



Annual Report

FY 2016



December 14, 2016

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To the citizens of Chicago and Illinois, elected officials of the State of Illinois and the City of Chicago, and the Chicago Board of Education:

The following Annual Report of the Office of Inspector General for the Chicago Board of Education includes a summary of reports and investigations made by the OIG for fiscal year 2016 (July 1, 2015, to June 30, 2016), and is filed pursuant to 105 ILCS 5/34-13.1(e).

In fiscal year 2016, the OIG continued to investigate problems involving the falsification of student attendance and enrollment data by Chicago Public Schools personnel. For example, the OIG found that:

- Dropouts and truants at one high school were being fraudulently classified as homeschooled students to hide the fact that they were not attending school;
- Principals, assistant principals, and others at four high schools were improperly and systematically changing student attendance records to make it appear as if those students were in class when they were actually absent;¹ and
- Attendance data was falsified at an elementary school by the principal, assistant principal and others.

The OIG also continued its work surrounding admissions fraud at the elite selective-enrollment schools. Specifically, the OIG determined that eight students at (or applicants to) selective-enrollment schools were actually suburban residents. In addition, the OIG found that the addresses on the selective-enrollment applications of 18 more students had been falsified in order to gain an admissions advantage because the false address was in a lower socio-economic “tier”. The OIG also concluded that it is simply too easy for parents of selective-enrollment applicants to game the admissions system by faking a move to a lower socio-economic tier to gain

¹ The OIG publicly reported on those investigations via a Significant Activity Report that was released on October 6, 2016.

the admissions advantage generally provided by the lower tiers. With that view of the problem in mind, the OIG made a recommendation that CPS re-evaluate the current tier-assignment method with an eye toward evaluating the child's overall historic socio-economic situation, instead of categorizing a child's socio-economic situation based solely on the address claimed on the day of application.

Other misconduct and mismanagement identified by the OIG includes:

- An improper gift to a charter network by a locally owned vending company;
- Inventory mismanagement at CPS's Career and Technical Education program;
- A high school that grossly mismanaged its sports facilities and lost out on hundreds of thousands of dollars in rental income;²
- Numerous instances of stringing and other procurement violations;
- Multiple theft, payroll fraud, fiscal-impropriety and mismanagement cases;
- Multiple violations involving hiring and the on-boarding of employees; and
- Employee residency violations.

Be assured that the OIG will continue to fulfill its independent oversight mission by uncovering fraud, waste, mismanagement and other misconduct within Chicago Public Schools. As always, the OIG's work includes administrative matters handled within CPS, as well as collaborative work with federal and local law enforcement.

It is a deep honor for me to serve the students and families of CPS. Please feel free to contact my office with any concerns or feedback.

Sincerely,

Nicholas Schuler
Inspector General

² The OIG publicly reported on these three related investigations via a Significant Activity Report that was released on September 8, 2016.

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Office of

Inspector General

Chicago Board of Education

Nicholas Schuler, Inspector General

F Y 2 0 1 6 A N N U A L R E P O R T

SECTION 1 — OFFICE OVERVIEW

A. MISSION AND BUDGET

The mission of the Office of the Inspector General is to ensure integrity in the operations of Chicago Public Schools by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud, financial mismanagement and employee misconduct. The OIG also reviews CPS systems, practices and procedures to determine their effectiveness in preventing waste, fraud and financial mismanagement.

In FY 2016, the OIG's approved budget was approximately \$2.07 million. The OIG had a budgeted staff of 18 full-time positions, which represented a change from FY 2015's 17 full-time positions. That change was the result of the conversion of the then-open Deputy Inspector General position into two lower-paying Assistant Inspector General positions.

B. A NOTE ON THE OIG'S PUBLIC ACTIONS SINCE THE CLOSE OF THE FISCAL YEAR

Since the close of the fiscal year at the end of June, the OIG has publicly reported on two matters that are not otherwise addressed in this report: (1) OIG concerns involving the Department of Internal Audit, which were made public via the OIG's Significant Activity Report of September 16, 2016 (see the OIG's website for further details); and (2) the improper assertion of the attorney-client privilege by the Board of Education in an OIG investigation, which the Inspector General publicly commented on at the Board of Education's December 7, 2016 meeting. The OIG notes that since these matters are not subjects of final reports issued to the Board in FY 2016, they are not detailed in this Annual Report. The Significant Activity Report of September 16, 2016, will be included in next year's Annual Report. And further developments regarding the Board's assertion of the attorney-client privilege against the OIG will be reported on by the OIG as appropriate.

C. TRAINING AND INVESTIGATION STANDARDS

Many employees of the OIG are members of the Association of Inspectors General, a national organization of state, local and federal inspectors general and their staffs. The AIG offers training seminars and certification institutes for members as well as networking opportunities.

Currently, 10 OIG employees hold the designation of Certified Inspector General or Certified Inspector General Investigator.

Participation in the AIG also offers employees continuing training in best practices related to the performance of the Inspector General mission. Locally, the OIG collaborates with IG offices from other state and local agencies to train all staff in a variety of areas related to investigations and audits.

The OIG conducts its investigations in accordance with the AIG's Principles and Standards for Offices of Inspector General, generally accepted principles, quality standards and best practices applicable to federal, state and local offices of inspectors general. In addition, the OIG, at all times, exercises due professional care and independent, impartial judgment in conducting its investigations and issuing its reports and recommendations.

D. COMPLAINTS RECEIVED IN 2016

In FY 2016, the OIG received 1,356 complaints alleging misconduct, waste, fraud and financial mismanagement at Chicago Public Schools, including allegations of misconduct by CPS employees or vendors and allegations of students residing outside the City of Chicago and attending CPS.

Of the 1,356 total complaints received, the OIG opened investigations into a total of 223 cases (16.4%). Several factors restrict the number of cases the OIG can open and investigate, including (1) a continuing focus on significant and often complex issues; (2) a particularly small staff size in relation to the OIG's total oversight responsibility (CPS has approximately 36,000 employees and an annual budget of approximately \$5.5 billion), and (3) time consumed by post-investigation activities (e.g., preparation and testimony for hearings, trials and labor arbitrations).

As previously reported by this office, the inability to investigate more complaints creates a substantial risk that instances of waste, mismanagement, fraud and employee misconduct go undetected.

The OIG received 393 anonymous complaints, 28.9% of the total complaints received during the reporting year. Although the OIG responds to anonymous

complaints, it is far more challenging to begin an investigation without the ability to question the complainant and evaluate the credibility of the information received.

The table below reflects the types of complaints received by the OIG in FY 2016.

Type of Complaint Received FY 2016

Residency	181	13.35%
Mismanagement	288	21.24%
Inattention to Duty	26	1.92%
Misappropriation of Funds	19	1.40%
Criminal Background	8	0.59%
Conduct Unbecoming	29	2.14%
Falsification of Attendance Records	44	3.24%
Falsification of School Records	26	1.92%
Test Cheating	8	0.59%
Tuition Fraud	73	5.38%
Grade Changing	6	0.44%
Violation of Acceptable Use Policy (computer/email)	2	0.15%
Violation of Magnet and Selective-Enrollment Policy	15	1.11%
Contractor Violations	32	2.36%
Ethics	23	1.70%
Discourteous Treatment	99	7.30%
Losing One's Professional License	10	0.74%
Preferential Treatment	51	3.76%
Fraudulent Leave of Absence	11	0.81%
Retaliation	16	1.18%
Unauthorized Use of Board Property	6	0.44%

Type of Complaint Received FY 2016

Off-Duty Criminal Conduct	37	2.73%
On-Duty Criminal Conduct	40	2.95%
Discrimination	18	1.33%
Other	288	21.24%
	1,356	100%

SECTION 2 — TRANSFER AND ATTENDANCE FRAUD

For the past several years, the OIG has been investigating and reporting on cases that involve fraudulent data related to student transfers and attendance. This year's reported cases are summarized in this section.

A. DROPOUTS AND TRUANTS FALSELY CLASSIFIED AS HOMESCHOOLED (15-00612)

An OIG investigation concluded that, from at least 2007 to 2014, administrators at a CPS high school falsified student records by deliberately misclassifying hundreds of students who were chronically truant, could not be located, or otherwise had dropped out of school, as having been “transferred” to be “homeschooled”. This misclassification scheme was initiated and overseen by the school's former principal, who “confess[ed]” to the OIG that its purpose was to avoid the negative impact on the school's attendance statistics that would have resulted had the school correctly classified the students as dropouts. So widespread was the scheme that, from 2009 through 2014, approximately 30% to 50% of all transfers out of the school were recorded as “transfers” to be “homeschooled.”

By way of background, since 2012, the OIG has investigated CPS personnel who improperly utilized transfer codes for students who dropped out, so as to avoid any negative impact on schools' attendance metrics or graduation rates caused by reporting dropouts. In the years since, the OIG has reported to the Board its findings in the several investigations that the office had undertaken. Specifically, in OIG 12-00465, the OIG concluded that, from 2009 to 2014, high school personnel had systematically recorded dropouts who left school to purportedly to attend GED programs as transfers to non-CPS schools, so as to avoid increasing the school's dropout rate. Similarly, in OIG 13-01086, the OIG found that, from 2012 through 2014, personnel at a different high school had used the same transfer-recording scheme so that those students would not be included in the school's dropout numbers.

News reports in June 2015 referred to the OIG's past investigations, but went on to detail even more misclassification of dropouts throughout CPS. The reports singled out one high school in particular, stating that since 2011, “more than 100 students every year . . . supposedly transferred out to be homeschooled” in an apparent attempt to exclude dropouts from the school's graduation-rate calculations.

During the OIG's ensuing investigation of that one high school, the former principal explained why, under his direction, the school initiated the practice of classifying chronically truant or dropped-out students as having transferred from the school to be “homeschooled”. Specifically, the former principal related that, in 2007, CPS had

decided to discontinue the old “drop-to-lost” dropout classification code. In response, he instructed school personnel to classify students whom the school could not locate as being “transferred” from the school to be “homeschooled”. The former principal further stated that he had instructed the use of the improper classification after being pressured by his superiors “to come up with stuff” to raise school attendance, which had been depressed by high truancy rates. Three former assistant principals confirmed that the school had classified chronically truant students as having been “transferred” from the school to be “homeschooled”, as did a guidance counselor who was personally involved in meetings with students and parents concerning the “homeschooling” process.

Even more, one former assistant principal told the OIG that he could not identify a single student who was actually homeschooled after “transferring” from the school. The former principal, likewise, could not recall any student who had “transferred” from the school to actually undergo homeschooling, and further stated that the school did not rely on such “transfers” for legitimate purposes. Instead, the former principal admitted, the school relied on the “transfers” simply to drop students from the school’s attendance roster.

The OIG, in turn, uncovered no evidence showing that any student who was “transferred” from the school was actually homeschooled. To the contrary, the evidence that the OIG found, combined with its review of randomly selected student files, supported the conclusion that none of the hundreds of students who purportedly had “transferred” from the school between 2007 and 2014 to be “homeschooled”, actually were homeschooled. Indeed, the OIG’s review uncovered a morass of contradictory and incomplete student files: one file documented that the student had been “transferred” to be “homeschooled” when she, in fact, had transferred to a GED program; one file contained multiple transfer cards, each signed by a different school administrator, and with one stating that the student had transferred to an unnamed alternative school; and another file initially classified the student as a “homeschool transfer”, but then reclassified her after the school received notification that she had, in fact, transferred to a school outside of CPS.

The principal and two assistant principals have since retired from CPS. Because all three individuals engaged in serious misconduct when overseeing the improper “transfer” practices, the OIG recommended that the Board place permanent Do Not Hire (DNH) designations in their personnel files. The remaining assistant principal and the guidance counselor both remain employed with CPS, and the OIG recommended that the Board impose appropriate discipline on each of them. The OIG further recommended that school clerks and administrators still employed at

the high school undergo training that focuses on, among other topics, the proper use of transfers to and from schools.

The Board advised the OIG that, because the former principal and two former assistant principals had since retired, it placed DNH designations in their personnel files. As of the date of this report, discipline is pending against the remaining assistant principal and the guidance counselor who had also participated in the attendance-reclassification scheme. Also as of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to implement the recommended training for the school's personnel.

In its Summary Report to the Board of Education, the OIG noted that previous OIG investigations had found that several high schools had each inflated their graduation rates by improperly classifying students as having "transferred" to GED programs. The OIG also noted that, in response to the subsequent media coverage on the issue, CPS undertook a district-wide recalculation of high school graduation rates. The district announced the results of that recalculation on October 2, 2015. However, CPS confirmed to the OIG that the recalculation did not address schools' use of "homeschool transfers", or the process by which students are transferred from CPS to be homeschooled. Instead, the recalculation was limited to transfer codes used when students supposedly transferred "to a GED program, non-CPS alternative or unspecified alternative school or job training program." Consequently, the OIG further recommended that CPS undertake an additional reassessment of the graduation rates to take into account homeschool classifications, as there is clearly a possibility that other administrators might intentionally misclassify chronically truant or dropped-out students as "homeschool transfers" as part of improper attempts to artificially inflate graduation rates. As of the date of this report, the Board has not advised the OIG of any steps, if any, that it has taken to address the potential further improper use of "homeschool transfers".

Finally, the OIG recommended that CPS reform the process by which students are transferred to be homeschooled. Specifically, the homeschool-transfer process should be removed from the individual school level, and placed under the purview of either the transferor school's Network Office, or the Office of Teaching and Learning at CPS Central Office, so as to remove any incentive (or ability) that schools may have to falsely use "homeschool transfers" to maintain or to increase attendance or graduation rates. Furthermore, the OIG continued, the Network Office or the Office of Teaching and Learning should develop a process under which transferred students' families must verify that the student is actually following a homeschooling curriculum. As of the date of this report, the Board has not advised the OIG that it

intends to revise the processes by which students are transferred to be homeschooled.

**B. ELEMENTARY SCHOOL ATTENDANCE FRAUD AND OTHER MISCONDUCT
(15-00621 AND 15-01236)**

An OIG investigation determined that the following improprieties occurred at a northwest-side elementary school:

1. The principal and assistant principal oversaw an extensive and improper attendance-changing protocol during the 2014-15 school year, which the principal had formulated to ensure that the school would retain its Level 1 School Quality Rating. The principal told the OIG that her superiors had approved the protocol — a claim that her superiors explicitly rejected.
2. The principal negligently (if not recklessly) performed her duty to provide REACH teacher assessments at her school.
3. The principal ordered teachers to cheat in a city-wide contest for students by instructing them to complete tasks that were to be completed only by students.
4. The principal and assistant principal improperly used sick time. And the principal outright falsified time when taking vacations in 2014 and 2015.

The OIG recommended to the Board that it terminate the principal's employment and place a permanent DNH designation in her personnel file. Approximately one week after the OIG issued its findings, the principal was relieved of her duties and placed on administrative leave. The assistant principal, in turn, resigned her position while the investigations were pending. Because those investigations were substantiated, the OIG recommended that the Board place a permanent DNH designation in the assistant principal's personnel file.

Further details and recommendations specific to each of the OIG's findings follow:

The Attendance Changing Scheme: During the 2014-15 school year, the school principal ordered school personnel to fraudulently change over 2,000 student-attendance designations from "absent" to "present" in the CPS attendance database. Those changes were based on students' supposed participation in programs held after school hours or during Saturdays. Often, the "absent" designations were changed months after they originally had been recorded on the CPS system.

The assistant principal told the OIG that the principal had instituted the attendance-changing protocol to help the school retain its Level 1 School Quality Rating. School personnel responsible for attendance confirmed that such a protocol was in place, and that they had changed the attendance designations for those students who had participated in after-school or Saturday programs. Emails from the principal showed that she had directed school personnel to make such changes, and further proved that she had designed the attendance protocol to inflate the school's attendance rate so that it could retain its Level 1 rating. For instance, in one email, the principal wrote to school personnel that her orders to change students' attendance designations were "not up for debate or challenge. It is critical to our [School Quality Rating Policy] rating that we have a 96% attendance rate (currently at 94%). That attendance rate is critical to retaining a Level 1 status."

For her part, the principal defended the propriety of her protocol by stating that: (1) she had "clearly delineated and openly discussed" her plans with her Chief of Schools for her Network in her 2014-15 professional-development plan; (2) both the Chief of Schools and the then-Chief of Networks had approved the protocol; and (3) the protocol "aligned" with CPS policy concerning attendance. The principal's contentions, however, were either unsupported or patently false. Specifically, the principal was unable to provide the OIG with proof that (1) she had "clearly delineated and openly discussed" with her Network Chief her plan to change recorded absences to recorded presents; or (2) her attendance-changing protocol was somehow "aligned" with CPS's attendance policy.

Nonetheless, the principal further defended her attendance-changing protocol in a written statement to the OIG, in which she claimed that the school had "a 97% poverty rate and a 90% minority population." This student demographic, the principal claimed, has "the highest rates of absenteeism in schools," and so the attendance-changing protocol benefited chronically truant students who would not otherwise receive instruction time. But the principal's justification was belied by her own admissions that the program was pedagogically unsound. Specifically, she admitted to the OIG that the students in the program had received attendance credit simply for showing up, and that the program coordinators did such a poor job supervising the program that they were getting paid for doing nothing.

The impact of the improper attendance-changing protocol cannot be understated. The OIG reviewed the attendance changes made by school personnel throughout the 2014-15 school year and found that, at a minimum, the scheme added 1,771 school days for which the school's students were recorded as present, when they actually were not. The additional 1,771 days, in turn, inflated the school's attendance rate to

96%, which further led to an inflated SQRP score (3.9) and inflated School Quality Rating (Level 1) — all as the principal had intended.

But after recalculating the school's inflated attendance rate, and after determining that the attendance-inflation scheme resulted in the inaccurate reporting of school data, the OIG found that the school's SQRP score should actually have been 3.4, meaning that its School Quality Rating should have been lowered to Level 2+. Consequently, and in addition to the discipline recommended for the principal and vice principal, the OIG recommended that the Board recalculate the school's SQRP score and School Quality Rating, and adjust both scores as necessary. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to recalculate the school's SQRP score or School Quality Rating.

Negligent Teacher Evaluations: The OIG also concluded that the principal had abandoned most of the responsibilities expected of her vis-à-vis the REACH teacher assessment process. For instance, she (1) did not complete assessments on time; (2) did not record the assessments on CPS's electronic application used for REACH assessments; (3) relied on personal bias, instead of objective observation, when assessing teacher performance; and (4) provided deficient written feedback to teachers by repeating the same comments — sometimes verbatim — to multiple teachers whom she had observed.

In addition, the principal admitted to having used software vendor demonstrations — as opposed to classroom time — “to perform” observations that she later relied on when preparing the REACH assessments for at least three teachers. The OIG found that the principal's use of vendor demonstrations as REACH observation opportunities were improper and contrary to the goals of the assessment program, which are to formally assess teachers' planning and preparation, classroom environment, instruction and professional responsibility.

