

Investigative Report

Arkansas Legislative Audit

Review of Selected Transactions Southeast Arkansas Education Service Cooperative

July 1, 2022 through May 23, 2023



INTRODUCTION

This report is issued subsequent to a review of questionable transactions brought to the attention of Arkansas Legislative Audit (ALA) by the Southeast Arkansas Education Service Cooperative (Coop) and the Arkansas Department of Education – Division of Elementary and Secondary Education (DESE) during routine audit procedures conducted for the 2023 fiscal year. These transactions concerned two Recruitment and Retention Specialists (RRS), employed by the Coop, whose duties included visiting member school districts to provide support for “novice teachers.”¹ Coop officials discovered that these employees charged time and mileage for visits that never occurred, and an investigation by a law firm hired by the Coop confirmed the improprieties.

OBJECTIVES

Objectives of this review were to:

- Examine RRS school district visits for validity.
- Determine overpayments received by each RRS for visits determined to be invalid.

SCOPE AND METHODOLOGY

This review was conducted primarily for the period July 1, 2022 through May 23, 2023. ALA staff reviewed relevant Coop records, including sign-out sheets, RRS employment contracts, check registers, and travel reimbursement forms. In addition, documentation obtained by the law firm, including written statements by novice teachers and school district sign-in sheets, was examined.

BACKGROUND

Novice Teacher Mentoring Program

Ark. Code Ann. § 6-17-2806 requires Arkansas public schools to provide mentoring for novice teachers. All districts may participate in a mentoring program funded by the Novice Teacher Mentoring grant, a state grant, and administered by the DESE Office of Educator Effectiveness and Licensure. DESE coordinates the grant-funded mentoring program with education service cooperatives throughout the State, and the cooperatives employ RRS to provide onsite mentoring. RRS must hold an Arkansas teaching license.

¹ Ark. Code Ann. § 6-17-2803 defines “novice teacher” as “a teacher having less than three (3) school years of public school classroom teaching experience.”

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Southeast Arkansas Education Service Cooperative

Located in Monticello, the Coop provides professional development and other services to 15 member school districts and is governed by a Board of Directors (Coop Board) comprised of each member district's superintendent. Funding consists primarily of state assistance, federal assistance, and other revenue.

The Coop employed two RRS who were responsible for providing support to novice teachers and whose salaries were 100% funded with Novice Teacher Mentoring grant funds. The Coop maintained daily sign-out sheets, on which RRS indicated their name, time out/in, destination (e.g., school district), and "business explanation" (e.g., novice teacher support), and the RRS submitted travel reimbursement forms to the Coop for mileage expense related to each visit.

The Coop Board placed the RRS employees on administrative leave on May 23, 2023, after improprieties were discovered, and both employees resigned shortly thereafter.

RESULTS OF REVIEW

During the period July 1, 2022 through May 23, 2023, the two RRS claimed to have made a total of 250 onsite visits to member school districts to provide support to novice teachers. ALA staff review of district sign-in sheets and written statements provided by teachers revealed that, of the 250 onsite visits:

- 5 visits could be confirmed as having occurred.
- 108 visits did not occur. It appears that the two RRS falsified sign-out sheet entries and submitted fraudulent travel reimbursement forms associated with these visits. As a result, the RRS received salary overpayments and improper mileage reimbursements totaling \$23,236, as shown in **Exhibit I**.
- 137 visits, and associated travel costs, could not be confirmed due to inadequate records and failure by two school districts to provide information requested by the law firm hired by the Coop. Therefore, the actual amount of salary overpayments and improper mileage reimbursements could be significantly higher.

Exhibit I

**Southeast Arkansas Education Service Cooperative (Coop)
Summary of Improper Payments to Recruitment and Retention Specialists (RRS)
For the Period July 1, 2022 through May 23, 2023**

<u>Employee</u>	<u>Number of Improperly Claimed Visits</u>	<u>Improper Salary Payments</u>	<u>Improper Mileage Reimbursements</u>	<u>Total</u>
RRS #1	60	\$ 11,170	\$ 1,230	\$ 12,400
RRS #2	48	9,774	1,062	10,836
Total	108	\$ 20,944	\$ 2,292	\$ 23,236

Source: Coop member district sign-in sheets and other documentation (unaudited by Arkansas Legislative Audit)

RECOMMENDATION

ALA recommends Coop management and DESE increase oversight regarding onsite visits to member school districts. Additionally, ALA recommends Coop management strengthen controls related to mileage reimbursements.

