

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

## E-Rate Program

January 15, 2003



## Investigative Audit

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**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

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# **E-Rate Program**

**January 15, 2003**



**Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor**

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OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

January 15, 2003

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**Donald H. Pennington, Superintendent,  
and Members of the Tensas Parish  
School Board**

**Richard Noles, Superintendent,  
and Members of the Webster Parish  
School Board**

Transmitted herewith is our investigative report of the E-Rate Program. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations as well as managements' responses. Copies of this report have been delivered to each school district and others as required by state law.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

GFC:EKL:DGP:dl

# Executive Summary

## Investigative Audit Report E-Rate Program

### **Background** *(See page 9.)*

The Universal Service Fund, also known as “E-Rate,” was created as part of the Telecommunications Act of 1996 to ensure that all eligible schools and libraries have affordable access to telecommunications and information services. All schools and libraries qualify for the program and receive discounts according to their level of economic disadvantage (based on the percentage of students eligible for the national school lunch program) and their location--rural or urban. The school or library will receive discounts of 20% to 90% on telecommunications services, internal connections, and Internet access.

The legislative auditor previously reported findings that indicated that the Union Parish School District awarded E-Rate contracts to SEND Technologies, L.L.C. (SEND), a company partially owned by Union Parish School District employees. In addition, the legislative auditor received information that school districts located in northeast Louisiana paid SEND for Internet services that were not provided. This investigative audit was performed to determine the propriety of this allegation.

This investigative audit resulted in four findings concerning 13 northeast Louisiana school districts and their transactions with SEND.

1. Two co-owners of SEND used their public employee positions to connect SEND customers to the Monroe City School District network infrastructure.
2. SEND charged and was paid for services that were not actually provided.
3. SEND billed the school districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.

4. The school districts did not maintain documentation necessary to ensure they received the network support services for which they paid SEND.

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### ***Highlights . .***

**Co-owners of SEND used their positions as school district employees to connect SEND customers to MCSD's Internet infrastructure.**

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### **Finding (See page 12.)**

**Mark Stevenson and Albert Sit, co-owners of SEND Technologies, L.L.C. (SEND), used their positions as Monroe City School District (MCSD) employees to authorize BellSouth to connect SEND customers to MCSD's Internet infrastructure. As a result, SEND was paid at least \$89,565 for Internet services that it provided using MCSD's BellSouth flexserv.**

Before receiving E-Rate funding in 1998, MCSD provided Internet access (ISP) service to several northeast Louisiana school districts. Digital circuits (56/64K lines) were connected from the school sites to a BellSouth flexserv.<sup>1</sup> The flexserv connected the school sites to MCSD's networking infrastructure.

Former MCSD Management and Information Services Director Mark Stevenson and Associate Director Albert Sit coordinated MCSD's ISP services. Mr. Stevenson and Mr. Sit had remote access to the flexserv in order to manage the network, route traffic, and monitor network performance. In order to make changes (add/remove lines) to the flexserv, BellSouth required authorization from MCSD (Mr. Stevenson or Mr. Sit).

When E-Rate funding became available in 1998, MCSD discontinued providing Internet services to other school districts. On March 31, 1998, Mr. Stevenson and Mr. Sit, along with Union Parish School District employees Tom Snell and Bobby Earle, formed SEND Technologies, L.L.C. (SEND) as an ISP provider. In April 1998, SEND contracted to provide Internet access to ten northeast Louisiana school districts under the E-Rate program.

According to BellSouth records, SEND connected its offices to the MCSD flexserv in July and August 1998. SEND began providing Internet access in July 1998.

From August 1998 to June 1999, 27 additional circuits were added to the MCSD flexserv from sites in school districts that contracted with SEND.

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<sup>1</sup> A flexserv is a load management switching device which can be remotely monitored and managed.

SEND charged the school districts at least \$100 per school site per month for Internet services. From August 1998 to August 2001, SEND was paid \$89,565 for services to these sites. Based on this information, it appears that Mr. Stevenson and Mr. Sit used their positions as MCSD employees to provide Internet services through their private company using MCSD's flexserv account.

### **Recommendations (See page 37.)**

We recommend that the Monroe City School Board establish and implement controls to ensure that district funds and assets are not used for personal purposes.

