



GREGORY W. SULLIVAN
INSPECTOR GENERAL

The Commonwealth of Massachusetts
Office of the Inspector General

JOHN W. McCORMACK
STATE OFFICE BUILDING
ONE ASHBURTON PLACE
ROOM 1311
BOSTON, MA 02108
TEL: (617) 727-9140
FAX: (617) 723-2334

April 15, 2011

Ms. Jill Lucius
General Manager, School Services
Fitchburg Public Schools
376 South Street
Fitchburg, MA 01420

Dear Ms. Lucius:

As you know, the Massachusetts Office of the Inspector General (OIG) reviewed Fitchburg Public Schools' (District) June 2009 receipt of a \$52,060 Richard B. Russell National School Lunch Program Equipment Assistance Grant from the Department of Elementary and Secondary Education (DESE) under the American Recovery and Reinvestment Act (ARRA).

The OIG is reviewing ARRA-related grants to identify potential vulnerabilities to fraud, waste, and abuse and other risks that could negatively impact the accountability, transparency, and anti-fraud mandates contained in the statutory language and interpretive guidance of ARRA. This review should not be construed as an investigation of the program or a comprehensive programmatic review. The OIG intends these reviews to assist recipients of ARRA funding to identify and address risks.

According to the grant application, the District planned to purchase a "double decker convection oven" for the Crocker Elementary School, a "double decker oven" for the Memorial Middle School, a "walk-in refrigerator" and "3 door roll-in refrigerator" for the Academy Middle School, and a "convection steamer" for the South Street Elementary School. In December 2010, the OIG requested information regarding the purchases of these items to verify that the District conducted the purchases pursuant to federal and state requirements.

The District provided invoices and purchase orders for all equipment purchased under the grant. For documents relating to the procurement process itself, the District

referred OIG staff to the City of Fitchburg's Purchasing Department (City). From the information that the District and city provided, the OIG verified that the District complied with M.G.L. c.30B – the Uniform Procurement Act for four of the five purchases by either using a pre-existing statewide contract (GRO24 - Foodservice Equipment) or by issuing a Request for Quotations (RFQ) and receiving three quotes from legitimate business entities and by choosing the responsible vendor with the best price. The OIG also verified that the amount paid by the District for the equipment matched the amount of the DESE grant award.

However, the OIG identified two issues to bring to the District and DESE's attention. First, neither the District nor the City could provide a record of the procurement process for the "3 door roll-in refrigerator" purchase. The City stated that the District's Food Service Director would have any documents that the City did not have. However, the District could not produce these files. As a result, the OIG cannot verify that the District purchased the roll-in refrigerator pursuant to state and federal procurement requirements.

The OIG would like to remind the District and the City of the public records law requirement to maintain records and the Chapter 30B requirement, summarized in the OIG Procurement Manual, "[that] all written documents...must be maintained in a [procurement] file for a period of six years from the date of final payment under the contract, [including] the names and addresses of all vendors from which quotes were sought, [as well as] the date and amount of each quote." Based on the District's lack of documentation for this procurement process, the OIG is requesting that DESE review the District's grant compliance to determine whether this violation would necessitate a return of funds to DESE.

Also, local jurisdictions may purchase from Operational Services Division (OSD) statewide contracts (SWC) per M.G.L. c.7, §22A and M.G.L. c.30B, §1(c). However, as written, SWCs do not afford all needed protections for a local jurisdiction. Therefore, the OIG recommends that a local jurisdiction using a SWC create its own form of contract for SWC purchases. The objective is to extend the benefits of the SWC to the local jurisdiction. The best way to guarantee this is to add any relevant SWC terms into your own standard contract. This will help to ensure that the local jurisdiction has a contract that addresses its needs while achieving the benefits of the SWC. To assist local jurisdictions, the OIG has worked with OSD to develop a model purchase order (PO) form that local jurisdictions may use as the basis of a contract. The form is available on our website at www.mass.gov/ig/igpubl.htm. This model PO includes SWC safeguards and provisions relating to record-keeping and retention, inspection of records, assignment, and indemnification. The SWC's scope of services, and/or purchase terms and description cannot be altered. An alternative to a new contract or

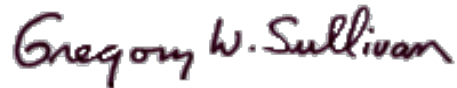
Ms. Lucius
April 15, 2011
Page 3

the model PO is the use of an enhanced purchase order that contains warranty information, a vendor signature line, and the statewide contract number. The OIG encourages the District to utilize one of these types of contracts for future SWC purchases.

Additional information for future procurements can be found on the OIG website, including step-by-step procurement information available in the current OIG manual, *Municipal, County, District, and Local Authority Procurement of Supplies, Services, and Real Property* at <http://www.mass.gov/ig/igpubl.htm>. A revised version called "*The Chapter 30B Manual*" is soon to be released on the OIG website. Also, a free introductory online "Bidding Basics" training course can be found on the OIG website at http://www.mass.gov/ig/mcppo/bb_online.htm. This serves as a helpful refresher or introductory course on M.G.L. c. 30B, the Uniform Procurement Act.

I appreciate your cooperation in this review of ARRA funding. Please do not hesitate to contact my office with any questions or concerns.

Sincerely,

A handwritten signature in dark ink that reads "Gregory W. Sullivan". The signature is written in a cursive, slightly slanted style.

Gregory W. Sullivan
Inspector General

cc: Mary Anne Gilbert, Department of Elementary and Secondary Education
Kathleen C. Millett, Department of Elementary and Secondary Education
Andre R. Ravenelle, Fitchburg Public Schools
Nancy Wilson, Purchasing Department for the City of Fitchburg