

# OFFICE OF THE INSPECTOR GENERAL MIAMI-DADE COUNTY PUBLIC SCHOOLS



## 2018 -2019 ANNUAL REPORT



# Message from the Inspector General



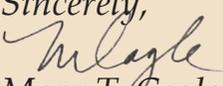
*I am pleased to present the Office of the Inspector General's (OIG) 2018-2019 Annual Report. This Report summarizes the activities of the M-DCPS OIG for the period of July 1, 2018 through June 30, 2019.*

*It is a privilege to serve as the M-DCPS's Inspector General. Thank you to the School Board for once again renewing the Interlocal Agreement with Miami-Dade County so that we can continue to serve. It is our goal to add value to the School District through objective and thorough investigations, evaluations and reviews. The School Board and the Administration should be commended for recognizing the value of independent oversight and welcoming our presence in their affairs.*

*Recently, Glenn Fine, the Acting Inspector General for the Department of Defense, spoke at the Association of Inspectors General Annual Training Conference. In his speech he described 7 principles*

*that he believes are critical to effective performance by an Inspector General's Office, and which we embrace and strive to achieve. Two of the most important are: (1) Remain Independent and (2) Tell the Good with the Bad. As you read our summaries, I hope you come away with an understanding of how important it is for us to be independent from outside influences. We cannot do our job effectively, if we are not independent. Secondly, as we issue our reports we are mindful of all the positive things that are occurring in our School District, including the work in the GOB program, renovating and modernizing schools throughout the County, and for the distinction of achieving a district-wide grade of A for a second consecutive year!*

*We look forward to another year of service.*

*Sincerely,*  
  
*Mary T. Cagle*

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# THE MIAMI-DADE COUNTY PUBLIC SCHOOLS OFFICE OF THE INSPECTOR GENERAL

The M-DCPS OIG, through independent oversight of School District affairs, detects, investigates and prevents fraud, waste, mismanagement, misconduct and abuse of power. The organization and administration of the OIG is independent to assure that no interference or influence external to the Office adversely affects the objectivity of the OIG.

The Inter-Local Agreement (ILA) between the School Board of Miami-Dade County and Miami-Dade County, initially executed in 2007, authorizes the operation of the M-DCPS OIG. The ILA sets forth the responsibilities, functions, authority and jurisdiction of the M-DCPS OIG.

The M-DCPS OIG promotes accountability, integrity and efficiency through its efforts in conducting audits, investigations and oversight activities of School District employees, contractors, projects and programs. All case assignments are conducted with the goal of improving the School District's performance.

We are pleased to submit this annual report, summarizing M-DCPS OIG activities during the past fiscal year (July 1, 2018 - June 30, 2019). The publication of this report provides an opportunity to share our accomplishments of the past year and fulfills the reporting requirements of the ILA.

The M-DCPS OIG is staffed with an on-site Supervisory Special Agent, four full-time Special Agents, and an Administrative Assistant. The supervision of the M-DCPS OIG falls directly under the Deputy Inspector General for Miami-Dade County. As needed, Miami-Dade County OIG personnel will supplement the M-DCPS OIG staff by providing legal, audit, and contract oversight assistance. This is in addition to the managerial and executive decisions, which by nature of the ILA, is performed by the County's Inspector General and her Executive Team.

The M-DCPS office is located on the third floor of the Annex Building of the School Board Administrative Complex, at 1501 NE Second Avenue, Suite 343, Miami, Florida.



# THE MIAMI-DADE COUNTY OIG EXECUTIVE TEAM



Inspector General Mary T. Cagle heads the OIG's executive team comprised of three direct reports. Deputy Inspector General Felix Jimenez is charged with leading the Investigations Unit and directing specific functions of detecting and investigating both criminal and administrative violations. As General Counsel, Patra Liu heads the OIG's Legal Unit, which includes the Office's contract oversight function. Audit Manager James Schlotzhauer is charged with leading the Audit Unit, which consists of a team of

certified professionals with a wide range of government and private sector experience. Investigative, audit, contract oversight and legal staff from the Miami-Dade County OIG work jointly with M-DCPS OIG as needed, ensuring productivity and maximizing efficiency. In accordance with the ILA, all services that Miami-Dade County OIG provides to the School District are billed on a quarterly basis.

## FAREWELL AND WELCOME



Ms. Angela Evans was employed as the M-DCPS OIG Administrative Assistant from September 2011 through March 2019 when she retired from Miami-Dade County Public Schools. We are especially thankful for Ms. Evans' hard work and dedication to our team. We wish her success, a bright future with the time to do the things she has always wanted to do, and hope she will enjoy every minute of her retirement. Ms. Evans will be deeply missed.

Ms. Maria Portillo, an M-DCPS employee since 1997, joined the M-DCPS OIG in April 2019 as our new Administrative Assistant. Her tenure at M-DCPS has included positions such as School Office Assistant; School Secretary/Treasurer; District Administrative Assistant in the Office of Grants Administration ; and Personnel Assistant in the Leave , Retirement and Unemployment Office. Prior to her employment with the school system, Ms. Portillo began her professional career working for the Florida Department of Highway Safety and Motor Vehicles as a Driver License Examiner and District Administrative Assistant at the Regional Office where she was employed for nine years.



# M-DCPS OIG BUDGET AND STAFFING LEVELS

The School Board funds the M-DCPS OIG annually to provide inspector general services to the School District. All personnel costs are funded under an annual budget allocation. For the 2018-2019 fiscal year, the School Board approved M-DCPS OIG's budget at \$799,022 to cover operating needs and personnel staffing. The ILA between the School Board and Miami-Dade County, enables OIG staff to work closely with the M-DCPS OIG employees. Under the ILA, the Miami-Dade County Inspector General is appointed Inspector General for the School District. The sub-account, Other Purchased Services, funds reimbursements to Miami-Dade County for staffing services provided to the School District under the terms and conditions of the ILA.

