

Fraud Report

Fraud #: F-24-351

Submission Date: 10/22/2024

Entity: Public Instruction, Office of Superintendent of

Dashboard

Short Description: contract concerns

Investigation Status: Closed

Assigned Team: Financial Audit

Assignment Notes:

Detection Method: Entity Management

Entity: S350

Total Budget:

Team Budget:

Audit Number:

Audit Documentation: Database Only

TM Project Code:

Ok to release/bill time: No

Primary Loss Type: Other

Loss Type Notes or Sub Category:

Cyber Loss Category: --

Cyber Cause: --

This case contains sensitive information: No

Which tab or attachment contains sensitive information?

Results: No Action - consider risk on next audit

Closed Date: 10/29/2024

Inactivate: No

Inactive Notes:

Contact

Created By:

Name: Julie Gunter

Title:

Phone: 2063903095

Email: jgunth@hotmail.com

Assignment Notes:

Paw and Plan

Loss Notification Date: 10/22/2024

PAW Assignment Date:

Initial Contact with Entity Date:

Assessment Completion Date:

Reviewing Team: Financial Audit

Team Review Date:

Fraud Team Review Date:

Please describe, if we did not meet 5 and 10 day requirements:

Action/Next Step:

Outcome

Exit conference date:

Exit conference attendees:

Misappropriation assigned amount: 0

Name and title of responsible party:

Misappropriation unassigned amount:

Questionable amount:

Misappropriation recovery amount:

Loss Amount:

Cyber recovery Amount:

Final audit cost:

Audit report number:

Audit report issue date:

Other case # s reported with this one:

Restitution

SAO Approval Date:

SAO Approval Initials:

AG Approval Date:

SAO Approval Initials:

Amount Approved:

Point of Contact:

Contacted PA Date:

Post audit PA/LE/FBI contact notes:

Activity Log

Date	Entry
10/28/2024	Attachment added

10/29/2024	'Short Description' field updated, 'Detection Method' field updated from '--' to 'Entity Management', 'Audit Documentation' field updated from '--' to 'Database Only', 'Misappropriation assigned amount' field updated from '' to '0' by sullivan
10/29/2024	See H-24-438. Per team AM, based on the information we received and documents reviewed, and the fact that the agency has already put into place any recommendations we would have made, team AD advised to close the hotline. We will close fraud database, and team is planning to review the concerns in the next accountability audit. (sullivan)
10/29/2024	'Results' field updated from '--' to 'No Action - consider risk on next audit' by sullivan
10/29/2024	'Results' field updated from 'No Action - consider risk on next audit' to 'No Action' by sullivan
10/29/2024	'Investigation Status' field updated from 'Pre-Triage' to 'Closed', 'Closed Date' field updated from '' to '10/29/2024' by sullivan
10/29/2024	'Closed Date' field updated from '10/29/2024' to '10/29/2024', 'Results' field updated from 'No Action' to 'No Action - consider risk on next audit' by sullivan

Initial Loss Report

Department/area of concern: special education dispute resolution division and contracts

What is the suspected loss or illegal activity? 125000

Start: 06/29/2023

End: 09/30/2024

What type of issue are you reporting? Other

What type of cyber concern are you reporting? --

What was the cause of initial attack vector for the cyber loss? --

Please describe the type of issue: SUBMITTED PRIMARY LOSS TYPE: Fraud and ethics violations. Based on OSPI's response to the complaint that I filed against OSPI that was received earlier this month, I do not believe that substantive improvements have been made that address conflict of interest and ethics concern within the agency including among supervisors and other leaders. Based on OSPI's response, it is unclear how OSPI has in actuality (per its assurances to the SAO) "revised their practices internally, including conflict check procedures," as I have seen no such formal process established and public records indicate no formal process existed before, and "updated and added language around conflicts to their requests for qualifications (RFQs) and contracts." Such improvements do not address the contributing factors that led to these conflicts of interests, denial of the rights of countless children and families, and failures to abide with the law for almost a year and a half, as training through an independent organization could help with, or raise awareness with the public about the misuse of public funding and denial of the rights of complainants.