Teachers Ordered to Cheat in Student Contest: The OIG further determined that the principal instructed teachers to cheat during the school's winning campaign in a corporate-sponsored, city-wide educational challenge for students, which pitted students from different schools against each other in a race to complete the most online technology challenges. Shortly before the contest ended, the principal had sent an email to school personnel, instructing teachers to use students' competition log-on credentials to “complete activities for [the] students in your grade . . . to insure our win!!” The school did, in fact, receive first place. And although the impact of the principal's instruction to cheat was unclear, the OIG could not exclude the possibility that it, along with any teachers who may have followed it, contributed to the school's victory.

Time Fraud: Finally, the OIG found that both the principal and assistant principal had improperly used sick time, and that the principal had falsified work hours, when taking vacations in 2014 and 2015. The assistant principal admitted to having used sick time intentionally, instead of vacation time, to vacation in Europe during the summer of 2014.

The principal falsified her work time for a day she was absent because she was traveling to Florida for a vacation. The principal instructed a school clerk to swipe in for her on CPS's timekeeping system. However, the principal did not report to the school or any other CPS site for professional development, as she later claimed in a manual time entry edit form. Instead, the evidence showed that the principal had used sick-time intentionally to vacation in Florida.

C. ATTENDANCE FRAUD AT FOUR HIGH SCHOOLS (PREVIOUSLY REPORTED)

On October 6, 2016, the OIG issued a Significant Activity Report, detailing four OIG investigations (14-00047, 14-00497, 14-01011 and 16-00274) that found that four CPS high schools were fraudulently manipulating attendance data by systematically overriding students' attendance entries. For reference, the previously issued Significant Activity Report is included in this report as **Appendix A**.

Since reporting on those matters, the OIG was informed by the Board that the subjects of the OIG's investigations have either been disciplined or their discipline proceedings are underway. The tables below provides the latest status with respect to those discipline measures and proceedings. The subjects are listed in the tables according to the designations given them in the previously issued Significant Activity Report. However, because the Significant Activity Report did not reference the attendance clerks with individual designations, the OIG has applied appropriate designations for them herein.

Updates Regarding School One (14-00047)

Subject	Recommended Action	Discipline Imposed/Policy Adopted
Principal A	<ul style="list-style-type: none"> ○ Terminate employment ○ Classify as DNH 	<ul style="list-style-type: none"> ○ She has since been transferred to a CPS elementary school. ○ The Board has recommended a 10-day suspension without pay. Discipline proceedings still pending.
Assistant Principal A	<ul style="list-style-type: none"> ○ Classify as DNH 	<ul style="list-style-type: none"> ○ Classified as DNH
Attendance Clerk A	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board has recommended that she be given a Level III performance improvement plan. Discipline proceedings still pending.
Attendance Clerk B	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board has recommended that she be given a Level III performance improvement plan. Discipline proceedings still pending.
Attendance Clerk C	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board has recommended that she receive a written reprimand. Discipline proceedings still pending.
Attendance Clerk D	<ul style="list-style-type: none"> ○ Classify as DNH 	<ul style="list-style-type: none"> ○ Classified as DNH ○ The Board has also informed the OIG that it will be sending her a letter regarding the Board's determination that she was responsible in part.
Supervisor A	<ul style="list-style-type: none"> ○ Because she already had a DNH and currently works at Company A, the Board should advise Company A of the OIG's findings with respect to Supervisor A so that Company A can consider appropriate action. 	<ul style="list-style-type: none"> ○ The Board shared the OIG's investigative report in this matter with Company A.

Updates Regarding School Two (14-01011)

Subject	Recommended Action	Discipline Imposed/Policy Adopted
Principal B	<ul style="list-style-type: none"> ○ Classify as DNH ○ Board should advise current employer — Charter One — of the OIG’s findings with respect to Principal B so that the charter school can consider appropriate action. 	<ul style="list-style-type: none"> ○ Classified as DNH ○ The recommendation to advise Charter One of the OIG’s findings is pending.
Principal C	<ul style="list-style-type: none"> ○ Because she already had a DNH and currently works at Charter One, the Board should advise Charter One of the OIG’s findings with respect to Principal C so that the charter school can consider appropriate action. 	<ul style="list-style-type: none"> ○ The recommendation to advise Charter One of the OIG’s findings is pending.
Supervisor B	<ul style="list-style-type: none"> ○ Classify as DNH ○ Board should advise current employer — Charter Two — of the OIG’s findings with respect to Supervisor B so that the charter school can consider appropriate action. 	<ul style="list-style-type: none"> ○ Classified as DNH ○ The recommendation to advise Charter Two of the OIG’s findings is pending.
Attendance Clerk E	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board has recommended that she be given a Level III performance improvement plan. Discipline proceedings still pending.
Attendance Clerk F	<ul style="list-style-type: none"> ○ Classify as DNH 	<ul style="list-style-type: none"> ○ Classified as DNH ○ The Board has also informed the OIG that it will be sending her a letter regarding the Board’s determination that she was responsible in part.
N/A	<ul style="list-style-type: none"> ○ Policy recommendation: Prohibit the type of attendance-recovery program at issue here. 	<ul style="list-style-type: none"> ○ The Board has not notified the OIG of any policy changes or updates.

Updates Regarding School Three (14-00497)

Subject	Recommended Action	Discipline Imposed/Policy Adopted
Principal D	<ul style="list-style-type: none"> ○ Classify as DNH 	<ul style="list-style-type: none"> ○ Classified as DNH
Principal E	<ul style="list-style-type: none"> ○ Terminate employment ○ Classify as DNH 	<ul style="list-style-type: none"> ○ The Board issued her a warning resolution. ○ The Board also has informed the OIG that it is suspending her for 10 days without pay, but those proceedings are still pending.
Attendance Clerk G	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board issued her a written reprimand. Discipline proceedings still pending.
Attendance Clerk H	<ul style="list-style-type: none"> ○ Appropriate discipline 	<ul style="list-style-type: none"> ○ The Board has recommended that he be given a Level III performance improvement plan. Discipline proceedings still pending.
Attendance Clerk I	<ul style="list-style-type: none"> ○ Classify as DNH 	<ul style="list-style-type: none"> ○ Classified as DNH
N/A	<ul style="list-style-type: none"> ○ Policy recommendation: Prohibit the type of attendance-recovery programs at issue here and develop controls to limit abuse of school-function code. 	<ul style="list-style-type: none"> ○ The Board has not notified the OIG of any policy changes or updates.

Updates Regarding School Four (16-00274)

Subject	Recommended Action	Discipline Imposed/Policy Adopted
Principal F	○ Classify as DNH	○ Classified as DNH
Coordinator A	○ Classify as DNH	○ Classified as DNH
Coordinator B	○ Appropriate discipline	○ He has since been laid off. ○ The Board has informed the OIG that it will be sending him a letter regarding the Board's determination that he was responsible in part.
N/A	○ Policy recommendation: Prohibit the type of attendance-recovery programs at issue here and develop controls to limit abuse of school-function code.	○ The Board has not notified the OIG of any policy changes or updates.

SECTION 3 — ADMISSIONS FRAUD AT SELECTIVE-ENROLLMENT SCHOOLS

Over the past few years, the OIG has identified numerous instances of admissions fraud at selective-enrollment high schools. In FY 2014, the OIG focused on “tier fraud” — cases in which families lied on their selective-enrollment applications by falsely claiming that they lived in a lower socio-economic area of the City, or “tier”, than they actually did to cheat the system and improperly gain admission to a selective-enrollment school.³ In FY 2015, the OIG focused on suburban-residency fraud — cases in which students of selective-enrollment schools were ineligible to attend CPS schools by virtue of their suburban residency.⁴

In last year’s annual report, the OIG stressed the ongoing admissions fraud problem at selective-enrollment schools and the need for a tougher anti-fraud policy. The OIG made various recommendations for deterring such fraud, including imposing a permanent ban from selective-enrollment schools and programs. Pursuant to the OIG’s recommendation, the Office of Access and Enrollment adopted a rule providing that any student who engages in tier or suburban-residency fraud will be permanently banned from attending any selective-enrollment school or program. In FY 2016, the new rule was applied, and, consequently, none of the students found to have engaged in such fraud were able to re-enroll at selective-enrollment schools or programs. While the OIG is hopeful that the permanent ban instituted by OAE will help to stem these types of fraud, the problem nevertheless persists and its full extent remains unknown. As such, the OIG continues to investigate these cases and, in FY 2016, the OIG extended those investigations beyond high schools to include admissions fraud at selective-enrollment elementary schools.

³ The selective-enrollment admissions process considers socio-economic factors that relate to the census tract in which an applicant resides at the time of application. The policy is intended to increase selective-enrollment opportunities for students from lower socio-economic areas. The census tracts are broken down into four tiers. Under the current policy, a total of 30% of the available seats are filled in rank order using only testing/academic criteria. The remaining available seats (subject to very limited exceptions) are filled from four rank-order lists that further categorize students by their respective socio-economic tiers (i.e., census tracts), with each tier contributing 25% of the students to the remaining available seats. Students from the higher tiers usually must have better scores than those in the lower tiers. Thus, lying about a student’s address is one way to cheat the system and obtain a seat at a selective-enrollment high school.

⁴ Suburban residents, of course, are generally not eligible to attend any CPS school, let alone the fiercely competitive selective-enrollment schools and programs. Not only are suburban students subject to disenrollment, their families are also liable to CPS for the Illinois statutory tuition costs incurred by their children’s improper CPS enrollment.

A. SUBURBAN-RESIDENCY FRAUD AT SELECTIVE-ENROLLMENT SCHOOLS

In FY 2016, the OIG reported to the Board on five selective-enrollment suburban-residency fraud cases involving eight students. The table below highlights the suburbs and schools involved in those cases.

Suburban-Residency Fraud		
Suburbs of Residence	Schools	Case Number
Highland Park (two students)	Northside College Prep	15-00938
Bellwood (one student)	Lane Tech	15-01035
Berwyn (one student) ⁵	Jones College Prep	16-00070
Niles (two students)	Decatur Classical Bell Regional Gifted Center	13-01328
Evanston (two students) ⁶	Decatur Classical	16-00410

o *Highland Park Residents Admitted to Northside Prep (15-00938)*

An OIG investigation concluded that a Highland Park family — who have owned and lived in a 3,500 sq. ft. home in the suburb for a decade — falsified their Chicago residency and their two children’s selective-enrollment tier assignment by renting a 600 sq. ft. apartment in Rogers Park to make it appear as if they resided in the city. But an apartment inspection, surveillances, documents, electronic records, and interviews revealed that the apartment was a sham residence. Accordingly, the family committed suburban-residency fraud by enrolling their oldest child at Northside Prep, meaning that the family owed CPS \$12,877.56 in non-resident tuition for the 2015-16 school year.

⁵ As discussed below, a second student at the Berwyn address attended a CPS magnet school.

⁶ Only one of the two students from Evanston was selected for admission, and ultimately attended, Decatur Classical. The other student was not selected for admission to any selective-enrollment school. They both, however, submitted applications representing a false address.

In addition, the younger child was improperly admitted to Northside Prep as an incoming freshman for the 2016-17 school year through his family's fraudulent actions. Specifically, the family used the same fraudulent Tier 2 Rogers Park address on the student's selective-enrollment high school application. And had they used the Tier 4 address of the home where they actually lived in Highland Park, he would not have qualified for admission to Northside.

The OIG recommended that the oldest child be disenrolled from Northside Prep and that the youngest child not be allowed to start school there. Consistent with the rules established by OAE, the OIG further recommended that both children be permanently banned from all CPS selective-enrollment schools and programs. Finally, the OIG recommended that, if financially practicable, the Board should recover \$12,877.56 in non-resident tuition from the family for the year that the oldest child improperly attended Northside.

The Board advised the OIG that the family agreed to disenroll the Northside freshman and to pay \$11,477.56 in back tuition.

- *Bellwood Resident Enrolled at Lane Tech (15-01035)*

An OIG investigation determined that, since 2010, a family lived in suburban Bellwood while their son was enrolled at two CPS schools improperly — Tilton Elementary for five years and then Lane Tech for one year — in violation of the CPS student residency policy. As such, the OIG found that the family committed suburban-residency fraud and that the parents owed CPS non-resident tuition in the amount of \$70,533.94.⁷

The OIG recommended that the son be disenrolled from Lane Tech and permanently banned from all CPS selective-enrollment schools and programs. The OIG also recommended that, if financially practicable, the Board should recover the \$70,533.94 in non-resident tuition that the family owed.

The Board advised the OIG that the family agreed to disenroll the student and to pay \$30,000 in back tuition.

⁷ The student was improperly admitted to Lane Tech for an additional reason: his family used a fraudulent Tier 1 Humboldt Park address on his selective-enrollment high school application. If they had used the Tier 3 Bellwood address of the home where they actually lived, the student would not have qualified for admission to Lane Tech.

○ *Berwyn Family Committed Residency Fraud (16-00070)*

An OIG investigation concluded that a family from Berwyn lied about their residency on enrollment applications so that the son could attend Jones College Prep, and that the daughter could attend Andrew Jackson Elementary, a magnet school. Evidence showed that the family had owned their Berwyn residence since 2004. But in 2014 — just before the son needed to prove City of Chicago residency so that he could apply to selective-enrollment high schools — the parents purported to rent an apartment located in Chicago. And the family’s landlord at the supposed Chicago address was, in fact, the father’s brother-in-law.

Subsequently, the family used the Chicago address on the selective-enrollment applications for the son and daughter. The son gained admission to Jones College Prep (where he attended as a freshman). The daughter, in turn, was admitted to, and registered to attend, Jackson Elementary for the 2016-17 school year. However, substantial evidence confirmed that the family did not live at the Chicago apartment and was using it simply as a front to circumvent CPS’s residency policy. No tier fraud existed, though, because (1) the fraudulent Chicago address was classified as Tier 4 (the most stringent tier), so whether by aim or by accident neither the son nor the daughter earned a tier advantage; (2) the son, in any event, was admitted via the straight-rank method, so the socio-economic tier system never came into play; and (3) the daughter was not accepted to any of the selective-enrollment schools to which she had applied, and instead accepted a seat at a magnet school. Nevertheless, the family owed CPS \$12,877.56 in non-resident tuition for the son’s one year’s worth of attendance at Jones. The OIG thus recommended that CPS recover the \$12,877.56 in non-resident tuition from the family, if doing so was financially practicable.

The OIG also recommended that the son be disenrolled from Jones and that the daughter be disenrolled from Jackson Elementary, unless her family could prove that she moved to the City of Chicago. The OIG further recommended that the son and daughter be permanently banned from all selective-enrollment schools and programs. Similarly, the OIG pointed out that neither son nor daughter should be allowed to enroll in any CPS school without first presenting proof of their residency in the City of Chicago.

The Board advised that the son was disenrolled from Jones and that the daughter would be disenrolled from Jackson Elementary in December 2016. Both students were permanently banned from all selective-enrollment schools and programs. Finally, the Board advised that it will take action to recover the \$12,877.56 in back tuition.

○ *Niles Residents at Bell Elementary and Decatur Classical (13-01328)*

The parents of two elementary school students violated the CPS student residency requirement for three years by enrolling their sons in CPS schools while they were living in Niles. One of their sons attended the regional gifted center (a selective-enrollment program) at Bell Elementary for the 2013-14, 2014-15 and 2015-16 school years. Their other son attended the standard neighborhood program at Bell in 2013-14 and 2014-15, but then transferred to Decatur Classical, a selective-enrollment school, for the 2015-16 school year.

Because both students are Niles residents and were improperly enrolled in CPS, the OIG recommended that they be disenrolled from Bell and Decatur immediately and that they be permanently banned from CPS's selective-enrollment schools and programs. In addition, the OIG found that, for committing tuition fraud, the parents owed \$12,877.56 for each year that each son attended CPS. Accordingly, the OIG recommended that CPS pursue non-resident tuition from the parents in the amount of \$77,265.36, if financially practicable.

The Board disenrolled the students from Bell and Decatur and found that the parents owed \$77,265.36 in non-resident tuition. The parents subsequently filed for administrative review of the Board's decision, and their appeal is pending.

Additionally, because the parents are employed by the City Colleges of Chicago, the OIG referred this matter to the CCC OIG for an investigation into whether any violation of CCC rules or policies occurred as a result of the parents' suburban residency.

○ *Evanston Resident at Decatur Classical (16-00410)*

The parents of a student at Decatur Classical falsified their son's enrollment documentation to reflect that the family was living in Chicago when they were actually living in Evanston. As a result, during the 2015-16 school year, the son attended Decatur, a selective-enrollment elementary school, while living in Evanston in violation of the CPS student residency requirement. Significantly, while he was attending Decatur that year, his sister was attending an Evanston elementary school.

For the 2016-17 school year, the parents submitted a selective-enrollment application for the sister, in which they again falsely represented that the family was living in Chicago when, in fact, they were living in Evanston. Ultimately, the sister was not selected for admission to any selective-enrollment school. Her mother, however, informed the OIG that she had been offered a seat at a CPS neighborhood school.

The OIG recommended that the son be disenrolled from Decatur and that CPS pursue non-resident tuition from the parents in the amount of \$12,877.56, if practicable. The OIG also recommended that both children be permanently banned from attending CPS selective-enrollment schools and programs, and that they be prohibited from attending any other CPS school unless and until they establish residency in Chicago.

The Board disenrolled the son from Decatur and permanently banned both children from CPS selective-enrollment schools and programs. In addition, the Board collected the \$12,877.56 in non-resident tuition from the parents.

B. TIER FRAUD CASES AND OIG ANALYSIS OF A KEY PROBLEM

The OIG also reported on 13 tier fraud cases involving 18 students who applied to selective-enrollment schools by using false addresses in lower socio-economic areas of the City than the areas where they actually lived. The table below highlights the actual neighborhoods of residence as well as the schools involved in those cases.⁸

Tier Fraud		
Neighborhoods of Residence	Schools	Case Number
Edgebrook (one student)	Lane Tech	16-00500
Beverly (one student)	Whitney Young	16-00222
Portage Park (one student)	Lane Tech	16-00501

⁸ As discussed above, some of the suburban-residency fraud cases also involved tier fraud. Those cases, however, are not repeated here.

Tier Fraud

Neighborhoods of Residence	Schools	Case Number
Morgan Park (one student)	Payton College Prep	
Tri-Taylor (two students) ⁹	Skinner West Classical Bell Regional Gifted Center South Loop Regional Gifted Center Whitney Young Academic Center	16-00407
Galewood (one student)	Northside College Prep	15-00336
North Center (one student)	Jones College Prep	16-00221
West Ridge (one student)	Northside College Prep	16-00223
Bridgeview ¹⁰ (one student)	Jones College Prep	16-00304
Garfield Ridge (one student)	Payton College Prep	16-00362
Norwood Park (two students) ¹¹	Lane Tech	15-00880

⁹ The students living in the Tri-Taylor neighborhood applied to the four selective-enrollment elementary schools and programs listed in the table by using a false address. But they were not selected to any of those schools and, therefore, never attended a selective-enrollment school or program.

