

Office of the Inspector General

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Review of Laurens County School District 55 Fiscal Practices for 2021 - 2024

I. Introduction

The South Carolina Office of the State Inspector General (SIG) was established by the South Carolina General Assembly in 2012 (Act No. 105) for the purpose of investigating and addressing allegations of fraud, waste, abuse, mismanagement, and misconduct in agencies, specifically the executive branch of state government.

The SIG's authorities are found in [South Carolina Code of Laws, §1-6-10 et seq.](#) In 2022, the South Carolina General Assembly passed S. 202 (Act No. 223) which expanded the SIG's authority, with limitations (§1-6-35), to investigate public schools and school districts, public charter schools and authorizers, and voluntary associations that establish and enforce bylaws or rules for interscholastic sports competition for public secondary schools.

By [letter dated 12/14/23](#), the Laurens County Legislative Delegation requested the SIG conduct an investigation or review of the Laurens County School District 55 (District) at the request of the District's Board of Trustees (Board) regarding the allegation of the delivery of speech/language therapy to students by a vendor's employee who was not legitimately or properly licensed to deliver services. The Delegation also requested the SIG to review any additional allegations of fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, or wrongdoing as deemed appropriate.

The purpose of this report is to provide a road map for the District's leadership and its Board to improve its delivery of quality education to its students in a unified effort. This review focused on the broader issues confronting the District in the areas of fiscal affairs and human capital. The SIG's report is not intended to address every individual complaint or issue conveyed to the SIG. The SIG did not identify criminal activity in the materials reviewed. However, the fraud risk level is assessed at the Moderate to Moderately High level due to significant deficiencies and material weaknesses in its fiscal practices and lack of internal controls in its governance.

The SIG extends its appreciation to interim co-superintendents Dr. Jody Penland and Dr. Rhett Harris, District staff, and members of the Board for their cooperation and intentionality of seeking solutions to the issues identified by the SIG. The SIG also extends its appreciation to current and former teachers and administrators, and to the parents and constituents in the District for the candor, courage, and valuable input provided to the SIG during this review.

Table of Contents

	<u>Page</u>
I. Introduction.....	1
II. Background.....	4
A. Predicate.....	4
B. Scope and Objectives.....	4
C. Methodology.....	4
D. Laurens County School District 55.....	4
E. Board of Trustees.....	5
III. Fiscal Affairs.....	5
A. District Procurement Code.....	5
B. District Procurement Card Policies and Procedures.....	5
1. Procurement Card Transactions.....	6
2. Physical Security of Procurement Cards.....	7
3. Procurement Card Debt Satisfaction Process	7
C. Employee Reimbursement Policies and Procedures.....	8
1. Employee Travel Reimbursements.....	8
2. Kingston Plantation Resort Travel Payments.....	9
D. Gift Cards and Employee Giveaways.....	10
E. Food Purchases Using District Fund.....	11
F. Mischaracterization of Funds.....	12
G. Speech/Language Therapy and Other Services.....	12
1. Unlicensed Contract Speech/Language Pathologist	12
2. Overpayment of Speech/Language Pathologist Assistant.....	13
3. Lack of Contracts with Vendors.....	13
4. Bonuses Paid to Contract Employees.....	14
H. United States Department of Agriculture Funds.....	14
I. Findings and Recommendations – Fiscal Affairs.....	15
IV. Human Capital.....	17
A. District Staffing.....	17
B. Uncertified Teachers.....	18
C. Uncertified Teachers not listed as Teacher of Record in PowerSchool.....	19
D. Findings and Recommendations – Human Capital.....	19
V. Other Observations.....	19
A. Title I and Title II Expenditures.....	19
B. Conflict of Interest Policy and Dual Employment Policy.....	20
C. Findings and Recommendations – Other Observations.....	20

VI. Summary.....21

VII. Way Forward..... 22

[District and Board Response](#)

II. Background

A. Predicate

By [letter dated 12/14/23](#), pursuant to South Carolina Code of Laws, §1-6-35 (A)(3), the Laurens County Legislative Delegation requested the Office of the State Inspector General (SIG) conduct an investigation or review of the Laurens County School District 55 (District) at the request of the Board of Trustees (Board) regarding the alleged delivery of speech/language therapy services to students by an unlicensed employee of a District vendor. The Delegation also requested the SIG to review any additional allegations of fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, or wrongdoing as deemed appropriate.¹ The SIG reviewed the request and determined the articulated basis merited a review. Subsequently, the SIG informed the delegation of the initiation of the review by [letter dated 12/15/23](#).

B. Scope and Objectives

The scope of the review concerned the procurement of speech therapy services and related vendors. The SIG expanded the scope to include purchase card use, travel, and other financial matters based on additional information received by confidential, credible, and corroborated complainants. The review period covered fiscal year (FY) 2020-21 through FY 2023-24.

C. Methodology

The SIG reviewed relevant documentation comprised of reports, financial records, contracts, and other documentation provided by the District at the SIG's direction.

The SIG conducted interviews of current and former District staff and Board members, members of the public, subject matter experts, and persons who initiated confidential contact with the SIG. In addition, the SIG reviewed applicable state and federal laws, regulations, and policies.

Reviews and investigations by the SIG are conducted in accordance with professional standards set forth by the Association of Inspectors General's *Principles and Standards for Offices of Inspector General*, often referred to as the "Green Book." This review used the preponderance of evidence standard.

D. Laurens County School District 55

The District provided a broad range of general and specialized educational services and instruction for students in pre-kindergarten through grade twelve in four elementary schools, two elementary/middle schools, two middle schools, one high school, and one preparatory academy. The District received funding through state appropriations, federal government programs, and its local tax base. During the 2023-24 school year, the Day-45 average daily membership enrollment for the District was 4,894.7 students, 78% of whom were pupils in poverty.²

Dr. Ameca Thomas served as the District superintendent from 7/1/20 through 1/4/24. Interim co-superintendents Dr. Jody Penland and Dr. Rhett Harris directed the District during the course of the review.

¹ Pursuant to Act No. 223 (SC Code of Laws §1-6-35) a weighted majority vote of the membership of the legislative delegation of the county may request the Inspector General to investigate a public school district.

² Per the South Carolina Department of Education.

