

## **Dr. Randy Stepp's Response to the Medina City Schools Special Audit 10-22-13**

The Special Audit conducted by the Auditor of State covered a period of nearly 9 years. During that time Dr. Stepp managed to save the Medina City School District nearly \$11 million dollars in **non personnel** expenditures, which equates to approximately 9 mils in property tax for residents of the Medina City Schools District.

Dr. Stepp had a clear and documented public purpose for every expenditure made during his tenure as superintendent. Dr. Stepp followed the procedures provided to him by the Medina County Educational Service Center and the Treasurer's Office within the Medina City School District. Dr. Stepp was doing what he was authorized to do under policy and all of the expenditures, which he believes were proper, were approved by Medina County Educational Service Center Treasurer Michelle McNeely, Medina County Educational Service Center Superintendent Will Koran, Medina City School District Treasurer Wallace Gordon, and Medina City School District Treasurer Jim Hudson. Ensuring that proper approvals have been acquired and that fund account coding is properly maintained are a function of the Treasurer's office.

Dr. Stepp has stated from the day he was placed on leave that if he has done anything in error while leading the Medina City School District he is willing to make it right. Any error was unintentional and made while serving the District with the best interests of the students and community in mind. Dr. Stepp will review the finalized special audit and then determine what his next course of action will be.

Below are explanations that were submitted to the Auditor of State for the findings attributed to Dr. Stepp listed in the audit.

### **Medina Education Service Center Payments:**

1. ESC Check No. 34705 for \$800, February 12, 2008. Forty-five \$20 gift cards from a local restaurant in Medina were purchased and distributed to the spouses/significant others of the Board of Education members, administrators and instructional staff at the 2007 holiday recognition dinner.

This expenditure was made in conjunction with the holiday recognition dinner held for the Board of Education members, the School District administrators, the Board office instructional staff, and their spouses/significant others.

The purposes of the gift card purchases were to, among other things: (1) enhance morale and rapport; (2) develop the working relationship between the Board and administrative team; (3) support the development of a positive climate; (4) support the development of a culture between the Board and administrative team that was based on shared values and beliefs; (5) recognize employees for their dedication, commitment and loyalty to the Board and District; (6) utilize time outside of the workday to develop professionally; and (7) promote the retention of talent within the District for the overall betterment of the District and the children it serves.

The purchase of small tokens of appreciation, such as gift cards, are in furtherance of the Board's policies authorizing and encouraging such activities. Specifically, Board of Education Policy No. 6233 provides as follows:

The Board of Education recognizes the value in providing meals, refreshments, and/or other amenities for staff, students, citizens, advisory groups who participate in meetings and staff development sessions, or on other occasions as deemed appropriate by the administration.

The Board hereby affirms that these expenses do serve a valid and proper public purpose. The Board believes that the "public purpose" served is the promotion of education, enhancement of morale, and rapport, and the encouragement of participation in said activities. However, under no circumstances shall public funds be expended for the purchase of alcoholic beverages.

The Board further directs the Treasurer to include funds in the annual appropriations for the purchase of such amenities or to reimburse staff who incur such expenses if purchased in connection with meetings, staff development sessions, or other occasions deemed appropriate by the administration.

In my annual performance reviews there are typically sections entitled "1. Shape the Future" and "4. Energize the Team/Personnel." The Board further outlines in the same sections of my annual performance reviews my goals for the upcoming years, including to "[d]evelop a non-financial based rewards system to encourage MCS employees to remain within the District and outstanding performance." The gift card purchases were in furtherance of these goals.

Additionally, the gift cards were intended to recognize and thank the spouses and significant others of the Board members and administrators, and to encourage their continued support. The Board members, administrators and Board office instructional staff have historically given far more time to their jobs than they are compensated for. Their spouses/significant others tolerate unorthodox and demanding schedules, as well as occasional demands of time with little, if any, notice.

The giving of gifts to thank individuals is not foreign to the District. Past examples that were in place prior to my becoming Superintendent would be the gifts that Board members received from the District during National School Board Recognition Month in January, gifts retiring employees receive at the end of their career thanking them for their service to the District, and gifts principals give their teachers and support staff during Teacher and/or Staff Appreciation Week, which typically takes place the first week of May each year, just to name a few.

2a ESC Check 34936 – This expenditure was made to cover the cost of attendance at the National School Board Association Annual Conference in Orlando, Florida. I was encouraged to attend by Board of Education members.

As a result of attending the conference on April 1, 2008, I felt the need to stay the evening of April 1, 2008. This night's stay would have been necessary had my family not been with me and had I chosen to not stay additional nights after the conference concluded. This night's stay would have occurred had I paid for the professional development personally. For safety, flights and other reasons, it is not an uncommon practice for those who attend professional trips to stay the night that a conference ends and leave the next morning.