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### **Highlights . . .**

**SEND was paid \$103,714 for Internet services not provided.**

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### **Finding (See page 15.)**

**SEND was paid \$103,714 for Internet services not provided.**

**From April 1998 to June 1999, SEND was paid \$49,354 in Internet access charges for school sites that did not receive Internet access.**

During this period, SEND had contracted with Franklin, Madison, and Tensas Parish School Districts to provide Internet access to each district's central office as well as a total of 28 school sites within the three districts. The amounts charged each month for Internet access was based on a \$1,350 base charge for service to the central office and an additional \$100 per school site connected to the network (central office).

During our examination, we noted that although SEND provided Internet access to each school district's central office, no more than six of the 28 school sites in these districts received Internet access throughout the entire funding year. In many cases, the school sites did not receive Internet access until the last month of the funding year.

Although many of the 28 school sites did not receive Internet access during each month of the funding year, SEND billed each of the school districts and Universal Service Administrative Company (USAC) for the full contract amounts. These billings resulted in overpayments to SEND totaling \$47,429.

In addition, SEND contracted to provide Internet access to Webster Parish School District. Under this contract, SEND overcharged USAC \$1,925.

**E-Rate records indicate that SEND was paid \$54,360 for Internet access services not provided to Lincoln, Tensas, Webster, and Caldwell Parish School Districts during the fourth E-Rate funding year (July 2001 to June 2002).**

Lincoln Parish School District - SEND contracted with the school district to provide T-1 Internet access to 18 school sites and the central office during the fourth funding year at a cost of \$94,800. School district personnel stated that only 14 school sites received Internet access from SEND and that only three of the district's school sites received Internet access through T-1 connections. As a result, it appears that the school district paid SEND at least \$5,625 for services not provided.

Tensas Parish School District - The school district contracted with SEND to provide Internet access to the central office and five school sites. Although one of the school sites was closed, SEND billed the school district and USAC a total of \$12,840 for services to the site.

Webster Parish School District - The school district's contract with SEND provided that SEND would upgrade the school district's connection to SEND as well as the school district's routers. School district personnel indicated that these services were not provided during the funding period resulting in the school district paying SEND \$10,395 for services not provided.

Caldwell Parish School District - SEND contracted with the school district to provide T-1 Internet access to each school site. Although SEND billed the school district and USAC for the full amount of the contract, T-1 upgrades were not installed in five school sites during the period. As a result, SEND was paid \$25,500 for services not provided.

It should be noted that after the legislative auditor began its investigation, SEND issued credit memos to these school districts totaling \$89,670 for amounts that had already been billed to the districts and USAC for services not provided.

## **Recommendations (See page 37.)**

We recommend that the school districts' technology coordinators, business managers, and members of the school districts' finance committees review all E-Rate contracts and billings to ensure that payments are made for only those services that are provided.

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### **Highlights . .**

**SEND billed eleven school districts for enhanced services that were not provided.**

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## **Finding (See page 31.)**

**SEND billed eleven school districts annual Internet Service Provider (ISP) charges ranging from \$80,640 to \$112,200 for enhanced services (school sites connected directly to the ISP) that were not provided. SEND billed the districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.**

During the first two E-Rate funding years, SEND provided Internet access to several school districts under a configuration consisting of connections from each school site to the district central office and a connection from the district central office to SEND. Under this configuration, the central office provided Internet access to each of the school sites. The average annual charges under this configuration ranged from \$27,000 to \$30,600.

Annual Internet access charges to the same school districts increased significantly during the third funding year to an average of \$60,000 per district. Internet access service orders provided by school district personnel indicated that during this period, SEND provided T-1 Internet access to the schools in each district.

SEND's contracts for Internet access during the fourth funding year indicated that SEND would provide Internet access under a configuration by which the school sites in each district would have their own direct connections to SEND. This configuration would allow each school site to bypass the central office to receive faster Internet service. Annual charges under this configuration ranged from \$80,640 to \$112,200.

Although SEND billed the school districts based on this enhanced configuration, technology coordinators in Caldwell, Catahoula, Claiborne, Concordia, Franklin, Lincoln, Morehouse, and Richland Parish School Districts indicated that individual school sites in their districts did not have separate T-1 links connecting directly to SEND.

## **Recommendations (See page 37.)**

We recommend that the school boards establish policies and procedures to ensure the district is receiving the services under contract.

### ***Highlights . .***

**School districts failed to maintain adequate documentation of services performed by SEND.**

## **Finding (See page 34.)**

**School Districts failed to maintain adequate documentation of on-site Internet network support services performed by SEND.**

From July 1999 to June 2000, SEND contracted with at least six school districts to provide Internet on-site network support services for a total contract cost of \$405,600. Of this amount, SEND was paid \$402,280 to provide each of the school districts with on-site technical support for the districts' network operations which included programming, monitoring, and troubleshooting of routers at each school site and school district central office.