E. Board of Trustees

A Board of Trustees comprised of seven members elected to four-year terms, each representing a specific district, governed the District. During FY 2023-24, the Board was constituted as follows:

Board of Trustees

Trustee	District	Term
Tabitha Keitt	1	2023 - 2024*
Cathy Little (chair)	2	2022 - 2026
Heather Elders	3	2023 - 2024*
Mike Hughes	4	2022 - 2026
Anthony Carpenter	5	2020 - 2024
Peggy Nance	6	2022 - 2026
Chip Jenkins	7	2023 - 2024*

(*) Special election held August 1, 2023 to fill vacant seats.

The Board operated in accordance with the SC Code of Laws, [Title 59 - Chapter 19 - School Trustees](#) as referenced in the District's Board policy [BBA Board Powers and Duties](#). The Board had fiscal autonomy to approve and administer the District's budget. On [6/26/23](#), the Board approved a \$56,625,000 budget for [FY 2023-24](#).

III. Fiscal Affairs

A. District Procurement Code

[South Carolina Code of Laws §11-35-5340](#) provides that school districts whose budget of total expenditures exceed \$75 million annually are subject to the South Carolina Consolidated Procurement Code (CPC), except that:

“... if a District has its own procurement code which is, in the written opinion of the Division of Procurement Services of the State Fiscal Accountability Authority, substantially similar to the provisions of the South Carolina Consolidated Procurement Code, the District is exempt from the provisions of the South Carolina Consolidated Procurement Code...”

By [letter dated 6/7/23](#), the Division of Procurement Services (State Fiscal Accountability Authority) opined the District's proposed Procurement Code and Regulations was substantially similar to the CPC provisions in effect at the date of the opinion. During the [6/26/23](#) Board meeting, the Board voted unanimously to adopt the procurement policy and a list of items that were exempt from the provisions of the code, effective 7/1/23.

The District provided the SIG the prior [procurement policy dated 6/24/85](#) under which it operated until the new [procurement code](#) was adopted 7/1/23.

B. District Procurement Card Policies and Procedures

The SIG identified two District policies pertaining to procurement cards³ (P-card) ([Policy DGD Credit Cards](#) and [Policy AR-DGD-R Credit Cards](#)), adopted on 2/27/12 and posted to the District's website. These policies provided guidance to District staff regarding the basic structure for the use of District credit cards.

³ A procurement card is type of credit card issued by an organization to make the purchasing process easier.

Two District procedural manuals governing the use of P-cards were in effect during the scope of the SIG review period. The [Finance Procedures Manual](#) (revised 6/20) was in effect for the entire review period. On 6/26/23, the superintendent approved an updated [Procurement Policies and Procedures Manual](#) effective 7/1/23.

The Finance Procedures Manual contained the following language:

“Under no circumstances will personal items be purchased using the School Credit Card with the intent of reimbursing the School. The card is restricted to school expenditures.”
[SIG emphasis added].

The manual further provided, with respect to travel, that:

“Credit cards may be used to secure hotel rooms, airlines and conference registration [sic] fees. However, card use will not be allowed to purchase any meals associated with school travel.” [SIG emphasis added]

The Procurement Policies and Procedures Manual dated 7/1/23 omitted the language of the Finance Procedures Manual regarding P-cards; instead, the manual (page 14) referenced dollar limits (not included) and Merchant Category Code (MCC) limitations (not included) for P-card transactions. It also referenced a separate P-card procedures manual; however, the District did not produce a separate P-card procedures manual for review.

A [draft P-card policy](#) provided by the District’s chief financial officer (CFO), dated 7/1/23, had not been presented for Board approval or published for staff guidance.

1. Procurement Card Transactions

The SIG examined a sample of 903 P-card transactions from the review period across four different cardholders that were director level and above (cabinet level) in order to identify questionable expenditures of District funds.⁴

As depicted in Table 1, the SIG identified the following exceptions that violated policy or lacked policy:

Table 1

Exceptions	Amount	Instances
No District Policy-food purchases	\$ 3,103.05	16
No District Policy-gift cards	\$ 12,924.99	25
No District Policy-other	\$ 18,066.65	16
No travel approval form/supporting documentation	\$ 46,272.32	97
Car rental SUV/no travel voucher or prior approval	\$ 1,647.07	3
Non-allowable-economy plus seat upgrade	\$ 337.00	4
Non-allowable-incidental room costs	\$ 64.31	3
Non-allowable-travel insurance	\$ 814.01	17
Total	\$ 83,229.40	181

The SIG assessed that the District mismanaged \$83,229.40 in P-card transactions during the review period in violation of the Finance Procedures Manual⁵ (revised 6/20).

⁴ During the FY 2023-24, the District reported 26 active P-cards, six of which were issued to Board members.

⁵ The section “Credit Cards” purports to be on page 12, but is instead located on page 46/61 of the pdf.

2. Physical Security of Procurement Cards

The SIG identified 31 P-cards the District reported as canceled, lost, or stolen since 4/18/18. A senior District official advised that P-cards reported as stolen were not necessarily *physically* stolen, but that District personnel would sometimes report compromised P-cards as stolen. A breakdown of the card status is depicted in Table 2.

Table 2

Card Status	Amount
Stolen	2
Lost	3
Canceled	26
Total	31

The majority of P-cards were reported canceled due to detection of fraudulent transactions, while a smaller portion were canceled due to employees leaving the District or multiple cards ordered in error.

One example of a P-card canceled due to fraudulent activity occurred when a senior District official's P-card was used to make two purchases from Microsoft. The first transaction, for \$4,889.88, occurred on 12/23/22 and the second, for \$2,867.57, occurred on 1/10/23. The District reported the transactions as fraudulent on 2/1/23, but the cardholder failed to respond to a follow-up request from the banker ([WEX Inc.](#)) within a ten-day deadline, resulting in the District needlessly spending \$7,757.45 on fraudulent transactions.

The District's [AR-DGD-R Credit Cards](#) policy states that all P-cards must be kept in a locked, secured place and a signature log must be maintained and updated whenever a P-card is used and returned. The SIG determined that District staff rarely kept P-cards locked in a secure place and signature logs were not maintained.

The District did not adhere to the prescribed procedures regarding the physical security of the P-cards. As a result, there was an increased exposure to fraud of the card's sensitive information, resulting in a financial risk to the District.

3. Procurement Card Debt Satisfaction Process

The AR-DGD-R Credit Cards policy states that a purchase order must be approved before the P-card is used. The policy does not specify who approves the purchase order. The policy also states that all receipts must be turned in to the school bookkeeper before the school satisfies the debt.

