

# 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.