¹⁰ As discussed below, the Bridgeview family's fraud was classified by the OIG as tier fraud rather than suburban-residency fraud because the student gained admission to a selective-enrollment school by using a false Tier 1 address but did not have the opportunity to enroll and, therefore, never attended a CPS school as a suburban resident.

¹¹ Only one of the two students at the Norwood Park address was selected for admission, and ultimately attended, Lane Tech. The other student was not selected for admission to any selective-enrollment school. They both, however, submitted applications representing false addresses.

Tier Fraud

Neighborhoods of Residence	Schools	Case Number
Douglas (one student)	Jones College Prep	15-00881
Forest Glen (three students)	Northside College Prep	15-00935
Bridgeport (one student)	Jones College Prep	16-00220

1. Three Cases Exposed Key Weakness in Current Tier System

In three separate tier fraud cases, which were originally referred to the OIG by the Office of Access and Enrollment, the OIG concluded that three families not only lied about their respective children’s addresses to gain the advantage of a more favorable tier, but they also made the relevant address changes deep into the application and testing process — and after initially using the correct addresses on the selective-enrollment high school application when they first applied. In one case, a family made the fraudulent address change after their son had actually received his exam score. In another, the change was made after the child had taken the exam, but had not yet received her score. And in the third case, the change was made practically on the eve of the exam date.

In each of the three cases, the OIG recommended that the students be disenrolled from their respective schools and be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program. (For specific outcomes in the individual cases, see below.)

Aside from the OIG’s findings and recommendations as to the address falsifications in the separate investigations, the OIG pointed out the troubling questions as to why any tier changes were allowed in the first place. The purpose of the tier-selection method is to offset any long-term disadvantages a child may have experienced in his or her upbringing, thereby leveling the playing field for all applicants. Thus, the OIG pointed out, it makes no sense whatsoever to allow tier changes so late in the application and testing process. Indeed, the only disadvantages that the selective-enrollment admissions system should consider are the long-term disadvantages present before the overall testing and application process. Anything else only encourages improper gaming of the system because there is simply no way — in anything but the most exceptional circumstances — that whatever disadvantage that

could be associated with a few days or weeks of living in a new tier could have substantially influenced the child's overall educational opportunities. And, of course, tier changes that are initiated only after a student has actually taken the exam can have no possible impact on the child's past performance.

Accordingly, the OIG concluded that the cases collectively highlighted a critical weakness of the tier-selection system. That is, it is simply too easy to game the system by faking a move when the child is applying to a selective-enrollment school. In the end, using the address that a parent has submitted on a single day during the admissions process places improper material importance on that single day. It improperly forces CPS to focus on that single day and ask if the child actually lived there on that day. That question has little to do with whether the child has actually lived in disadvantaged circumstances for a meaningful period of time. Rather, the central focus should be on where the child has lived for the past several years. The answer to that question will, in the OIG's view, provide a more accurate assessment of the child's true socio-economic situation.

With this view of the problem in mind, the OIG recommended that CPS re-evaluate the tier-assignment method with an eye toward evaluating the child's historic socio-economic situation. Otherwise, as the OIG pointed out, it is all too easy for a child to magically move "on paper" from relative affluence to relative need to game the system. To date, the Board has not advised the OIG about the recommendations.

Furthermore, the OIG requested information from the OAE about other late-in-the-process address-change requests in an effort to determine how widespread post-testing address changes are. The OIG's work on that issue is ongoing.

Further details about each of the three specific cases involving late-in-the-process changes follow.

- *Tier Fraud Immediately Before the Student Took the Exam (16-00500)*

An incoming freshman was improperly admitted to Lane Tech because his family used a fraudulent Tier 2 address in the Belmont Gardens neighborhood on his selective-enrollment application. Importantly, when the student first submitted his selective-enrollment high school application in November 2014, he used his correct Tier 4 address in Edgebrook. But then in January 2015 — shortly before the student had taken the selective-enrollment exam — his address-of-record was changed to the illegitimate Tier 2 address, which was then used to determine the student's tier for the selective-enrollment process. And had the student's family used the Tier 4 address where he was living and had lived for years, the student would not have qualified for admission to Lane Tech.

The Board advised the OIG that the student subsequently was disenrolled from Lane Tech and permanently barred from enrolling in any other selective-enrollment school or program.

- *Tier Fraud After Student Took the Exam (16-00222)*

An incoming freshman was improperly admitted to Whitney Young because her family had used a fraudulent Tier 2 address that was located in the Brainerd neighborhood on her selective-enrollment application. If they had used the Tier 4 address in Beverly, where she was living and had lived for years, the student would not have qualified for admission to Whitney Young. Critically, the student's father changed her address-of-record to a Tier 2 address from a Tier 4 address almost a month after she had taken her selective-enrollment exam. That change, nonetheless, was used to determine the student's tier for the selective-enrollment process.

The Board advised the OIG that the Board had recommended that the student be disenrolled from Whitney Young and permanently barred from applying to other selective-enrollment schools and programs. However, a hearing officer rejected the Board's recommendation, determining that a preponderance of the evidence showed that the student's father did not change her address-of-record solely to improperly attain admission to Whitney Young, but to reflect that she had moved with him into family members' home. As such, the student was not disenrolled and was not permanently barred from applying to other selective-enrollment schools or programs.

- *Tier Fraud After the Student Received the Exam Score (16-00501)*

Finally, another freshman at Lane Tech was improperly admitted because his parents had listed a fraudulent Tier 3 address in Belmont Central as his place of residence on his selective-enrollment application. Had they used the Tier 4 address of the home in Portage Park where he actually had lived for years, the student would not have qualified for admission to Lane Tech. Critically, the family changed the student's address-of-record to the Belmont Central address approximately two months after the student sat for the selective-enrollment exam, and about a month and a half after he was notified of his score. That post-notification change, nonetheless, was used to determine the student's tier placement for the selective-enrollment process.

The Board advised the OIG that the student subsequently was disenrolled from Lane Tech and permanently barred from enrolling in any other selective-enrollment school or program.

2. *Further Instances of Tier Fraud*

In addition to the three tier-fraud cases highlighted above, the OIG investigated several other tier-fraud cases discussed below.

o *CPS Employee/Parent Submitted Several Fraudulent Applications (16-00407)*

An OIG investigation concluded that a Walter Payton College Prep freshman was improperly admitted because her parents — including her CPS-employee father — had listed a fraudulent Tier 1 Chicago address in South Chicago on her selective-enrollment high school application. Had they used the Tier 4 address of the Morgan Park home where she actually resided with her mother, she would not have qualified for admission to Payton as an incoming freshman for the 2016-17 school year. The OIG thus recommended that the student be disenrolled from Payton. The OIG also recommended that she be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program.

During the course of the investigation, the OIG uncovered evidence showing that the CPS employee had two additional daughters who resided in the Tri-Taylor neighborhood (which is classified as Tier 2), and on whose behalf he submitted applications to selective-enrollment elementary schools and programs — Skinner West Classical, Bell Regional Gifted Center, South Loop Regional Gifted Center and Whitney Young Academic Center — by using the fraudulent South Chicago address. Although neither of those daughters was admitted to any of those schools, the OIG recommended that they be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program, due to their father's application fraud.

As to the CPS employee himself, the OIG recommended that the Board terminate his employment and place a Do Not Hire (DNH) designation in his personnel file for his submissions of fraudulent selective-enrollment applications, through which he violated CPS's ethics policy and the district's policy that governs selective-enrollment admissions.

The Board advised the OIG that the freshman at Payton was disenrolled and permanently banned from attending any selective-enrollment school or program. Likewise, the other two daughters were also permanently banned from attending selective-enrollment schools or programs. As to the CPS-employee father, the Board terminated his employment and placed a DNH designation in his personnel file.

○ *CPS Teacher Who Lived in Galewood Committed Tier Fraud (15-00336)*

An OIG investigation found that a CPS elementary school teacher, whose daughter attended Northside Prep, knowingly and improperly falsified her daughter's selective-enrollment high school application to reflect that they both lived together at a Tier 1 address in the Chicago Lawn neighborhood — which was the home of the student's father — instead of the Tier 4 address in Galewood, where they actually resided. The student's mother further falsified a ComEd electric bill to reflect the Tier 1 address and submitted it to Northside when she enrolled her daughter. When the OIG asked the student's mother about the address discrepancy, she told the OIG that, because the student's father refused to enroll the student at Northside using his address, she knowingly falsified the ComEd bill and used the father's address anyway. As the mother explained, she was afraid that her daughter would not have a high enough score to attain admission to a selective-enrollment high school without a tier advantage.

The OIG recommended that the student be disenrolled from Northside and enrolled at an appropriate school before the start of the next school year. Because the OIG's investigation concluded before the OAE enacted its policy that permanently bans any students whose families were found to have engaged in application fraud, the OIG did not recommend a permanent ban. As to the CPS elementary school teacher, the OIG recommended appropriate discipline.

The Board advised the OIG that the student was disenrolled from Northside. Her mother, in turn, resigned her position with CPS, and a DNH designation was subsequently placed in her personnel file.

○ *North Center Family Committed Tier Fraud (16-00221)*

In a case referred by the OAE, the OIG conducted an investigation and determined that a Jones College Prep freshman was improperly admitted because her family had used a fraudulent Tier 3 Chicago address in Rogers Park on her selective-enrollment high school application. Had they used the Tier 4 address of their North Center home where she actually resided, she would not have qualified for admission to Jones. When asked by OIG investigators about their family's place of residence, the student's mother and father both acknowledged that the family resided in North Center, and not in Rogers Park.

The OIG recommended that the student be disenrolled from Jones and be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program.

The Board advised the OIG that the student was disenrolled from Jones and permanently barred from enrolling in any other selective-enrollment school or program.

- *West Ridge Family Claimed Uptown Residency (16-00223)*

In another case referred by the OAE, the OIG found that a Northside College Prep freshman was improperly admitted because her family had used a fraudulent Tier 2 address in Uptown on her selective-enrollment high school application. However, copious amounts of evidence revealed that the family had, in fact, resided at a Tier 4 address in West Ridge. The selective-enrollment application submitted by the student's older sibling, as well as other CPS files, reflected that the family lived at the West Ridge address. And had the student listed her actual West Ridge address on her selective-enrollment application, she would not have qualified for admission to Northside.

The OIG recommended that the student be disenrolled from Northside. In addition, the OIG recommended that she be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program.

The Board advised the OIG that the student was disenrolled from Northside and permanently barred from enrolling in any other selective-enrollment school or program.

- *Bridgeview Family Claimed Pilsen Residency (16-00304)*

A Bridgeview resident improperly gained admission to Jones College Prep for the 2016-17 school year because her family had used a fraudulent Tier 1 address in Pilsen on her selective-enrollment high school application. Because suburban residents are permitted to apply to CPS selective-enrollment schools — provided they move to Chicago before enrolling — and the daughter never actually enrolled at Jones, the Bridgeview family's suburban residence did not amount to suburban-residency fraud in and of itself. However, the family stated a false address on the daughter's application and, thereby, committed tier fraud. If the family had used the Tier 3 address of the home where they actually lived in Bridgeview, instead of the fraudulent Tier 1 address in Pilsen, the daughter would not have qualified for admission to Jones.

The OIG recommended that the daughter be prohibited from attending Jones and be made permanently ineligible for enrollment in any CPS selective-enrollment school or program. Due to the OIG's report, the student was denied enrollment at Jones and permanently banned from selective-enrollment schools and programs.

- *Garfield Ridge Family Claimed Heart of Chicago Residency (16-00362)*

Relying on substantial documentary evidence in another case referred by the OAE, an OIG investigation concluded that a Walter Payton College Prep freshman was improperly admitted because her parents had listed a fraudulent Tier 1 Chicago address, located in the Heart of Chicago neighborhood, on her selective-enrollment high school application. Had the parents properly listed the Tier 4 address of their Garfield Ridge home — where the family had resided for over 10 years — the student would not have qualified for admission to Payton. The OIG thus recommended that the student be disenrolled from Payton and be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program.

The Board advised the OIG that the student would be disenrolled from Payton and permanently barred from enrolling in any other selective-enrollment school or program.

- *CPS Employee in Norwood Park Committed Tier Fraud (15-00880)*

After an investigation, which was referred to the OIG by OAE, the OIG determined that a CPS employee improperly falsified the selective-enrollment high school applications of her daughters to reflect that they lived at a Tier 1 address in the Hermosa neighborhood instead of the Tier 4 address in Norwood Park, where they actually lived. As a result of the fraudulent application, one of the daughters was improperly admitted to Lane Tech as a freshman for the 2015-16 school year. The other daughter was not selected for admission to a selective-enrollment high school.

The evidence demonstrated that the daughters were living at the Tier 4 address in Norwood Park at all relevant times, including during their eighth grade year when they applied to selective-enrollment high schools. Their mother admitted that she did not have documentation to support their residency at the Tier 1 address. When their mother submitted their applications, her address-of-record with CPS was the Norwood Park address where the family resided. Shortly after one of the daughters was admitted to Lane Tech, however, the mother falsified her address on file with CPS to reflect that she was living at the Tier 1 address she had represented in her daughters' selective-enrollment applications. Nevertheless, that same month the mother used their actual Tier 4 address to enroll the other daughter in Taft High School, the neighborhood school for residents of Norwood Park.

The OIG recommended appropriate discipline for the mother, immediate disenrollment from Lane Tech for the daughter attending that school and a permanent ban from selective-enrollment schools and programs for both daughters.

In response to the OIG's report, the Board disenrolled the daughter at Lane Tech, and both daughters were permanently banned from attending selective-enrollment schools and programs. The mother resigned from CPS as discipline proceedings were pending, and the Board placed a DNH classification in her personnel file.

- *Family in Douglas Neighborhood Committed Tier Fraud (15-00881)*

In another case referred to the OIG by the OAE, the OIG determined that a student at Jones College Prep was improperly admitted as a freshman for the 2015-16 school year after his mother had falsified his selective-enrollment high school application to reflect that he lived at a Tier 1 address in Grand Boulevard instead of the Tier 3 address in the Douglas neighborhood, where he and his family actually lived.

The student's father, who is a CPS teacher, claimed that he had no involvement with the selective-enrollment application. At the very least, however, the father lied to the OIG during the investigation to perpetuate the false representation that his son lived at a Tier 1 address at the time his application was submitted.

The OIG recommended that the student be immediately disenrolled from Jones and permanently banned from selective-enrollment schools and programs. The OIG recommended appropriate discipline for his father. In response to the OIG's report, the Board disenrolled the student from Jones and permanently banned him from attending selective-enrollment schools and programs. Discipline proceedings against the father are underway.

- *Forest Glen Student Fraudulently Enrolled at Northside Prep (15-00935)*

The father of three CPS students falsified their selective-enrollment high school applications to reflect that they lived at a lower Tier address in the Belmont-Cragin neighborhood of Chicago instead of the Tier 4 address in Forest Glen, where the family actually lived. As a result of the fraudulent applications, the oldest sibling was improperly admitted to Northside Prep as a Tier 2 applicant for the 2013-14 school year, and the second oldest was improperly admitted to Northside as a Tier 1 applicant for the 2015-16 school year.

The youngest sibling applied as a Tier 2 applicant and was admitted to Northside for the 2016-17 school year. She had a high enough selective-enrollment score that she was admitted to Northside via the straight rank method — the method by which the first 30% of available seats are filled solely based on academic criteria, before seats are filled according to tiers. Nevertheless, her selective-enrollment application was fraudulently submitted because it represented a false address.

The OIG found that the three siblings were living at the Tier 4 address in Forest Glen at all relevant times, including during their eighth grade years when they applied to selective-enrollment high schools. The OIG recommended that the older siblings be disenrolled from Northside and that the youngest sibling, an eighth grader at the time of the investigation, be prohibited from enrolling at Northside. The OIG also recommended that they all be permanently banned from selective-enrollment schools and programs.

The Board presented this matter before a hearing officer, and before the hearing officer issued her recommendation, the father transferred all his children out of CPS schools. The hearing officer recommended permanent bans from selective-enrollment schools and programs for the two older siblings, but not for the youngest sibling. Accordingly, the Board imposed permanent bans on the two older siblings.

- *Bridgeport Family Committed Tier Fraud (16-00220)*

In an OIG investigation, which was referred by the OAE, the OIG determined that a Jones College Prep freshman was improperly admitted because his family had used a fraudulent Tier 2 address in northwest Bridgeport on his selective-enrollment high school application. Had the student's family used the Tier 3 address of their actual home, the student would not have qualified for admission to Jones.

The OIG recommended that the student be disenrolled from Jones and be made permanently ineligible for further enrollment in any CPS selective-enrollment school or program.

The Board advised the OIG that the student was disenrolled from Jones and permanently barred from enrolling in any other selective-enrollment school or program.

SECTION 4 — AN IMPROPER GIFT, PAYROLL FRAUD AND ABUSE OF SICK TIME

A. IMPROPER GIFT BY A VENDOR TO A CHARTER SCHOOL (15-00396)

An OIG investigation determined that the sole-proprietor of a locally owned vending company gave \$500 in cash to a facilities manager for a charter network in an apparent attempt to convince the charter school to enter into vending contracts. The vending company's owner attempted to explain away the payment as being "a token for the generous way" in which the facilities manager had resolved a "vending matter" — which turned out to be nothing more than plugging a vending machine back into an electrical socket at one of the charter network's campuses. Not only was \$500 an excessive "token" of appreciation for such a remedial task, but the payment coincided with the owner's repeated lobbying of the facilities manager to increase the number of the company's vending machines on the network's campuses. Thus, the evidence supported the finding that the payment was, in fact, an attempted bribe.

During the course of the investigation, the OIG discovered that the vending company's owner also had engaged in improper business practices with a CPS high school by failing: (1) to pay the school the vending commissions promised to it; (2) to provide any record of vending sales that supported the company's lack of commission payments; and (3) to provide any invoices for amounts of money that, the company's owner claimed, the school owed to the company related to the vending machine's cost of operation.

The OIG recommended that both the vending company and its owner be permanently debarred as CPS vendors. And because the company's owner would enter into contracts with schools directly, and thus bypass CPS's procurement procedures, the OIG recommended that notice of the debarments be provided directly to all schools and departments, in addition to all other regular debarment procedures.

As to the charter network, the OIG noted that it took prompt actions upon discovering the attempted bribe, including notifying the Cook County State's Attorney, initiating its own investigation into the matter, and terminating its contract with the vending company. The State's Attorney, in turn, advised the OIG that it closed its investigation once the charter network initiated its own internal investigation, and that it had brought no charges against the owner of the vending company. Because the charter network had taken proactive, remedial actions in response to the discovered attempted bribe, and because it had cooperated with the OIG's investigation, the OIG did not recommend any sanctions regarding it to the Board.