The Finance Department sent weekly requests to all cardholders to provide purchase orders and supporting documents (such as detailed receipts) for all transactions made with P-cards during the prior week. Once received, the Finance Department ensured there was a corresponding purchase order and supporting documentation before satisfying the debt and storing the paper copies in a filing cabinet.

The District's debt satisfaction process relied predominantly on the use of paper documentation. The SIG assessed this process as cumbersome. The process should be streamlined and digitized to improve efficiency and alleviate the burden placed on Finance Department staff when conducting internal reviews, assisting in periodic audits and reviews, and responding to Freedom of Information Act requests.

The SIG found that while some transactions did not have adequate supporting documentation to accompany the procurement, the transactions usually had a corresponding purchase order. However, the purchase orders were completed and approved after the P-card transactions occurred in violation of District Policy AR-DGD-R.

The DGD Credit Card policy states that an “employee who makes an inappropriate or unauthorized charge is responsible for payment and is subject to disciplinary action and/or legal action.” Thus, the cardholder was responsible for ensuring no non-allowable transactions were satisfied by the District. The District did not have an internal auditor position or program that audited fiscal programs, such as P-card transactions, for District leadership to assess and address compliance issues.

The SIG determined that the District missed an opportunity to implement basic control activities in the Finance Department regarding the usage of P-cards. The P-card limits ranged from \$5,000 to \$20,000, with a \$50,000 limit assigned to the superintendent’s P-card. The Finance Department did not provide sufficient guidance to District staff, nor assessed the legitimacy of transactions in adherence with District policy. This lack of internal control resulted in employee misuse of P-cards, an elevated risk of fraud, and a missed opportunity for the Finance Department to ensure compliance.

C. Employee Reimbursement Policies and Procedures

In addition to the policy governing travel identified in the [District’s Finance Procedures Manual](#), [District Policy DKC](#) “Expense Authorization/Reimbursement” established the basic structure for authorizing and reimbursing expenses for District employees. [District Policy DK](#) “Payment Procedures” further clarified that the District would only make payments for goods and services against properly submitted vouchers for authorized expenses.

The SIG identified inconsistencies between the District’s Finance Procedures Manual and Policy DKC in relation to the allowable rate of subsistence for meals to employees while on travel. The rates referenced in the manual were \$8 for breakfast, \$10 for lunch, and \$20 for dinner.

The manual further states: “*Reimbursement for one day or less meeting meals will not be allowed.*”

However, Policy DKC states: “*Where meals are included in the registration fee or prepaid by the district, no reimbursement claim will be allowed. Breakfast reimbursement is not allowed on the day of the departure nor is dinner reimbursement allowed on the day of return.*”

The Finance Procedures Manual did not provide instructions relating to the prohibition for claiming meals if they were included in the registration fee nor the prohibition of claiming breakfast on the first day and dinner on the last day of travel. Policy DKC did not include anything prohibiting reimbursement for meals for one day or less.

1. Employee Travel Reimbursements

The SIG reviewed 313 employee reimbursements for ten District employees, five of which were cabinet level members. Cabinet member reimbursements comprised 219 (70%) of those reviewed by the SIG.

Policy DKC requires each employee’s supervisor approve travel expenditures. The Finance Department relied solely on this supervisory review to be done to ensure compliance with policies, procedures, and internal controls. However, the superintendent and one cabinet member’s reimbursement vouchers were not reviewed and approved by anyone except the traveler and no other review was conducted before the reimbursement request was paid in violation of Policy DK. Policy DKC states, the expense vouchers of the superintendent should be reviewed by the chief operations officer for accuracy and compliance with the policy and procedures.

The majority of the [travel vouchers](#) were not supported by an approved travel request form as required by Policy DKC. A senior official advised that the District did not have an official travel request form. Instead, employees used a [professional leave form](#) for supervisory approval to travel. The professional leave form was not sufficiently detailed for estimated expense amounts and it was never compared to the expenses submitted

for reimbursement. The SIG was unable to determine if all employees had prior supervisory authorization to travel as required by Policy DKC in order to receive reimbursement for approved travel expenses due to insufficient documentation. As stated in Policy DKC, “the appropriate approval must appear on the expense voucher or it will be returned to the employee.” However, most of the employees interviewed were not familiar with Policy DKC.

The SIG identified the following exceptions that violated District Policy DKC:

- Reimbursement for full day subsistence on the first and last day of travel;
- Reimbursement of subsistence for travel of one day or less;
- Reimbursement of gratuities that exceeded the allowable 15% of the actual meal cost;
- Reimbursement for travel insurance;
- Other - Reimbursement of expenses which did not have proper supporting documentation;
- Other - Lack of inclusion of meeting or conference agenda with a travel voucher and reimbursement for meals included in conference registration;
- Other - Lack of an approved travel request form or professional leave form;
- Other - Lack of prudence in the selection of reasonable lodging accommodations;
- Other - Air travel seat upgrade above economy class;
- Other - Inappropriate expenses reimbursed; and
- Other - Excessive travel.

The exceptions above are summarized by type and instances as depicted in Table 3.

Table 3

Exceptions	Amount	Instances
Full day subsistence paid	\$ 1,902.00	65
Subsistence for one day or less travel	\$ 904.00	44
Non-allowable-gratuities	\$ 519.53	14
Non-allowable-travel insurance	\$ 500.01	6
Other	\$ 32,260.76	104
Total	\$ 36,086.30	233

Based on the review of the various travel reimbursements and interviews, the District failed to enforce Policy DKC and the requirements outlined in the Finance Procedures Manual. With rare exception, anything received by the Finance Department was reimbursed to the employee without question or ensuring compliance with Policy DKC and the Finance Procedures Manual.

2. Kingston Plantation Resort Travel Payments

Numerous educational and professional development conferences are held in Myrtle Beach, South Carolina each year by organizations such as the South Carolina Association of School Administrators and the South Carolina Association of School Business Officials. District officials, administrators and educators consistently attended these professional development conferences throughout the review period, as well as under prior District administrations.

Analysis of payments made to Kingston Resort Owner and the Embassy Suites @ Kingston Plantation identified the District made 62 payments to Kingston Plantation affiliated entities, totaling \$45,467.98 for the period of 5/16/21 through 10/27/23. There were five reimbursements from Kingston Resort Owner to the District for a total of \$547.64.