The M-DCPS OIG employees are all contracted managerial exempt personnel and serve at the will of the Inspector General. The Inspector General and her Deputy Inspector General directly oversee all operations of the M-DCPS OIG.

## RENEWAL OF THE INTER-LOCAL AGREEMENT FOR INSPECTOR GENERAL SERVICES



In 1777, the Continental Congress appointed the first inspector general of the Army. Fast-forward to the Inspector General Act of 1978, that resulted in the creation of 73 federal offices of inspectors general. Following the federal model, the State of Florida created inspector general offices for all state agencies. At the local level, the counties of Miami-Dade,

Broward, and Palm Beach; the cities of Jacksonville and Miami Beach; as well as many Clerk of Courts Offices have Inspectors General. All four of the largest school districts in the nation (New York, Los Angeles, Chicago and Miami) have inspector general offices.

In 2007, the Miami-Dade County School Board entered into an ILA with the Miami-Dade County Board of County Commissioners for the County's Inspector General. The ILA allows the County's Inspector General to serve as the Inspector General for the School District. The initial ILA was for a period of three years. A fourth amendment to this agreement was recently unanimously approved by the School Board Members and the County Commissioners, allowing the OIG to continue its service to M-DCPS until December 18, 2022.

One of the most important aspects of any OIG is its independence. This agreement assures that the organization and administration of the OIG is sufficiently independent so that no interference or influence external to the Office adversely affects the independence and objectivity of the Office of the Inspector General.

We would like to thank the School Board Members for the confidence that they have shown in our office by approving the latest amendment to the ILA. We would also like to thank the Superintendent and his staff for the cooperation and support they have shown over the years. The effectiveness of our office is enhanced by the tone set at the top. The importance and support shown by the Board Members and the Superintendent for the work done by the OIG goes a long way in assisting us in fulfilling our mission. We look forward to another three years of cooperative effort to improve the overall function of M-DCPS.

## PROFESSIONAL DEVELOPMENT

The OIG recognizes the value of a strong, diverse and highly skilled staff and continues its commitment to professionalism by supporting its workforce with training and professional development opportunities. M-DCPS OIG staff are provided specialized training courses to develop their skills in support of the OIG's mission.

All M-DCPS OIG Special Agents are active members of the Association of Inspectors General (AIG) and attend AIG-sponsored training and certification programs. All members of the investigative staff have been certified by the AIG Certified Inspector General Institute. Other training activities not only enhance investigative skills and knowledge base, but also provide the added benefit of satisfying the required continuing educational credits in their field. Some of the more noteworthy workshops were presented by the ACFE 2018 Anti-Money Laundering/Fraud Conference and the Institute of Internal Auditors/Association of Certified Fraud Examiners. Training was conducted in the following areas: Combating Fraud, Construction Project Audit Workshop, Payroll Law, Report Writing, Investigative and Administrative Case Closure, Cybersecurity Skills, Active Shooter Training, Photographic Line-up, Procurement Training, OSINT and Automation Tools for Social Media Awareness and Essentials of HR Law.



# COMPLAINTS ARE THE KEY

The majority of cases opened each year stem from complaints submitted to the OIG by School District employees, vendors, parents and other concerned citizens. Other cases stem from ongoing investigations and audits. We strive to provide a voice to all complainants. Complaints involving personnel matters and other similar issues, as well as matters beyond the M-DCPS OIG's jurisdiction, are referred to the appropriate parties. The M-DCPS OIG makes every effort to have every complaint addressed, either through an investigation, audit, review or referral.

## INTAKE AND PROCESSING COMPLAINTS

The M-DCPS OIG receives complaints by mail, via website, through the OIG fraud hotline and in person. All complainants can be assured that investigators are trained to maintain the confidentiality of the information provided and ensure the confidentiality of the complainant's identity pursuant to applicable laws and policies. The M-DCPS OIG logs each complaint received, and each complaint undergoes a review process to determine jurisdiction in the matter and what action is warranted. Based on the subject matter and the specificity of the information received, some complaints will result in the OIG initiating an investigation, audit or review. Other complaints may be determined to be more appropriately addressed by the Administration or by another governmental agency. In the case of most referrals, the receiving agency is requested to provide the OIG with its findings.

In accordance with Section 3(h) of the ILA, the M-DCPS OIG is the School District's designee for purposes of receiving Whistleblower Act disclosures under Florida Statutes, Section 112.3187(7), and for investigating them in accordance with Florida Statutes, Sections 112.3187-112.31895. Whistleblower disclosures are those disclosures that allege violations or suspected violations of law, rule or regulation that endanger health and public safety or allegations of gross mismanagement, malfeasance, misfeasance, gross waste of public funds or gross neglect of duty by persons in an agency or independent contractors. Any individual who makes such a disclosure is entitled to have his/her identity kept confidential pursuant to state law. Except for those complaints received anonymously, complainants are advised of the disposition of their complaints.