Please describe the amount of loss: Up to \$125,000 (per most recent annual contract, not clear how much was paid to Education Resolutions from OSPI) taxpayer funding was improperly used by OSPI to assign a contractor to investigate special education community complaints against school districts who was at the same time working as a school district attorney even though OSPI in its own "Justification for Contract" documents stated that it could not contract with a LEA employee to do the work it is mandated to do under the IDEA. OSPI was not transparent with the other party about this conflict of interest and most complainants (over 50) remain unaware that their right to an independent investigation and determination was denied.

Please describe the suspected loss of illegal activity: SUBMITTED DESCRIPTION: I believe such misuse of public funding could be considered fraud which is defined as intentional misrepresentation of important facts designed to reward the perpetrator or to deny the rights of a victim. For contractual agreements and government contracting, fraud refers to the intentional misrepresentation or concealment of material facts during the execution of a contract. In this case, OSPI was aware that the contractor was taking a job offer to work as school district attorney and entered into and extended the contract with the contractor's private business anyway, despite its knowledge and statements that LEA employments are not able to perform the duties of the contract including making independent determinations based on impartial and neutral investigations. Further, that employment was intentionally withheld from the public and was not disclosed when at least one complainant raised more generalized conflict of interest

concerns.

How was the suspected loss or activity detected? After I received a hearing decision report for a systemic complaint we filed against the Seattle School District during the Fall of 2023 which found no violations and contained a high number of significant factual errors, assumptions without evidence, and other issues, I started doing research, asking questions (some of which OSPI refused to answer) and made public record requests. Over the next year, I learned about ethics and conflicts of interest issues pertaining to the OSPI's practice of contracting with Education Resolutions, a business owned by a school district attorney working for the Marysville School District since September 1, 2023 (job offer signed 6/29/23), and her team of subcontractors through these public record installments (more are pending). I can also share the 2023 contracts between OSPI and Education Resolutions in addition to many more invoices submitted to OSPI by Education Resolutions since 6/29/23 if needed.

Is an investigation in progress? Yes

If an investigation by management, law enforcement or others underway, who is in charge of this

investigation? 1) OSPI is investigating itself in response to a complaint against OSPI that I filed that is pending and titled SECC 24-115. The investigator is named Jeremy Page and is an attorney employed by OSPI who works in the civil rights department. 2.) The SAO reached out to OSPI after I reached out a few weeks ago with ethics and conflict of interest concerns. The SAO employee who I spoke to let me know that I could also file a fraud complaint based on evidence and input shared. 3.) I submitted a grievance letter to the ABA relating to ethics concerns and the conduct of the attorneys involved. 4.) The Dept. of Education OCR received a complaint Jan. 2024. I have not heard back on if an investigation will proceed.

What actions have you taken to date, if any? I replied to OSPI's response to SECC 24-115, and let OSPI know that I was open to exploring mediation as suggested. I also communicated that OSPI's acknowledgment of need for improvement and few improvements to date (edit to next RFQ, and the claim that a formal conflict check process was established with language in the response that I do not understand how could be considered by a reasonable person to constitute a "formal process was insufficient and did not address the harm caused to children and families whose right to an independent investigation and determination through a crucial procedural safeguard made available to them through federal and state law was denied to them through OSPI's failure to appropriately conduct public business and follow ethical guidelines in respect to actual and presumed conflict of interest. I also made public record requests and some responsive records remain pending.

Are there any dedications of employee involmnet? Alyssa Fairbanks, OSPI Assistant Superintendent of Dispute Resolution for special education matters, Claudette Rushing, contractor and owner of "Education Resolutions," Tania May, Bill Elvey, Thinh Le. Others at OSPI with knowledge of contracting including extensions to contracts and Education Resolution invoices: Kyla Moore and Cyndie Hargrave.

Name and/or title of employee that have been involved in (responsible for) the loss.

Is this person still employed by the agency? No

Describe the employee's job responsibilities and areas or functions the employee has/had access to:

Have any restitution agreements been signed? No

Has a police report been filed? No

Do you have a copy? No

Who at the entity is aware this concern is being reported? Tania May, Cassie Martin, Alyssa Fairbanks, Claudette Rushing, and likely others working for OSPI within the special education dispute resolution division and Education Resolution subcontractors (OSPI chose to not extend its contract with Education Resolutions and it expired on 9/30/24) A new RFQ was posted for new bidders and that contract will begin later this year.