The District made payments to two vendors associated with Kingston Plantation, including Kingston Resort Owner and Embassy Suites @ Kingston Plantation. Embassy Suites @ Kingston Plantation made up four of the ten check register payments for a total of \$2,287.51, as depicted in Table 4 below.

Table 4

Payment Type	Amount	Date Range	Instances
Check Register Payments (Direct Pay)	\$11,897.85	11/23/22 - 10/13/23	10
P-card Payments	\$33,570.13	5/16/21 - 10/27/23	52
Totals	\$45,467.98		62

The SIG determined through interviews of current and former District Finance Department staff the conferences maintained a limited number of rooms at the conference lodging rate. Unless the employee secured the lodging rate when the registration opened for attendees, it was unlikely the lodging rate could be secured. Consequently, the employee was forced to secure lodging elsewhere and usually at a higher lodging rate. In addition, the SIG determined the District did not own a condominium at the Kingston Plantation Resort.

A common practice identified was the rental of condominiums by District employees without first attempting to secure lodging at the conference rate. The SIG determined the District did not provide sufficient guidance to employees that addressed the “reasonableness” standard of lodging costs for District travel.

D. Gift Cards and Employee Giveaways

The District failed to identify a policy that permitted monetary gifts to employees, nor did the District identify procedures governing providing gifts to employees, including evidence of receipt or other methods of accounting for the purchase of the gifts. In addition, the District provided no evidence that gifts to employees were identified as employee income, included on W-2 forms.

One District official stated that the CFO advised staff for years that the District should not buy gift cards with District funds and give gift cards to employees. Every month, the former superintendent gave a monthly “Spirit of 55” award, one to a teacher and one to a staff member, which included a \$55 gift card. Officials further advised that the District also gave gifts for various types of appreciation days including bus drivers, guidance counselors, principals, and nurses. The former superintendent also gave \$50 gift cards to cabinet level employees for their birthdays.

Notwithstanding the absence of a policy or procedures governing the provision of gifts to employees, the SIG identified numerous transactions indicating “employee giveaways” and gift cards to employees. Transactions involving monetary gifts and giveaways to employees are depicted in Table 5.

Table 5

Fiscal Year	Gift Cards	Employee Giveaways	Total
2020-21	\$ 6,558.38	\$ 5,634.75	\$ 12,193.13
2021-22	\$ 5,983.92	\$ 11,603.48	\$ 17,587.40
2022-23	\$ 8,996.22	\$ 6,011.47	\$ 15,007.69
2023-24	\$ 1,156.05	\$ 1,226.00	\$ 2,382.05
Total	\$ 22,694.57	\$ 24,475.70	\$ 47,170.27

E. Food Purchases Using District Funds

According to [District Policy EF](#), Food Services: “The District will set guidelines for refreshments served at parties, celebrations, and meetings during the school day.” The District did not establish the guidelines as instructed by Policy EF. The majority of employees interviewed acknowledged the amount of food provided to employees at meetings and other events in the District increased dramatically during the review period that spanned the tenure of the former superintendent. In addition, the amount of food purchased from outside vendors also increased.

The SIG determined through interviews a general culture and expectation of providing food at meetings was present among District staff. The District provided food through its food service, as well as by external caterers. A District official, based on personal experience, stated the District food service was not always the most economical or best resource to use. For example, if fifteen people attended a catered meeting then extra food was ordered for the food service employees and to share with the rest of the District office.

Another District official recognized that the District’s purchase of food did not align with the policy, but noted “culture drives everything.” The official opined that teaching and administration was difficult and that the consensus of District staff regarding providing food might be considered a reward and was not excessive.

Food purchases made at the District office level were extracted from the check register and P-card transactions. Food purchases made at the school level, except where the description made clear that the purchases were for staff, were not included since those purchases could have been for the benefit of students. The totals for each fiscal year are depicted in Table 6.

Table 6

Fiscal Year	Amount
2020-21	\$ 27,920.71
2021-22	\$ 61,741.86
2022-23	\$ 77,839.29
2023-24*	\$ 34,198.12
Total	\$ 201,699.98

* FY 2023-24 through or about 1/5/24.

The SIG noted a gradual increase in spending related to food items each year and assessed the District’s purchase of food to be excessive.

The District’s general fund expenditure budget proposed to the Board for [FY 2022-23](#) reflected an increase in the supply budget (object code 410) of \$37,500 noting that the increases for other purchased services and supplies reflected a roll up of Special Revenue Funds and the total budgeted expenditures were actually an overall decrease from the prior year.

The District’s general fund expenditure budget proposed to the Board for [FY 2023-24](#) reflected an increase in the supply budget (object code 410) of \$150,000 noting that the increases for travel, communications, supplies, and liability insurance, among others, reflected the increased costs the District was realizing due to inflation.

District officials advised that the only events held by the District that historically included food was the annual employee appreciation dinner to honor teachers of the year, staff of the year, retirees, and those receiving awards for anniversaries with the District.

F. Mischaracterization of Funds

The SIG identified transactions where the type of expenses were mischaracterized when posted into the general ledger. For example, the overwhelming majority of food purchases noted in the previous section were charged to various general fund supply accounts. Food purchases made by Student Nutrition Services (SNS) employees, but consumed by SNS staff, were generally charged to the Food Service funds, typically using the account for food purchases.

The District's chart of accounts did not always have a specific account to charge for food purchases outside of the SNS department. The SIG assessed this created problems in budget tracking and projections due to the increases in supply expenditures from mischaracterization of expenditures.

G. Speech/Language Therapy and Other Services

Four speech/language therapy service vendors, contract services, the mischaracterization of expenditures, and use of federal funds were reviewed as it pertained to Speech/Language Therapy services.

1. Unlicensed Contract Speech/Language Pathologist

The SIG reviewed the delivery of speech/language therapy services to students by a vendor's employee who was not legitimately or properly licensed as a Speech/Language Pathologist (SLP). The Director of Special Education (SPED) determined this vendor's employee was not properly licensed and blocked the vendor's employee access to District facilities and information. The vendor subsequently terminated the employee.