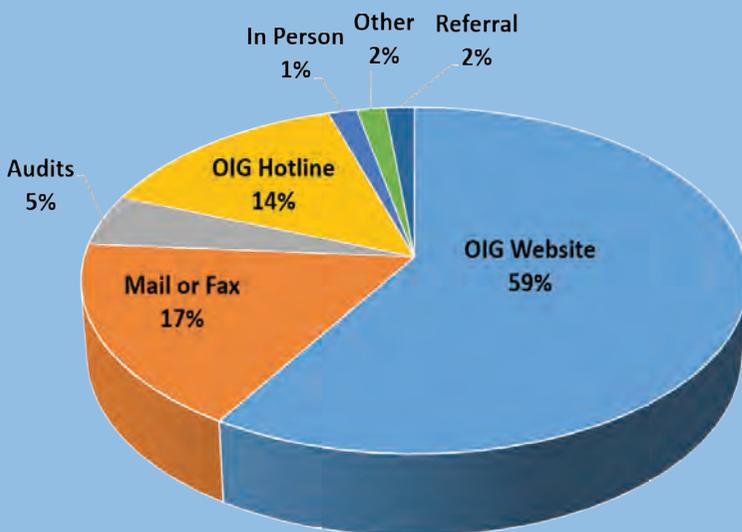
During FY 2018 - 2019, the M-DCPS OIG received 63 complaints in the following ways:

- 37 via OIG website
- 11 by mail and/or fax
- 9 through the OIG hotline
- 1 in person
- 1 through a referral
- 3 stemming from audits
- 1 other

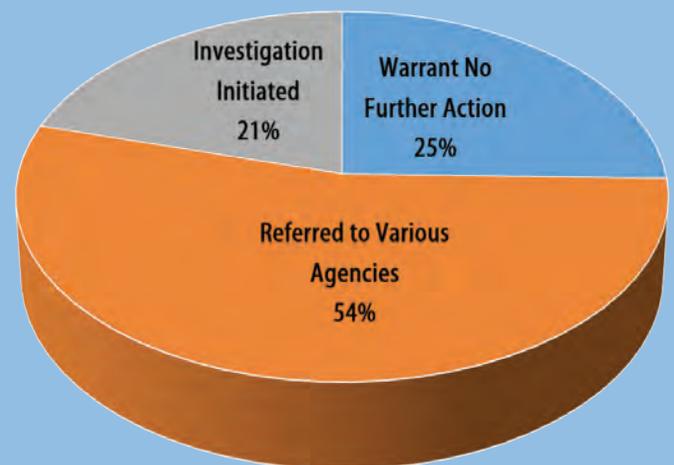
Of the complaints received, sixteen (16) were resolved by the M-DCPS OIG without need for further inquiry; thirty-four (34) were referred to various agencies within the School District, including School Operations, Regional Offices, Charter School Compliance, Office of Exceptional Student Education, Compensation Administration and the Miami-Dade Schools Police Department (M-DSPD); and thirteen (13) resulted in the initiation of an investigation.

To properly account for all referrals, the M-DCPS OIG maintains a log of the complaints routed to the administration and closely monitors responses. Based on the responses received, the M-DCPS OIG may close the complaint, return it to the administration for additional clarification or open our own investigation into the matter, provided we have jurisdiction. Throughout the year, M-DCPS OIG Special Agents continue to be engaged in ongoing investigations that were opened during prior fiscal years and have not reached conclusion.

**Number of Complaints Received  
FY 2018-2019**



**Disposition of Complaints Received  
FY 2018-2019**



# ADMINISTRATIVE CASES

The M-DCPS OIG conducts criminal and administrative investigations of fraud, waste, abuse and misconduct related to School District programs, operations, contracts and employees. M-DCPS OIG Special Agents have a wide variety of experience from law enforcement and regulatory agencies. They are well trained in white collar crime, financial fraud and public corruption investigations. The M-DCPS OIG coordinates with the Miami-Dade State Attorney's Office and other law enforcement authorities to leverage resources and fraud-fighting efforts. Our investigations often lead to criminal cases, administrative reports with recommendations and monetary recoveries.

The OIG's Analyst Unit provides investigative support, including intelligence gathering and analytical support, to the M-DCPS OIG upon request. OIG Investigative Analysts are dedicated to maintaining relationships with organizations such as the Financial Institutions Security Association and the Florida Department of Law Enforcement. The analysts also manage the OIG Hotline that allows the public, stakeholders and others to report suspected fraud, waste and abuse.

During this past fiscal year, numerous administrative investigations were completed pertaining to allegations of improper use of grant funds, nepotism, kickbacks, misuse of M-DCPS resources, improper salary supplements, violation of an administrative suspension order, theft at a trade center and abuse of power. The M-DCPS OIG also opened numerous investigations during the year that remain ongoing. These cases will be reported, when completed, in a subsequent annual report.

A summary of these investigations follow in the next few pages.



## **Unfounded Allegation of Improper Use of M-DCPS King Carter \$1 Million Grant**

The OIG received a complaint alleging an individual was improperly spending a \$1 million grant he received from M-DCPS. The complainant alleged that the grant had been awarded to the father of a 6-year old who was killed in a Liberty City area shooting. The complainant believed the grant required the funds be used to enhance afterschool care programs in the Liberty City area in hopes of reducing child deaths from street violence.

The OIG's investigation revealed that M-DCPS did not award a \$1 million grant, or any other amount, to the child's father. The \$1 million fund in question was an anonymous donation made to The Morgan Stanley Global Impact Funding Trust (MS GIFT), a non-profit organization that assists philanthropists who wish to make anonymous donations.

MS GIFT in turn donated \$930,000 to M-DCPS in honor of the slain child, and \$70,000 to The Urban Construction Craft Academy. M-DCPS allocated the \$930,000 grant it received to establish The King Carter Trade and Logistics Academy (King Carter Academy) in Miami Northwestern Senior High School and to expand the King Carter Academy in Miami Central Senior High School. The King Carter Academy provides education in the field of trade and logistics to at-risk students with the goal of providing job opportunities. M-DCPS used its non-profit organization—the Foundation for New Education Initiatives, Inc. (FNEI)—to manage this donation. FNEI is a non-profit organization formed and operated by M-DCPS, since 2008, through donations and community partnerships to help feed, clothe and shelter needy students and their families. FNEI used this donation and other funding to help M-DCPS establish and operate the King Carter Academy.

