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INSPECTOR GENERAL

The Commonwealth of Massachusetts
Office of the Inspector General

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April 15, 2011

Mr. George Garabedian
School Business Administrator
Greater Lowell Regional Vocational Technical High School
250 Pawtucket Boulevard
Tyngsborough, MA 01879

Dear Mr. Garabedian:

As you know, the Massachusetts Office of the Inspector General (OIG) reviewed Greater Lowell Regional Vocational Technical High School's (GLRVTHS) June 2009 receipt of a \$31,600 Richard B. Russell National School Lunch Program Equipment Assistance Grant awarded by 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, GLRVTHS planned to purchase three "convection ovens" and one "reach-in refrigerator". In December 2010, the OIG requested information regarding the purchases of these items to verify that GLRVTHS conducted the purchases pursuant to federal and state requirements.

The OIG review determined that:

- GLRVTHS obtained three quotes from legitimate business entities: statewide contract (SWC) vendors under state contract GRO24 (Foodservice Equipment);

- GLRVTHS purchased the items (two gas Blodgett Zephair double convection, one electric Blodgett Zephair double convection oven, one Traulsen Reach-in Refrigerator) from the SWC vendor with the best priced offer;
- The amount paid by GLRVTHS for the items matched the amount of the DESE grant award.

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 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 GLRVTHS to utilize one of these types of contracts for future SWC purchases.

Also, the grant award stated that, "all monies must be expended by September 30, 2009..." and that there would be, "...no extensions allowed." DESE also cited in its award letter to GLRVTHS the U.S. Department of Agriculture (USDA) policy memorandum SP 18-2009 in which the USDA, "recommend[s] that State agencies encourage SFAs [school food authorities] to complete their procurement and expenditure activities within three (3) months of grant award." However, according to the documents GLRVTHS provided to the OIG, it did not expend all of the funds until five months after the September 30, 2009 deadline. The OIG is requesting that DESE review the matter to ensure that no ARRA violation has been committed.

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.

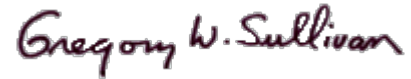
Mr. Garabedian

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

Sincerely,

A handwritten signature in dark ink that reads "Gregory W. Sullivan". The script is cursive and fluid, with the first name "Gregory" being more prominent than the last name "Sullivan".

Gregory W. Sullivan
Inspector General

cc: Mary Anne Gilbert, Department of Elementary and Secondary Education
Kathleen C. Millett, Department of Elementary and Secondary Education
Mary Jo Santoro, Greater Lowell Regional Vocational Technical High School