Based on the Client Services Agreement between the District and the vendor, section: "5. Competency and Licensing", the vendor was responsible for "comprehensive pre-employment screening to provide licensed Consultants which meet applicable professional standards" and the vendor "will do its due diligence to ascertain the professional and applicable Department of Education licensing and certification requirements for the Consultant discipline placed with Client."

The unlicensed SLP utilized the license of an SLP with a similar name as well as the teaching certificate that belonged to another person. Because of the failure to verify the SLP's licensing, the vendor issued a credit of \$5,928 for services previously paid by the District. A credit memorandum dated 9/8/23 for this amount was applied toward subsequent services provided to the District by the vendor.

The SPED Director filed a complaint with the South Carolina Department of Labor, Licensing and Regulation on 9/14/23 against the unlicensed SLP, as well as with the [American Speech-Language-Hearing Association](#). By letter dated 9/18/23, the former superintendent reported the matter to the South Carolina Department of Education (SCDE), and requested a review of this matter.

In addition, the Laurens Police Department was notified and the victims whose licenses were used by the unlicensed SLP were contacted and chose to press charges for identity theft. The District did not pursue charges for theft of services since the District was fully reimbursed by the vendor. The vendor notified the South Carolina Board of Education regarding the unlicensed SLP. The SPED director notified the parents of the students who received services from this unlicensed SLP.

Based on these findings, the SIG assessed the District was not responsible for the licensing verification of this SLP and took appropriate steps after determining this person was not properly licensed.

2. Overpayment of Speech/Language Pathologist Assistant

Between 6/6/20 through 6/30/23, the District entered into an Independent Contractor Agreement with Vendor #1 for each school year for speech/language therapy service at a rate of \$65/hour. On 10/18/22, an additional [Independent Contractor Agreement](#) was entered into between the District and the vendor for a Speech/Language Pathologist Assistant (SLPA). The SLPA agreement, under section 1.2, included such language as “assist the supervising SLP...”, “...as directed by the supervising SLP” and “upon assignment of the supervising SLP...” This 10/18/22 contract also noted a schedule of Tuesdays and Wednesdays and compensation of \$55/hour. The SPED Director advised this agreement was specifically for a SLPA. The contract was maintained by the District in a file with the SLPA’s name on it rather than in the file for Vendor #1. The SLPA’s name was not listed anywhere on this agreement.

Upon review of payments to Vendor #1 and the supporting documentation, it was noted that although the agreement for the SLPA was for a rate of \$55/hour, the SLPA’s time sheet submitted by Vendor #1 to the District for payment listed an hourly rate of \$75 and the SLPA’s time sheets contained the calculation for the total cost of the hours billed at a rate of \$75/hour. The SPED director approved these time sheets and the District reimbursed Vendor #1 for the amount listed on these time sheets, which utilized the \$75/hour rate. This was a \$20/hour higher rate than the agreed upon rate in the 10/18/22 agreement.

The amounts overpaid by the District to Vendor #1 totaled \$11,105 for work performed by the SLPA using the incorrect rate of \$75/hour instead of the \$55/hour contracted rate. An illustration of the total overpayments made to Vendor #1 using the incorrect rate of \$75/hour are depicted in Table 7.

Table 7

Totalled by Month	Hours Billed	Amount Overpaid
11/2022	47.75	\$ 955.00
12/2022	66.75	\$ 1,335.00
1/2023	89.00	\$ 1,780.00
2/2023	60.00	\$ 1,200.00
3/2023	89.75	\$ 1,795.00
4/2023	43.50	\$ 870.00
5/2023	70.50	\$ 1,410.00
6/2023	88.00	\$ 1,760.00
Total	555.25	\$ 11,105.00

3. Lack of Contracts with Vendors

The SIG determined that the District lacked contracts for services paid by the District to three vendors. The SIG’s review of payments made to all three vendors disclosed that the District paid them a total of \$531,016.32 during the period from 7/1/20 through 1/5/24. These payments are broken down by vendor and depicted in Table 8.

Table 8

Vendor	Payment Rendered
Vendor #2	\$ 1,200.00
Vendor #3	\$ 330,931.12
Vendor #4	\$ 198,885.20
Total	\$ 531,016.32

Due to the lack of a contract, the SIG was unable to determine if the payments, including reimbursements for expenses, were appropriate. The District should execute contracts with all vendors from whom they receive services in order to mitigate the risk of fraud, waste, and abuse. The execution of a contract enables the District to establish agreed upon terms for service and ensures the prescribed terms are met before payment is made to the vendor. The SIG assessed that the District lacked internal controls and failed to execute basic contract management that wasted \$531,016.32 and elevated the risk of fraud to the District.

4. Bonuses Paid to Contract Employees

The District’s Board approved the payment of bonuses to District employees primarily for retention purposes. The amount of the bonuses were determined based on what other area school districts paid. This basis was used in order to be the same or slightly more than the bonuses the other districts paid employees so the District would not lose teachers. The bonuses were discussed during cabinet meetings, which included all director-level employees, and a decision was made that bonuses would also be paid to the District contractors. The former superintendent approved the payment of similar bonuses to contract therapists and other contract employees from the general fund budget.

The District paid “plus-up” disbursements for bonus payments made for the benefit of therapists employed through a third-party vendor in order to cover payroll taxes for these payments. The third-party vendors were requested to provide invoices to the District for these bonuses, which included the “plus-up” for payroll taxes. The vendor #1 SLPA previously identified in this report did not begin providing services to the District until 10/25/22. Regardless, on 12/16/22 the District paid a bonus of \$1,000 through Vendor #1 for the benefit of the SLPA.

Bonus payments made by the District totaled \$63,444.18, for the benefit of contract employees starting on 12/4/20, with the last identified bonus payments made on 1/5/24, as depicted in Table 9.

Table 9

Fiscal Year	Bonus Payments	Instances
2020-21	\$19,446.98	15
2022-23	\$27,308.70	7
2023-24	\$16,688.50	8
Total	\$63,444.18	30

* The SIG determined there were no bonus payments for FY 2021-22.

While the Board approved the bonus payments, the Board informed the SIG they only approved the bonuses for District employees, not contractors. The SIG assessed the unauthorized bonus payments to contractors constituted a waste of \$63,444.18 in appropriated funds.

H. United States Department of Agriculture Funds

The District’s SNS department is substantially funded by the [United States Department of Agriculture \(USDA\) Child Nutrition Program \(CNP\)](#). Chapter 12 of the [South Carolina School Food Service Program Reference Manual](#) covers the use of federal CNP funds and sets forth on page 10 that non-allowable expenditures such as “[e]ntertainment, amusements, social activities, gratuities, and related activities” are non-allowable expenditures.”