Section 6 of the Superintendent's contract "PROFESSIONAL GROWTH OF SUPERINTENDENT" states, "The Board encourages the continuing professional growth of the superintendent through his participation, as he might reasonably decide in light of his responsibilities, in activities conducted or sponsored by local, state and national school administrator and school associations (e.g., AASA conventions, BASA conferences and meetings).

2b. ESC Check No. 34936, of which \$1,023.00 is in question, April 16, 2008. I initially accepted, but then declined the Board of Education's request that I attend the NSBA Annual Conference because I had preexisting plans to vacation with my family for spring break. In the weeks leading up to the conference, however, the Board continued to pressure me to attend and suggested that I bring my family with me. My family and I reluctantly agreed. Having been superintendent for just over a year, I felt compelled to comply.

I researched airfare and car rental prices online. Because I was making travel arrangements at the last minute and it was the spring break season, the total cost to fly and rent a car was more expensive than driving. Therefore, I made a prudent choice to drive. My decision comported with Administrative Guideline (AG) 3440A, which provides that "[t]ravel outside the School District will be reimbursed at the regular fare rate charged the general public by common carrier, unless travel by private conveyance is more economical, in which case mileage will be reimbursed at the I.R.S. rate." AG 3440A further requires that "[t]ravel should be by the most direct and economical route" and that District personnel are "to exercise the same care incurring travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds." A prudent person under these circumstances would have chosen to drive rather than incur the cost of flying and renting a car.

I assume the Board member whose flight information is referenced made his/her reservation well before the Board pressed me to change my vacation plans to attend the conference.

3. ESC Check No. 35793 for \$1,410.00, November 26, 2011. This expenditure was for the purchase of forty-seven \$30 gift cards from a local restaurant in Medina. The gift cards were distributed to the spouses/significant others of the Board of Education members, administrators and Board office instructional staff at the 2011 holiday recognition dinner. The distribution of the gift cards was for same purposes and in furtherance of the same Board policies and performance directives to me as outlined under item 1 above.

4. ESC Check 39015, of which \$277.00 is at issue, May 31, 2011.

I participated in a trip to Vietnam and China as part of the MBA program I engaged in under the full knowledge and support of the Board, the costs of which were reimbursable under my employment contract. Specifically, Section 2 of my Superintendent's Contract, titled "PROFESSIONAL CREDENTIALS," provides that the "Board will reimburse the Superintendent for any college coursework completed for the purpose of expanding his professional knowledge and skills or for keeping his license current, including tuition, fees, books, and any other classroom materials required by the institution providing the services." Section 6, titled "PROFESSIONAL GROWTH OF SUPERINTENDENT," provides that the "Board shall permit a reasonable amount of release time for the Superintendent to attend to such matters and shall pay the necessary fees for travel and subsistence expenses."

The flights were approximately 16 hours each in duration. I worked on District business during the flights. I requested the upgrade, not into first class, but simply for more room and to be able to complete District work more comfortably. I "exercised the same care incurring travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds" in accordance with Board Policy No. 3440. That was demonstrated by the number of people who traveled with me on those flights who also made the same seat upgrade.

5. ESC Check No. 39473 for \$87.00, October 14, 2011. Upon the sudden resignation of the principal at Northrop Elementary School I performed the principal's responsibilities while the District searched for a replacement. The \$87.00 expenditure was for the purchase of flowers and candy from Giant Eagle grocery store, which were placed in the school office for all employees of the school to enjoy. The flowers and candy were designed to lift spirits, facilitate the healing process, and bring the employees and administrators closer together, which enhances morale and rapport and encourages employee retention in accordance with Board Policy Nos. 6233 and 3120, and 4120, which recognizes the need to retain qualified and competent support staff. It is not uncommon for principals and other administrators to purchase snacks, treats and other items for meetings and events such as Teacher Appreciation Week.

**Medina City School District Reimbursements:**

6. Medina CSD Check No. 59192 for \$151.00, January 3, 2013. A donation of \$1,000.00 was made to the Medina City School District for the express purpose of covering the cost of the 2012 Board and Administrator Holiday Recognition Dinner and for gifts to the Board office staff. Of the \$1,000.00 donation, \$151.00 was used to purchase candles from Root Candles headquartered in Medina that were distributed to the Board office staff to recognize, reward and thank them for their service, to boost morale and rapport, and to encourage staff retention. The expenditure was consistent with Board Policy No. 6233, 3120 and 4120 and did not involve the use of taxpayer dollars from the general fund.

**Medina City School District Credit Card Purchase:**

7. Credit Card Purchase, of which \$100.00 is at issue, December 12, 2007. This expenditure is connected to item 1 above, which fully addresses it.