



**Detroit Public Schools Community District
Office of Inspector General**

FY 2026

ANNUAL REPORT

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Members of the Detroit Board of Education:

I am pleased to submit this Annual Report for the Fiscal Year that ended June 30, 2026 (FY2026). This report is intended to keep School Board members, District leadership, and stakeholders fully informed of the significant findings of the work of the Office of Inspector General (OIG).

This report highlights the OIG's efforts to identify significant deficiencies and misconduct, summarizes investigative outcomes, and outlines the corrective actions taken in response to identified violations. At the start of FY2026, there were 14 investigations still in progress from the prior fiscal year (i.e., FY2025). During FY2026, an additional 54 investigations were initiated. At the close of the reporting period, 41 investigations had been closed, with all recommended District corrective actions implemented, and 14 cases remained in an inactive status – meaning the investigations had been completed but were awaiting final resolution through the implementation of those corrective actions. Another 13 investigations initiated during FY2026 remained ongoing at the end of the reporting period.

Additionally, of the 38 recommendations that remained open as of June 30, 2026, 47% (18 recommendations) required immediate management attention. This was because either the response deadline had passed with no response received (29% or 11 recommendations), or no action had been taken to implement the recommendation (18% or 7 recommendations).

The OIG continues to serve as the District's watchdog, holding individuals accountable for their actions while protecting District assets and resources. As a result of OIG referrals for administrative discipline, three employees were terminated, four resigned or retired prior to the completion of District administrative proceedings, and eight were suspended without pay for periods ranging from 14 to 30 days. These actions demonstrate the District's zero tolerance for misconduct and serve as a deterrent for future wrongdoing.

The OIG also supports the District's commitment to its core value of Integrity. Through the Compliance and Outreach Program, the OIG provided training to District employees on topics including Fraud Awareness, Conflicts of Interest, Whistleblower Protection, and Ethics. Through these training sessions, we seek to equip District employees with the knowledge to recognize fraud indicators, report suspected misconduct and help protect District resources before fraud occurs.

Honorable members, the OIG is unwavering in its commitment to root out fraud, waste, and abuse, and to promote the economy, efficiency, and effectiveness of District programs. On behalf of my staff and on my own behalf, I appreciate the continued support of the School Board and District leadership, and the independence you provide, which enables us to effectively carry out our mission.

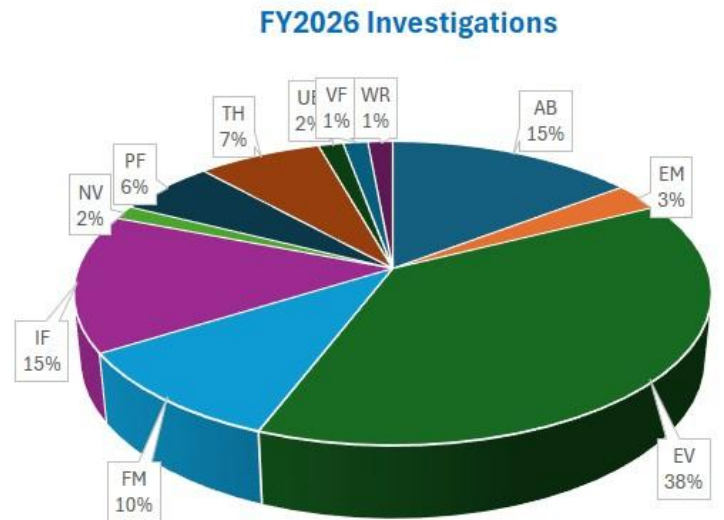
Sincerely,

Bernadette Kakooza, MBA, CFE, CIG
Inspector General

OUR YEAR IN SUMMARY

FY2026 Investigations at a Glance: During the reporting period, a total of **68** investigations were conducted (i.e., **14** cases continuing from FY2025 and 54 initiated during FY2026). As of June 30, 2026, **41** investigative matters had been closed, **14** were in inactive status, while **13** remained ongoing.