A senior SCDE official provided that District cafeteria workers are permitted one meal during their shift, but federal CNP funds cannot be expended to purchase food for District staff in any other manner. Additionally,

CNP funds cannot be expended for gift cards intended for students or District staff, and gifts cannot be purchased for District staff.

A SNS official advised that SNS employees made food purchases using the District P-card for birthdays and other events, which included the end-of-year manager dinners, held by the SNS director at restaurants such as Saskatoon Steaks Fish and Wild Game, and Arizona Handcrafted Fare and Drink Company. In addition to the food expenditures, SNS staff also purchased electronic picture frames, Stanley cups, and gift cards, all of which are non-allowable expenditures of CNP funds. A senior District official stated that the CNP funds are tracked using the “600” account code.

The SIG determined that the District’s SNS department expended approximately \$21,184.08 from the “600” account for non-allowable expenditures FY 2020-21 through FY 2023-24. The non-allowable expenditures are detailed by type and number of instances and are depicted in Table 10.

Table 10

Non-allowable Expenditures*	Amount	Instances
Excess Food for District Staff	\$12,639.89	24
Gift Cards	\$4,704.47	11
Giveaways to non-students	\$3,839.72	15
Total	\$21,184.08	50

*Totals included in the respective P-card, employee reimbursement, food, and gift card sections.

I. Findings and Recommendations – Fiscal Affairs

Finding #FA-1: The District’s credit card policies were outdated and lacked details to provide proper guidance to employees to make P-card transactions and for processing payment. As a result, the District mismanaged \$83,229.40 by enabling cardholders to bill the District for non-allowable or unnecessary expenditures that unnecessarily elevated the risk of fraud to the District.

Recommendation #FA-1: The SIG recommends the District implement a P-card policy that is substantially similar to the “[South Carolina Purchasing Card Policy and Procedures](#)” published on the Division of Procurement Services website.

Finding #FA-2: The District lacked sufficient internal controls that resulted in numerous policy violations and wasted appropriated funds that elevated the fraud risk to the District. District cardholders violated Policy AR-DGD-R by failing to properly secure P-cards and maintain signature logs of their use. Additionally, the District violated Policy AR-DGD-R by drafting and approving purchase orders after the P-card transactions occurred. The District failed to respond to a fraudulent transaction inquiry within a ten-day deadline, which constituted waste of \$7,757.45 in appropriated funds.

Recommendation #FA-2: The District should implement internal controls to ensure the following:

- Cardholders maintain accurate signature logs and store P-cards in secure, locked places when not signed out for use.
- Fraudulent transactions are disputed in a timely manner. If the cardholder fails to assist in the dispute, the District should establish policies and procedures to seek reimbursements directly from the cardholder for the wasted funds.
- Implement an internal audit function to conduct fiscal and program assessments for District leadership and the Board.

- Modernize processes including electronic recordkeeping of P-card transactions and debt satisfaction.

Finding #FA-3a-3b: The District Finance Procedures Manual and District Policy DKC for Expense Authorization/Reimbursement were not consistent. The SIG identified that most employees were not familiar with the District's financial policies and procedures. In addition, the District failed to follow District Policy DKC, Policy DK, and the Finance Procedures Manual procedures by reimbursing employees for expenses, which violated policy or lacked policy.

Finding #FA-3c: The District did not have a standard travel request form as referred to in Policy DKC for use by employees other than the professional leave request form, which did not provide sufficient detail for travel expense categories and could not be used later for comparison to actual expenses incurred.

Recommendation #FA-3a: The District should establish internal controls and processes to ensure compliance with District Policy DKC and financial procedures that would ensure consistent and appropriate reimbursement of expenses to employees. Processes should include review of reimbursement requests and denial of reimbursement requests when they do not adhere to the established policy and procedures.

Recommendation #FA-3b: The District should conduct a review of the District Finance Procedures Manual, District Policy DK and DKC for consistency, and educate all employees on the policies and procedures through communication, routine training, and making all travel related policies and procedures easily accessible on the Finance Department website.

Recommendation #FA-3c: The SIG recommends that the District create a standard travel request form to be used by all employees prior to travel for approval of estimated expenses by the employee's supervisor and later use to compare to the actual expenses incurred and submitted with the travel voucher for approval and reimbursement.

Finding #FA-4: The District purchased and distributed gift cards to employees as rewards for various accomplishments without a District gift card policy in place, tracking of recipients or inclusion in income reported to the IRS on W-2 forms.

Recommendation #FA-4: The SIG recommends that the District discontinue the use of gift cards and ensure any future gifts are given in the form of a check so that this gift can be included in employees' income reported to the IRS on W-2 forms.

Finding #FA-5: The District failed to set any guidelines for refreshments served at parties, celebrations and meetings during the school day as required in District Policy EF. The District spent an excessive amount of money on food and beverages for employees, the majority of which was using money in the general fund budget.

Recommendation #FA-5: The District should establish guidelines for refreshments served at parties, celebrations and meetings during the school day as required in District Policy EF and adhere to this policy to ensure there is not an excessive purchase of food for employees from school district funds.

Finding #FA-6: The District mischaracterized a number of expenses, the majority of which were food categorized as supplies, thereby misrepresenting in their financial statements the type of expenses incurred.

Recommendation #FA-6: The District should ensure expenses are accurately recorded so that the financial statements properly reflect the use of District funds.

Finding #FA-7: The District took all appropriate steps when it was discovered that a contract SLP who had been providing services to students in the district was not licensed. This verification was the responsibility of the vendor who provided this contract SLP to the District. **No further action is required.**

Finding #FA-8: The District failed to provide sufficient oversight and basic contract management with a Speech/Language Pathologist (SLP) that resulted in the overpayment of \$11,105 to the SLP vendor during FY 2022-23 for services of an SLP assistant based on a higher rate listed on the timesheet (\$75), rather than the contracted rate (\$55) for these services.

Recommendation #FA-8: The District should ensure rates of payment listed on timesheets are correct prior to payment of any invoices to vendors. The District should pursue attempts to collect this overpayment.

