



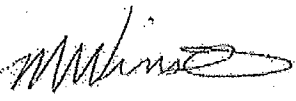
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February 14, 2018

MEMORANDUM

To: Herman James
Chief Human Resources Officer

Monique Whittington Davis, Ed. D
Deputy Superintendent

From: Michele Winston, CPA 
Director Internal Audit

Re: **Human Resources Staff Salary Increases Investigation**

The Internal Audit Department completed an investigation into allegations of perceived inequity for salary increases paid to Human Resources employees. The allegations were reported anonymously in Hotlines PGCPS 17-07-0007; 17-07-0008; 17-07-0009; 17-10-0012; and 17-10-0014. The key determinations that resulted from this investigation are included in the attached report.

The Chief Human Resources Officer is responsible for preparing an action plan indicating steps that will be taken to ensure compliance with Board policies and procedures. The specific recommendations included in the report require actions respectively by the Deputy Superintendent, Director of Employee Labor Relations and the Equal Employment Opportunity Advisor. All responses are due within **15** days. Please send your signed action plan to the Internal Audit Office, Sasscer Administration Building, Attention: Jerry Chandler, Business Analyst or via email to jerry.chandler@pgcps.org.

Enclosure

cc: Segun Eubanks, Ed. D., Board Chair
Kevin M. Maxwell, Ph. D, Chief Executive Officer
Carolyn Boston, Vice Chair, Board of Education
Shauna Battle, Esq., General Counsel
Lewis Robinson, Director, Employee Labor Relations Office
Amana T. Simmons, Esq., EEO Advisor/Title IX Coordinator
Erica Berry Wilson, Esq., Executive Director, Board of Education
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Human Resources

Staff Salary Increases

**HOTLINE CASE REPORTING: PGCPS 17-07-0007;
17-07-0008; 17-07-0009; 17-10-0012; and 17-10-0014**

February 12, 2018

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

Table of Contents

BACKGROUND.....2
ALLEGATIONS.....2
OBJECTIVES.....3
SCOPE.....3
INVESTIGATIVE ACTIVITIES3
KEY DETERMINATIONS.....4
CONCLUSIONS.....7
RECOMMENDATIONS.....8
ACKNOWLEDGEMENT.....8
RELEVANT POLICIES AND PROCEDURES9

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

BACKGROUND

Internal Audit (IA) received 5 separate hotline complaints from anonymous callers alleging that Human Resources (HR) employees were given undue salary increases. These allegations were reported and identified as PGCPS 17-07-0007; 17-07-0008; 17-07-0009; 17-10-0012; and 17-10-0014.

ALLEGATIONS

The following details were provided pursuant to reported hotline allegations:

- 1) **PGCPS 17-07-0007** - An employee went from a ASASP Unit III Grade 28 position to a ASASP Unit III Grade 28 position - a lateral move, but received a two-step increase. Both of these positions are within the Human Resources Department. According to the HR Salary Setting Guideline employees are not offered steps or an increase when making a lateral move. An employee was offered a lateral grade 28 move and asked for a step increase but was told according to the Salary Setting Guide it was not allowed. So HR positions are treated differently? Why?
- 2) **PGCPS 17-07-0008** - 'Employee D' was promoted to in April 2017 - moving from a grade 28 to grade 32 position. A salary increase occurred. 'Employee D' just received another 3 step increase in July 2017. Why there was no negotiation in effect? Also when has a PGCPS employee received a 3 step increase when not moving positions? She has been in the job less than 4 months, yet gets another 3 step increase moving from 95K to over \$109K. Why is HR allowed to do what they want with their employees, yet quote a Salary Setting Guide with offering promotions to others outside of HR. Please review how HR is setting salaries for HR positions versus other departments - this is not fair. ASASP Unit III has missed 5 steps since 2010 - yet this person receives that in less than 4 months - how can I receive the same?
- 3) **PGCPS 17-07-0009** - Prior to the former departure, several Human Resources staff were given pay increases. This is unfair and a violation of Union negotiations. Pay increases have not been announced and given to other PGCPS employees.
- 4) **PGCPS 17-10-0012** - 'Employee A' was laterally transferred from a Grade 28 to a Grade 28 position in July 2017 and received a 2 step increase. 'Employee E' was laterally transferred from a Grade 28 position to a Grade 28 position in September 2017 and received no additional steps - why? Lateral moves are just that lateral with no increase in pay - why were these lateral transfers within HR treated differently? Is it because 'Employee A' was not retained in her position as a during the HR reorganization in 2014? Is this HR's way of "paying her back"?