Investigation Type	Ongoing from FY2025	FY2026	Closed	Inactive	Pending
Ethics Violation	9	17	17	5	4
Abuse	0	10	4	4	2
Insurance Fraud	0	10	10	0	0
Financial Mismanagement	2	5	4	3	0
Payroll Fraud	0	4	0	0	4
Theft	2	3	3	1	1
Employee Misconduct	0	2	0	1	1
Non-Disclosure Violation	0	1	0	0	1
Unauthorized Employment	0	1	1	0	0
Vendor Fraud	1	0	1	0	0
Whistleblower Retaliation	0	1	1	0	0
Total	14	54	41	14	13



Legend: AB – Abuse, EM- Employee Misconduct, EV – Ethical Violation, FM – Financial Mismanagement, IF – Insurance Fraud, NV – Nondisclosure Violation, PF – Payroll Fraud, TH – Theft, UE – Unauthorized Employment, VF – Vendor Fraud, and WR – Whistleblower Retaliation

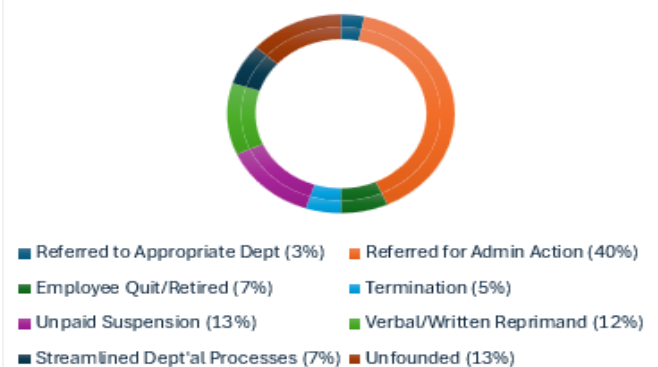
Complaints involving ethical violations accounted for the largest share of investigations (38%). Employees' misuse of sick time and/or abuse of District resources/assets and fraudulent unemployment benefit claims (insurance fraud) each accounted for 15% of investigations, followed by financial mismanagement (10%).

Most investigations resulted from complaints that were referred to the OIG by other District units or received from various sources (including tips from employees) via our online Complaint Form or by email (see below).

Statistical Accomplishments

The outcome of these investigations is shown below:

FY 2026 Investigation Outcomes



MONETARY BENEFITS TO THE DISTRICT

To drive positive change, the OIG provides the District with fact-based findings and actionable recommendations on ways to improve District programs and operations. Management either agrees or disagrees, in whole or in part, with these recommendations. When implemented, these corrective actions result in both monetary and non-monetary benefits.

While it is impossible to calculate a dollar amount for the benefits resulting from qualitative recommendations, the OIG tracks other recommendations that have associated financial impact. Due to investigations completed during this reporting period, monetary benefits were as follows:

- \$84,362 was identified in monetary loss*,
- \$18,269 in monetary recoveries,
- \$67,582 in cost savings, and
- \$96,178.46 was received from court-ordered restitution.

Since the OIG's inception in 2009, through June 30, 2026, the District has realized a total financial impact of \$47,700,717, resulting from 1,324 completed investigations, and is categorized as below:

SUMMARY OF FINANCIAL IMPACT	
Period: March 2009 - June 2026	
CATEGORY	AMOUNT
Monetary Recovery	\$150,550
Court-Ordered Restitution	\$12,470,036
Restitution Payments Collected	\$3,889,227
Cost Recovery	\$3,178,901
Cost Avoidance / Savings	\$12,672,898
Monetary Losses Identified*	\$15,339,105
TOTAL	\$47,700,717

**Monetary Loss Identified* represents the value of fraud or waste that was identified through OIG investigations and prevented from increasing through corrective actions.

INVESTIGATIONS OVERVIEW

TOTAL NUMBER OF INVESTIGATIONS as of JUNE 30, 2026

Investigations record: March 2009 – June 2026

Source: OIG Case Management System

CASE TYPE	TOTAL	CLOSED	INACTIVE	ONGOING
Abuse (AB)	135	129	4	2
Criminal Activity (CA)	59	59		
Contractor Fraud (CF)	17	17		
Employee Misconduct (EM)	50	48	1	1
Ethics Violation (EV)	252	243	5	4
Financial Mismanagement (FM)	89	86	3	
Insurance Fraud (IF)	188	188		
Misuse of District Vehicle (MV)	8	8		
Non-Disclosure Violation (NV)	23	22		1
Payroll Fraud (PF)	107	103		4
Theft (TH)	241	239	1	1
Unauthorized Employment (UE)	44	44		
Vendor Fraud (VF)	65	65		
Waste (WS)	44	44		
Whistleblower Retaliation (WR)	2	2		
TOTAL(S)*	1324	1297	14	13

