



New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU: TUTORING FIRM OWES CITY \$850,000 FOR BAD BILLING

Audit Raises Serious Concerns over Dubious Timesheets

NEW YORK, NY – City Comptroller John C. Liu today announced that an audit of Champion Learning Center, a tutoring company in contract with the Department of Education, uncovered questionable payments for dubious bills.

Many of the submitted attendance sheets that the DOE paid did not have the required documents that would prove a student was in fact tutored. An additional set of payments went to tutoring services supposedly performed between midnight and 5 a.m.

“Taxpayers can’t afford to write multi-million dollar blank checks for tutoring services that may not have taken place,” Comptroller Liu said. “The DOE’s lack of oversight not only shows serious mismanagement, but may have also enabled fraudulent billings. Every education dollar wasted robs students of the education they deserve. DOE should investigate these billings and recover all the money the City is owed. Doing so will send a clear message to companies that do business with the City that New Yorkers will not be taken for a ride.”

Under the federal No Child Left Behind Act, eligible students enrolled in schools in need of improvement are provided free tutoring to improve their education and performance on state academic standards and assessments. Champion Learning Center was one of 52 state-approved tutoring providers during School Year 2009-2010. Champion entered into a \$40 million contract with DOE to offer tutoring services, primarily in students’ homes, from September 1, 2009 through August 31, 2012.

The audit found that Champion lacked adequate controls and failed to live up to key provisions of its contract. Champion’s management weaknesses were compounded by DOE’s inadequate oversight. Ultimately, Champion billed and was paid by DOE for tutoring services for which there was inadequate or questionable documentation.

The findings raised questions about the accuracy of the overall billing for tutoring services that Champion submitted to the DOE.

Timesheets show tutoring at barred or impossible hours

During school years 2009-2010 and 2010-2011, Champion billed the DOE and was paid \$836,254 for services reportedly provided during hours in which it was not allowed to tutor or at odd times (midnight to 5 a.m.). The billing for these hours could signal fraud.

The DOE agreed with the audit's recommendation that it recoup the \$836,254. The agency has since changed its billing portal for vendors to prevent them from submitting requests for payment for services during school hours or the middle of the night.

Billing documentation lacking or missing

DOE paid Champion for tutoring services without adequate evidence that the services were, in fact, provided. Auditors examined a random sample of 164 attendance sheets cards paid by the DOE and determined that 10% (16 of 164) did not contain the tutor's name or signature as required and 47% (77 of 164) were not signed by the supervisor as required. The audit also reviewed records for tutoring services for 76 students and found that of the total \$151,435 the DOE spent, \$22,525 (15%) covered 322 hours of work that did not have adequate attendance sheets.

DOE agreed with the recommendation that it investigate and, if warranted, recoup the total of \$22,525 for payments that were not supported by attendance sheets.

Champion agreed with the audit's recommendations that the company strengthen its internal controls to ensure that attendance sheets are properly reviewed and include the required signatures.

Liu credited Deputy Comptroller Tina Kim and the Bureau of Audit for their work on this report. The full audit can be found at www.comptroller.nyc.gov.

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