M-DCPS and FNEI have maintained transparency relating to the use of this donation by openly documenting their activities via M-DCPS memorandums, emails, press releases, multiple School Board Meeting Agenda Items and Meeting Minutes, accounting ledgers and spreadsheets, deposit slips and checks. Additionally, an external audit firm conducted audits of FNEI's activities and found no concerns. The School Board Audit and Budget Advisory Committee also reviewed the audit reports and found them to be in order. The audit reports were subsequently published in the M-DCPS Office of the Recording Secretary and in the Citizen Information Center.

Superintendent Carvalho has conducted follow-up public information briefings, School Board Meetings and media tours of the schools to show the progress made to date. This project is ongoing with additional funding scheduled during the next school year. The child's father is not involved in the management or operation and has never received any of the funds.

## Chabad Chayil Operating an Unlicensed After-School Care Program at M-DCPS

The OIG received an anonymous complaint alleging that a M-DCPS Board member and his chief of staff aided an organization named Chabad Chayil, with gaining free use of school property to run an after-school care program at various school sites throughout the north end of Miami-Dade County. The allegations included that the Board member and his chief of staff had used their positions to coerce school officials to accept Chabad Chayil at their respective campuses. The complaint further alleged that this practice had been in place for years. In addition, everyone who handled the building rentals in the School District had knowledge of their efforts to help this organization because of their affiliation and friendship with Chabad Chayil. The complaint also alleged that Chabad Chayil had been submitting fraudulent documentation to the School District in order to qualify for free space. According to the complaint, Chabad Chayil represented to the District that it did not collect fees for its services when in fact, it did.

The OIG investigation substantiated the allegation that Chabad Chayil submitted fraudulent documentation to M-DCPS for almost a decade, thus receiving free space for the operation of its after-school care program. For an organization to gain free use of school facilities, the meetings or use of the facilities must be open to the public and free of charge. Chabad Chayil, through its president, misrepresented on its application for Temporary Use Agreement that Chabad Chayil's "meetings" were free of charge and open to the public, and no admission or collection would be taken. The investigation determined that Chabad Chayil had been charging fees all along. Chabad Chayil's misrepresentations, over the past nine years, allowed them to gain access to school

facilities for free to operate its fee-based after-school care program a/k/a CHAP at Aventura Waterways K-8 Center (Aventura Waterways) since 2008 and Virginia A. Boone/Highland Oaks Elementary School (VABHOE) since 2016. These misrepresentations resulted in facility fee waivers totaling approximately \$1.3 million.

The OIG investigation also substantiated the allegation that the Board member's office aided Chabad Chayil in gaining free use of school facilities to operate its after-school care program at Aventura Waterways and at VABHOE. The OIG investigation revealed that although the Board member did not directly coerce the principals of the schools or M-DCPS administrators, as alleged, his chief of staff aggressively worked to make sure that the Temporary Use Agreements and fee waivers were approved every year. One school principal stated that although the Board member did not openly "twist his arm," he felt that approving the Temporary Use Agreement and fee waiver was something he was expected to do, and something desired by the School Board member. Another administrator stated that the School Board member's chief of staff threatened to go to her boss when she questioned Chabad Chayil's eligibility for a fee waiver.

Notwithstanding the allegations in the complaint, the investigation revealed even more troubling areas of concern. First, Chabad Chayil gained access to school facilities by filling out a Temporary Use Agreement application. This allowed Chabad Chayil to operate its after-school care programs in a manner that completely bypassed the District's established protocols for outside agencies operating after-school care programs. Outside agencies have been required to be preapproved by the School Board after being selected via a Request for Proposal (RFP) process prior to entering into an Affiliating Agreement for the provision of after-school care services. The School District

issued an RFP for not-for-profit after-school care program providers in 2007, and again in 2010. The RFPs contained the minimum requirements for providers to operate an after-school care program and are closely supervised by the District's Office of Community Education and Before/After School Care Programs.

Second, after-school care programs are regulated by Florida Statutes and Florida Administrative Rules, which are enforced by the Department of Children and Family Services (DCF). By circumventing the RFPs and using the Temporary Use Agreement—which is not the proper vehicle for implementing after-school care programs—Chabad Chayil was able to operate its after-school care program for years without the required license under Florida Statutes. Chabad Chayil operated without a license at Aventura Waterways beginning in 2008 until 2015, and at VABHOE beginning in 2016 until 2018.

Third, Chabad Chayil violated the Jessica Lunsford Act and the School District's vendor identification badge requirements for years without anyone at M-DCPS noticing or putting a stop to it. The OIG's investigation revealed that no one at the schools or M-DCPS administration asked Chabad Chayil for a list of employees, proof of Level 2 Background clearance for the employees operating the after-school care program on school property or for M-DCPS' identification badges.

There are serious implications for allowing Chabad Chayil use of school facilities for years by merely filling out a Temporary Use Agreement application and accepting it at face value without any sort of vetting and/or verification of the information. There was also a gaping disconnect between the various departments and administrators during the approval process. Although numerous administrators were interviewed, most assumed—including the principals—that because the Office of Budget

Management, Maintenance and District Facility Rentals processed the Temporary Use Agreement and facility fee waivers all these years, everything was in order. Some opined that the principals were responsible, as they are responsible for their schools and can reject the use of their school facilities by any organization. But while everyone was assuming someone else was responsible, Chabad Chayil operated its after-school care program without a license for seven years at Aventura Waterways and two years at VABHOE. Additionally, Chabad Chayil operated without M-DCPS requiring a list of employees working directly with students; without proof of Level 2 Screening of employees—or, for that matter, without Level 2 Screening of employees at all until they applied for a license with DCF. Furthermore, Chabad Chayil operated without certified instructors or activity leaders, without school badges, and without any supervision whatsoever.

