



Richmond Office of the  
**CITY AUDITOR**

**OFFICIAL GOVERNMENT REPORT**



# AUDIT OF: Richmond Public Schools TRAINING AND DEVELOPMENT

**Report Issued: July 14, 2014**  
**Report Number: 2015-01**

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*Committed to increasing government efficiency, effectiveness  
and accountability on behalf of the Citizens of Richmond.*

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# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the City Auditor

### Executive Summary

July 14, 2014

The Honorable Members of the Richmond Public School Board

#### **Subject: Richmond Public Schools – Training and Development Audit Report**

The City Auditor's Office has completed an audit of the Richmond Public Schools (RPS) Training and Development expenditures. In addition to coordinating training for staff, the Office of Professional Development administers the tuition reimbursement program for RPS. Through this program, \$500 is allocated annually for each contracted staff member to offset the costs of continuing education. Also, the schools and departments enroll their employees in other training opportunities. The RPS Finance Department receives invoices and supporting documentation and processes the payments for training and related expenditures.

#### **Salient Findings**

- The controls over training and development expenditures processed by the Finance Department are weak. Currently, it is not possible to quantify the total amount spent on these expenditures as they are accounted for in a multitude of accounts. The supporting documentation and/or proper approvals were not found for several of the selected expenditures. In these circumstances, fraudulent or unauthorized expenditures will not be detected in a timely manner.
- There are 2,200 certified licensed professionals working for RPS. Each individual must renew their license every five years with completion of 180 hours of continuing education. The State relies upon RPS to submit license renewals, which are required to be based on legitimate acquired continuing education credits. Human Resources (HR) notifies each of these individuals of the expiration of their certification and a need for renewal. The individuals submit their renewal forms, but are not required to submit proof of the reported

Continuing Professional Education (CPE) hours. RPS risks not having sufficient documentary evidence to support the credits earned and legitimacy of certifications attained based on the credits.

- Richmond has an opportunity to evaluate discontinuing tuition reimbursement and save about \$100,000 annually. This decision must be made after analysis of benefits derived by the existing program.

The City Auditor's Office appreciates the cooperation of the Richmond Public Schools' staff. Please contact me for questions and comments on this report.

Sincerely,

*Umesh Dalal*

Umesh Dalal, CPA, CIA, CIG  
City Auditor

c: Dr. Dana Bedden, Superintendent  
The Richmond City Audit Committee  
The Richmond City Council

## *Overview*

### *Introduction and Scope*

The City Auditor's Office has completed an audit of the Richmond Public Schools (RPS) Training and Development expenditures. This audit covers the 12-month period that ended June 30, 2013. The objective of this audit was to determine if training and development funds are used efficiently and effectively.

The auditors conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

### *Methodology*

The auditors employed the following procedures to complete this audit:

- Reviewed Professional Development sponsored training
- Examined tuition reimbursements for the audit period
- Reviewed documentation maintained for required continuing education
- Reviewed invoices for training and associated travel

### *Management Responsibility*

The Management of RPS is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; RPS programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

***Background***

The review of RPS Training and Development expenditures included a review of processes performed by the Office of Staff Professional Development, Human Resources, and Finance as they relate to staff training. The Office of Staff Professional Development offers programs and services to provide opportunities for continual improvement to staff.

The Office is responsible for:

- Helping to develop leaders
- Administering the Teacher of the Year Program
- Scheduling training programs as new needs arise
- Working with local universities to provide mentors, student teachers, and clinical faculty
- Ensuring applicable state and federal training requirements for professional staff are met

In addition to coordinating training for staff, the Office of Professional Development administers the tuition reimbursement program for RPS. Through this program, \$500 is allocated annually for each contracted staff member to offset the costs of continuing education.