*Based on number of Investigations completed per type, as of June 30, 2026

The OIG conducts investigations and forensic audits in accordance with the Quality Standards for Investigations and Audits established by the Association of Inspectors General (AIG). This organization sets model principles and standards for OIGs. Investigations are initiated upon the receipt of credible information alleging an act of fraud, waste, abuse, financial mismanagement or ethical misconduct within the OIG's investigative jurisdiction.

The evidentiary standard used by the OIG in determining whether the facts and claims asserted in a complaint were proven or disproven is the preponderance of the evidence. Upon completion of an investigation, the OIG issues a report, with findings, and offers recommendations to District leadership and senior administration, who ultimately are charged with the responsibility for corrective actions. Generally, once the matter has been reported to the District's leadership and the OIG's recommendations accepted, the OIG's investigative activity is complete. However, the OIG will still maintain the case as open, although inactive, and continue to track results in the case management system until all corrective actions are fully implemented. Substantiated wrongdoing involving District employees often results in referrals for administrative discipline when warranted, while criminal matters are referred to federal, state, or local law enforcement agencies for appropriate action.

SIGNIFICANT FY2026 INVESTIGATIONS

Some of the matters we investigated during the reporting period included the following:

Sick Leave Abuse & Incorrectly Reported Work Hours

In August 2025, the OIG received an allegation that a school-based employee exhibited a pattern of calling in sick on Mondays and Fridays. The OIG's investigation – which included a review of timecard records - substantiated a pattern of sick leave abuse. Further investigation revealed that the employee improperly utilized site-level payroll access to report these absences; in violation of District payroll procedures. Additionally, the investigation substantiated a pattern of sick leave abuse. The employee resigned prior to administrative review and disciplinary action. Based on these findings, the OIG recommended that the employee's personnel file be flagged to prevent future rehire consideration.

Improper Unemployment Benefits Claim

In August 2025, the OIG received an allegation that a substitute teacher improperly filed an unemployment claim against the District, citing reduced work hours. The OIG reviewed personnel records, state unemployment filings, substitute call logs, and the collective bargaining agreement (CBA). The investigation established that the employee's CBA required accepting at least three substitute assignments per week. However, call logs demonstrated that District staff repeatedly attempted to offer work, which the employee did not accept. The employee admitted to filing the unemployment claim and receiving \$313 per week in improper benefits. In January 2026, the Unemployment Insurance Agency (UIA) recouped all disbursed funds. The matter was referred to Employee Relations for administrative action and remains pending resolution.

Excessive Absences and Early Departures Constituting Abuse of Leave Policy

In September 2025, the OIG received a complaint regarding a teacher's pattern of early departures and unscheduled absences. The investigation included witness interviews, attendance and payroll audits, and medical appointment verifications with the employee's healthcare provider. Although the teacher was approved for intermittent leave under the Family and Medical Leave Act (FMLA), the investigation confirmed they exceeded the authorized leave limits under District policy. Furthermore, attendance logs revealed that the teacher's early departures consistently coincided with scheduled school events and District professional development days, indicating an intent to avoid required duties. The OIG referred the matter to Employee Relations for administrative review and action, and the employee was issued a written reprimand.

Cont.: Significant FY2026 Investigations

Non-Compliant Online Fundraising Activities

In September 2025, the OIG investigated a complaint that a school employee was conducting prohibited online fundraisers for a high school athletics program. The OIG reviewed school financial logs for fiscal years 2023 through 2025 and interviewed relevant staff. The investigation found no evidence that the employee misappropriated or personally benefited from donated funds. However, the investigation determined that the employee conducted multiple fundraising campaigns without receiving District approval or completing mandatory fundraising training. Additionally, the school principal failed to enforce training compliance and administrative oversight. The OIG referred the matter to Employee Relations; both the employee and principal received verbal counseling and were directed to complete District fundraising training.