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

- 5) PGCPS 17-10-0014 – 'Employee F' a _____ (ASASP union) was a Grade 28 step 3. On April 1, with no job change, she received a three step increase to _____ (ASASP union) Grade 28 step 6. No one else in ASASP, unless they work in HR received a three step increase. There has been no three step increase negotiated for ASASP that I am aware of. How does HR get to decide who gets increases? What are some HR Partners received step increases for lateral moves? All of HR needs to be audited regarding salaries and how salaries are increased.

OBJECTIVES

The objectives of the investigation were:

- To determine whether HR employees were given salary increases that did not comply with Board of Education approvals;
- To ascertain whether salary increases given to HR employees were equitable as compared to salary improvements given to other PGCPS staff
- To ascertain whether fraud, waste and abuse existed relative to allegations made

SCOPE

The investigation was based on review of relevant information, documentation, emails, etc. that were pertinent to the allegations made. Interviews were also conducted of HR and Payroll staff.

INVESTIGATIVE ACTIVITIES

Investigative activities were completed relative to allegations made and the following documents were requested and reviewed:

- Report of ASASP II and III Employee Changes for the period 7/1/16 – 9/30/17
- Report of HR Salary Increases for the period 7/1/16 – 9/30/17
- Employees' Personnel Files
- Position Action Request Forms

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

KEY DETERMINATIONS

The following key determinations were made as a result of investigative activities:

1. **PGCPS 17-07-0007** - An employee went from a ASASP Unit III Grade 28 / position to a ASASP Unit III Grade 28 lateral move, but received a two step increase. An employee in was offered a lateral grade 28 move and asked for a step increase but was told according to the Salary Setting Guide it was not allowed.

Employee A was hired February 22, 2016 at the former position of Grade 28, step 14 at a salary of \$99,126. A Position Change to and salary increase was authorized and documented for Employee A, effective July 10, 2017. This represented a 2 step increase within grade, from a Grade 28, step 14 to Grade 28, step 16, at a salary of \$108,831. The Personnel Action Sheet (PAS) indicates that the purpose was "Transfer, Replacement for Employee B." The remarks section states, "Hence, Employee A's total increase while employed within Grade 28 was \$9,705 or approximately 10% after a period of 16 months (March 2016 to July 2017). The position is located within.

The PAS for Employee C documents a position change to Grade 28, step 7 effective January 30, 2017. The remarks stated "Lateral transfer; change in position title only, position number and costing number." Employee C was in the position of prior as a Grade 28, step 7. There was no salary increase awarded to Employee C for the position change within grade. Employee C was initially hired May 6, 2014 at a salary of \$72,392 as a Grade 28, step 6 and earned a step increase resulting from the Board approved salary enhancements (2% July 2014) and step increase in July 2016. These increases were in accordance with Board approvals for all employees.

2. **PGCPS 17-07-0008** - Employee D was promoted to in April 2017 - moving from a grade 28 to grade 32 position. A salary increase occurred. Employee D just received another 3 step increase in July 2017.

The PAS for Employee D documents placement in the position of as a Grade 32, step 7 at a salary of \$94,979 effective April 3, 2017. The PAS explains that this was a promotion as well as replacement for

Internal Audit Department
 Human Resources
 Staff Salary Increases
 Investigation Report
 February 12, 2018

Employee D. A second PAS shows a "Salary Change" effective **July 1, 2017**, increasing the salary to **\$106,073** as **Grade 32, step 10**. The remarks section states, "Salary Correction based on Organization" and was signed by the _____ on **June 15, 2017**. The increase of **\$11,094 (12%)** represents and 3 step increase within 3 months.

