training</u> We noted the following:</p> <ul style="list-style-type: none"> • 5 of 5 cardholder users did not complete a cardholder agreement, signifying agreement to the terms and conditions of the Cardholder Agreement. • 5 of 5 cardholder users did not complete training before receiving a Purchasing Card. <p>Note: The Student Support Services Department Card had two designated cardholders.</p> <p>Saint Louis Public Schools Purchasing Card Guidelines and Procedure Manual, Section 8, Application Process - Online Training:</p> <ul style="list-style-type: none"> • <u>Cardholder Agreement:</u> A Cardholder Agreement is required from each cardholder applicant. As part of the application process, an applicant will be expected to read it in full. By submitting the Cardholder Agreement, the Cardholder Applicant and Business Representative agree to the terms and conditions of the Agreement. • <u>Online Training:</u> All prospective Cardholders must complete online training to be eligible to receive a Purchasing Card. 	<p>We recommend the District ensure all employees that are issued a credit card or that are employees in departments that are issued credit cards, complete a cardholder agreement and training.</p>
<p>11. <u>Communication and Culture</u> Interviews with staff and Chiefs in Finance, HR, and Operations revealed a strong emphasis on hierarchy and authority within the District. As the highest-ranking</p>	<p>Please see the recommendations for the Other Observations and Recommendations #1, 2, 4 and 5, noted above”.</p>

Observation	Recommendation
<p>official, the Superintendent exercised significant authority, issuing directives to department leaders and staff, often verbally. Staff reported that critical changes—such as payroll adjustments, remote work approvals, and time entry—were frequently made without accompanying documentation from the Superintendent. Chiefs noted that most decisions were communicated during meetings with the Superintendent, and they expressed concerns about potential repercussions or retaliation for resisting directives from the Superintendent, Deputy Superintendent, or Chief of Staff.</p> <p>Chiefs and staff reported that the Superintendent restricted their communication with the Board. A directive required all Board-related communications to be routed to the Superintendent within 10 minutes. Emails from Board members addressing Chiefs were redirected to the Superintendent, who personally handled the inquiries.</p> <p>The CFO highlighted a specific instance of restricted communication. Previously, the CFO had attended weekly meetings with Board leadership and the prior Interim Superintendent. However, under the current Superintendent, the CFO was excluded from these meetings and instead contacted directly by the Superintendent to explain financial matters to Board leadership. Upon further discussions, Board leadership indicated that they had been informed by the Superintendent that the CFO could not attend due to scheduling conflicts, though the CFO believed Board leadership was aware of her exclusion from the meeting invitations.</p> <p>Historically, the Chief of HR also participated in closed session Board meetings alongside the Superintendent. This practice ended in late 2023, during the Superintendent’s tenure. Subsequently, Chiefs of HR were only allowed to attend Board meetings to present specific HR and legal matters, limiting their visibility into what was shared with the Board. While HR leaders remained responsible for presenting new hires to the Board, the Superintendent controlled which names were submitted.</p>	<p>Additionally, we recommend the District:</p> <ul style="list-style-type: none"> • Evaluate its whistleblower policy and hotline process and make any updates. • Ensure District employees are educated on the hotline purpose and reporting process. • Require that all District employees complete fraud awareness training. • Perform a fraud risk assessment. • The Board address communication protocols with District leadership.

Appendices – Hiring and Salaries

**APPENDIX 1:
 JANUARY 2024 EMPLOYEES ON INCREASED SALARY SCALE
 (INCREASES NOT APPROVED BY BOARD)**

	Title	Date of Previous Pay Change	New Salary Scale	Change in Salary
	Chief of Schools	8.1.23	\$194,175.00	\$ 9,175.00
	Chief of Staff Op Ex	8.1.23	\$194,175.00	\$ 9,175.00
	Deputy Chief of Staff	8.1.23 (increased on 3.1.24)	\$175,000.00	\$ 55,000.00
	Interim Chief of Information (became Deputy CIO)	12.21.23 (increased on 3.1.24)	\$175,000.00	\$ 123,000.00
	Chief Financial Advisor	7.1.23	\$194,175.02	\$ 29,364.02
	Chief of Operations	7.1.23	\$194,175.00	\$ 35,957.00
	Chief of Staff	7.1.23	\$194,175.00	\$ 38,175.00
	Interim Chief of Human Resources Compliance	8.21.23	\$194,175.00	\$ 21,213.90
	Interim Chief of Human Resources Operations	8.21.23	\$194,175.00	\$ 21,213.90
				\$ 396,482.52