The School Administration, in response to our report, pledged to strengthen the fee waiver request process by requiring prospective organizations to execute an affidavit of eligibility. Additionally, the District began overhauling its security processes, including when organizations rent its facilities, requiring that all individuals must obtain a photo ID badge and present it when accessing the school premises.

The violations of law and policy and the misrepresentations of fact discovered during this investigation could have had a disastrous impact on the safety of a child. No one held the after-school program accountable and, thus, it was allowed to operate rent free, without M-DCPS oversight and without the safeguards required by law to protect children.

## **Allegations of Nepotism, Kickbacks to Administration and Use of M-DCPS Resources for Personal Repairs at M-DCPS Southwest Maintenance Shop**

The OIG received a complaint alleging that the transportation manager at a M-DCPS maintenance shop was getting kickbacks from two vendors for repairs, and he and other employees were using M-DCPS resources and on-duty personnel to do jobs at their homes. The allegations also included violations of the M-DCPS nepotism policy. Additionally, the complainant claimed that the administrative staff used M-DCPS Police Department personnel to threaten the complainant with a gun and coerce the complainant into signing a letter of resignation.

The OIG interviewed numerous employees, administrators, vendors and reviewed M-DCPS Transportation Department records and other pertinent documents. All the allegations were unfounded. The OIG's investigation also revealed that the complainant's allegation that he had been coerced and threatened into signing a letter of resignation was unfounded. In fact, the complainant, at his request had been permitted to resign years earlier in lieu of being arrested after an internal investigation determined that he was stealing gasoline and other materials and repairing his own vehicle during work hours.

## **Improper Salary Supplements Paid to a Senior High School Teacher for Four Years**

The OIG received two anonymous complaints claiming that a senior high school principal had awarded improper supplements to two teachers at the school. The OIG's investigation substantiated that one of the two teachers had been paid a supplement for the debate club, during four consecutive school years when he should not have. The supplements cost M-DCPS over \$10,000. Due to a lack of records, the OIG was unable to establish how or where in the supplement award process the teacher's name was added to the debate club and submitted electronically. The OIG investigative results illustrated areas that needed improvement to prevent this from happening in the future. Accordingly, the OIG recommended that: (1) principals review and document approval of the supplements awarded on a yearly basis, prior to the actual submission into the Wage Type Approval Workbench (WAW) Supplement Maintenance application system; and (2) the yearly documented supplement approval list be maintained for the requisite period of time in accordance with the State of Florida records retention laws applicable to M-DCPS.

Upon receipt of our report, the offices of Human Capital Management and School Operations conducted a review of the WAW Supplement Maintenance application system. The Superintendent's office provided a report informing the OIG, that in 2016, WAW was updated to require schools to manually enter supplements on a yearly basis instead of permitting supplements to rollover from the previous year. Additionally, WAW now pro-

duces a report that identifies the employee number, date and time of approval for each supplement. Lastly, the Office of Compensation Administration now maintains a data file of all supplements, with approvals for each school year.

## **Suspended Vendor Gets Caught Attempting to Use a New Company Name to Circumvent an Administrative Order of Suspension**

The OIG began an investigation predicated on information received from M-DCPS' Chief Procurement Officer. According to the information, suspended school vendor, Master Clean Cleaning Equipment & Supplies Inc., (Master Clean), under new ownership, tried to circumvent Master Clean's 14-month suspension by applying for vendor certification under a new company name, Trusted Industrial Solutions, Inc. d/b/a T.I.S. Cleaning Equipment (T.I.S. Cleaning). T.I.S. Cleaning was created in January 11, 2016. The School Board had suspended Master Clean's vendor certification on January 13, 2016, for failure to disclose that a family member was a District employee in violation of School Board Policies 4129 – Conflict of Interest, 4210 – Standards of Ethical Conduct and 4210.01 – Code of Ethics.

The school maintenance employee, an Equipment Mechanic II and father of the owner of Master Clean, purchased thousands of dollars in parts and equipment from Master Clean using his M-DCPS purchase card (P-Card). The maintenance employee later resigned from his position with M-DCPS and Master Clean was suspended.

The Chief Procurement Officer informed the OIG that her office, while tracking expenditures on the P-Card, discovered there were several P-Card transactions that involved request for services and payments made to Master Clean after its suspension date. After the Office of Procurement Management Services (Procurement) discovered these transactions, notices were posted on its website and sent through the Weekly Briefings to all schools warning them not to use vendors that were on suspension, including Master Clean. Following these notices, T.I.S. Cleaning submitted a vendor application to Procurement to become an approved vendor. T.I.S. Cleaning and Master Clean not only shared the same business address, but also provided the same services (sales and repair of janitorial equipment), same employees and same owner. Based on the foregoing, it was surmised that Master Clean's new owner was attempting to circumvent Master Clean's Board suspension by applying for vendor certification under T.I.S. Cleaning.

The OIG investigation revealed that Master Clean was an approved M-DCPS vendor beginning in 2006 until it was suspended in 2016. Master Clean provided services that involved the sale and repair of janitorial cleaning equipment. In October 2015, Master Clean's owner entered into a verbal agreement with the owner of T.I.S. Cleaning Equipment, Edison Cantos, to sell Master Clean. However, the corporate officers and registered agent remained the same.