The Board advised the OIG that the vending company and its owner were permanently debarred. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to notify the individual schools of the vendor's debarment.

B. PAYROLL FRAUD IN CPS'S HEAD START PROGRAM

Two related OIG investigations revealed multiple instances in which employees in CPS's Head Start Program, as well as their colleagues, were paid for work that they did not perform.

- *Payroll Fraud by Three Resource Assistants (15-01175)*

The OIG concluded that three Head Start resource assistants would either (1) swipe in and then run errands in lieu of work; or (2) coordinate among themselves to swipe in and/or out for a person who would either be late for work or not show up for work at all. During a series of surveillances that took place between February and June of 2016, the OIG observed the resource assistants running errands, staying home, or otherwise not reporting to the schools for which they were responsible, all while they were swiped in on CPS's Kronos system. When confronted with the OIG's observations, one resource assistant admitted to running errands on Board time. In addition, each admitted that, when asked, they had swiped in and/or out for one another in the past when one of them would be late for work or not at work at all. Furthermore, time-keeping records supported the conclusion that the resource assistants regularly had been swiping each other in and/or out since the 2014-15 school year. The OIG thus recommended that the Board terminate the resource assistants' employment, as well as place Do Not Hire (DNH) designations in their personnel files.

The Board advised the OIG that all three employees had resigned their positions with CPS and that it had placed DNH designations in their respective personnel files.

- *Payroll Fraud by Another Resource Assistant and Her Son (16-00119)*

In a related case, the OIG found that a fourth Head Start resource assistant committed payroll fraud by having her son, an employee at an elementary school, swipe her in on his school's Kronos time system, even though she did not perform any work. Specifically, the resource assistant would drop her son off at the elementary school — where he swiped in for her — and then return home for the entire day.

When confronted with the OIG's observations, the resource assistant challenged their accuracy and insisted that she (1) always swiped herself; (2) had never asked

her son to swipe her in; and (3) never went home during work hours — all assertions that are contrary to the OIG’s observations. By lying to the OIG, the resource assistant violated Board Rule 4-4(m) by refusing to cooperate with the OIG’s investigation, and ignored her obligation not to provide “any false, deliberately inaccurate, or deliberately incomplete statements”. Consequently, her lies alone justified her termination of employment.

In addition (and like companion case OIG 15-01175), time-keeping records supported the conclusion that the resource assistant and her payroll-fraud scheme probably extended back to the 2014-15 school year. Not only did the research assistant and her son swipe in at the same location on the same 164 days during the 2014-15 school year, but for the 2015-16 school year, the research assistant and her son each swiped in at that same location again on the same 159 days. Even more, 86% of those swipe times were at identical times, and 100% were within two minutes of one another.

Furthermore, the research assistant’s son admitted that he swiped the research assistant on Kronos whenever he swiped himself in; stated that he did not know for how long he had swiped her in; but also acknowledged that he had swiped her in for all of 2016. Consequently, the OIG cannot exclude the possibility that the research assistant regularly was not working while she was on the clock and collecting a wage. The OIG recommended that the Board terminate the research assistant’s and her son’s employment and place permanent DNH designations in their respective personnel files.

The Board advised the OIG that the research assistant and her son resigned their positions with CPS, and that it had placed DNH designations in their respective personnel files.

C. ADDITIONAL CASES

o Lunchroom Manager Approved Own Altered Time (15-00778)

An OIG investigation concluded that a lunchroom manager in the Nutrition and Support Services Department in Central Office repeatedly used a colleague’s log-on credentials for CPS’s timekeeping systems to alter and to approve her own time entries in an apparent attempt to receive pay for periods that she did not work. Substantial evidence revealed that someone had used the credentials to alter the manager’s swipe-in and swipe-out time entries for 26 days. On half of those occasions, the manager’s overtime also was approved simultaneously or within minutes — a procedure that starkly contrasted with the numerous other occasions on which the manager was credited for having worked overtime when she had

swiped out. The fact that the manager's overtime was approved so closely in time as to when her time entries were altered further suggested that the same person who approved her overtime also altered her entries. When confronted with this temporal correlation, the manager admitted that she had used her colleague's system credentials to approve her overtime. As a result of the manager's alterations of her time entries, she was paid \$1,642.37 more than she should have received. There was no evidence showing that the manager actually worked the time that was reflected in her altered time entries. Consequently, the OIG could not exclude the likely possibility that the manager simply had stolen \$1,642.37 in time by altering her time entries with her colleague's credentials.

The OIG recommended appropriate discipline for the lunchroom manager. The OIG also would have recommended appropriate discipline for the employee who had disseminated the system log-on credentials, but her employment was terminated for reasons unrelated to this investigation. Finally, the OIG recommended department-wide training for Nutrition and Support Services that detailed the best practices that should be followed to keep individual log-on credentials private and secure.

The Board advised the OIG that the lunchroom manager's employment was terminated and that a DNH designation was placed in her personnel file. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to institute the OIG's recommendation for district-wide training pertaining to best practices for securing log-on credentials.

- *School Clerk Falsified Time for Team of Summer Employees (15-01123)*

An OIG investigation concluded that an elementary school clerk — with the full knowledge and participation of her daughter, who worked at the same school — admittedly failed to keep official records of the hours that seasonal employees had worked during the summer of 2015, and purposefully failed to verify the amount of time that employees actually worked. In short, the clerk admitted to having credited all employees as having worked six hours per day, and having recorded those hours in a written log and not in the district's timekeeping system, without verifying that the employees actually worked those six hours. Thus, the school paid up to \$25,918.87 in unsupported wages to summer employees, including to the clerk and to her daughter, themselves. The clerk also admitted that she and her daughter had falsified time so that it showed that they had worked when they were actually on vacation in the Dominican Republic, with the result that both individuals were paid in excess of \$1,100 for work that they obviously did not perform. Finally, the clerk violated CPS's anti-nepotism provision by supervising her daughter's time worked.

The OIG recommended that the clerk's and her daughter's employment be terminated and that DNH designations be placed in their personnel files. And because the hours that the seasonal employees actually worked could not readily be discerned because of the clerk's surreptitious and inaccurate time-keeping practices, the OIG refrained from recommending any course of action to recover the unsupported funds. Likewise, because the wages the clerk and her daughter improperly received while on vacation were relatively small when compared to the size of the CPS budget, the OIG deferred to the Board as to whether and/or how it would seek to recover the funds.

The Board advised the OIG that the clerk's and her daughter's employment was terminated and that DNH designations were placed in their respective personnel files.

- *Homebound Service Instructor's Improper Timekeeping (15-00704)*

An OIG investigation found that a special education teacher admitted to failing to follow the instructions set forth by the Office of Diverse Learner Supports and Services, concerning when teachers may provide homebound instructional services. Specifically, the teacher provided homebound services during her lunch hour instead of after the school day, as the rules require. For her part, the teacher acknowledged that she was not supposed to perform home visitations during her lunch hour. But, she stated, she began to do so as a way to begin her home visitations earlier in the day. As she explained, she began to fear for her safety when conducting home visitations during the evening hours after hearing gunshots when visiting a student's home — an explanation that the OIG found to be credible.

Nevertheless, the teacher acknowledged that she had improperly submitted timesheets that reflected that she (1) was, at times, clocked-in at her school while simultaneously providing homebound services to a student; (2) provided homebound services on days when she was absent from school; (3) began homebound services for a second student during times when she had been recorded as also providing homebound services to the first student; and (4) provided homebound service for the second student on a day that student was marked present for school. Consequently, the teacher was paid \$1,291.43 for hours that she could not prove that she had worked.

Based on its investigation, the OIG recommended that the Board impose appropriate discipline on the teacher. Because of the relatively small amount of money that resulted from the teacher's sloppy timekeeping practices, the OIG refrained from recommending any course of action to recover the missing funds, given that doing so may not be cost-effective. Instead, the OIG deferred to the Board as to whether

and/or how it would seek to recover the funds. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to recover the funds.

- *Night Watchman Violated Timekeeping Procedures (14-01313)*

A high school night watchman repeatedly failed to comply with Board Rules and the directives of his supervisors regarding timekeeping and repeatedly missed work without authorization. From August 23, 2014, to May 29, 2015, the night watchman failed to swipe in and out for work at least 14 times, and missed work without notifying his supervisors at least four times. He had been disciplined previously for similar conduct but, nevertheless, continued to disregard the orders of his supervisors by missing swipes and missing work.

During the course of the OIG's investigation, he was laid off. Pursuant to the OIG's recommendation, he was given a DNH classification.

- *Multi-Year Abuse of Sick Time (15-01059)*

An OIG investigation found that, between 2013 and 2016, a special-education classroom assistant improperly used 11 sick days to vacation in Arizona and Nevada to attend baseball spring training games, including those for the Chicago Cubs. Similarly, between 2015 and 2016, a teacher at the same elementary school also improperly used six sick days to vacation at baseball spring training games. Facebook postings and CPS records established a multi-year pattern of their attendance at spring training games while using sick time. And both employees admitted to the OIG that they had used sick time to vacation and attend spring training games.

The OIG recommended appropriate discipline for both the classroom assistant and teacher. The Board has filed dismissal charges against both employees and advised the OIG that their dismissal proceedings are pending.

SECTION 5 — PROPERTY THEFTS AND CPS PROPERTY MISMANAGEMENT

A. INVENTORY CONTROLS AT CAREER AND TECHNICAL EDUCATION (13-01211)

An OIG investigation concluded that Career and Technical Education had no operable inventory controls in place that would allow it or the OIG to identify or track the millions of dollars in equipment that the program purchased. The OIG's investigation was spurred by an email that it had received, forwarding an advertisement from craigslist.com that had listed a large number of automotive-repair equipment pieces for sale, and alleging that the equipment had been stolen from a high school where CTE had placed the equipment. However, because CTE had no inventory controls or records related to the equipment — or, for that matter, any inventory controls for any of the equipment that it purchases annually — the OIG could neither confirm nor refute the allegation. In short, CTE's lack of inventory controls impeded the OIG's investigation into whether a large amount of equipment was stolen and placed for sale — a concerning problem in and of itself.

CTE's deficient controls were even more concerning given the program's sources of funding. CTE is funded entirely through federal and state grants: the federal Carl D. Perkins Career and Technical Education grant, and the Illinois State Board of Education's Career Technical Improvement Education Grant. As conditions to the grants, CTE must maintain a system of inventory controls over the equipment that it purchases with grant funds. It is highly likely that the U.S. Department of Education or ISBE could conclude that CTE did not maintain an adequate inventory-control system because, in point of fact, CTE had no operable system in place. In fact, in a 2013-14 audit, ISBE identified CTE's lack of "[a]dequate inventory records" — a finding with which CPS agreed — and warned CPS that the program "must maintain an adequate record system." The Department of Education and ISBE, therefore, could reprimand CTE, including up to revoking and/or seeking to recover the grant funds.

The grant funds at stake are substantial. Since the 2013 fiscal year, CTE has received \$28,854,000 in total funding, and was approved to receive \$9,291,684 in additional funds for the 2016 fiscal year. The OIG calculated that CTE's equipment-related expenditures for that time period would be approximately \$8.8 million — or nearly one fiscal year's worth of grant funding. CTE, however, had no system in place that would allow it to track that \$8.8 million worth of equipment with any accuracy. Moreover, the problems surrounding CTE's inability to track its equipment would be compounded by its practice of "lending" equipment to at least two charter schools, a process that CTE employees described as "a nightmare."

Since at least 2011, CTE employees have recognized the program's deficient inventory controls and have, on three occasions, attempted to implement some sort

of inventory-control system. All three attempted programs were abandoned, though, because of issues beyond the program's control, that is, lack of funding.

Because CTE's lack of operable inventory controls is a long-standing systemic issue that CTE personnel have attempted to rectify, despite lack of funding, the OIG did not recommend disciplinary findings against any of the key CTE employees that the office interviewed during this investigation. The OIG did recommend, however, that Central Office coordinate with CTE to adopt and to institute, at the first opportunity to do so, inventory controls that allow the program to identify and to locate, at any time, its purchased equipment. Furthermore, the OIG recommended that all plans to place CTE programs in charter schools be halted until the program instituted those inventory controls. And the OIG provided its investigative report and materials relevant to it both to ISBE and the Office of the Inspector General for the U.S. Department of Education for their review and potential action.

The Board advised the OIG that, in response to its investigatory findings, CTE developed short- and long-term goals to address the program's lack of inventory controls. Specifically, in the short term, CTE will, among other things, (1) work with the Department of Finance to review asset-registry information and to prioritize schools where information is incomplete; (2) collaborate with the Department of Information and Technology Services to develop the capability for schools to electronically identify CTE equipment on their asset registries; (3) require schools to reconcile their asset registries by the end of the 2015-16 school year; and (4) instruct the Department of Internal Audit and Compliance to focus on CTE assets that are placed at schools during multi-day compliance visits undertaken by the department. In the long term, CTE pointed out that CPS recently selected a new vendor through an RFP process to implement an asset-management solution. CTE also noted that the solution costs \$6 million to implement, and because "funding has not been available," the project was placed on hold. But, CTE concluded, should funding become available, CTE "would certainly like to be involved in the planning phase in order to ensure that our CTE-specific needs are considered."

B. INVENTORY MISMANAGEMENT AND THEFT OF COMPUTERS (14-00852)

An OIG investigation determined that a high school security officer mismanaged the school's electronic-equipment inventory to such a poor degree that the school (1) could not account for 14 iPads and 4 MacBook laptops; and (2) actually possessed 73 more iPads than what were listed on the school's asset registry. The security officer — whom the principal had made responsible for the school's inventory of electronic devices — admitted to the OIG that he had not always followed proper inventory practices. In addition, data returned by software that is

used to track CPS’s laptops revealed that it was highly likely that the security officer stole one of the four missing MacBooks, as that data showed that the security guard had used one of the missing computers to access a non-CPS computer network shortly after the laptop had been reported lost or stolen.

The security guard resigned while under investigation. Thus, the OIG recommended that a permanent Do Not Hire (DNH) designation be placed in his personnel file. As to the school’s inventory practices, the OIG further recommended that the Board direct the school: (1) to undertake a full inventory of the electronic equipment that it possessed; (2) to update its asset registry accordingly so as to correct the mistakes that led to the OIG’s investigation; (3) to develop improved inventory-control practices with regard to its electronic equipment; and (4) to issue a report to the Board within 120 days that details the results of its inventory reconciliation and improved inventory-control practices.

The Board advised the OIG that it had placed a DNH designation in his personnel file. But as of the date of this report, the Board has not advised the OIG what steps, if any, it has taken in response to the OIG’s recommendation that the school reconcile its inventory and improve its control practices. Nor has the OIG received a copy of the report that the school was to submit to the Board regarding the inventory’s results.

C. ADDITIONAL THEFT AND MISMANAGEMENT CASES

- *Free Use of School Facilities by Private Sports Clubs*
 (14-00058, 15-00302 and 15-01073)

On September 8, 2016, the OIG issued a Significant Activity Report detailing three OIG investigations that found that a CPS high school allowed for-profit clubs — a swimming club team, a youth basketball club and a volleyball club — to use its facilities for little to no cost. For further information about these three cases, please see the September 8, 2016, Significant Activity Report, which is included in this report as **Appendix B**.

The following tables summarize the disciplinary actions that the Board has taken in response to the OIG’s investigations as of the date of this report.

Disciplinary Updates Regarding the Swimming Club Team (15-00302)

Subject	Recommended Action	Discipline Imposed
Employee A	<ul style="list-style-type: none"> ○ Appropriate discipline ○ Temporary debarment 	<ul style="list-style-type: none"> ○ Discipline pending ○ Debarment proceedings pending

Disciplinary Updates Regarding the Swimming Club Team (15-00302)

Subject	Recommended Action	Discipline Imposed
Swimming Club Team	○ Temporary debarment	○ Debarment proceedings pending
Principal (School One)	○ Appropriate discipline	○ Discipline pending
Current Assistant Principal (School One)	○ Appropriate discipline	○ Discipline pending

Disciplinary Updates Regarding the Youth Basketball Club (14-00058)

Subject	Recommended Action	Discipline Imposed
Employee B	○ Classify as DNH ○ Permanent debarment	○ Classified as DNH ○ Permanently debarred
Youth Basketball Club	○ Permanent debarment	○ Permanently debarred
Principal (School One)	○ Appropriate discipline	○ Discipline pending
Former Assistant Principal (School One)	○ Appropriate discipline	○ Discipline pending

Disciplinary Updates Regarding the Volleyball Club (15-01073)

Subject	Recommended Action	Discipline Imposed
Coach A	○ Termination of employment ○ Classify as DNH ○ Permanent debarment	○ Employment terminated ○ Classified as DNH ○ Debarment proceedings pending
Coach B	○ Appropriate discipline	○ Warning resolution issued
Volleyball Club	○ Permanent debarment	○ Debarment proceedings pending
Principal (School One)	○ Appropriate discipline	○ Discipline pending

Disciplinary Updates Regarding the Volleyball Club (15-01073)

Subject	Recommended Action	Discipline Imposed
Former Assistant Principal (School One)	○ Appropriate discipline	○ Discipline pending
Current Assistant Principal (School One)	○ Appropriate discipline	○ Discipline pending
Principal (School Three)	○ Appropriate discipline	○ Discipline pending
Facilities Manager (School Three)	○ Appropriate discipline	○ Discipline pending

In addition, as detailed in the OIG’s Significant Activity Report, the OIG also recommended policy changes, which the OIG understands the Board is considering.

- *Theft of a Laptop Computer by an Asset Protection Manager (15-00886)*

In July 2015, an asset protection manager who was employed by a CPS vendor and served as a CPS consultant stole a CPS laptop that he had recovered as part of his asset protection duties. The laptop had been stolen from a CPS high school in 2014, but was returned to CPS in July 2015, after a CPS provider of computer security services identified the user of the stolen laptop and directed him to return the device to CPS. At that time, the asset protection manager retrieved the laptop, determined that it was damaged, and informed the computer-security services provider that he would dispose of it. Contrary to his representations, however, he did not facilitate the laptop’s disposal by delivering it to an approved location where it would be destroyed. Instead, he retained the laptop for his personal use.

Unbeknownst to the asset protection manager, the computer-security services provider continued to track the device and discovered that he was using it to connect to the internet from his home. When interviewed by the OIG, he stated that he gave the laptop to his fiancée and that his fiancée gave it to his friend. He admitted that he had no intention of returning the laptop to CPS.

The OIG recommended a permanent debarment for the asset protection manager, and, pursuant to the OIG’s recommendation, the Board debarred him.