**APPENDIX 2:
2024 NEW HIRES ON INCREASED SALARY SCALE
(INCREASES NOT APPROVED BY BOARD)**

Title	Start Date	New Salary Scale
Chief Financial Officer	7.1.24	\$ 200,000
Chief Communications Officer	7.1.24	\$ 200,000
Chief Academic Officer	3.1.24	\$ 194,175
Chief of Schools	7.1.24	\$ 200,000
Chief Information Officer	7.1.24	\$ 200,000
Interim Deputy Superintendent of Operations	3.1.24	\$ 182,070

**APPENDIX 3A:
 ACTIVITY FOUND ON HR TRANSACTION REPORTS AND/OR APPROVED IN
 BOARD MEETING MINUTES**

Transaction Report Job Title	Effective Date	On HR Transaction Report	In Closed Meeting Minutes	Pay based on Transaction Report	Position Notes
Temporary Certificated Chief of Staff	7.1.23	Yes	Yes	\$7,152.36/mo**	Temporary Hourly
Chief of Schools	7.29.23	Yes	Yes	\$ 185,961	Rank and Salary
Deputy Superintendent	7.1.24	Yes	Yes	\$ 230,000	Rank and Salary
Interim Superintendent	7.25.24	Yes	Yes	\$ 230,000	Rank
Temporary Chief of Staff Op Ex	7.1.23	Yes	Yes	\$7,152.36/mo**	Temporary Hourly
Chief of Staff Op Ex	7.29.23	Yes	Yes	\$ 185,961	Rank and Salary
Temporary Senior Project Manager	7.1.23	Yes	Yes	\$ 4626.25/mo**	Temporary Hourly
Senior Project Manager	7.29.23	Yes	Yes	\$ 120,283	Rank and Salary
Assistant Project Manager	12.21.23	Yes	N/A	\$ 51,966	Hire date
Chief Communications Officer	6.10.24	Yes	Yes	\$ 93.27	Temporary Hourly
Chief of Schools (replacement)	7.1.24	Yes	Yes	\$ 200,000	Hire date
Temporary Technology Services MIS	3.25.24	Yes	N/A	\$ 93.35	Hire date
Contract Compliance Officer	7.1.24	Yes	N/A	\$ 140,000	Hire date
Chief Financial Advisor	7.1.23	Yes	N/A	\$ 164,811	Change in Salary
Deputy Sup of Operations	7.1.23	Yes	N/A	\$ 155,736	Change in Salary
Director Employee Relations - HR	7.1.23	Yes	N/A	\$ 122,315	Change in Salary
Interim Chief of HR Compliance	8.21.23	Yes*	No	\$ 172,961	Change in Rank & Salary
Associate Sup for HR	7.1.23	Yes	Yes	\$ 153,610	Change in Rank & Salary
Interim Chief of HR Operations	8.21.23	Yes*	No	\$ 172,961	Change in Rank & Salary

NOTES:

* Yes – HR Transaction Report was provided, but not included in Board materials. Board approval of positions did not include salaries.

**Monthly pay rates shown on the HR Transaction report are actually bi-monthly amounts, thus understated on the HR Transaction Report

N/A - Not a leadership position that is presented to Board.