3. **PGCPS 17-07-0009** - Prior to the _____ departure, several Human Resources staff were given pay increases. This is unfair and a violation of Union negotiations. Pay increases have not been announced and given to other PGCPS employees.

A review of HR salary increases for the period July 1, 2016 through September 30, 2017 revealed pay increases equivalent to 2 steps or more were provided to at least 6 HR staff members as follows:

Employee	Steps
Employee A	2
Employee D	3
Employee E	0 *
Employee F	3
Employee G	0 **
Employee H	2
Employee I	2
Employee J	2

* Position change without salary increase

** Union group and pay table change

The Board approved a step increase in July 2016 that was paid to employees January 2017. There were no other salary enhancements announced and approved by the Board of Education as a result of union negotiations for the period July 1, 2016 through September 30, 2017, the period of this review. The Negotiated Agreement for Supervisory and Administrative School Personnel for the period July 2013 through June 2016 agreement relative to salary improvements provides that a 2 step improvement be awarded to an employee when an employee is promoted to a position on a new salary grade. There is no language relative to step improvements provided for any other purpose.

4. **PGCPS 17-10-0012** - 'Employee A' was laterally transferred from a Grade 28 _____ in July 2017 and received a 2 step increase. Employee E was laterally transferred from a Grade 28 _____ to a Grade 28 _____ in September 2017 and received no additional steps. Lateral moves are just that lateral with no increase in pay - why were these lateral transfers within HR treated differently? Is it because

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

'Employee A' was not retained in her position as a _____ during the HR reorganization in 2014? Is this HR's way of "paying her back"?

The PAS for Employee A indicates a 2 step increase for a position change from _____, **Grade 28, step 14** to _____ **Grade 28, step 16** effective July 10, 2017. Employee A was on staff as an _____ at the time of the HR reorganization that occurred effective June 30, 2014. Employee A's position was eliminated at the time, per memorandums from the CHRO dated March 21, 2014 and June 24, 2014.

The PAS for Employee E indicates a Transfer effective 9/25/17 to the position of _____ **Grade 28, step 10**. The purpose of the transfer was "Transfer – Lateral" to replace Employee A per the PAS. The prior position was _____ also **Grade 28, step 10**. The remarks states, "_____ transfer no change in salary."

5. **PGCPS 17-10-0014** – Employee F, _____ (ASASP union) was a Grade 28 step 3. On April 1, _____ with no job change, she received a three step increase to _____ (ASASP union) Grade 28 step 6. No one else in ASASP, unless they work in HR received a three step increase. There has been no three step increase negotiated for ASASP.

The PAS for Employee F indicates a salary change from \$67,441, **Grade 28, step 3** to \$75,317, **Grade 28, step 6**. Employee F is a _____. The effective date for the change is 4/1/17. The reason states, "Update / correction of salary" and was authorized by the _____.

The Board approved a one step increase in July 2016 that was paid to ASASP employees January 2017. There were no other salary enhancements announced and approved by the Board as a result of union negotiations for the period July 1, 2016 through September 30, 2017, the period of this review. The Negotiated Agreement for Supervisory and Administrative School Personnel for the period July 2013 through June 2016 agreement relative to salary improvements provides that a 2 step improvement be awarded to an employee when an employee is promoted to a position on a new salary grade. There is no language relative to step improvements provided for any other purpose.

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

CONCLUSIONS

The following conclusions were made based on the result of the investigation and key determinations:

1. **PGCPS 17-07-0007** - An employee received a two step increase for a Grade 28 lateral move. An employee in _____ offered a lateral grade 28 move but was told according to the Salary Setting Guide it was not allowed.

SUBSTANTIATED – HR Employee A received a 2 step increase for a lateral move from the position of _____ (Grade 28, step 14) to _____ (Grade 28, step 16). IA Employee C was denied a salary increase for change in position from _____ Employee C's pay remained at Grade 28, step 7.