In addition, the vendor who employed the asset protection manager replaced him with a different employee on the Board’s account and reimbursed the Board with \$30,888 — of that, \$27,768 was for the payments the Board made to the vendor for

the asset protection manager's services from the time of the theft until the time he was taken off the Board's account, and \$3,120 was for the cost of training his replacement. The vendor also audited the inventory it managed and determined that the asset protection manager did not steal any other property from the Board. Finally, the vendor implemented new security measures and chain-of-custody documentation in an effort to prevent such thefts in the future.

o *Lunchroom Manager Stole School-Staff Lunch Money (15-00553)*

An OIG investigation found that a lunchroom manager employed by a CPS vendor consistently failed to record or deposit in the school lunchroom point-of-sale register a total of at least \$2,642.50 of elementary school staff members' lunch payments throughout the 2014-15 school year. Evidence further showed that the manager stole at least \$2,039.40 of that lunch money. The lunchroom manager resigned her position while the investigation into her misconduct was pending. Consequently, the OIG recommended that a permanent DNH classification be placed in her personnel file.

The OIG's investigation, however, further revealed a flaw in how CPS and the vendor's contractual agreement functioned at the ground level. That is, it was unclear to both CPS and the vendor personnel who, exactly, had the responsibility (1) to investigate the lunchroom manager's alleged malfeasance or, if necessary; (2) to discipline her. Two separate school employees had conveyed their suspicions of the lunchroom manager's theft to the school principal. However, the principal told the OIG that, since the vendor has taken over CPS's lunch programs, the company manages the lunchroom staff directly. As a consequence, the principal continued, she had no supervisory control or discipline power over the lunchroom employees. The principal therefore informed the vendor's food service area manager of the lunchroom manager's suspected thefts so that the company could investigate the allegations. But the area manager's supervisors at the company passed the buck on the case, told him to let the principal handle the situation, and ordered him to leave the allegations alone unless someone from CPS's Central Office or the OIG reached out to him.

The OIG thus concluded that CPS and the vendor's collective confusion or ignorance to CPS and the company's contractual agreement, as it related to supervision and discipline over lunchroom staff, caused a "supervisory vacuum" that provided the lunchroom manager the chance to steal lunch money nearly unabated. And to prevent that "vacuum" from developing in other schools, the OIG recommended that CPS and the vendor (1) clarify in writing which party has the responsibility to supervise and discipline school lunchroom personnel, and (2) communicate any

necessary clarification of the delineation of such responsibilities to all CPS schools and vendor employees who work with CPS lunchrooms.

The Board advised the OIG that it had placed a DNH designation in the lunchroom manager's personnel file. The Board also contacted the vendor directly by letter, stating that (1) the company's actions, as revealed in the OIG's investigation, did not comply with its contractual obligations to CPS; (2) the lunchroom manager was not appropriately supervised in this instance; and (3) the vendor should have implemented systems to prevent thefts like the one uncovered in this investigation, to report immediately any such thefts, and to take appropriate action to address such thefts. The Board further reminded the vendor that it is responsible for the supervision of all food-service employees, including Board employees. And, the Board stated, pursuant to the parties' contract, the vendor was responsible for reimbursing the \$2,039.40 of funds that were stolen. As of the date of this report, the Board has not advised the OIG whether the vendor has reimbursed CPS for the stolen funds.

- o *School Clerk Stole Eighth Grade Graduation Fees (15-00373)*

An OIG investigation determined that, at a minimum, a school clerk acted with gross negligence by failing to record, failing to deposit, and otherwise failing to secure eighth-grade graduation fees that she had collected before going on extended leave. However, the evidence uncovered by the OIG showed that, most likely, the clerk had stolen the fees. Specifically, between January and March of 2015, the clerk collected between \$865 and \$1,600 in fees. She subsequently went on leave for the remainder of the year, beginning in mid-March. Two weeks after she took leave, the school's administration was unable to locate account records that showed that the clerk had deposited the fees, or the actual fees themselves. When contacted by the principal, the clerk explained that the fees were never deposited but stored in the school's safe. But once unlocked, the school administrators discovered that the fees were missing, along with the clerk's receipt book (which she used to issue receipts when collecting the fees) as well as the school's bank-deposit book.

The clerk's gross negligence in collecting, failing to deposit, and failing to secure the fees ran afoul of CPS policy that governs how school fees are to be collected and deposited. But because the clerk had failed to explain why she did not record the fees as having been deposited, and provided shifting explanations to school administrators and the OIG concerning how and where she collected and stored the fees, the OIG concluded that it was more likely than not that she had stolen them. The OIG thus recommended that the clerk's employment be terminated and that a permanent DNH designation be placed in her personnel file.

The Board advised the OIG that the clerk's employment had been terminated and that the Board had placed a DNH designation in her personnel file.

- *Fundraising Violations Involving Two PTOs (14-00927 and 14-01027)*

Two OIG investigations revealed similar fundraising violations at two elementary schools where the Parent Teacher Organizations managed and spent funds that should have been kept in the school accounts.

14-00927: An elementary school principal violated CPS guidelines by allowing fee-collection and fundraising practices, whereby student fees and funds raised through activities involving students were being deposited into the bank account of the school's PTO and managed by the PTO in violation of CPS revenue-collection guidelines. Although no evidence demonstrated that the PTO spent those funds on non-school related goods or services, the funds — collected through fees and school-sponsored activities — were required to be deposited in the school's internal accounts where they would be managed by CPS personnel and subject to CPS oversight and spending guidelines. In response to the OIG's investigation, the principal worked to correct the school's faulty practices, and the PTO transferred its remaining funds — \$34,634 — into the school's internal accounts.

The OIG recommended appropriate discipline for the principal, and the Board issued her a non-disciplinary memorandum.

14-01027: Another elementary school principal mismanaged money that the school's PTO had raised through three annually held student-centric fundraisers. Specifically, the PTO collected and held the money raised in its own bank account, and not the school's account, in violation of CPS policy. Because of long-held past fundraising practices that predated the principal's tenure, the principal was unaware that the school had been violating CPS policy by allowing the PTO to hold the money that it raised. In response to the OIG's investigation, the principal worked with the PTO to transfer the money that it had raised to the school's bank account so that the school complied with CPS policy.

The OIG recommended appropriate discipline for the principal. Subsequently, the Board issued a non-disciplinary memorandum to the principal and required her to undergo training concerning proper financial practices.

- *Mismanagement of Funds Collected at Basketball Tournament (15-00971)*

An athletic director mismanaged at least \$3,649 in funds collected at a CPS high school during the IHSA Sectional Basketball Tournament.

According to the athletic director, the total gross income from the tournament was \$3,649. Of that income, \$2,664 was cash collected from ticket sales that was never turned over to the school. The athletic director used that cash for tournament expenditures, including payments to basketball officials and individuals working security. The remaining \$985 of tournament income consisted of four checks that were made out to the school hosting the tournament and received by the athletic director before or during the tournament. However, he neglected to submit the checks to the school until 17 days after the tournament concluded.

The athletic director's conduct violated CPS guidelines requiring that funds collected during athletic events be turned over to the school the day they are collected. He not only waited an excessive length of time to turn the checks he had received over to the school, but also failed to submit any of the cash that he had collected. Furthermore, by paying for tournament expenditures with cash, he violated CPS purchasing guidelines, which prohibit cash payments and require that such expenditures be paid by check from the school's internal accounts.

The athletic director also violated CPS guidelines governing ticket sales and accounting procedures because he failed to use a CPS ticket accounting report or otherwise account for the rolls of tickets that were used during the tournament. Due to his poor accounting, the ticket sales he reported could not be verified. One teacher who worked the tournament speculated that the athletic director underreported the ticket sales significantly and, thus, failed to account for a large sum of missing cash. Although the athletic director's accounting was suspect, the evidence was insufficient for the OIG to find that the ticket sales were greater than what he reported or that he stole any cash collected during the tournament.

The OIG recommended appropriate discipline for the athletic director. In response to the OIG's report, the Board has recommended that he receive a warning resolution and a Level III performance improvement plan and that he be barred from holding the athletic director position. In addition, he has been suspended without pay while his discipline proceedings remain pending.

- *Mismanagement of Students' Driver's Education Funds (15-00364)*

A physical education teacher who also taught driver's education mismanaged \$400 of his students' funds. In January 2015, 20 of his students gave him their permit applications along with \$20 money orders to pay the permit fee. He was supposed to deliver the applications and money orders to the driver's education coordinator, who would then take them to a driver's license facility for processing. He failed, however, to ensure that the payments were given to the coordinator and processed. Three months later, after students complained that they had not received their

permits, nine of the money orders were discovered in the teacher's desk drawer. The 11 other money orders were never recovered.

The driver's education teacher had no explanation for the money orders that were found in his drawer, and he admitted that he did not keep a payor list documenting the money orders he received. He, nevertheless, denied that he ever misplaced his students' money orders. Furthermore, he stated that once he discovered that his students did not receive permits despite paying the fee, he felt responsible and used his own money to pay for the fees of 10 of the students. Although one of the students informed the principal that the driver's education teacher gave him \$20 for his permit, there is no evidence supporting the teacher's claim that he paid for nine other students. According to the students' statements, some of them paid twice for their permits, and many of them never received their permits.

Although the evidence did not support a finding of theft, the OIG could not exclude the possibility that the teacher stole his students' money orders. The OIG found that, at the very least, he mismanaged his students' funds, and he should be given appropriate discipline.

In response to the OIG's report, the Board filed dismissal charges against the teacher and suspended him without pay during the pendency of his dismissal proceedings. The Board has informed the OIG that those proceedings are still underway.

- *Improper Spending of NCLB and SIG Funds at a High School (15-00810)*

An OIG investigation determined that, in June 2015, a CPS high school principal violated CPS guidelines and Student Improvement Grant terms by giving graduating seniors who had enrolled in college approximately 194 school Chromebooks that had been purchased with SIG and No Child Left Behind Title I funds. The total value of those Chromebooks was approximately \$57,443.22. The principal told the OIG that she used the Chromebooks as incentives to encourage students to attend college, but the funds she spent to purchase the Chromebooks were not to be used on student incentives. She also violated the terms of the SIG in June 2014 by spending approximately \$84,483.35 of SIG funds to purchase 276 more Chromebooks than what were allowed.

The OIG recommended appropriate discipline for the principal. In addition, the OIG recommended that the CPS Office of Grant Funded Programs educate the school personnel on proper spending protocol and assist the school in remedying its spending errors.

In response to the OIG's report, the Board issued a written reprimand to the principal. The OIG has not been notified of any action by the Board to educate the school personnel on spending matters or to help remedy prior spending errors.

o *Improper Spending of NCLB Funds at an Elementary School (15-00395)*

An OIG investigation determined that, in fiscal year 2015, a CPS elementary school principal violated CPS policy by spending \$17,607 of No Child Left Behind Title I funds for the purchase of athletic equipment; bottled water; student incentives, such as trophies, video games and gift cards; and supplies for school celebrations, such as plastic dishware. The principal purchased these items for legitimate school activities. However, she violated CPS policy because she had used NCLB Title I funds, which are restricted to primarily instruction-related expenditures.

Additionally, the OIG determined that the principal spent the bulk of her school's Title I funds during June, the final month of the fiscal year. The timing is significant because it reflected a "use-it-or-lose-it" mentality with respect to Title I funds that could lead to further spending abuses.

During the OIG's investigation, the CPS Office of Grant Funded Programs informed the OIG that, because that office does not monitor school spending after May of each year and many CPS principals have a use-it-or-lose-it outlook with respect to Title I funds, many schools improperly spend those funds at the end of the year when such spending should be minimal. The OIG determined that the elementary school's improper spending practices appeared to substantiate the concerns of the Office of Grant Funded Programs. In addition, the OIG confirmed that, citywide, school spending of Title I funds was high in the month of June. Thus, the types of violations that occurred in this case could be occurring at numerous CPS schools.

The OIG recommended (1) appropriate discipline for the school principal; (2) that the CPS Office of Grant Funded Programs educate school personnel on proper spending protocol and assist the school in remedying its spending errors by reimbursing the Title I fund with other available funds; (3) that the Office of Grant Funded Programs monitor school spending citywide in the month of June; and (4) that the Board develop a plan to better ensure that CPS schools understand and comply with spending restrictions.

In response to the OIG's report, the Board issued a written reprimand to the principal. The OIG has not been notified of any action by the Board related to the OIG's other recommendations.

○ *An EpiPen Training Mishap (14-01103)*

An OIG investigation determined that, during a district-mandated EpiPen training, a school nurse unwittingly instructed another school employee to inject herself with a “live”, expired EpiPen, instead of a “dummy” EpiPen that is used for training purposes. Although the school employee injected herself with a live and expired pen, she was not harmed beyond being surprised. The OIG determined that the mistake was caused in part by the nurse’s improper inventory and disposal procedures of the EpiPens on the school’s premises. Specifically, the nurse had (1) retained expired EpiPens for years; (2) stored “live” EpiPens with the “dummy” training devices; and (3) failed to properly dispose of “live” EpiPens by placing them in biowaste containers that prevent used devices from accidentally stabbing other individuals. The OIG further found that the school nurse had acted negligently when leading the training session. Specifically, she failed to recognize the difference between a “live” EpiPen and a “dummy” training device before the school employee had injected herself, even though (1) “live” EpiPens and “dummy” training devices are readily distinguishable by their individually distinct and immediately noticeable colors; and (2) dummy training devices are conspicuously labeled as such.

The OIG also determined that the EpiPen training sessions and webinars that the school nurse had attended and viewed did not clearly or consistently address a number of important issues implicated in this investigation. For instance, the training did not explain how school staff members can tell the difference between EpiPens and dummy training devices; did not address where and how school nurses should store dummy training devices in relation to EpiPens; and did not clearly and consistently present the proper protocol for disposing of expired EpiPens.

The OIG recommended appropriate discipline for the school nurse. The OIG also recommended that the CPS Office of Student Health and Wellness — which conducted the EpiPen trainings that the school nurse underwent — conduct a thorough review of its training sessions and materials for school nurses. Based on the results of that review, the OIG continued, the OSHW should revise the training sessions and materials, so that the issues implicated in this investigation are clearly and consistently addressed.

The Board advised the OIG that the school nurse was placed on a performance-improvement plan. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to revise the EpiPen training sessions for school nurses.

SECTION 6 — “STRINGING” AND OTHER PROCUREMENT VIOLATIONS

Board Rule 7-12 prohibits “stringing”, which is defined as dividing or planning any procurement program, activity, transaction, invoice, purchase order or agreement involving the Board or any of its operational elements (including offices, departments, bureaus, programs, units and schools) to avoid: (a) the competitive procurement processes set forth in Board Rule 7-2; or (b) the limitations on delegated authority set forth in Board Rule 7-15 or 105 ILCS 5/34-8.1.

A. STRINGING BY CENTRAL OFFICE VENDORS (15-01233)

An OIG investigation determined that the sole owner and operator of five CPS vendors had engaged in an 11-year stringing operation, through which he and his companies regularly circumvented the Department of Procurement’s \$10,000 annual procurement limit on biddable items by spreading sales amongst his companies “interchangeably,” to use the businesses’ owner’s own phrase. As a result, the owner and his companies sold \$851,261.20 in goods to at least eight departments in CPS’s Central Office. The investigation further revealed that a senior program coordinator for Career and Technical Education was complicit in the stringing operation for at least the past two years by regularly informing the business owner when one of his companies had exceeded the \$10,000 annual procurement limit, and by instructing him to resubmit the same quote using one of his other four companies.

The OIG recommended that the Board permanently debar the business owner and his five businesses for having engaged in stringing. The OIG also recommended that the Board impose appropriate discipline on the program coordinator, up to and including the termination of employment, for her complicity in the long-running stringing operation. Finally, because the business owner and his companies sold goods to departments in Central Office only, the OIG recommended that all Central Office departments should ensure that individuals who are employed in a procurement capacity have undergone training concerning stringing and other procurement-related issues.

The Board advised that it had permanently debarred the business owner and his five businesses, and that discipline is pending against the program coordinator. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to institute the OIG’s recommendation for additional training about stringing.

B. STRINGING OF SALES OF LED MARQUEES FOR SCHOOLS (14-01096)

An OIG investigation concluded that, since at least 2012, two CPS vendors had “strung” the sales of LED marquees to at least seven schools to avoid the Department

of Procurement's annual \$10,000 purchasing limit on biddable items. In doing so, both companies were able to charge CPS for a combined \$138,600 worth of work that they otherwise would not have been able to obtain. When confronted with the evidence, the president and owner of the two vendors, and a salesperson in his employ, admitted that the two companies had strung — or, as they put it, “broke down” — the sales and installation costs of LED marquees. As the salesperson explained, the total cost for any sign project would approximate \$30,000. Thus the two companies would split the costs between them so as to remain under Procurement's \$10,000 limit. Moreover, both the president and salesperson explained that the two companies would keep each of their purchase orders under \$10,000 so that the project would not be sent out to bid, and thus help to ensure that schools would choose the two companies after being referred to them by facilities managers who had worked with them in the past.

The investigation further revealed evidence that one such facility manager was either grossly negligent in failing to recognize the stringing operation, or actually complicit in the scheme, when overseeing the companies' sale and installation of an LED marquee at one high school. Specifically, when the high school had selected one of the vendors to install its marquee, but nevertheless wanted to submit to the Department of Procurement a quote “that includes all costs” associated with the marquee's installation, the marquee salesperson specifically instructed the facilities manager to tell the school not to submit a quote. In addition, the vendors' president sent to the facilities manager three invoices for the work in one Word document (one from one vendor, and two from the other) that together reflected a project cost of \$24,950. And the facilities manager asked the salesperson about one vendor's “additional” vendor number when the company could not be paid after having reached the \$10,000 annual limit.

The OIG recommended that the Board permanently debar the two vendor companies, their president, and the salesperson in his employ. The OIG also recommended that the board impose appropriate discipline on the facilities manager.

During the course of its investigation, the OIG interviewed 12 individuals who were involved in the purchase of the LED marquees either at the school level or as a facilities manager. During the course of these interviews, it became clear that the individuals (1) did not realize that purchases of signage were governed by the \$10,000 limit; (2) missed or discounted obvious warning signs that stringing had been occurring; or (3) were not familiar with stringing altogether. Accordingly, the OIG recommended that those 12 individuals undergo training concerning stringing and other procurement-related issues that were present in this investigation.

The Board advised the OIG that debarment proceedings are underway against the vendor companies, their owner, and the salesperson in his employ. The Board further terminated the facilities manager and placed a Do Not Hire (DNH) designation in her personnel file. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to institute the OIG's recommendation for additional training about stringing.

C. ADDITIONAL PROCUREMENT CASES

o Vendor Impropriety and Other Violations at an Elementary School (15-00622)

An OIG investigation found multiple violations that involved three employees at an elementary school and a vendor doing business with the school and many other CPS schools.

A school security officer who also owns an apparel company sold school uniforms and other apparel to numerous CPS schools while he was working for CPS. From 2010 to 2015, CPS schools paid his company a total of \$285,471 when purchasing school apparel. He knew that his company did business with CPS, and he was actively involved in the transactions. Because his company did business with CPS, the security officer violated CPS's prohibition on employees having an economic interest in the sale of goods to CPS schools.