Wasteful Spending, Misuse of Authority, and Unauthorized Business Activities

In October 2025, the OIG received an anonymous complaint alleging that a school principal authorized non-instructional purchases using District Funds. The OIG interviewed school staff, audited financial records, reviewed surveillance footage, and executed search warrants at the residences of school personnel to locate the items. The investigation established that the principal approved \$20,604 in wasteful purchases - including furniture, décor, appliances, electronics, and other non-essential items - while denying staff essential classroom resources under the premise of budget constraints. Following the execution of search warrants, \$13,774 in District-funded property remained missing and unaccounted for.

Additionally, the investigation found that the principal operated an undisclosed, personal business on District property, accepted unreported gifts from staff and external vendors, and failed to oversee vendor-sponsored holiday donor programs. Specifically, the principal permitted non-enrolled children and staff family members to participate in programs reserved exclusively for enrolled students. The OIG referred the matter for administrative action and recommended strengthening purchasing controls, inventory tracking, and resource oversight.

Financial Mismanagement and Theft of Senior Class Dues

The OIG investigated an allegation that a school employee mishandled funds collected for senior class dues by accepting cash from students via an unauthorized digital application, failing to issue receipts, and failing to deposit the funds; in violation of District cash-handling policies. The OIG's investigation included interviews, a review of electronic communications related to the transactions, and an analysis of receipts provided by the impacted individuals. The employee resigned prior to the conclusion of the investigation. The OIG recommended that the individual be designated as ineligible for future District employment. The U.S. Probation Office for the Eastern District of Michigan is currently assisting the OIG with recovering the improperly collected funds.

Cont.: Significant FY2026 Investigations

Deficiencies in Ticketing Controls for Athletic Event

In October 2025, the OIG received a complaint regarding ticket sales, game operations, and refund procedures for an off-campus high school football game. The investigation involved personnel interviews, electronic ticketing data analysis, and an audit of ticket distributions and refunds. While the investigation found no evidence of intentional fraud, theft, or personal gain, it revealed significant operational deficiencies resulting from non-compliance with District policies and a lack of standard operating procedures. Specifically, two athletic administrators failed to track, distribute, or reconcile 2,000 electronic access codes assigned to their respective schools, leaving 1,231 ticket codes unaccounted for. The OIG also identified \$2,070 in waste from unsupported and duplicate refund transactions. The OIG referred the matter for administrative action and recommended establishing formal athletic ticketing procedures, standardizing ticket distribution logs, enforcing mandatory post-event reconciliations, and strengthening internal controls.

Unauthorized Collection of Cash and Non-Compliant Student Grading Practices

In November 2025, the OIG investigated an allegation that a teacher was charging students to print documents and charge personal electronic devices in the classroom. It was further alleged that the teacher awarded extra credit through unapproved methods. The investigation included staff and student interviews, financial audits, and classroom documentation reviews. The investigation substantiated that the teacher improperly collected cash from students outside established District cash handling procedures. The investigation also confirmed that the teacher awarded extra credit to students in exchange for store receipts showing they purchased supplies for a school event. Although there was no evidence of personal financial gain, the teacher's actions violated District policies governing ethics, professional conduct, and student equity. The matter was referred to Employee Relations for administrative review and remains pending a resolution.

Student Misconduct and Theft of Digital Gift Cards

The OIG investigated a complaint regarding missing digital Visa gift cards issued to students as attendance incentives (i.e., a District initiative to increase attendance for high school students). The investigation revealed that a student gained unauthorized access to peers' District e-mail accounts and illegally transferred digital gift card funds to their own account. Subsequently, the student received disciplinary action in accordance with the Student Code of Conduct. Concurrently, the OIG recommended - and the District implemented - enhanced IT security safeguards to protect student digital accounts and distribution systems.

Cont.: Significant FY2026 Investigations

Unauthorized Use of District Equipment for Personal Electric Vehicle and Alleged Conflicting Familial Relationship

In November 2025, the OIG received an anonymous complaint alleging a conflict of interest between two family members employed in the same department. The complaint further alleged that one employee was using a District charging port during work hours to charge their personal electric vehicle without authorization. The investigation did not substantiate a conflict of interest as the familial relationship had been formally disclosed and managed, and there was no evidence of favoritism or payroll manipulation. However, video surveillance confirmed that one employee repeatedly utilized District electricity and equipment for personal vehicle charging without authorization, representing an improper use of District resources. The OIG referred the matter to Employee Relations and recommended issuing explicit guidance on the use of District resources for non-business purposes, strengthening disclosure requirements, enhancing timekeeping oversight, and delivering targeted ethics training.