During the investigation, the OIG reviewed the M-DCPS account payable P-Card transactions for Master Clean from January 13, 2016 (date of the suspension) to April 27, 2016, and discovered that Master Clean was still doing business with eighteen schools, doing repairs and selling janitorial cleaning equipment, totaling \$13,352.58. The new owner of Master Clean confirmed that after Master Clean's suspension he continued to do business with M-DCPS. He also confirmed that after he was informed by several schools that they could no longer use Master Clean because of its suspension, he applied to be a registered vendor with the School District under his new company, T.I.S. Cleaning, so he could continue to repair and sell janitorial cleaning equipment as he had with Master Clean.

Although the OIG substantiated the allegations, the case was closed administratively as the School District was no longer doing business with Master Clean, or T.I.S. Cleaning or any of its current or previous owners. At the time of the report, both Master Clean and Trusted Industrial Solutions, Inc. d/b/a T.I.S. Cleaning Equipment were inactive corporations. The Florida Division of Corporations has administratively dissolved Master Clean, but, as of August 2018, Trusted Industrial Solutions has been reinstated and appears to be back in business; however, not with the School District.

## **Possible Theft at a Trade Apprenticeship School**

The OIG received an anonymous complaint alleging a possible theft of funds at Air Conditioning, Refrigeration, and Pipefitters Education Center (ARPEC), a trade apprenticeship school. The complainant alleged that the Director of Education (Director) had been terminated because he was caught stealing money. The complainant was concerned because the apprenticeship program receives funding from M-DCPS. The president of the Air Conditioning, Refrigeration, and Pipefitters Local Union 725 (Local Union 725), resigned approximately a week after Mr. Roden was terminated, and the complainant believed the president may have also been involved due to the timing of his resignation.

The OIG investigation into this allegation revealed that M-DCPS reimbursed ARPEC an annual per-student fee of \$2,000, which totaled over \$1 million paid to ARPEC between 2010 and 2018 calendar years. M-DCPS records were obtained and relevant staff were consulted to aid in compiling payment and contractual information about the M-DCPS and ARPEC business relationship. The OIG opened an investigation with a focus on any misuse of M-DCPS funds. ARPEC also receives funding from other sources.

The OIG investigation revealed the Director had been terminated for cause for submitting several requests for reimbursement of questionable credit card purchases and receiving payment. An internal management audit and internal investigation identified these questionable reimbursements; however, it did not identify any issues connected to the M-DCPS funding. M-DCPS reimburses ARPEC for verified student completion points, and the funds are directed towards dedicated operational costs (such as teacher payroll).

The Director's alleged misappropriation of internal funds dealt with credit card reimbursements for administrative expenses, which are not related to the M-DCPS operational funding ARPEC receives. The Director's actions only affected the funding ARPEC received via contributions from the paychecks of regional workers in Local Union 725. ARPEC was also conducting an internal investigation/audit into the matter. The entity overseeing ARPEC is regulated by federal government guidelines and the findings of the internal investigation will be submitted to the federal agencies that regulate their industry.

The OIG investigation revealed that no other ARPEC staff seems to have been involved, including the president, who retired at his pre-planned retirement date, which just happened to coincide with the Director's termination. Accordingly, the OIG investigation determined that the allegations against the president were unfounded. Any possible misappropriation of internal funds at ARPEC by the Director did not involve M-DCPS funds and was therefore beyond the jurisdiction of the M-DCPS OIG.



# CRIMINAL CASES

In 2019, a long term investigation involving fraud through hiring of ghost employees and taking kickbacks, culminated in the sentencing of two Adult Education principals, Jean Ridore, the principal of the North Miami Adult Education Center (NMAE Center) and Joey Bautista, the principal of Miami Jackson Adult Education Center (MJA Center). Additionally, a spin-off investigation uncovered an elaborate scheme conducted by two M-DCPS GED (General Education Diploma) Test Administrators and a civilian to sell GEDs for exorbitant prices.

Jean Ridore was sentenced to six years in prison after a two week trial in September 2018. Over the years he had placed many individuals on the School District's payroll who never showed up to work. They did however receive a paycheck which they split with Mr. Ridore. The individuals he placed on the School District's payroll worked at his home caring for his children, sometimes did personal work for him repairing and painting his home, and some did nothing at all. In one of his most blatant abuses of the School District's resources, Mr. Ridore kept an individual on the

payroll who moved to China for 8 months, during that entire time she was paid by the School District. The individuals he placed on the District's payroll were extremely loyal to him, thus infiltrating the scheme was difficult.

Ultimately, through an undercover operation, Mr. Ridore accepted \$1,000 from an agent posing as someone who wanted to get on the District's payroll. Mr. Ridore, believing the agent was a handyman, told him he would get him on the District's payroll and he would just have to paint his (Ridore's) house. Mr. Ridore took the undercover agent to his home to discuss the repairs, told him he would not have to work at the school, and told him he would have to give him half of every paycheck received. Ultimately as a result of the undercover operation Mr. Ridore was arrested, tried and sentenced to 6 years in prison.

After Mr. Ridore was arrested on charges of Unlawful Compensation, Official Misconduct and Grand Theft, agents executed a search warrant at the NMAE Center and seized over 50 boxes of



evidence. Subsequent to Mr. Ridore's arrest, 38 individuals were taken off the School District's payroll. Mr. Ridore is currently serving his prison sentence.