Moreover, the ethical violation was aggravated by the facts that (1) he sold more apparel to the school where he worked than to any other CPS school; and (2) he sold his school more apparel than it needed. In total, his company sold his school \$99,045 of apparel, which resulted in a surplus of uniforms at the school. The school clerk who handled the purchases failed to create an inventory of the purchases even though she was specifically asked to do so by the principal at the time.

Additionally, the school and the apparel company violated CPS's \$10,000 annual per vendor, per school limit on non-competitive purchases because the school purchased \$44,576 of apparel from the company in 2014 and \$25,805 in 2015 without engaging in the competitive bidding process or receiving approval from the Chief Procurement Officer.

The OIG could not ask the security officer and the clerk about the extent of their involvement in the transactions between the apparel company and the school because they refused to appear for their interviews. Nevertheless, the evidence established that they were both complicit in the improper business dealings.

The OIG interviewed the former principal of the school and determined that she was aware of the business dealings between the school and the apparel company. As principal, she was ultimately responsible for the improper expenditures.

Apart from the violations associated with the purchases of apparel, the OIG determined that the school clerk improperly credited herself with 178 overtime hours and \$6,424 in overtime earnings during fiscal year 2015. The OIG was not able to question the clerk about her overtime because she refused to appear for her interview.

In the wake of the OIG's investigation, the clerk and security officer resigned from their employment with CPS. The security officer's wife, who was a joint owner of the apparel company, sent a letter to the CPS Department of Procurement, stating that the company would cease doing business with CPS. Before the OIG's investigation had concluded, the Board placed a DNH designation in the clerk's personnel file at the Law Department's request due to a related unsatisfactory audit. The former principal, who was aware of the improper dealings with the security officer's company, now works in another capacity at another CPS school.

The OIG recommended that the security officer be given a permanent DNH classification and that his apparel company be permanently debarred. The OIG also recommended that the former principal be given appropriate discipline.

In response to the OIG's report, the Board gave the security officer a DNH and debarred his company. The Board issued a non-disciplinary memorandum to the former principal.

- *Stringing by Flooring Companies (14-01202)*

An OIG investigation found that the sole owner of a CPS vendor had strung the costs for flooring and other construction projects at CPS schools between his business and a second vendor that was owned by his father with the intent of avoiding the \$10,000 limit set by law. In all, the stringing operation — to which the vendor's owner had admitted — helped both his and his father's companies charge CPS for approximately \$80,000 worth of services that they had provided to five CPS schools.

The OIG recommended that the owner and his company be debarred. And because his father did not cooperate with the OIG's investigation, despite having the obligation to do so as a CPS vendor, the OIG recommended that the Board debar him and his company, as well.

Finally, the evidence uncovered during the OIG's investigation revealed numerous red flags that the two vendors had repeatedly engaged in stringing over the years.

However, the employees in the CPS Facilities Department with whom the OIG spoke either failed to identify, or discounted for various reasons, the warning signs that the two companies were engaged in stringing. Consequently, the OIG recommended that the Facilities Department ensure that all departmental employees who undertake procurement-related tasks undergo training concerning stringing and other procurement-related issues.

The Board advised the OIG that the owner and his father, along with their respective businesses, have each been permanently debarred. As of the date of this report, the Board has not advised the OIG what steps, if any, it has taken to institute the OIG's recommendation for additional training about stringing.

SECTION 7 — IMPROPER CPS HIRING: BACKDATING AND NEPOTISM

A. IMPROPER BACKDATING BY THE TALENT DEPARTMENT AND OTHERS (15-00436)

An OIG investigation determined that, under the direction of four high-level CPS employees, the CPS Talent Office backdated the official start dates of a large number of newly hired employees from multiple CPS departments so that they could begin working before completing the requisite on-boarding process. Before any employee may begin work at CPS, he or she must (1) prove, among other things, that he or she is eligible to work in the United States (as federal law requires); and (2) undergo a criminal background check (as state law requires). But the OIG found that numerous employees were allowed to work in CPS facilities “unofficially” before having proved that they were eligible to work in the United States and/or having undergone criminal background checks. Then once the employees completed the on-boarding process, the Talent Office would “backdate” their “official start date” so as to create a record that showed that the employees had completed on-boarding before beginning work.

Under the same leadership, CPS personnel also engaged in potentially discriminatory conduct under federal law by hiring individuals who did not possess academic qualifications that were listed as “required” on job postings. In fact, a former CPS officer apparently engaged in such potentially discriminatory hiring practices unwittingly.

Both hiring practices exposed CPS to legal liability. By allowing the practice of backdating, the Talent Office potentially violated federal and state law. Specifically, the OIG’s investigation found CPS potentially violated federal immigration law by allowing several employees to work even though their personnel files contained no Forms I-9 — proof of eligibility to work in the United States. Similarly, state law provides that CPS may not knowingly employ a person for whom a criminal history check had not been initiated, and Illinois case law supports the conclusion that CPS could be exposed to civil liability for the wrongful acts of any newly hired employees for which it did not undertake criminal background checks. The improper hiring practices that the OIG uncovered, in turn, exposed CPS to legal liability under Title VII of the Civil Rights Act of 1964.

Based on its findings, the OIG would have recommended significant discipline for the individuals who directed these improper practices, up to and perhaps including termination of employment. Each individual, however, no longer works for CPS. Consequently, the OIG recommended that the Board place permanent Do Not Hire (DNH) designations in their respective personnel files.

Evidence also showed that another high-level employee also engaged in hiring practices that could have exposed CPS to legal liability, and that he supposedly was unaware that he had done so. At the time that the OIG issued its investigative report in this matter, he was in the process of winding-down his employment with CPS, which eventually ended in early 2016. The OIG recommended that the Board impose appropriate discipline.

The OIG issued three additional recommendations: (1) the Talent Office should develop written rules and/or policies that delineate the very limited administrative circumstances under which backdating new employee start dates will be allowed — for instance, to clarify or to correct when a fully on-boarded employee began work with CPS; (2) the Talent Office should develop written rules and/or policies that state that, under no circumstances, can a department hire an individual who fails to satisfy a criterion that is listed on a job posting as “required” for a position, and communicate those rules and/or policies to the entire district; and (3) the entire Talent Office and all department personnel in charge of hiring should undergo training that addresses, among other topics, how federal anti-discrimination laws, federal immigration laws and state laws control hiring and on-boarding practices.

As of the date of this report, the Board has not advised the OIG whether it has instituted disciplinary proceedings against the subjects of this investigation. The Board also has not advised the OIG of the steps, if any, it has taken to institute the OIG’s recommended on-boarding rules and policies, or the recommended training for Talent Office personnel.

B. ADDITIONAL HIRING VIOLATIONS

o Nepotism, Conflict of Interest and Hiring Violations (15-01171)

An OIG investigation found multiple violations involving a CPS high school principal’s hiring of two men whose wives worked at the high school.

In August 2012, the principal hired the husband of one of his teachers to work in the high school bookroom. The principal informed the OIG that he interviewed him for the position at the recommendation of his wife, but the wife denied recommending her husband. In any event, the wife — who also assisted with budget-related duties at the school — admitted that she had signed her husband’s paychecks after he got the job at her school. From September 2012 to September 2014, her husband was paid a total of \$15,218 via 33 checks from the school’s internal accounts, all of which she signed. By signing her husband’s checks, she was directly involved in school actions in which she had an economic interest and, thereby, violated the ethics policy’s provisions regarding conflicts of interest.

By the spring of 2015, the teacher's husband was no longer working in the school bookroom. The principal then hired his secretary's husband to fill that position at the secretary's recommendation. The secretary's husband worked in the bookroom from April 2015 to December 2015. By recommending her husband, the secretary violated the ethics policy's prohibition on nepotism.

Additionally, the OIG found that the principal hired both husbands in violation of CPS on-boarding procedures because he failed to ensure that they underwent background checks, drug testing and tuberculosis testing. Both individuals worked at the school for lengthy periods of time — two years and nine months, respectively — without going through the CPS on-boarding process and without ever receiving a CPS employee ID. Significantly, the failure to conduct background checks on those employees constituted a violation of state law. Both employees subsequently applied for and obtained other positions with CPS. At that time, they finally went through the on-boarding process and passed the requisite background checks.

In light of the violations mentioned above, the OIG recommended appropriate discipline for the principal, as well as for the teacher and secretary whose husbands worked in the bookroom.

In response to the OIG's report, the Board chose not to take any action with respect to the teacher and secretary because, the Board determined, the school's administration should be responsible for their conduct. Although the Board would have disciplined the principal, he retired at the end of the school year, before the Board could take action against him. The Board, however, did inform the OIG that the assistant principal was disciplined for poor oversight with respect to the on-boarding of employees.

- *Nepotism and On-Boarding Violation (15-00934)*

An OIG investigation determined that, in September 2015, the principal of a CPS elementary school violated the CPS nepotism policy when she hired her mother to fill a temporary third grade teaching position at her school. The principal also violated CPS policy when she allowed her mother to begin teaching before CPS completed her background check and cleared her to begin working.

The principal's mother is a retired CPS teacher who had worked for CPS, post-retirement, as a day-to-day substitute teacher. Her employment status, however, had become inactive and, therefore, she needed to be re-processed by the CPS Talent Office before she could be cleared by CPS to begin teaching again. She ultimately completed her on-boarding process, but not before she began teaching at her daughter's school.

The OIG recommended appropriate discipline for the principal, and she was issued a written reprimand.

SECTION 8 — COMPUTER MISCONDUCT, FEE WAIVERS AND OTHER MATTERS

A. PORNOGRAPHY PLUS ILLEGAL MUSIC AND MOVIE DOWNLOADS (15-00907)

A teacher at an elementary school illegally downloaded songs, movies and software, and also accessed and viewed pornographic material on his CPS computer. The teacher admitted that he had used his CPS computer to download copyrighted material without authorization and to access and view pornography. He also admitted that he had used his CPS computer and CPS's blank DVDs to burn movies, which he then either retained for his personal use or gave to his friends or other teachers.

The teacher violated Board policy regarding the acceptable use of computer resources. He also violated the ethics policy by using Board property for personal use without permission.

The OIG recommended appropriate discipline for the teacher. The Board has informed the OIG that disciplinary proceedings are underway.

B. SECA VIEWED PORNOGRAPHY AT ELEMENTARY SCHOOL (15-00821)

A special education classroom assistant regularly viewed pornography on a CPS computer in the teachers' lounge of his elementary school while others were present and in close proximity to him. Such conduct violated Board policy regarding the acceptable use of computer resources.

The OIG recommended appropriate discipline for the SECA. Following the OIG's report, the Board scheduled a termination hearing for the SECA, but he resigned in lieu of appearing for the hearing. The Board subsequently placed a Do Not Hire (DNH) classification in his personnel file.

C. CPS EMPLOYEES FALSIFIED DAUGHTER'S FEE-WAIVER APPLICATION (15-00776)

A husband and wife working at a CPS high school as a security officer and school clerk, respectively, falsified fee-waiver and free and reduced-price meal applications by misrepresenting their household income so that their daughter, a student at the school, would receive waived fees and free meals. The misrepresentation was considerable, given that the annual combined income for the parents ranged from \$107,076 to \$136,474 during the period that their daughter was a student at the school, and that the annual income cutoff for a fee waiver during that period never rose above \$31,005 for a household of their size.

As a result of the parents' falsification of the fee-waiver applications, \$484.50 of their daughter's fees were improperly waived, voided or canceled. Of those fees, the mother directly waived, voided or canceled \$348 in her capacity as the school clerk.

Following the OIG's investigation, the principal collected \$484 from the parents, the Board terminated the parents' employment, and a DNH was placed in their personnel files.

D. ADDITIONAL CASES REPORTED

o Untimely and Arbitrary Grade Changes at an Elementary School (15-00541)

An OIG investigation determined that an elementary school math teacher failed to follow CPS policy by improperly changing the math grades of 38 students through the district's web-based system of school records, after the time to do so had elapsed. The teacher admitted to the OIG that she knew that, after the time to change grades elapses, all requests for grade changes must be made via CPS-mandated grade change authorization forms; that she nevertheless improperly changed grades through the records system; that her grade changes were largely arbitrary; and that her actions violated CPS policy and the repeated instructions of her superiors. The teacher further explained that she had changed the grades in an attempt to include the results of an end-of-quarter exam, which she had failed to enter into the system before it calculated the students' quarterly grades.

The teacher resigned while the investigation was pending. The OIG, therefore, recommended that the Board place a permanent DNH designation in her personnel file because the investigation was substantiated. The Board subsequently advised the OIG that it had placed a DNH designation in the teacher's personnel file.

o Abuse of Tax Exempt Status (16-00005)

An OIG investigation determined that a high school community relations representative used CPS tax-exempt letters on several occasions to purchase hundreds of dollars in alcoholic beverages for personal use from a retail chain, in violation of CPS policy and Illinois law. He also told the OIG that he had used CPS tax-exempt letters on a couple of occasions to purchase food for personal consumption at area restaurants.

The OIG recommended appropriate discipline. The representative's employment was subsequently terminated and the Board placed a DNH designation in his personnel file.

○ *Improper Political Activity (15-00155)*

An OIG investigation concluded that a high school teacher — who was running for alderman at the time — oversaw a service-learning project through which students could earn required service-learning hours by volunteering for one of the three aldermanic campaigns in the race, including his own. The teacher also posed for campaign photographs with his students in front of their school on Board time, albeit toward the end of the school day.

The OIG concluded that, by posing for the campaign photographs, the teacher had violated CPS policy that prohibits engaging in political activity during work hours. The OIG considered the infraction to be relatively minor in nature, though, and recommended that the Board discipline the teacher appropriately.

The teacher's oversight of the service-learning project that was connected with his campaign, however, presented a more difficult issue to address. CPS policy limits employees' political activities to the extent that they may involve Board resources or property. Nevertheless, the teacher did not violate those political activity rules when overseeing the service-learning project that involved his own aldermanic campaign because those rules contain no express prohibition on employees creating or overseeing student projects involving their own political activities or campaigns. The teacher's oversight authority, the OIG noted, raised the specter of impropriety by requiring students who volunteered for his campaign — or possibly the campaigns for candidates who were running for the same aldermanic seat — to report directly to him so as to obtain credit for a project that helped to satisfy mandatory graduation requirements. That is, the teacher's dual roles as candidate and as teacher created a scenario wherein a student could have felt compelled to volunteer for his campaign so as to help fulfill mandatory graduation requirements, while simultaneously creating a public perception that he essentially enlisted free campaign help from CPS students.

While recognizing that volunteering on political campaigns to earn service-learning hours is a worthwhile endeavor that benefits CPS students, the OIG concluded that there must be a clear separation of duties when a teacher or administrator is actually running for office and his or her students are working on his or her campaign. Thus, and so as to avoid the possibility (or appearance) of conflicts of interest on the part of teachers or school administrators (such as principals or assistant principals), and to make sure that students are not coerced, the OIG recommended that the Board adopt a policy that explicitly prohibits teachers and school administrators from supervising or administering service-learning projects when the teacher or administrator is actually running for an elected office. The

prohibition should extend to campaigns in which teachers or administrators are not the actual candidates, but with which they nevertheless consider themselves to be affiliated. And, the OIG continued, the educator who administers and evaluates student performance on the school side of the project (as opposed to the actual campaign work) should be someone other than the individual/educator who is campaigning for office.

The Board subsequently advised that the teacher was placed on a Level III performance improvement plan and issued a warning resolution, and that the district later laid him off.

- *Clerk Worked as a Real Estate Broker (15-00875)*

An elementary school clerk violated CPS policy by engaging in secondary employment as a real estate broker for the past five years without Board approval. He admitted that he never submitted a secondary-employment approval form for his real estate work and that, at times, he performed real estate work during his scheduled CPS work hours. He also admitted that sometimes he used his CPS computer and fax machine to perform his real estate work.

The OIG recommended appropriate discipline for the clerk. The Board subsequently terminated the clerk's employment for various reasons including his improper secondary employment as well as other issues that were not the subject of the OIG's investigation. Following his termination, the Board placed a DNH in his personnel file.

- *Teacher Worked Second Job While on Medical Leave (15-01003)*

An OIG investigation determined that a special-education teacher abused a medical leave of absence she was granted. Specifically, while on a supplemental medical leave from CPS, she accepted a position at a charter school and worked there as a full-time employee for about one month. During her employment there, she earned gross pay of \$13,425.

The teacher's actions violated Board Rule 4-12(i), which prohibits employees who are granted a leave of absence for their own serious medical or personal illness from working secondary employment during the period of the leave, including any leave extension. The teacher further lied to the OIG about her improper secondary employment, even after the OIG confronted her with documents that showed that the charter school employed her for that one month. Consequently, the teacher violated Board policy by making false statements to the OIG during an official investigation.

The OIG recommended that the Board terminate the teacher's employment and place a permanent DNH designation in her file. The Board has since filed dismissal charges against her and suspended her without pay during the pendency of her dismissal proceedings. Those proceedings are still underway.

SECTION 9 — EMPLOYEE RESIDENCY AND NON-SES TUITION FRAUD

The cases in this section involve instances of (1) employee violations of the Board’s residency policy (residency fraud) and (2) parents who owe CPS non-resident tuition because their children did not live in the City of Chicago but nonetheless improperly attended CPS schools by using a false City address (tuition fraud).¹² Some cases involve both kinds of violations, that is, CPS employees who lived in the suburbs and sent their children to CPS schools.

The families of students who live outside of Chicago, but improperly attend CPS schools, are normally responsible for non-resident tuition. In the 2015-16 school year the statutory non-resident tuition rate was \$12,878 per student. Accordingly, the OIG recommends that CPS recover non-resident tuition when appropriate.

The OIG recommends “immediate termination” when employee residency violators also lie about their addresses. This is because, per the Board’s residency policy (see Board Report 08-0227-PO1), an employee who lies about his or her address in conjunction with a residency violation is deemed to have engaged in irremediable conduct, which means that termination is mandatory.

A. LAW DEPT. INVESTIGATOR AND STUDENT-DAUGHTER (15-00306)

An OIG investigation concluded that an investigator in the CPS Law Department violated the Board’s employee residency policy by living in Calumet City, Illinois, and not Chicago. She also lied about her residency by submitting to CPS a false Chicago address-of-record. Pursuant to the Board’s employee residency policy, the investigator engaged in irremediable conduct and thus was immediately dismissed without prior warning because she misrepresented her address with the intent to avoid the residency requirements. The Board subsequently advised the OIG that a Do Not Hire (DNH) designation was placed in her personnel file.