Unauthorized Facility Use and Misrepresentation of an External Program

In December 2025, the OIG investigated an allegation that an external group was conducting unapproved private activities in a school. The investigation included interviews with District personnel and external group members, as well as an audit of permits and email communications. The investigation established that a school principal approved the group to use school facilities without adhering to the District's community use policy. To facilitate this, the principal intentionally misrepresented the external group as an approved District partner on official submission documents. As a result of this unauthorized activity, the District incurred \$46,918 in financial losses from unpaid facility use-fees and operational expenses. The principal received a 30-day suspension, and the OIG recommended recovering the outstanding funds and enhancing internal controls over facility-use applications.

Alleged Fraud Involving Grant Funds

In January 2026, the OIG investigated alleged grant fraud after a teacher was unable to procure supplies using awarded grant funds. The investigation included interviews with school staff, and review of records, and determined that the fraud allegation was unfounded. Instead, a school clerical staff member failed to follow District cash management procedures, delaying the proper disbursement of grant funds. The OIG recommended a written reprimand for the staff member and advised the principal to implement immediate controls to ensure grant funds are appropriately disbursed for their intended educational purpose.

Cont.: Significant FY2026 Investigations

Improper Handling of Senior Class Funds

In April 2026, the OIG received an allegation that a high school senior class sponsor electronically transferred funds to a student to purchase senior class items. The investigation confirmed the improper electronic transfer. Although the sponsor derived no personal financial benefit, transferring funds directly to a student violated District financial and staff conduct protocols. The OIG recommended ethics training for the employee, as well as reinforced professional boundaries regarding staff-student communications and School/District financial transactions.

Unauthorized Crowdfunding and Non-Compliant Social Media Activity

In May 2026, the OIG investigated an unauthorized online crowdfunding campaign initiated by a teacher using personal payment applications (i.e., Venmo, Zelle, and Paypal) to solicit field trip donations, which included unauthorized photos of students. The investigation revealed that the teacher lacked authorization to solicit public funds or post unblurred photos of students. Furthermore, it was revealed that the crowdfunding campaign misrepresented the financial need, as the District had fully funded the trip. It was also determined that the teacher had previously received counseling against using personal payment applications for school activities. The matter was referred for administrative action regarding the teacher's conduct, and it was also recommended that the principal receive counseling for failing to enforce the District fundraising policy.

Repeated Tardies Resulting in Payroll Fraud and Time Theft

In May 2026, the OIG investigated an allegation that an employee was chronically tardy and failed to report schedule adjustments to school administration. Video surveillance and attendance records substantiated a continuous pattern of unexcused tardiness, constituting time theft and payroll fraud. The investigation also revealed that the principal was aware of the tardiness but failed to review sign-in sheets or enforce compliance. The OIG referred the matter for administrative action, recommended recouping \$648.21 for unworked hours, and advised providing school leaders with enhanced tools and guidance to monitor staff attendance in their buildings.

Misuse of Sick Leave for Personal Travel

In May 2026, the OIG investigated allegations that a teacher utilized sick leave for personal travel. Prior to taking leave, the teacher received explicit administrative guidance prohibiting the use of sick time for leisure travel. Nevertheless, the employee submitted an absence request for five consecutive days of personal illness and travelled out of the country for leisure; subsequently providing invalid medical documentation to excuse their absence. The investigation substantiated sick leave misuse and record falsification. The OIG referred the matter to Employee Relations for administrative review and disciplinary action, and further recommended staff training on absence management and health clearance verification.