Finding #FA-9: The District failed to provide sufficient oversight and basic contract management in that the District lacked contracts for services paid for three vendors. The District lacked sufficient documentation to determine if \$531,016.32 in payments made by the District were reasonable and appropriate.

Recommendation #FA-9: The District should establish contracts with all contract vendors to mitigate risk and ensure the prescribed terms of the contract are met before payment is rendered. In addition, the District should conduct an internal audit of the payments made to the three vendors and assess the reasonableness and appropriateness of the payments.

Finding #FA-10: The District's Board approved the payment of bonuses to District staff for retention purposes. The District paid bonuses to contract employees for a total of \$63,444.18 at the same time as it paid bonuses to its employees. These bonuses were not required and were not part of any of the contracts with the vendors who provided these contractors to the District.

Recommendation #FA-10: The SIG recommends that the District adhere to the established terms in the contracts with vendors for payments made for services.

Finding #FA-11: The District did not comply with federal nutrition program policies and regulations and mismanaged approximately \$21,184.08 in USDA funds when it claimed and reported non-allowable expenditures to the SCDE.

Recommendation #FA-11: The District should contact the SCDE federal programs director to correct the prior claims of non-allowable expenditures of USDA funds and reimburse the funds to SCDE.

IV. Human Capital

A. District Staffing

At the beginning of FY 2023-24, the District maintained 929 staff, including 475 certified teachers, 39 uncertified teachers, and 415 administrative and support staff.

For FY 2022-23, the [Center for Educator Recruitment, Retention, and Advancement](#) report data reflected the District hired 81 certified teachers, but experienced a 22% teacher turnover rate, as depicted in Table 11.

Table 11

School Year	Certified Teacher Positions	Certified Teacher New Hires	Certified Teacher Positions Vacant	Certified Teacher Resignations	Teacher Turnover Rate
2020-21	422	48	2	38	12.3
2021-22	373	44	5	58	18.5
2022-23	363	81	8	85	22.0
2023-24	363	73	4	69	*

*Final number will be calculated at the conclusion of the 2023-24 school year.

B. Uncertified Teachers

The [Elementary and Secondary Education Act of 1965](#) (ESEA) as amended through PL 114-95, Section 1112 (e) (1) (B) (ii), provides that any school that receives Title I funds:

“...shall provide to each individual parent of a child who is a student in such school, a timely notice that the parent's child has been assigned, or has been taught for four or more consecutive weeks by, a teacher who does not meet applicable State certification or licensure requirements at the grade level and subject area in which the teacher has been assigned.”

Based on the SIG’s review of records provided by the District, the District had a number of teachers who were not certified for which letters were never sent to the parents as depicted in Table 12.

Table 12

School Year	Uncertified teachers for 4 consecutive weeks or more	Letters sent to parents to advised a teacher was not certified
2020-21	12	1
2021-22	16	2
2022-23	36	0
2023-24	39	12
Total	103	15

Each school year, the District’s director of accountability and federal programs sent a reminder to the principals after approximately 20 days of school (four consecutive weeks) that letters needed to be sent to parents of children being taught by uncertified teachers. However, the director of accountability and federal programs did not have insight into which teachers were uncertified to confirm all of the required letters were completed. The Human Resources (HR) department verified certification credentials when teachers were hired and tracked progress for those, which were uncertified. The HR director provided principals with the format for writing the letters that were required to be sent to the parents, but did not follow up to ensure the letters were completed and sent as required.

After being advised of the lack of letters sent to parents for a number of the uncertified teachers for the current school year the District issued the letters on or about 4/8/24.

C. Uncertified Teachers not listed as Teacher of Record in PowerSchool

PowerSchool is a comprehensive education management system that assists school districts in managing academic and administrative information and enables them to share it internally, with parents, and with the SCDE. The District is able to share the name of a student’s teacher with the parent(s) by listing them as the Teacher of Record.

An SCDE senior official stated that the Teacher of Record should be the person that is physically in the classroom teaching the subject matter on a regular basis. A Teacher of Record cannot be a teacher that is outside the classroom tending to other duties such as teaching a different class.

The SIG determined the District did not list uncertified teachers as the Teacher of Record, but rather created a “buddy” system in which a certified teacher was assigned to each uncertified teacher. The District believed it was not permitted to list uncertified teachers as the Teacher of Record in PowerSchool. The paired certified teachers were listed in PowerSchool as the Teachers of Record, despite not teaching the material.

The same senior SCDE official stated that the SCDE uses the Teacher of Record data to ensure school districts are meeting Title I requirements regarding uncertified teachers. The SIG assessed that the district mismanaged the Teacher of Record feature by inaccurately reporting the Teacher of Record. The SIG determined that this mismanagement could contribute to misinformation regarding whether an uncertified teacher was teaching a class he/she was permitted to teach in accordance with Title I requirements.

D. Findings and Recommendations – Human Capital

Finding #HC-1: The District did not provide timely notice, as required by Elementary and Secondary Education Act (ESEA) for schools which received Title I funding, to parents to notify them when their child was taught for four consecutive weeks by a teacher who did not meet the applicable State certification or licensure requirements at the grade level and subject area in which the teacher was assigned.

Recommendation #HC-1: The SIG recommends the District institute a process and internal controls to ensure the future compliance with ESEA and the notification of parents when their child was being taught for four consecutive weeks or more by a teacher who does not meet the applicable State certification or licensure requirements at the grade level and subject area in which the teacher was assigned.

Finding #HC-2: The District inaccurately recorded certified teachers as the Teacher of Record for classes taught by uncertified teachers.

Recommendation #HC-2: The SIG recommends the District accurately document teaching assignments of uncertified teachers in PowerSchool. This would avoid the appearance of circumventing state and federal requirements regarding the disclosure of teaching assignments of uncertified teachers.

V. Other Observations

A. Title I and Title II Expenditures

On 5/24/21, the District Superintendent signed a contract with Premiere Speakers Bureau agreeing to pay a speaker’s fee of \$48,000 for Ron Clark to provide two 90-minute keynote presentations/speaking engagements on 7/15/21 and 8/13/21 noting the event as “School Year Kick-off Event.” Based on this contract, payments were made and charged to the specified accounts, including federally funded accounts. A breakdown of the payments is depicted in Table 13.