The OIG also determined that two of the investigator’s children each attended CPS schools improperly during the 2014-15 school year. Consequently, the OIG further recommended that the two children be disenrolled from their respective schools. Furthermore, the OIG calculated that the investigator and her husband owed the Board of Education \$25,755 in non-resident tuition (plus any tuition owed, on a pro rata basis, based on the children’s then-ongoing attendance at the schools) and recommended that the Board initiate legal proceedings to recover that amount.

¹² The selective-enrollment suburban-residency fraud cases previously discussed in Section 3 are not repeated here.

The Board advised the OIG that one of the investigator's children had transferred out of CPS, but that her remaining child — who was still enrolled at a CPS school — was disenrolled. The Board also decided to hold the investigator and her husband accountable for the \$25,755 in non-resident tuition, and referred the matter to a collections agency to recover that amount.

B. ADDITIONAL EMPLOYEE RESIDENCY CASES

○ *Computer Technician Resided in Grayslake (14-00798)*

An OIG investigation concluded that a clear preponderance of documentary evidence revealed that a computer technician violated the CPS employee residency policy by residing in Grayslake, Illinois. At the time of the OIG's report, the employee was facing termination on separate grounds based on findings in an investigation that had concluded the previous fiscal year (abuses of CPS's sales tax exemption status, as reported in OIG 14-01145). However, when undertaking that initial investigation, the OIG uncovered evidence that led it to open a separate investigation into the employee's residency. Because the technician's employment was expected to be terminated based on the initial investigation's findings, and the Board was expected to place a permanent DNH designation in his personnel file, the OIG reported on his residency violation so that the Board could consider the information when imposing any further discipline.

The Board advised the OIG that the computer technician resigned in lieu of termination of employment. The Board also placed a DNH designation in his personnel file.

○ *Married CPS Teachers Resided in Lincolnwood (14-00890)*

An OIG investigation determined that a husband-and-wife pair of CPS teachers resided in the northern suburb of Lincolnwood, Illinois. They also lied about their suburban residence by failing to inform CPS of their change of address, as required. Because they both failed to comply with the CPS residency policy and lied about it, their actions constituted irremediable conduct. The OIG thus recommended that the Board terminate their employment immediately and place permanent DNH designations in their personnel files.

The Board advised the OIG that both teachers had resigned their positions with CPS, and that the Board had placed DNH designations in their personnel files.

○ *CPS Teacher and Her CPS Student Children Resided in Westchester (15-00073)*

An OIG investigation determined that, since 2005, a CPS elementary school teacher had violated the CPS employee residency policy by living with her husband and

three children in a home that she owned in Westchester, Illinois. The teacher also lied about her residency by submitting a false Chicago address-of-record to CPS — conduct that is irremediable under the residency policy and that normally mandates immediate dismissal. However, the Board advised the OIG that the teacher had resigned in lieu of termination of her employment, and that it subsequently placed a DNH designation in her personnel file.

In addition, two of the teacher’s children also had attended a CPS elementary school and its preschool program, which was intended for Chicago residents only, for two years without paying non-resident tuition. As such, the OIG also recommended that the two children be disenrolled from their school. Furthermore, the OIG calculated that the teacher and her husband owed the Board \$56,530 in non-resident tuition (plus any tuition owed, on a pro rata basis, based on the children’s then-ongoing attendance at the schools) and recommended that the Board initiate legal proceedings to recover that amount.

The Board advised, though, that after the OIG released its findings and recommendations, the family provided proof that they had changed their residency to Chicago. Consequently, the two students were not disenrolled from their schools. Furthermore, the family agreed to pay \$35,000 of the non-resident tuition that it owed, and eventually paid that entire amount.

- *Assistant Principal Resided in Country Club Hills (15-00682)*

An OIG investigation concluded that an elementary school assistant principal violated the CPS employee residency policy by representing to CPS that she resided at a Chicago address, when she actually has resided in Country Club Hills since her husband had purchased their home there in 2001. The assistant principal misrepresented her suburban residency with the intent to avoid the residency policy’s requirements. Because the assistant principal both failed to comply with the residency policy and lied about it — both in her CPS files and to the OIG — her actions constituted irremediable conduct under the residency policy that normally mandates immediate dismissal. However, the Board advised the OIG that the teacher had resigned in lieu of termination of her employment, and that it subsequently placed a DNH designation in her personnel file.

- *Married CPS Employees Resided in Berwyn (15-00865)*

An OIG investigation found that two elementary school teachers, who are married to each other, were found to reside in suburban Berwyn, Illinois, instead of at the Chicago addresses that they had placed on file with CPS, and which they had sworn were their addresses-of-record. Furthermore, the teachers misrepresented their

Berwyn residency to both the CPS Talent Office and the OIG with the intent to avoid the requirements set forth by the CPS employee residency policy. Because they both violated the residency policy and lied about it, their actions constituted irreparable conduct. Consequently, the OIG recommended that the Board terminate their employment immediately and place DNH designations in their personnel files.

The Board advised the OIG that it had terminated the husband's employment immediately and placed a DNH in his personnel file. The wife, in turn, resigned her employment in lieu of termination, and the Board also placed a DNH in her personnel file.

SECTION 10 — CASES INVOLVING ARRESTS OR CRIMINAL-BACKGROUND ISSUES

The OIG has the responsibility of monitoring the outcome of cases wherein Board employees or vendors were arrested and charged with criminal offenses. The OIG subsequently reports on these matters so that the Board can make a determination regarding administrative discipline or other action, based on the resolution of the criminal cases.

- *Off-Duty Arrest for Physical Contact with Minors (15-00320)*

An OIG investigation found that, since 2007, an elementary school porter had been arrested and charged four times in connection with four separate incidents, during which he allegedly touched people in a sexual manner, including two minor CPS students, another minor, and one adult. None of the incidents occurred on CPS property. One incident occurred in 2007, and in June of that year, the Cook County State's Attorney charged the porter with simple misdemeanor battery, 720 ILCS 5/12-3(a)(2), to which he pleaded guilty. The remaining three incidents occurred in 2015, and the State's Attorney subsequently charged him with two counts of criminal sexual abuse by use or threat of force, *id.* 5/11-1.50(a)(1), one count of aggravated criminal sexual abuse, *id.* 5/11-1.60(c)(1), and criminal battery, *id.* 5/12-3(a)(2). Those charges are pending.

The porter refused to be interviewed in the OIG's investigation. That refusal violated Board Rule 4-4(m), which states that all employees are obligated to cooperate with the OIG in investigations, as required by the Illinois School Code, 105 ILCS 5/34-13.1. Based on the Rule 4-4(m) violation, which is deemed to be irremediable conduct, the OIG recommended termination of the porter's employment and that the Board place a permanent Do Not Hire (DNH) designation in his personnel file.

The Board advised the OIG that the porter had resigned his position with CPS in lieu of termination, and that it subsequently placed a DNH designation in his personnel file.

- *Off-Duty Arrest for Domestic Battery (14-00937)*

An OIG investigation determined that a high school office clerk was arrested for domestic battery in August 2014, 720 ILCS 5/12-3.2(a)(1). Shortly thereafter, he pleaded guilty to a misdemeanor count of domestic battery in the Circuit Court of Cook County. When the OIG interviewed the clerk, he acknowledged that, although he had battered his victim, he acted out of character and did not mean to harm the victim. He further acknowledged that he had pleaded guilty in court.

Because the clerk had been laid off from CPS shortly before the OIG had issued its report, the OIG provided its conclusions so that the Board could consider whether to place a DNH designation in his personnel file. The Board subsequently advised the OIG that it did place a DNH classification in the clerk's file.

- *Off-Duty Arrest for Impersonating a Police Officer and Assault (15-00145)*

An OIG investigation determined that a special-education teacher was arrested in February 2015 and charged with false personation of a peace officer (that is, impersonating a police officer), 720 ILCS 5/17-2(b)(3), and misdemeanor aggravated assault, *id.* 5/12-2(c)(1), all stemming from a road-rage incident between him and an off-duty police officer on Chicago's northwest side. In July 2015, the teacher pleaded guilty in the Circuit Court of Cook County to a single, reduced charge of reckless conduct, *id.* 5/12-5(a)(1). Meanwhile, the OIG obtained information that the teacher had used a sick day while in custody during his arrest.

When the OIG asked him about his use of sick time, the teacher replied that his wife had accessed the CPS timekeeping system by using his log-on credentials, but did not know what type of time she reported that he would be using for that day. The teacher, though, could not explain how his wife knew his CPS credentials, or how she knew to access the timekeeping system. Subsequent investigation showed that the teacher had actually submitted an absent form on which he also requested a sick day.

The OIG concluded that the teacher had pleaded guilty to misdemeanor reckless conduct and that he improperly used a sick day when he was in custody. As a result, the OIG recommended that the Board impose appropriate discipline. The Board has advised the OIG that disciplinary proceedings are pending against the teacher.

- *School Bus Aide Arrested for Obstruction of Justice (15-00227)*

An OIG investigation concluded that, in February 2015, an off-duty school bus aide was arrested on the felony charge of obstruction of justice, 720 ILCS 5/31-4(a)(1). Police reports reflect that she lied to Chicago police officers, who had come to her home to arrest her son in connection with a strong-arm robbery, by telling them that her son was not home when he, in fact, was. In July 2015, the bus aide pleaded guilty in the Circuit Court of Cook County to a lesser, misdemeanor obstruction charge. However, timekeeping records reflected that she had improperly used a half of a sick day to attend a court appearance earlier in the year, and attended six additional court appearances while on Board time.

The bus aide retired from CPS in June 2016, before the OIG was able to question her about her improper use of sick time or court appearances on Board time. The OIG

provided the above information to the Board so that it could consider whether to place a DNH designation in her personnel file. The Board subsequently advised the OIG that it did place a DNH classification in the aide's file.

- *Elementary School Teacher Possessed Child Pornography (15-00716)*

An OIG investigation found that, in June 2015, an elementary school teacher was arrested by a Cook County task force for child pornography. Subsequently the Cook County State's Attorney charged him with (1) a Class X felony of child pornography, 720 ILCS 5/11-20.1(a)(1); and (2) a Class 2 felony of possession of child pornography, *id.* 5/11-20.1(a)(6). These charges are enumerated offenses, meaning that a conviction for either one of them would render the teacher permanently ineligible for Board employment.

While the teacher's criminal case was pending in the Circuit Court of Cook County, the OIG contacted his attorney and asked him to arrange an interview. The OIG advised the attorney that, pursuant to Board Rule 4-4(m), the teacher had a duty to cooperate in the OIG's investigation, and that if he did not cooperate by agreeing to be interviewed and by answering the OIG's questions, the OIG would recommend termination. After consulting with his client, the attorney advised the OIG that his client would resign.

Shortly thereafter, the teacher resigned from CPS. The Board, in turn, notified the OIG that it had placed a DNH designation in his personnel file.

Appendices

- A. Significant Activity Report Issued on October 6, 2016:
OIG Investigations Revealed Fraudulent Attendance Record-
Keeping Practices at Four CPS High Schools
- B. Significant Activity Report Issued on September 8, 2016:
Three OIG Investigations Uncover Free, or Essentially Free,
Use of High School Facilities by Privately Owned Sports
Clubs

Office of
Inspector General
Chicago Board of Education
Nicholas Schuler, Inspector General

SIGNIFICANT ACTIVITY REPORT

THURSDAY, OCTOBER 6, 2016

OIG INVESTIGATIONS REVEALED FRAUDULENT ATTENDANCE RECORD-KEEPING PRACTICES AT FOUR CPS HIGH SCHOOLS

The Office of Inspector General determined that four CPS high schools were fraudulently manipulating attendance data by systematically overriding (1) the period-attendance entries kept by individual classroom teachers, and (2) the daily-attendance entries that are calculated in the database used by CPS to maintain student records by adding the instructional minutes a student received in a given day. Thousands of such changes per year were made at each school. In fact, some attendance clerks stated that they could not keep up with the number of changes they were directed to make.

On June 30, 2016, the OIG issued four summary reports to the Chicago Board of Education, detailing its findings and recommendations with respect to the CPS high schools investigated. The key takeaways from those investigations are as follows:

- Because the schools systematically altered large volumes of attendance entries, the rates of changing daily attendance codes were unreasonably high at all four schools, ranging from four to seven times greater than the district-wide average.
- As a result of the fraudulent attendance record-keeping practices, the schools engineered the appearance of significantly improved attendance rates. The schools' official attendance rates were approximately 10 to 20 percentage points higher in years when they employed the fraudulent attendance practices than in years when they did not.
- Most of the improper changes were made via two methods. The first method involved changing attendance to reflect that a student was present for *the entire day* when records reflected that the student had merely been on campus *at some point during the day* (hereinafter, the "presumed-attendance

method”). That is, a full day’s attendance was recorded — by overriding period and daily entries — when classroom records reflected that the student had actually missed significant class time. Attendance clerks told the OIG that they operated under a system that “presumed” full attendance if there was any evidence that a student was on campus at all. The evidence, however, supports the opposite conclusion — that students were cutting numerous classes after appearing at school for a short time.

The second method, often referred to as “attendance recovery” by attendance clerks, is a system by which unexcused absences from regular class periods were “recovered” through after-school “study sessions” that appear to have been little more than detentions (hereinafter, the “attendance-recovery method”). The problem with these after-school sessions is that they were used to override periods of absence recorded by teachers. That, of course, is contrary to CPS guidelines that mandate that, if a student cuts class, the student is to be recorded as having been absent from class without an excuse. Furthermore, through the attendance-recovery method, students “recovered” several missed periods in one day by serving a single detention period that often took place days, weeks or even months after the classes were missed.

- By using these means to systematically alter attendance at the period level, the schools were able to offer a pretense for the numerous changes to daily-attendance entries that led to rising attendance rates.

The four investigations are summarized below.

School One (OIG 14-00047): At a CPS high school (“School One”), the OIG determined that, during the 2012-13 and 2013-14 school years, the principal (“Principal A”) instituted the presumed-attendance method for systematically falsifying attendance data. To implement this undertaking of altering such a large volume of attendance data, Principal A expanded the school’s attendance team from one staff member to five. Specifically, she employed four attendance clerks who devoted the majority of their workday to altering attendance records, and she directed the assistant principal (“Assistant Principal A”) to serve as the supervisor of the attendance clerks.

Each day the attendance clerks changed hundreds of entries in the database so that (1) students who had been marked by their teachers as absent from class were shown as having been present, and (2) students who would have been entered as absent for the day or half of the day were shown as having been present for the full day. The clerks referred to this falsification system as “cleaning attendance”.

Assistant Principal A told the OIG that School One implemented the attendance-cleaning practice in response to pressure from the Network to improve attendance. She also said that School One learned how to clean attendance from staff at another CPS high school (“School Two”). A clerk from School Two confirmed that Principal A

and two other staff members from School One had come to School Two and met with the principal of School Two (“Principal B”) to discuss attendance. Principal B and School Two are discussed further below.

The year before School One implemented its attendance-falsification system, its attendance office only changed 188 attendance days from “absent” to “present”, and the school’s attendance rate was 58.1%. In the first year that School One used the presumed-attendance method, however, the attendance office changed 15,916 attendance days from “absent” to “present”, and the school’s attendance rate jumped to 72.8%.

The OIG found that School One’s attendance practices were fraudulent and violated CPS attendance guidelines. The OIG recommended that Principal A’s employment be terminated and that a Do Not Hire (DNH) classification be placed in her personnel file. The OIG also recommended appropriate discipline for the three attendance clerks from School One who are still employed by CPS. Because the fourth attendance clerk and Assistant Principal A have since left CPS, the OIG recommended that DNH classifications be placed in their personnel files.

In addition, the OIG determined that a supervisor (“Supervisor A”) working for a school-management company (“Company A”) was negligent in her supervision of the administration at School One. Significantly, Supervisor A was previously employed as a CPS principal, but resigned in the wake of an unrelated OIG investigation and was classified as a DNH. After leaving CPS, she promptly obtained her current position with Company A supervising CPS schools. The OIG recommended that the Board advise Company A of the OIG’s findings in this report, as well as the findings in the OIG’s prior report that resulted in her DNH, so that Company A can consider what appropriate action to take.

School Two (OIG 14-01011): At School Two, the former principal (“Principal B”) implemented both the presumed-attendance method and the attendance-recovery method. The attendance clerks told the OIG that, during the 2012-13 school year, they refused to make questionable attendance changes ordered by Principal B. They said that Principal B threatened to eliminate their positions if they did not help the school improve its attendance rate. The clerks still refused, and Principal B eliminated one of their positions at the end of that year.

Then, before the start of the 2013-14 school year, Principal B hired a new supervisor (“Supervisor B”) who was tasked with managing and executing the school’s fraudulent attendance practices, which included overriding attendance entries for students who cut classes to show that they were present because either (1) they were presumed to be in the school building that day, or (2) they attended detention during a later period or on a later date. On a daily basis, Supervisor B compiled lengthy lists of students whose attendance entries needed to be changed from

“absent” to “present”. She then distributed the lists to the clerks, who made the changes in the computer system. One clerk complained that there were so many changes that it was difficult to finish them in a day without staying late. These attendance practices continued into the following school year until after Principal B left the school.

School Two’s attendance data shows that, for the year that the attendance clerks apparently refused to make the improper changes, the attendance office changed approximately 1.9% of the students’ attendance days from “absent” to “present” — a rate below the district-wide percentage. The next year, when Supervisor B was brought in and the remaining clerks relented, the attendance office changed at least 8.8% of the school’s attendance days from “absent” to “present” — a rate that was nearly five times greater than the district-wide percentage that year.

The OIG found that School Two’s attendance practices were fraudulent and violated CPS guidelines. In addition, the OIG found that the principal at School Two prior to Principal B (“Principal C”) also bore some culpability for School Two’s fraudulent attendance practices. During Principal C’s tenure at School Two, Principal B served as the assistant principal and initiated the improper attendance-recovery method on Principal C’s watch. Significantly, Principal C eventually resigned from CPS in the wake of an unrelated OIG investigation and was classified as a DNH.

Principal C is currently the director of a Chicago charter school (“Charter One”), and Principal B now works as the assistant director at Charter One under Principal C. Thus, once again, Principal C is supervising Principal B at a Chicago school. Supervisor B now works as the director of a different Chicago charter school (“Charter Two”). The OIG recommended that DNH classifications be placed in Principal B’s and Supervisor B’s personnel files. Additionally, the OIG recommended that the Board advise Charter One of the findings in the OIG’s report with respect to Principal B and Principal C, and also advise Charter One of the findings in the OIG’s previous investigation with respect to Principal C. The OIG recommended that the Board advise Charter Two of the findings in the OIG’s report with respect to Supervisor B.

One of the two attendance clerks who had made fraudulent attendance changes at School Two continues to work at the school, but the other clerk left the school and is working at another charter school. The OIG further recommended appropriate discipline for the clerk still working at School Two, and recommended that a DNH classification be placed in the personnel file of the clerk who no longer works for CPS.