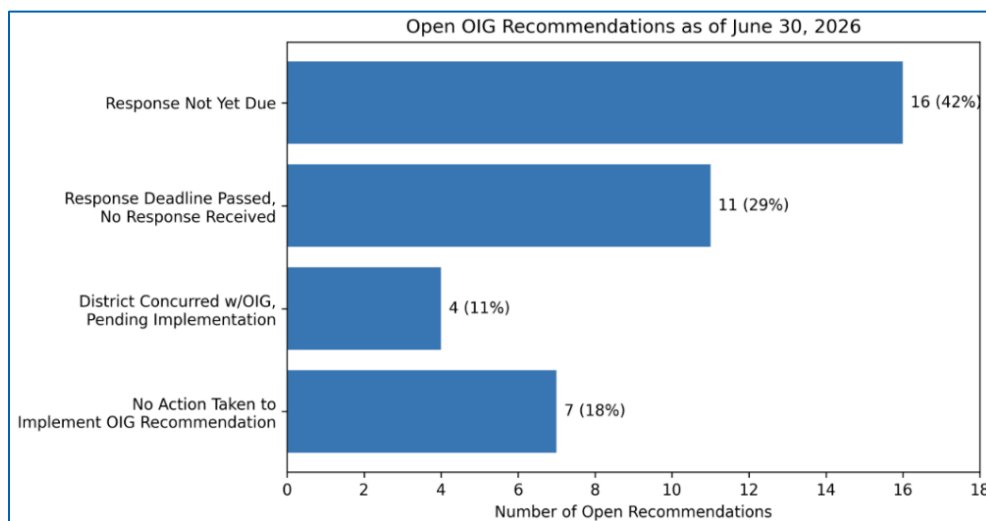
OPEN OIG RECOMMENDATIONS AS OF JUNE 30, 2026

The status of each OIG recommendation is monitored until the District has either accepted the recommendation and fully implemented the associated corrective actions or declined to implement the recommendation. Following the issuance of an OIG investigation report, the District is typically provided two weeks to respond. In its response, the District indicates whether it will implement the recommendations in whole or in part, modify a recommendation, or decline to implement it.

As of June 30, 2026, the OIG had not closed **38** recommendations, which were associated with the following statuses:

- **16** (42%) recommendations for which the District's response was not yet due,
- **11** (29%) recommendations for which the response deadline passed but no response had been received,
- **4** (11%) recommendations that the District agreed to implement but that remain on hold pending other factors (e.g., IT system or personnel changes),
- **7** (18%) recommendations remain unresolved because the District has not indicated whether corrective actions will be implemented and has not taken action to address the recommendations. If the OIG determines that the District is not making any progress towards implementing corrective actions, the recommendation may be reclassified as "No Action Taken".

The following chart summarizes the OIG's assessment of recommendations that remained pending a District response and/or implementation of corrective actions as of the end of FY2026.



Source: Office of Inspector General analysis.

Total open recommendations: 38

The status of each recommendation is subject to change as the District continues implementing corrective actions. Accordingly, recommendations identified as not closed as of June 30, 2026, may have been closed after that date.

COMPLIANCE TRAINING AND OUTREACH

As part of its ongoing efforts to prevent, detect, and deter fraud, waste, abuse, and unethical conduct, the OIG proactively offers compliance training to District employees on topics that promote ethical decision-making, accountability, and awareness of fraud risks. During FY2026, **234 employees** participated in OIG-sponsored training sessions, with the greatest attendance in **Fraud Awareness (94 participants, 40%)** and **Ethics (91 participants, 39%)**, followed by **Conflicts of Interest (36 participants, 15%)**, **Whistleblower Protection (9 participants, 4%)**, and **Ethical Leadership (4 participants, 2%)**.

While the invites for this training reached employees across the District, participation remains modest relative to the size of the District's workforce. Increasing employee engagement in the OIG's compliance training is essential to fostering a strong culture of integrity, accountability, and transparency. Employees who understand what fraud is, how to report fraud, recognize conflicts of interest, uphold ethical standards, and protect public resources serve as the District's first line of defense against fraud, waste, and abuse.

The OIG encourages District leadership and employees to prioritize participation in these training opportunities during this upcoming school year. Broader participation will strengthen internal controls, increase awareness of reporting responsibilities, reinforce ethical conduct, and better equip employees to safeguard the District's resources and maintain public trust. We look forward to offering more opportunities for these trainings during the new school year and continuing to partner with District leadership to strengthen the District's core value of Integrity, beginning with the Tone at the Top.

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The Office of Inspector General (OIG) is independent, objective, and committed to promoting a culture of integrity.

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**LET'S WORK TOGETHER
FOR OUR STUDENTS,
OUR SCHOOLS,
AND OUR COMMUNITY.**



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THANK YOU FOR HELPING US PROMOTE INTEGRITY AND ACCOUNTABILITY.