It should be noted that a letter to ALA, dated August 2023, from the Assistant Commissioner of Fiscal and Administrative Services states that DESE:

“has been implementing changes to the Novice Teacher Mentoring grant program over the past year to provide greater oversight. Those changes include designating a position to work directly with all of our novice teacher programs across the State, including onsite visits of school campuses, to ensure the efficacy of the program and increasing monitoring of the administration of this grant program at the education service cooperatives.”

MANAGEMENT RESPONSE

Management response is provided in its entirety in **Appendix A**.

SUMMARY

Two RRS, employed by the Coop, claimed to have made a total of 250 visits to member school districts to provide support for novice teachers during the period July 1, 2022 through May 23, 2023. Based on ALA staff review, it appears that 108 of these visits did not occur, resulting in the two RRS receiving salary overpayments and improper mileage reimbursements totaling \$23,236. Additionally, 137 of the 250 visits could not be confirmed due to inadequate records and failure by two school districts to provide information requested by the law firm hired by the Coop. Therefore, the actual amount of salary overpayments and improper mileage reimbursements to the RRS could be significantly higher.

The Coop Board placed the RRS on administrative leave on May 23, 2023, after improprieties were discovered, and both employees resigned shortly thereafter. At a meeting held on June 13, 2024, the Arkansas State Board of Education accepted recommendations from the Professional Licensure Standards Board Ethics Subcommittee for disciplinary action against the RRS, including probation of license for two years, assessment of a \$250 fine, and completing of required coursework and readings.

This report has been forwarded to the 10th Judicial District Prosecuting Attorney and the Attorney General.

Appendix A

Management Response

Dr. Nathan White
Director

Emilee Dutton
Assistant Director
TCC



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September 13, 2024

Tim Jones, CPA, CFF
Assistant Legislative Audit
500 Woodlawn Street, Suite 172
Little Rock, AR 72201

Dear Mr. Jones:

This letter is in response to the investigative report findings presented to the Cooperative during the Audit Exit Conference on September 5, 2024, regarding the Southeast Arkansas Education Service Cooperative - Review of Selected Transactions.

Finding:

Two RRS, employed by the Coop, claimed to have made a total of 250 visits to member school districts to provide support for novice teachers during the period July 1, 2022 through May 23, 2023. Based on ALA staff review it appears that 108 of these visits did not occur, resulting in the two RRS receiving salary overpayments and improper mileage reimbursements totaling \$23,236. Additionally, 137 of the 250 visits could not be confirmed due to inadequate records and failure by two school districts to provide information requested by the law firm hired by the Coop. Therefore, the actual amount of salary overpayments and improper mileage reimbursements to the RRS could be significantly higher.

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Response:

To minimize opportunities for improprieties in the future concerning travel by Cooperative employees traveling from their official workstation to a temporary work location and improper mileage reimbursements, the following steps have been taken:

Appendix A (Continued)

Dr. Nathan White
Director

Emilee Dutton
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1. All staff who travel between their official workstation and temporary work locations—member districts, other educational institutions, and any other location where the employee will engage with stakeholders and submit documentation for reimbursement—are required to maintain their own sign-in/sign-out documentation in lieu of the documentation maintained or required by the temporary work location.
2. The Cooperative is actively seeking a technological solution to improve the travel documentation for our employees, specifically an app or similar software that will allow for the recording of employee sign-in/sign-out time in addition to geolocation data.
3. The Cooperative will continue to refine its processes and procedures as appropriate, including mileage reimbursement and documentation of work-related travel between the official work location and any temporary work location.

Sincerely,

Dr. Nathan White
Director