School Three (OIG 14-00497): The OIG found similar fraudulent attendance practices at a third CPS high school (“School Three”) beginning in the 2012-13 school year and continuing into the 2015-16 school year. School Three’s former principal (“Principal D”) implemented the attendance-recovery method, and the school’s current principal (“Principal E”) continued that program. Principal E also admitted that School Three operates the presumed-attendance method.

School Three’s attendance clerks told the OIG that they primarily used the “school function” attendance code when making attendance changes. Several teachers complained that their attendance entries were regularly changed for numerous students who had been marked “absent unexcused” for cutting class. The teachers complained that those students were being marked present, after the fact, via the school-function code, even though the students were, in fact, cutting class and not merely missing class due to a school function. The attendance clerks informed the OIG that they used the school-function code to override absence codes entered by teachers when students who cut one or more classes during the day later attended after-school detention.

Principal D admitted that he initiated the school’s attendance-recovery program at the direction of the Network Chief (who has since left CPS) and that the school’s attendance rate rose as a result of the program. Although Principal E stated that she discontinued the attendance-recovery program in the first or second month of her administration, the school’s attendance records demonstrate that the program persisted into the second year of her administration. Moreover, Principal E admitted that, during her administration, students who swiped in for school were counted as being present for the day and for all their classes. The OIG determined that the attendance clerks used “swipe reports” to clean attendance by marking students “present” for classes that they cut because the students were presumed to be in the building.

School Three’s attendance data reflects that the school was changing nearly 8% of the students’ period entries to “school function”. The data also reflects that the number of changed attendance days at School Three was unreasonably high over several years — approximately three to four times greater than the district-wide average. By implementing the aforementioned attendance practices, School Three was able to artificially inflate its attendance rate from 71.6% to 85.2% over the course of a few years.

The OIG found that School Three’s attendance practices were fraudulent and violated CPS guidelines. The OIG recommended that Principal E’s employment be terminated and that a DNH classification be placed in her personnel file, as well as in the personnel file of Principal D. With regard to the attendance clerks, the OIG

recommended appropriate discipline for the two clerks who still work for CPS, and recommended a DNH for the one clerk who has left CPS.

School Four (OIG 16-00274): At a fourth CPS high School (“School Four”), the OIG found that attendance records were falsified at the direction of the former principal (“Principal F”) during the 2013-14 and 2014-15 school years. The attendance changes were executed by two attendance coordinators. The first attendance coordinator (“Coordinator A”) has since left CPS and refused to cooperate fully in the OIG’s investigation. However, the second attendance coordinator (“Coordinator B”) informed the OIG that Principal F gave him long lists of student names and directed him to change those students’ attendance entries without providing any explanation for the changes. The OIG was not able to ascertain whether Principal F was putting students on those lists because they had been on campus at some point during the day or whether he was simply making wholesale changes in cases when students were never on campus at all. Additionally, the OIG determined that, under Principal F, School Four employed the attendance-recovery method and abused the school-function code.

Attendance data reflects that during Principal F’s administration, School Four’s number of changed attendance days was unreasonably high. In his last year, the school’s rate of changing attendance days was more than seven times the district-wide average, and that year the school’s attendance rate was 87.9%. The following year, when the school was under new leadership, the high level of attendance changing ceased, and the school’s attendance rate fell to 76.1%.

The OIG found that the attendance practices implemented by Principal F were fraudulent and violated CPS guidelines. The OIG recommended that a DNH classification be placed in Principal F’s personnel file. The OIG also recommended a DNH for Coordinator A and recommended appropriate discipline for Coordinator B.

General Policy Recommendations: In addition to the specific disciplinary recommendations detailed above, the OIG recommended that the Board adopt a formal policy explicitly prohibiting the “attendance recovery” method of changing attendance records to reflect that, based on post-hoc “recovery” time, students were “in-attendance” for otherwise unexcused absences from regular classroom instruction. The OIG also recommended that the Board develop controls to prevent the types of abuse of the school-function code discovered by the OIG.

Office of
Inspector General
Chicago Board of Education
Nicholas Schuler, Inspector General

SIGNIFICANT ACTIVITY REPORT

THURSDAY, SEPTEMBER 8, 2016

THREE OIG INVESTIGATIONS UNCOVER FREE, OR ESSENTIALLY FREE, USE OF HIGH SCHOOL FACILITIES BY PRIVATELY OWNED SPORTS CLUBS

Three separate, in-depth OIG investigations that together focused on three commercial sports youth clubs and camps — a swimming club team (OIG 15-00302), a youth basketball club (OIG 14-00058), and a volleyball club that also offers camps (OIG 15-01073) — revealed that, for years, the administration at a high school (“School One”), under the leadership of its principal, had allowed the for-profit clubs to use its facilities for little to no cost, and did so without requiring the clubs to enter into the required facilities-rental contracts. Furthermore, in each instance, the sports clubs were owned by or employed School One personnel.

On May 9, 2016, the OIG issued summary reports to the Chicago Board of Education that detailed its findings and recommendations specific to each of the three investigations. The key takeaways from the investigations — both individually and in the aggregate — are as follows:

- The swimming club team had entered into back-to-back contracts to rent School One’s aquatics facilities from August 1, 2014, to September 30, 2016. For the contract that ran from August 1, 2014, to August 1, 2015, School One charged the team (what worked out to be) approximately \$1.20 an hour for rent. School One’s established list of facilities-rental prices did not include a rental price for the aquatics facilities. But using facilities-rental prices that were included on the list, the OIG calculated a baseline range of how much School One *should* have charged the club team, and subsequently concluded that, at a minimum, the school had forfeited \$71,701.70 to \$437,364.20 in rental revenue for that one year alone. Even more, when the second rental contract between School One and the swimming team ends on September 30, 2016, the school will have lost \$96,301.70 to \$582,504.20 in total rental revenue from August 1, 2014, to September 30, 2016.

Appendix B

- As to the youth basketball club, School One did not initially require it to enter into written rental contracts to use the school's gym, but instead operated under informal rental arrangements with the club until formal rental agreements were eventually put in place. Nevertheless, the club did not pay the rent that it had agreed to in either the informal arrangements or subsequent rental contracts, even though one of those contracts charged the club only \$250 a week in rent. As a result, the club ended up owing School One \$25,800 in back rent. And in an apparent attempt to collect a portion of the club's past rent, School One's principal entered into a bizarre agreement with the club's owner, through which the club proposed "to donate" approximately \$12,000 in basketball equipment that the school, in fact, actually already owned.
- The investigation of the volleyball club revealed that, in July of 2015 alone, the club had used \$7,115 to \$12,130 of free gym time to host a month-long series of volleyball camps at several CPS schools, including School One. In fact, the owner of the club, Coach A, admitted to the OIG that, from 2011 through 2015, his club had used the gym at School One, as well as the gyms at other CPS high schools, without executing the requisite rental contracts or paying any rent. The club also employed Coach B, who is School One's varsity volleyball coach. Evidence supported the conclusion that the club was able to operate at School One for free because of her employment.
- School One's principal and her former and current assistant principals (both of whom were and are, respectively, responsible for overseeing School One's facilities rentals) exhibited an unsettling willingness to allow school employees to use significant Board resources to make money through their privately owned sports clubs. In fact, when discussing the low rent that School A has charged the swimming club team, the principal told the OIG that she "definitely" would have instructed her subordinates to make sure that the team's rent was "as minimal as possible" so as to "reward[]" the team's owner for the contributions that he had made to the school as an employee and coach. The principal also told the OIG that she fully intended to allow the team's owner to make money through his commercial club team.
- Considering the three cases together, School One's administration gave hundreds of thousands of dollars in rental discounts to those private businesses, if not more, at the school's and the tax payers' expense.

Based on these conclusions, the OIG informed the Board that School One's principal's and assistant principals' actions should be a sobering wake-up call that a check is needed on school administrators' discretion as to how much to charge when renting school facilities — particularly the discretion that currently is afforded to

school principals. Consequently, the OIG recommended that the CPS Office of Real Estate enact mandatory guidelines that control the rental prices for school facilities. Such guidelines would (1) remove any specter that low rental prices are the result of favoritism on the part of school administration; (2) help ensure that the process of renting CPS school facilities is kept entirely transparent; (3) bring uniformity to the prices of school-facilities rentals across CPS; and (4) bring uniformity to the processes by which CPS school facilities are rented to outside groups.

The OIG further recommended that the Office of Real Estate should reiterate, and emphasize, to schools that a proper, written rental agreement needs to be completed every time facilities are rented. In addition, the rental prices should be kept up to date so as to reflect prevailing market rates. All payments must be made monetarily, and not through informal “in-kind” horse-trading. If appropriate, the guidelines may be comprised of ranges of rental prices that schools should use — for example, \$200 to \$250 an hour for rental of a gymnasium — instead of set prices. Regardless of how the Office of Real Estate structures the guidelines, the Office should make clear: (1) any facility that is not listed in the guidelines cannot be rented; and (2) all principals must follow the guidelines when renting school facilities, unless they provide a written explanation that presents a compelling justification to deviate from the guidelines. That written explanation should be sent to, and approved by, the Office of Real Estate before any rental contract is finalized, and be incorporated in the executed written rental contract. Once finalized, the Office of Real Estate should direct each school that rents its facilities to post the guidelines online so as to help ensure that CPS’s process of renting school facilities remains transparent.

Each of the three investigations is more fully summarized below:

Swimming Club Team (OIG 15-00302): Employee A, who also was School One’s aquatics head coach, solely owns a for-profit club swimming team that (1) operated out of School One’s aquatics facilities; (2) incorporated itself by using School One’s name; (3) listed School One’s address on its incorporation documents as the club’s address-of-record; and (4) advertised itself in such a way so as to suggest that it was formally affiliated with, or even sponsored by, School One. From August 1, 2014, to August 1, 2015, the team contracted to rent School One’s aquatics facilities for (what would work out to be) approximately \$1.20 an hour — a steeply discounted amount under any view.

Because School One did not list any prices for its aquatics center on its list of facilities-rental prices, the OIG was unable to determine the exact amount of rental revenue that it had abandoned through the club team’s discounted rent. Instead, the OIG could only calculate a range of forfeited rent by relying on the prices that the school charged to groups that rented a classroom (\$50 an hour), on the low end, and that rented the school’s largest gymnasium (\$295 an hour), on the high end. Relying

on these price points as references to what School One *should* have charged the club team, the OIG calculated that, from August 1, 2014, to August 1, 2015, the school had forfeited — at a minimum — \$71,701.70 to \$437,364.20 in rental revenue. And when the latest rental contract between School One and the swimming team ends on September 30, 2016, the school will have lost \$96,301.70 to \$582,504.20 in total rental revenue from August 1, 2014, to September 30, 2016.

When asked about the low rent that School One had charged the swimming club team, the school's principal admitted to the OIG that she intentionally had helped the swimming team — which is a privately owned and incorporated company — make money at the school's expense because Employee A owned the team. Specifically, she told the OIG that she “definitely” would have ensured that the team's rent was “as minimal as possible” so as to “reward[]” Employee A “for his contribution” to the school.

Based on these facts, the OIG determined that, by giving the swimming team up to half a million dollars (or more) in free rent through an insider process, School One's principal and current assistant principal completely abandoned their respective fiduciary duties to the school and the Board. Employee A, in turn, violated several provisions of CPS's Code of Ethics.

The OIG recommended appropriate discipline for School One's principal, current assistant principal, and Employee A. The OIG further recommended that the Board debar Employee A and the club swim team for an appropriate period of time.

The OIG also recommended that the Law Department send a letter to Employee A, ordering him to cease and desist using any statements or marks that suggest that the swim team was sponsored by, or was formally affiliated with, School One, instead of being an independent business. And the OIG further recommended that the Law Department terminate or appropriately amend the swim team's rental contract with School One that was in existence at the time of the investigation.

Youth Basketball Club (OIG 14-00058): Employee B, who was also School One's sophomore men's basketball coach, owns a youth basketball club. School One did not initially require Employee B to enter into written rental contracts so that his club could use the school gym. Instead, Employee B and School One had informal, verbal rental arrangements in place until formal written rental contracts were reached. Nevertheless, the club did not pay the \$25,800 in rent that it had agreed to through either the informal arrangements or subsequent rental contracts.

The OIG found that, in an attempt to recover the rent that the club owed to School One, the current assistant principal made an ad hoc amendment to the rental contract, lowering the club's rent to \$250 a week. That amendment bore a striking similarity to the rental contracts that School One had entered into with the

swimming team club in OIG 15-00302, in that it resulted in an unreasonably low hourly rental rate for the gym's use — specifically, in this case, what amounted to be only \$5.68 an hour. In other words, both School One's current assistant principal's amendment to the basketball club's rental contract, and the school's rental contracts with the swimming team club, furthered the OIG's conclusion that School One's administration provided unreasonably low and indefensible rent for outside organizations that had ties to the school.

The OIG also uncovered evidence that showed that School One's principal entered into an odd — if not a sham — business deal with the basketball club, whereby she agreed to accept an “in-kind donation” of approximately \$12,000 in basketball equipment (specifically, automatic basketball shooting machines) in exchange for reducing the amount of back rent that the club owed to the school. The OIG determined, however, that School One already owned the shooting machines that the club attempted “to donate”, and which the principal initially agreed to accept as payment.

By way of background, in the summer of 2015, School One's men's varsity basketball coach and Employee B contacted an Ohio-based company to purchase two shooting machines that, together, cost \$11,630. School One's basketball booster club — which Employee B helped to establish — made a \$5,000 down payment on the machines. In June of 2015, School One's principal and the men's varsity basketball coach signed a \$6,630 financing agreement with the company to cover the outstanding amount. The varsity coach further instructed the company to paint the machines in School One's colors, and to include lettering that touted the school's state championships. In addition, the invoice for the sale, as well as each of the two receipts for the two machines, listed the varsity coach as the individual at School One to whom the machines would be shipped.

But then, in November of 2015, Employee B approached School One's principal, proposing that his basketball club “donate” the shooting machines to defray the club's debts to the school. To prove that the club owned the shooting machines, Employee B presented falsified documents that purported to show that he had purchased the equipment personally. The principal agreed to the proposal. She later called the deal off, but only after the OIG pointed out to her that (1) School One, and not the basketball club, already owned the shooting machines; and (2) she had, in fact, personally approved School One's purchase of the shooting machines by signing the \$6,630 finance agreement for the equipment, not even five months earlier.

For her part, the principal told the OIG that she did not realize that School One had owned the shooting machines. The OIG, though, determined that the principal's claimed ignorance of School One's ownership of the machines strained credulity, at best, particularly given: (1) she and the men's varsity basketball coach had signed

the \$6,630 finance agreement for the machines; (2) the varsity basketball coach had assured the OIG that, before they executed the finance agreement, he had discussed it with the principal, the circumstances under which the machines were purchased, and how the down payment was made; (3) the varsity basketball coach, as well as the head of School One's basketball booster club, each unequivocally stated that the machines were purchased for the school, and not Employee B's basketball club; (4) the machines were customized to reflect School One's ownership of them; and (5) the total cost of the machines was over the procurement limit of \$10,000, which should have resulted in increased scrutiny on the principal's part. Moreover, when the OIG confronted the principal with the finalized finance agreement and asked why she had signed it, her first response was to acknowledge that the facts "did not look good." And although she confirmed that she had signed the finance agreement, the principal could not explain why she did.

The OIG recommended appropriate discipline for School One's principal and its former and current assistant principals. Employee B, however, resigned his position with CPS while under investigation. Because that investigation was substantiated, the OIG recommended that the Board place a permanent Do Not Hire classification in his personnel file. The OIG additionally recommended permanent debarments for Employee B and his basketball club, and that the Board take legal action against Employee B and the club to recover the \$25,800 in unpaid back rent, if it deemed that such legal efforts would be financially practicable.

Volleyball Club Team and Camps (OIG 15-01073): Volleyball Coach A was both a CPS employee in the district's Department of Sports and Facilities Management, as well as a former volleyball coach for a different high school ("School Two"). Coach A's volleyball club (which reported approximately \$1.285 million in annual revenue in its most recent financial report) also employed volleyball Coach B, who was a gym teacher and the volleyball head coach at School One. Coach A admitted to the OIG that, from 2011 through 2015, his volleyball club had used the gym at School One, as well as the gyms at School Two and another CPS high school, School Three, without executing the requisite rental contracts or paying any rent.

Because of the lack of any rental contracts or other similar documents that reflect the extent to which the club had used school facilities, the OIG could not calculate with any certainty the total amount of back rent that the volleyball club owed. Nevertheless, that amount was, undoubtedly, substantial. The OIG found that, in July of 2015 alone, the volleyball club held 28 volleyball camps, during which the club used — free of charge — 17 hours of gym time at School One, 12 hours at School Two, and 24 hours at School Three. Thus, for only one month out of five years of free gym usage, the volleyball club's unpaid rent totaled \$7,115 to \$12,130 (an amount reached by multiplying the individual schools' different rental rates by the number

of hours that the club had used the schools' facilities, and then totaling the resulting products).

The OIG concluded that Schools One, Two, and Three all should have been aware that the club was using their facilities for such a prolonged period of time without paying rent. Each of the schools displayed varying degrees of culpability, though, in failing to obtain rental contracts from the club. As to School One, its principal and former and current assistant principals each violated CPS school-usage policies by failing to enter into written rental contracts with the club. And Coach A publicly suggested that the volleyball club was able to use School One's gym free of charge as a form of compensation for Coach B's employment at the school. School Three's principal and its director of facilities, likewise, each violated CPS school-usage policies by failing to enter into written rental contracts with the club. School Two, though, was the only school that the OIG could not find was entirely at fault. Specifically, School Two's business manager credibly explained to the OIG that she did not know how often Coach A had used the school's gym for events associated with his private volleyball club, as opposed to events for School Two's official volleyball team. And, the business manager insisted, had the club asked to rent facilities, she would have charged it the full price of using the gym: \$230 an hour.

Coach A also told the OIG that the volleyball club did enter into one rental contract with an additional high school — School Four — that ran from September of 2015 to February of 2016. However, the club violated that contract by failing to carry sufficient general liability insurance. Moreover, Coaches A and B each violated provisions of the CPS Code of Ethics. Coach A violated the Code's provisions that proscribed (1) his secondary employment with his volleyball club; and (2) his conflict of interest in entering into a contract with School Four while having an economic interest in that contract. And Coaches A and B each improperly used Board resources to perform their secondary employment for the volleyball club.

The OIG recommended appropriate discipline for School One's principal and former and current assistant principals; the principal and facilities manager for School Three; and Coach B. The OIG also recommended that the Board terminate Coach A's employment with CPS and place a permanent Do Not Hire classification in his personnel file. Finally, the OIG recommended permanent debarments for Coach A and his volleyball club, and that the Board take legal action to recover from Coach A and his volleyball club the \$7,115 to \$12,130 of unpaid rent stemming from its use of facilities throughout July of 2015, if it deemed that such legal efforts would be financially practicable.