Interestingly, Joey Bautista, the principal at MJA Center, was known as "Baby Ridore" and at one point in his career with the School District had been Mr. Ridore's Assistant Principal at NMAE Center. Bautista paid his personal housekeeper/nanny with School District funds and directed her to clean and cook at his home and take care of his children – all while she remained on the MJA Center's payroll, at a cost of \$41,798.22. At one point in the investigation Mr. Ridore admitted that he had hired Mr. Bautista's girlfriend in exchange for Mr. Bautista hiring Mr. Ridore's brother, neither of them went to work at the School District, they just received a pay check.

Mr. Bautista pled guilty on July 10, 2019 and was sentenced to two years of community control and three years of probation. Additionally he was ordered to pay \$41,798.22 in restitution to the School Board.

During the investigation of the Ridore/Bautista ghost employee scam, information was received that School District employees were engaged in a fraudulent scheme to sell GEDs. Additionally, Mr. Ridore told investigators that he had purchased a GED for his girlfriend. That led to further

investigation ultimately resulting in the uncovering of an extensive scam involving the selling of GEDs to migrant workers and others for prices between \$150 and \$2,800 dollars.

The OIG investigation determined that Ms. Roxanne Insignares was responsible for the GED test location at Miami Lakes Educational Center and Technical College and Antonio Bouzan was a GED Registrar under Ms. Insignares. Ms. Insignares falsified records and submitted false information to the Department of Education, M-DCPS and the GED Testing Service to obtain certificates for individuals who never took the test, but paid her and Mr. Bouzon for their fraudulent GED. Marta Avalos (not a M-DCPS employee) was identified as a "broker" who collected cash from the fraudulent GED recipients.

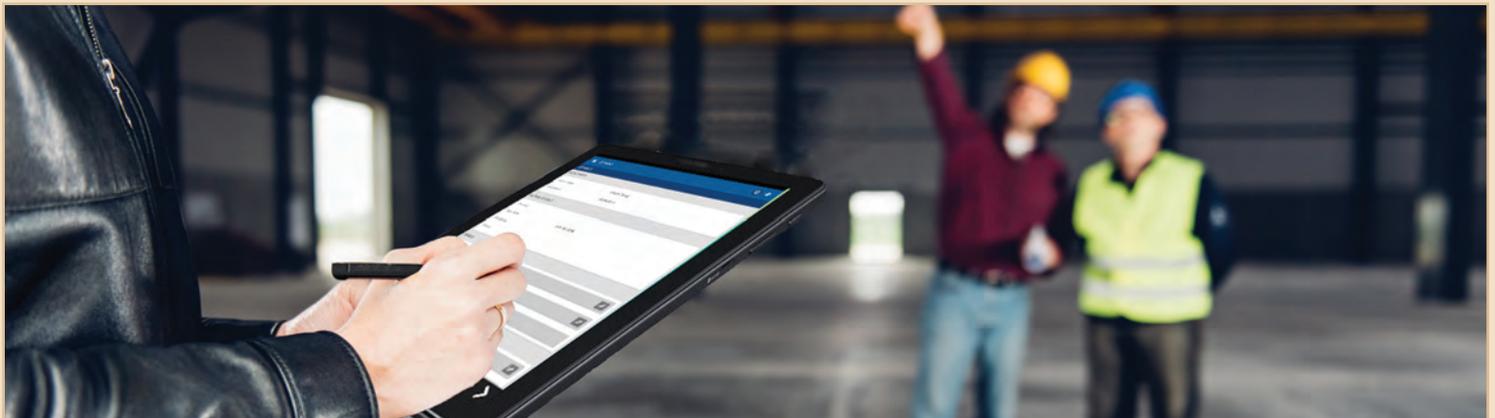
Ms. Insignares, Mr. Bouzan and Ms. Avalos have been charged with Organized Scheme to Defraud and are awaiting trial. The charges against them involve a scheme where they collectively sold approximately 20 GEDs to individuals who never took the exam yet hoped to use the credentials to prove they were high school graduates.

# OIG OVERSIGHT OF THE GENERAL OBLIGATION BOND PROGRAM GO BIG!

The M-DCPS OIG's GO BIG oversight initiative consists of investigations, audits, inspections, evaluations and reviews related to capital improvements that are funded by the issuance of \$1.2 billion in general obligation bonds. Since 2013, the OIG has been assisting the School District in monitoring and preventing fraud, waste and abuse in the 21st Century Schools Capital Improvements Program.

During the past year, much of the OIG's oversight activities have focused on our inspection of D. Stephenson Construction Inc.'s (DSC) substitution practices of its electrical subcontractors. We identified that DSC was non-compliant with M-DCPS construction procedures and contract requirements. Since the OIG's issuance of its final report in this matter, M-DCPS has been trying to resolve non-compliance issues with DSC, including its attempt to negotiate a settlement agreement with DSC that contemplates some measure of administrative suspension. Should an agreement not be reached, M-DCPS will have to determine what action it must take with respect to DSC's contractor status at M-DCPS. M-DCPS has acknowledged the severity of the non-compliance findings brought to light by the OIG's inspection. The OIG, on the other hand, will continue to monitor M-DCPS' efforts to bring this case to resolution.

The basis of this inspection stemmed from a prior OIG investigation involving Complete Power Systems, LLC (Complete Power), an M-DCPS electrical contractor. In that case, the OIG found that Jubert Lowe, the purported 51% owner of Complete Power, was used as a "front" in order to qualify the company for Minority/Women Business Enterprises (M/WBE) certification (Complete Power was also a certified Small/Micro Business Enterprises (S/MBE) firm). The investigation also revealed that Complete Power and other companies, co-owned by Mr. Lowe, were the electrical subcontractors on several DSC projects at one time or another. The investigation further revealed that DSC's project manager and Mr. Lowe had a prior business relationship. As a result of this investigation, M-DCPS debarred Complete Power and its principals, including Mr. Lowe, from doing business with the School District for three years. The two other companies co-owned by Mr. Lowe (RNH



Electrical, LLC and State Building Contractors, LLC) were also debarred. Additionally, all certifications held by these firms were revoked for 18 months, and all work performed was excluded from utilization goals.