2. **PGCPS 17-07-0008** – HR Employee D was promoted moving from grade 28 to grade 32 position and a salary increase occurred. Subsequently Employee D received another 3 step increase July 2017.

SUBSTANTIATED - HR Employee D was promoted to the Grade 32 effective April 3, 2017 and received a salary increase. A second "Salary Change" equivalent to a 3 step increase (Grade 32, step 10) was processed effective July 1, 2017. Employee D received total salary increase of \$11,094 (12%) within 3 months.

3. **PGCPS 17-07-0009** - Prior to the _____ departure, several Human Resources staff were given pay increases. This is unfair and a violation of Union negotiations. Pay increases have not been announced and given to other PGCPS employees.

SUBSTANTIATED - Salary increases equivalent to 2 steps or more were provided to at least 6 Human Resources staff members for the period July 1, 2016 through September 30, 2017. These salary step increases were approved by the _____ Salary increases were approved by the Board for all ASASP employees effective July 1, 2016 and paid January 2017. There were no other salary enhancements announced and approved by the Board of Education resulting from union negotiations for the period of the review, July 1, 2016 through September 30, 2017.

4. **PGCPS 17-10-0012** – HR Employee A received a 2 step increase for a lateral transfer for a Grade 28 position in July 2017. HR Employee E was laterally transferred from a Grade 28 position in September 2017 and received no additional step increases.

SUBSTANTIATED - HR Employee A received a 2 step increase for a position change from Grade 28, step 14 to Grade 28, step 16 effective July 10, 2017. Employee A was formerly _____

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

on staff within _____ at the time of the _____ reorganization that occurred effective June 30, 2014, Employee A's position was eliminated at the time.

Employee B received a transfer effective 9/25/17 to a position within _____ as **Grade 28, step 10**. Employee B's prior position was also **Grade 28, step 10**. Hence, there were no step increases given.

5. **PGCPS 17-10-0014** – HR Employee F received a three step increase from ASASP Grade 28 step 3 to Grade 28 step 6. No one else in ASASP, unless they work in _____ received a three step increase. There has been no three step increase negotiated for ASASP.

SUBSTANTIATED - HR Employee F received a salary change from **Grade 28, step 3** to **Grade 28, step 6**. There was not a change in position and the effective date was 4/1/17. The BOE did not approve salary increases equivalent to 3 steps for ASASP employees during that period.

RECOMMENDATIONS

Internal Audit recommends the following pertaining to perceived inequity for undue salary increases paid to HR employees:

- 1) Employee Labor Relations should review _____ salary increases awarded and determine whether respective staff were due salary improvements in accordance with negotiated agreements.
- 2) The Equal Employment Opportunity Advisor should review salary increases given outside of Board approval and union negotiations to determine equitable treatment of PGCPS employees including staff awarded lateral transfers as well as employees outside of Human Resources.
- 3) The Deputy Superintendent should review the actions authorized by the _____ to determine appropriateness. This includes consideration of whether the _____ had authority to direct actions to be taken after his tenure had ended.

ACKNOWLEDGEMENT

We would like to thank _____ and staff of Human Resources and Payroll Services for their cooperation and assistance during the investigation.

Internal Audit Department
Human Resources
Staff Salary Increases
Investigation Report
February 12, 2018

RELEVANT POLICIES AND PROCEDURES

The following policies and procedures were pertinent to the investigation:

Negotiated Agreement for Supervisory and Administrative School Personnel July 2013 through June 2016 terms of agreement relative to salary improvements states:

An employee promoted to a position on a new salary grade will be placed on the salary step in the new grade that would result in a salary that would be no less than the salary of a two (2)-step increase on the scale in the previous position, but in no event shall such increase exceed the top step of the new salary grade.

Salary tables for FY 2016 improved as follows: C. An amount equivalent to a step increase on January 1, 2016 applied to base for all eligible employees that will receive a FY 2016 step increase.