Table 13

Voucher Description	Pay Date	Account Description	Post Amount
Ron Clark Event	6/4/2021	Title II Purchase Serv – Travel	\$ 14,717.19
Ron Clark Event	6/4/2021	Title II Purchase Serv – Travel	\$ 879.32
Ron Clark Event	6/4/2021	Title II Purchase Serv – Grad	\$ 1,307.00
Ron Clark Event	6/4/2021	Travel Supervision Title I	\$ 7,096.49
Event w/Ron Clark	8/13/2021	DO Services Title I	\$ 24,000.00
Total Cost			\$ 48,000.00

An SCDE official advised that in order for a school district to expend Title I and Title II funds, it must seek approval through the SCDE via budget submissions. The SIG reviewed budget submissions for Title I and Title II for FYs 2021 and 2022 and did not identify professional development provided by Ron Clark⁶ or other Premiere Speakers Bureau personnel. However, the SIG identified various non-specific budget line items referencing professional development, which could have been used to justify the expenditure. The SCDE official advised that it is best practice for school districts to be specific when identifying professional development to avoid confusion and the risk of having to refund expenditures made that were not listed in budget submissions.

The first portion of the funding used Title II funds and totaled \$16,903.51, which includes the first three transactions in Table 13. The remaining funding for the 6/4/23 event, \$7,096.49, used Title I funds and brought the total cost for the 90-minute speech to \$24,000 for that event. The SIG determined the first event was for approximately 24 administration officials including principals, directors and other staff. In addition, Clark spoke a second time on 8/13/21 at the District’s school year (2021-22) kick-off event at another cost of \$24,000.

The SIG conducted an analysis to determine the cost of sending one teacher or administrator to a one-day conference offered at the [Ron Clark Academy](#) in Atlanta, GA. The SIG analysis revealed that the cost to the District to send an employee to the one-day conference was approximately \$926.50, which included lodging for one night, the \$575 registration fee, and subsistence and mileage reimbursements. As such, the cost to send 24 District officials to the Ron Clark Academy for the one-day training is estimated to cost \$22,236, a difference of \$1,764.

However, the SIG assessed the District failed to adhere to the Title I and II program guidelines for professional development when prior authorization was not received from the SCDE for the payment to Ron Clark Academy.

B. Conflict of Interest Policy and Dual Employment Policy

The SIG determined that the District did not have a conflict-of-interest policy or a dual employment policy. The implementation of the aforementioned policies would ensure that actual or potential conflicts are addressed before they occur. These policies would help protect the integrity of the District and create the framework for District staff and Board members to disclose potential conflicts of interest.

C. Findings and Recommendations – Other Observations

Finding #OO-1: The District did not specifically name Ron Clark or Premier Speakers Bureau as a vendor on either their Title I or Title II budget submissions to the SCDE. Instead, the District used broad, generic

⁶ Ron Clark provides training in professional development for teachers, including observing classroom instruction at the non-profit Ron Clark Academy, a middle school in Atlanta for students from diverse economic backgrounds.

language when describing how some Title I and Title II funds would be expended for professional development when submitting budget details to the SCDE.

Recommendation #OO-1: The SIG recommends that the District be more specific when describing how Title I and Title II funds would be expended for professional development to the SCDE.

Finding #OO-2: The District did not have a conflict of interest policy or a dual employment policy.

Recommendation #OO-2: The SIG recommends that the District establish a conflict of interest policy and a dual employment policy in order to protect the integrity of the District.

VI. Summary

Tone at the top matters. This does not reside solely with the most senior leader in an organization, but also with the direct reports to the senior leader. This also defines the “culture of the organization.” The SIG heard frequently during interviews of District officials the phrase “...this is the way we’ve always done it.” The SIG disputes this in that interviews conducted of former District officials outside of the review period (FYs 2021-2024) determined that fiscal policies and regulations were followed under prior administrations.

Unfortunately, the failure to follow fiscal policies and regulations designed to protect the District against inaccurate accounting and reporting resulted in substantial examples of internal control, District governance and oversight deficiencies and weaknesses. These deficiencies and weaknesses unnecessarily elevated the risk of fraud over the expenditure of Board-approved budgets.

Among the concerns identified were the District’s lack of transparency in recording food service expenditures to the appropriate account, utilization of restricted federal program funds (e.g., Title I, Title II, and USDA) for unallowable expenditures, failure to include cash awards (including gift cards) as earned wages to the individual recipient(s), lax internal controls and oversight of P-card expenditures, deficient contract management and insufficient documentation in vendor payments. Set forth in Table 14 are the exceptions totaling \$973,751.45 that represent significant deficiencies and material weaknesses in the District’s failure to govern and provide fiscal oversight of its appropriated funds. This amount represents approximately 15 first-year teachers.

Table 14

Exceptions	Amount
Procurement Card Transactions	\$ 83,229.40
Employee Reimbursements	\$ 36,086.30
Gift Cards	\$ 22,694.57
Employee Giveaways	\$ 24,475.70
Food Purchases Using District Funds	\$ 201,699.98
Overpayment of SLP Assistant	\$ 11,105.00
Vendor Payments without a Contract	\$ 531,016.32
Bonuses Paid to Contract Employees	\$ 63,444.18
Total	\$ 973,751.45

Recommendation: The SCDE should consider an audit of the District’s fiscal practices, to include but not limited to, internal controls and financial reporting, and provide training to the District on its fiscal practices.

VII. Way Forward

The SIG identified several areas of concern as detailed in the Findings and Recommendations sections of this report and provided recommendations to enhance the District's internal controls and processes. The SIG **did not identify criminal activity or indication of fraudulent activity** [SIG emphasis]. However, the risk of fraud is elevated at the **Moderate – Moderately High** level given the significant deficiencies and material weaknesses in the lack of internal controls and unsupported expenditures.

The purpose of this report is to provide a road map for the District's leadership and its Board to improve in its delivery of quality education to its students in a unified effort. This review focused on the broader issues confronting the District in the areas of fiscal affairs and human capital. The report did not address every individual complaint or issue conveyed to the SIG.

The SIG extends its appreciation to interim co-superintendents Dr. Jody Penland and Dr. Rhett Harris, District staff, and members of the Board for their cooperation and intentionality of seeking solutions to the issues identified by the SIG. The SIG also extends its appreciation to current and former teachers and administrators, and to the parents and constituents in the District for the candor, courage, and valuable input provided to the SIG during this review. In addition, the SIG is appreciative of the collaboration with the South Carolina Department of Education.