The OIG performed this inspection to assure that the selection of Mr. Lowe's firm and/or the substitution of one Lowe-owned firm for another Lowe-owned firm was compliant with established procedures and duly authorized. This inspection focused on four M-DCPS General Obligation Bond renovation projects awarded to DSC from 2014 through 2016. DSC was the Construction Manager At-Risk (CMAR) on each project and, as such, was responsible for bidding out all of the various scopes of work, entering into agreements with the subcontractors and managing construction. Of the four projects reviewed, three projects had at least one substitution where DSC was non-compliant with established M-DCPS construction procedures and contract requirements. M-DCPS construction procedures requires that the School District be made aware of the change in subcontractor, as well as approve such change.

For two projects where the original electrical subcontractor (Complete Power—a Lowe-owned firm) was slated to meet an S/MBE utilization goal, DSC notified M-DCPS of the anticipated substitution; however, the substitution documents were not approved because the replacement firm (State Building Contractors—another of Lowe-owned firm) was not a certified S/MBE. Regardless, the substitutions took place. For the third project, DSC failed to timely advise M-DCPS of the withdrawal of the original electrical subcontractor (RNH Electrical—a Lowe-owned firm) from the project and its replacement (State Building Contractors—a Lowe-owned firm). Furthermore, substitution documents were not submitted for M-DCPS' approval.

More troubling was that State Building Contractors was not a State of Florida licensed electrical contractor. Mr. Lowe was not a licensed electrician and could not qualify State Building Contractors. However, State Building Contractors was being utilized to replace firms Complete Power and RNH Electrical that were duly licensed. According to M-DCPS, the electrical work on these projects passed their final inspections. However, it does not absolve the fact that work was performed by an unlicensed firm. Based on our findings, we recommended that M-DCPS recalculate the S/MBE goals for the two projects where electrical work was not completed by an S/MBE firm. M-DCPS's recalculated goals for the two projects amounted to 27.23% and 18.76%. Each project originally had an S/MBE construction goal of 20%, thus one project exceeded its goal while the other did not meet its goal.

Since the substitution events described in the OIG's report took place, the M-DCPS Office of School Facilities has strengthened its monitoring and approval process for subcontractor substitutions. As previously reported by the OIG, M-DCPS has implemented new procedures, including a new Sub-contractor Substitution Request form that also requires the contractor to provide a notarized explanation for its need of the substitution.

# COLLABORATIVE PARTNERSHIPS

Section 4 of the ILA recognizes the importance of forming collaborative and professional relationships with internal and external entities. While maintaining our level of independence, the M-DCPS OIG works with the Office of Management and Compliance Audits, the M-DSPD, and several offices under the umbrella of Human Capital Management; particularly the Office of Professional Standards and Compensation Administration, the Civilian Investigative Unit and the Office of Civil Rights.

The M-DCPS OIG attends all Audit and Budget Advisory Committee meetings and Ethics Advisory Committee meetings. Through these forums, we present the findings of our reviews, inspections, investigations and audits. Additionally, we also attend the 21st Century Bond Advisory Committee meetings and the Secure Our Future/Teacher Salary Task Force, where the Inspector General sits as a non-voting member of the committee. Attendance at these meetings keeps us apprised of the activities of partner agencies and facilitates opportunities for communication and teamwork. The M-DCPS OIG continues to develop relationships with external entities, recognizing the synergistic value of these partnerships. Our external partners have included the following:

- Corporation for Public Broadcasting OIG
- Florida Auditor General
- Federal Bureau of Investigation
- Florida Department of Education OIG
- Florida Department of Business and Professional Regulation
- Florida Department of Financial Services, Division of Insurance Fraud
- Florida Department of Law Enforcement
- Internal Revenue Service
- Miami-Dade State Attorney's Office
- U.S. Department of Education OIG
- U.S. Department of Homeland Security
- United States Attorney's Office of the Southern District of Florida

## **The Ethics Advisory Committee and the Office of Inspector General (OIG)**

The mission statement of the District's Ethics Advisory Board (EAC) is: to help ensure the integrity of the Board's decision-making processes and to restore public confidence in public schools. The purpose of the EAC is to promote the public trust, by among other things, educating the public, candidates for election to the Board, Members of the Board and employees of Miami-Dade County Public Schools as to the required standards of ethical conduct, clarifying those standards of conduct and recommending changes to the various rules and regulations which set forth the governing standards of ethical conduct.

Similar to our interaction with the Audit and Budget Advisory Committee, members of the OIG attend all EAC meetings. OIG investigative reports, audits and reviews are presented to the EAC as information items. The OIG recognizes the value of the EAC and looks forward to our continued participation. These relationships are vital to advancing our respective oversight missions and ensuring successful case outcomes.

# We are committed to providing oversight to the 4<sup>th</sup> largest school district in the nation.

M-DCPS Budget in 2018-2019	\$5,179,418,854
M-DCPS OIG Budget in 2018-2019	\$799,022
\$ Paid to Vendors	\$1,281,055,103
# of Vendors	5,947
# of Students	350,040
# of Public Schools	342
# of Charter Schools	134
# of Employees	37,830

**A** RATED SCHOOL DISTRICT  
**X2**

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M-DCPS OIG  
1501 NE 2nd Avenue  
Suite 343  
Miami, FL 33132  
(305) 523-0623