**APPENDIX 3B:
 ACTIVITY NOT FOUND ON HR TRANSACTION REPORT AND/OR
 BOARD MEETING MINUTES**

Start Date	On HR Transaction Report	In Closed Meeting Minutes	Job Title	Pay
7.1.23	No – Entered in PA30 10.17.23	No	Chief of Staff	\$185,000
1.1.24	No – Entered 1.15.24	No	Interim Chief Academic Officer - Temporary Contract	\$89.40/hr
3.1.24	No – Entered in PA30	No	Chief Academic Officer	\$194,175
3.1.24	No – Entered on 3.11.24	Yes	Interim Deputy Superintendent of Operations	\$182,070
3.1.24	No – Entered on 3.11.24	No	Interim Chief of Information	\$175,000
7.1.24	No – Entered in PA30	No	Deputy Chief of Information	\$175,000
5.1.24	No – Entered 5.15.24	No	Temporary Contract - Interim Chief Financial Officer	\$93.27/hr
7.1.24	No – Terminated that month	No	Deputy Chief of Staff	\$175,000
7.1.24	No – Entered in PA30	Yes	Chief Financial Officer	\$200,000
7.1.24	No - Terminated that month	Yes	Chief Communications Officer	\$200,000
7.1.24	No – Entered on 7.2.24	No	Chief Information Officer	\$200,000
12.16.23	No – Entered in PA30	No	Chief of Schools (Chiefs' increase)	\$194,175
12.16.23	No – Entered in PA30	No	Chief of Staff Op Ex (Chiefs' increase)	\$194,175
12.16.23	No – Entered in PA30	No	Chief Financial Advisor (Chiefs' increase)	\$194,175
12.16.23	No – Entered in PA30	No	Chief of Operations (Chiefs' increase)	\$194,175
12.16.23	No – Entered in PA30	No	Chief of Staff (Chiefs' increase)	\$194,175
12.16.23	No – Entered in PA30	No	Interim Chief of HR Compliance (Chiefs' increase)	\$194,175
7.1.24	No – Entered in PA30	No	Chief of HR Compliance	\$194,175
12.16.23	No – Entered in PA30	No	Interim Chief of HR Operations (Chiefs' increase)	\$194,175
7.1.24	No – Entered in PA30	No	Chief of HR Operations	\$194,175

**APPENDIX 4:
 2024 RETRO PAYMENTS ISSUED (NOT APPROVED BY BOARD)**

Title	# Retro Months	Retro Pay
Chief of Schools	5	\$ 3,759.33
Chief of Staff Operational Excellence	5	\$ 3,759.33
Deputy Chief of Staff	4	\$ 18,098.87
Chief Financial Officer	5	\$ 13,552.56
Chief of Operations	5	\$ 17,741.16
Chief of Staff (\$6547 received Oct 2023)	4	\$ 7,253.49
Interim Chief of Human Resources Compliance	2	\$ 18,240.64
Interim Chief of Human Resources Operations	2	\$ 12,395.95
	32	\$ 94,801.33

**APPENDIX 5:
 INTERIM TEMPORARY NON-EXEMPT PAYMENTS**

Title	Start Date	End Date	Wage (Per Hour)	# Interim Months	Interim Payments
Interim Chief of Schools- Temporary Contract	7.1.23	7.31.23	\$ 89.40	1	\$ 15,000
Interim Chief of Staff- Temporary Contract	7.1.23	7.31.23	\$ 89.40	1	\$ 15,000
Interim Senior Project Manager	7.1.23	7.31.23	\$ 57.83	1	\$ 10,000
Interim Chief Financial Officer- Temporary Contract	5.1.24	6.30.24	\$ 93.35	2	\$ 20,892
Interim Chief Communications Officer- Temporary Contract	6.1.24	6.30.24	\$ 93.35	1	\$ 14,177
Interim Chief Academic Officer - Temporary Contract	1.1.24	2.29.24	\$ 89.40	2	\$ 30,000
Interim Chief Information Officer - Temporary Contract	3.25.24	6.30.24	\$ 93.35	3	\$ 41,470
				11	\$146,539