## **Observations and Recommendations**

### **What Works Well?**

As a part of the audit process, the auditors reviewed activities of the Office of Professional Development. While this report includes some recommendations for improvements, the auditors also identified processes that are functioning adequately. Those include the following:

- The tuition reimbursement program is limited to contracted employees
- Employees are not receiving more than the allocated amount
- Low or no cost training is offered to RPS staff throughout the year

### ***Internal Controls***

According to Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plans, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. Based on the results and findings of the audit methodology employed, the auditors concluded that controls and procedures need to be improved for effective management of continuing education as discussed in the following section of this report.

## **What Needs Improvement?**

### ***Documentation***

*Lack of documentation supporting travel and training leads to risk of fraud and abuse*

RPS does not have a consistent method to account for the training and related travel expenditures. In attempting to review these expenses, auditors learned that the expenditures were categorized in multiple accounts, such as:

- Tuition reimbursement
- Staff development
- Travel reimbursements
- Any other budget code expenditure

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***It was not possible to readily identify RPS' total costs for training and professional development***

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With the numerous ways of categorizing these expenses, it was not possible to readily identify RPS' total costs for training and professional development. This situation presents a challenge, as without information RPS management does not have a way to monitor these costs.

The auditors searched using a variety of object codes:

- 5711 Staff Development - Registration Fees
- 5712 Staff Development Tuition
- 5713 Staff Development Contract SV
- 5714 Staff Development Materials
- 5715 Staff Development Participant
- 5730 Non-Local Travel
- 5733 Conference Travel

A sample of fifty-three (53) invoices was selected to test for compliance with existing policy. Forty-seven (47) of the invoices reviewed were for non-local travel, two were for local travel, and four were for non-travel related expenses. Below is a summary of the auditor's findings:

- Two of the 47 reimbursements did not have permission forms
- Nine of the 53 did not have departmental invoices
- Five out of 50 had partial approvals
- Seven out of 53 did not have all applicable receipts

The Travel and Training Policy requires the departments to submit all of the above documentation for approval of the expenditure. The Finance Department is required to verify departmental compliance with the Policy; however, auditors did not find any evidence of this verification prior to payment.

Lack of adequate, appropriate documentation does not allow for detection of ineligible expenditures or expenditures unrelated to RPS' business being paid by RPS.

***Continuing  
Education  
Tracking***

The Human Resources Department (HR) tracks the recertification dates for more than 2,200 certified licensed professionals working for RPS. Each individual must renew their license every five years with completion of 180 hours of continuing education. It is the responsibility of the individual to track and maintain documentation for their continuing education units. The individuals submit their renewal forms but are not required to submit proof of the reported Continuing Professional Education (CPE) hours. The State relies upon RPS to submit license renewals, which are based on legitimate acquired continuing education credits. Because RPS does not track the continuing education earned by staff, RPS risks not having sufficient documentary

evidence to support the credits earned and the legitimacy of certifications attained, based on the credits. In addition, the Policy does not require the staff to settle the expenses upon return, which compounds this risk, as there is no control to verify actual training received by the employee.

***Tuition  
 Reimbursement***

As noted earlier, RPS’ Office of Professional Development administers the tuition reimbursement program for RPS. Through this program, a total of \$500 is allocated annually for each contracted staff member to offset the costs of continuing education. During the audit period, the tuition reimbursements noted through the Office of Professional Development were approximately \$98,500. The auditors surveyed other local School Divisions to gain an understanding of their tuition reimbursement programs. The following table illustrates the results of this survey.

| <b>Locality</b>                | <b>Offer Tuition Reimbursement?</b> | <b>Program Details</b> |
|--------------------------------|-------------------------------------|------------------------|
| Henrico Public Schools         | N                                   | Eliminated             |
| Chesterfield Public Schools    | N                                   | Eliminated             |
| Chesapeake Public Schools      | Y                                   | \$450 annually         |
| Norfolk Public Schools         | Y                                   | **                     |
| <b>Richmond Public Schools</b> | <b>Y</b>                            | <b>\$500 annually</b>  |

\*\*Personnel may be reimbursed for tuition costs for a total of six semester hours per school year at an amount not to exceed the prevailing rates at Old Dominion/Norfolk State Universities for courses in the employee's general field to improve job skills. One must have been employed for two full contract years to qualify for reimbursement for a course taken at a two-year institution; and four full contract years to qualify for reimbursement for a course taken at a four-year institution.

