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INSPECTOR GENERAL

*The Commonwealth of Massachusetts*  
*Office of the Inspector General*

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January 11, 2011

Mr. Eric D. Ely  
Superintendent of Schools  
Southbridge Public Schools  
41 Elm Street  
Southbridge, MA 01550

Dear Superintendent Ely:

As you know, the Massachusetts Office of the Inspector General (OIG) reviewed the Southbridge Public Schools' (SPS) Fiscal Year 2009 State Fiscal Stabilization Fund (SFSF) Grant (as amended in June 2009) of \$1,712,350 from the Massachusetts Department of Elementary and Secondary Education (DESE). SPS received the grant as a result of 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. Our review of the provided documents should not be construed as an audit, investigation, or a comprehensive programmatic review. The OIG intends these reviews to assist recipients of ARRA funding identify and address risks.

Of the \$1,712,350 SPS received in SFSF funding, the OIG review focused on the \$816,760 spent on tuition for twenty-one special education schools. SPS spent the remaining SFSF funds for employee fringe benefits and student transportation.

The OIG discovered that during the tenure of former Superintendent Hanley, SPS did not always appropriately sign and/or date contracts between SPS and the special education schools. According to SPS staff, this practice has been discontinued under the current Superintendent Ely.

As a sound business practice and anti-fraud measure all public contracts should be appropriately signed and dated in a timely manner. The OIG recommends that SPS

ensure that all contracts have appropriate signatory approval.

The OIG also identified further evidence of possible careless contract practice. For example, the previous Superintendent failed to date eleven special education school contracts upon signature approval. One special education school also failed to date its contract upon signature approval. As a sound business practice and anti-fraud measure all public contracts should be dated and signed appropriately and in a timely manner. According to current SPS staff, the former Superintendent routinely failed to properly date contracts. The OIG strongly recommends that SPS review all current all contracts to ensure they are properly dated and signed.

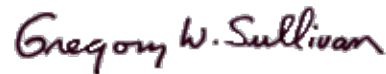
The OIG also conducted a more in-depth review of a sample of three private special education schools that SPS sent students in Fiscal Year 2009 using ARRA funded tuition. For this sample, the OIG verified that during the last quarter of Fiscal Year 2009:

- These special education schools charged the contractual rate for services as set by the Massachusetts Operational Services Division (OSD).
- SPS paid these OSD-established rates to the special education schools in question.

Additionally, the OIG verified that the rates charged by the eighteen special education schools not included in the OIG sample also conformed to the OSD-established rate structure. The OIG also verified that pursuant to 603 CMR 28.06 (3)(f), SPS had written contracts with all twenty-one private special education schools under review.

We appreciate your cooperation. Please do not hesitate to contact the OIG with any questions or concerns you may have regarding this review.

Sincerely,

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

Gregory Sullivan  
Inspector General

cc: School Committee Chairman John Jovan  
DESE Director of Audit & Compliance David LeBlanc