Appendices – Credit Cards

APPENDIX 6: SUMMARY OF CREDIT CARDS ACTIVITY AND ANALYSIS

Total Credit Card Transactions - 6/13/23-8/5/24			
Credit Card	Card Gatekeeper	Count of Transactions	\$ of Transactions
Chief of Staff Department Card	Chief of Staff – Operations	58	\$ 16,283
Superintendent Card	Dr. Scarlett	581	141,314
Superintendent Department Card	Executive Admin to Superintendent	404	67,082
Student Support Services Department Card	Executive Secretary to Deputy Superintendent	97	35,833
Total		1,140	\$ 260,512

Summary of Credit Card Analysis								
	Chief of Staff Department		Superintendent Card		Superintendent Department		Student Support Services	
	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions	Count of Transactions	\$ of Transactions
Employment Contract Violation	-	\$ -	13	\$ 609	27	\$ 1,109	-	\$ -
Purchasing Policy Violation	4	\$ 712	40	\$ 26,538	36	\$ 6,753	-	\$ -
Travel Policy Violation	8	\$ 1,104	104	\$ 28,673	5	\$ 2,306	7	\$ 10,863
Unable to Verify	13	\$ 1,622	213	\$ 32,673	167	\$ 35,451	-	\$ -
Total	25	\$ 3,438	370	\$ 88,493	235	\$ 45,619	7	\$ 10,863

Appendices – Consulting Agreements

APPENDIX 7: SUMMARY OF CONSULTING AGREEMENTS

Contract Name	Contractor Location	Date Company Founded	Owner Work Experience in Seattle or Washington School Districts	Sole or Single Source or Emergency?	Contract Start	Contract End	Original Contract Value
Better Education Partners Contract	Spokane, Washington	2024	Washington (Seattle)	Emergency	5/17/2024	9/27/2024	\$8,880/per week
Clover Codd	San Jose, California	could not determine	None identified	no	7/1/2024	6/30/2025	\$45,000
Education Partners, Practice and Policy	Colorado Springs, Colorado	2013	None identified	Sole source	5/20/2024	6/28/2024	\$45,000
EduSolve LLC	Lighthouse Point, Florida	2019	None identified	no	12/13/2023	6/30/2024	\$49,930
Global Citizens Development dba Azimu Group	Seattle, Washington	2019	Washington (Seattle)	no	9/1/2023	6/30/2024	\$49,500
Harvest Consulting	Oakland, California	2019	None identified	Sole source / Emergency	9/13/2023	6/30/2024	\$85,000
Devin Cabanilla, dba Idea Threads LLC	Seattle, Washington	2024	Washington (Seattle)	no	6/7/2024	8/30/2024	\$49,000
Impact Educational Consultants Contract	Los Angeles, California	2009	Washington (Seattle); Lake Washington	Sole source / Emergency	11/15/2023	6/30/2024	\$234,000
Impact Intersection	Weston, Florida	2018	None identified	Sole Source	3/18/2024	9/13/2024	\$19,995
Insight Education	Eagan, Minnesota	2013	None identified	Sole source / Emergency	9/13/2023	9/30/2024	\$170,000
Larry Nyland	Marysville, Washington	1992	Washington (Seattle and various)	no	8/6/2023	6/30/2024	\$49,400
Ray & Associates	Cedar Rapids, Iowa	1977	None identified	Sole source	2023	2026	\$10K/per position filled
Reach Associates	Hohokus, New Jersey	2003 or 1999	None identified	no	1/2/2024	6/30/2024	\$49,500
SMJ Communications	Braselton, Georgia	2017	None identified	no	4/1/2024	5/31/2024	\$23,750
The LinkedIn Pros (Adrienne Simpson)	Conyers, Georgia	2020	None identified	no	7/27/2023	7/27/2023	\$12,000
Wintonette Joyce (Dr. Joye Hardiman)	Tacoma, Washington	could not determine	None identified	no	9/27/2023	6/30/2024	\$10,000
Wright Associates	Shoreline, Washington	could not determine	None identified	Sole source / Emergency	11/27/2023	6/30/2024	\$450,000



St. Louis Office
6 CityPlace Drive
Suite 900
St. Louis, MO 63141-7194
314 983 1200

armanino 