Based on the above survey, Richmond has an opportunity to evaluate discontinuing tuition reimbursement and save about \$100,000 annually. This decision must be made after analysis of benefits derived by the existing program.

*Recommendations:*

1. The Superintendent needs to require the Finance Department to retain all required documentation for training and related travel expenses, including all supporting documents and approvals, per RPS written policy.
  
2. The Superintendent needs to ensure consistency in the coding of training and related travel expenses.
  
3. The Superintendent needs to implement a system to track and maintain documentation for required continuing education units earned by staff.
  
4. The School Board needs to consider discontinuing the current tuition reimbursement program for additional savings.

**MANAGEMENT RESPONSE FORM**  
**RPS Training and Development Processes 2015-01**

| # | RECOMMENDATION  | CONCUR Y-N | ACTION STEPS  |
|---|---|------------|---|
| 1 | The Superintendent needs to require the Finance Department to retain all required documentation for training and related travel expenses, including all supporting documents and approvals, per RPS written policy. | Y          | Finance retains sufficient documentation to properly support reimbursements for valid expenses. While there may have been a few exceptions found, the procedure in place is designed to provide proper documentation. Financial Services will be evaluating automated workflow software to which will include this process, to review for ways of maximizing effectiveness and efficiencies in record retention and storage. This could accommodate a consolidation of storage of supporting documentation which is not feasible with the current system. |
|   | <b>TITLE OF RESPONSIBLE PERSON</b>  |            | <b>TARGET DATE</b>  |
|   | Assistant Superintendent for Financial Services   |            | February 1, 2015  |
|   | <b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>   |            | <b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>  |
|   |   |            |   |
| # | RECOMMENDATION  | CONCUR Y-N | ACTION STEPS  |
| 2 | The Superintendent needs to ensure consistency in the coding of training and related travel expenses.   | Y          | Standardized accounting for all School Board related expenditures is promulgated by the VA Department of Education as approved by the Virginia Auditor of Public Accounts. RPS uses this coding structure, but reviews need to ensure that documents are consistently assigned these proper Training & Development expenditure object codes.  |
|   | <b>TITLE OF RESPONSIBLE PERSON</b>  |            | <b>TARGET DATE</b>  |
|   | Assistant Superintendent of Financial Services  |            |   |
|   | <b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>   |            | <b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>  |
|   |   |            |   |

**MANAGEMENT RESPONSE FORM**

**RPS Training and Development Processes 2015-01**

| # | RECOMMENDATION  | CONCUR Y-N | ACTION STEPS   |
|---|---|------------|--|
| 3 | The Superintendent needs to implement a system to track and maintain documentation for required continuing education units earned by staff. | N          | The RPS Licensure Specialist is the liaison between the district and the state agency, and works with teachers and teacher applicants to submit appropriate documentation to attain or renew licensure. Licensure approval requires a process which includes the submission of an application, college transcripts, and verification & experience forms. The HR Department works with candidates to advise and gather this information for final submission. HR maintains electronic files of the documentation submitted. |
|   | <b>TITLE OF RESPONSIBLE PERSON</b>  |            | <b>TARGET DATE</b>   |
|   | Executive Director of Human Resources   |            |  |
|   | <b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>   |            | <b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>   |
|   |   |            | Documentation attached   |
| # | RECOMMENDATION  | CONCUR Y-N | ACTION STEPS   |
| 4 | The School Board needs to consider discontinuing the current tuition reimbursement program for additional savings.                          | Y          | The tuition reimbursement program will be discontinued effective with FY15 which begins on July 1, 2014.   |
|   | <b>TITLE OF RESPONSIBLE PERSON</b>  |            | <b>TARGET DATE</b>   |
|   | Director of Professional Development  |            | July 1, 2014   |
|   | <b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>   |            | <b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>   |
|   |   |            |  |