During our review of the on-site network support contracts, we noted that the school districts failed to maintain an adequate record of on-site network services to support whether or not SEND complied with the terms of the contract. Since the school districts did not maintain documentation of the dates, times, or services performed by SEND's technicians, we were unable to determine if the school districts received the services for which they paid.

## **Recommendations (See page 37.)**

We recommend that the school boards establish policies and procedures to ensure the district is receiving the services under contract.

## **Additional Information (See Attachment I.)**

The finding states that SEND billed eleven school districts for enhanced services that were not provided. SEND billed the districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.

Several of the school districts responding to this finding have interpreted "enhanced services" as Internet access through upgraded T-1 connections. The reference to "enhanced services" relates to the configuration proposed in SEND's contract during the fourth funding year that provided for the schools within each

district to bypass the central office and connect directly to SEND. Under the proposed configuration, each school site would have its own T-1 connection to SEND increasing its bandwidth and ultimately the speed of Internet access to the schools.

The legislative auditor is aware that most of these school districts received Internet access through T-1 connections to their respective district central office during the third year. SEND's ISP service orders for the third funding year simply stated that SEND would provide T-1 Internet access to all school sites. However, a review of school district and BellSouth records indicate that several schools in these districts did not have T-1 service until the fourth funding year.

As stated above, the school districts paid SEND between \$80,640 and \$112,200 for Internet access where the school sites were connected to the central office and then routed to SEND. However, we noted that at least one district received a proposal for the fifth funding year (from a vendor other than SEND) for comparable services at a cost of \$34,500, substantially less than that charged by SEND.



# Background and Methodology

The Universal Service Fund, also known as “E-Rate,” was created as part of the Telecommunications Act of 1996 to ensure that eligible schools and libraries have affordable access to telecommunications and information services. All schools and libraries qualify for the program and receive discounts according to their level of economic disadvantage (based on the percentage of students eligible for the national school lunch program) and their location--rural or urban. The school or library will receive discounts of 20% to 90% on telecommunications services, internal connections, and Internet access.

Under this program, the federal government pays a percentage (discounted portion) of the allowable services and equipment. The school district is responsible for paying the non-discounted portion of each contract.

The Federal Communications Commission authorized the Universal Service Administrative Company (USAC) as the interim overall administrator of the E-Rate program. On January 1, 1998, USAC began committing E-Rate funds to schools and libraries for authorized services.

The legislative auditor had previously reported findings that indicated that the Union Parish School District awarded E-Rate contracts to SEND Technologies, L.L.C. (SEND), a company partially owned by school district employees. In addition, the legislative auditor received information that school districts located in northeast Louisiana paid SEND for Internet services that were not provided. The school districts included in this report are Caldwell, Catahoula, Claiborne, Concordia, Franklin, Jackson, Lincoln, Madison, Monroe, Morehouse, Richland, Tensas, and Webster Parishes. This investigative audit was performed to determine the propriety of this allegation.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the school districts; (2) interviewing other persons as appropriate; (3) examining selected school district records; (4) performing observations and analytical tests; and (5) reviewing applicable state and federal laws and regulations.

The results of our investigation are the findings and recommendations herein.



# Findings

From April 1998 to June 2002, SEND Technologies, L.L.C. (SEND) was paid at least \$3,510,822 to provide Internet access and internal connection services to at least 13 school districts in northeast Louisiana under the federal E-Rate Program. During this period of time:

- Mark Stevenson and Albert Sit, co-owners of SEND, used their positions as Monroe City School District (MCSD) employees to authorize BellSouth to connect SEND customers to MCSD's Internet infrastructure. As a result, SEND was paid at least \$89,565 for Internet services that it provided using MCSD's flexserv account.
- SEND was paid \$103,714 for Internet services not provided.
- SEND billed eleven school districts annual Internet Service Provider (ISP) charges ranging from \$80,640 to \$112,200 for enhanced services (school sites connected directly to the ISP) that were not provided. SEND billed the districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.
- School districts failed to maintain adequate documentation of on-site Internet network support services performed by SEND.

## Background

Before receiving E-Rate funding in 1998, MCSD provided Internet access service to Catahoula, Concordia, Richland, and Union Parish School Districts. Digital circuits (56/64K lines) were installed at school sites in each district receiving Internet access from MCSD. The lines from the school sites were connected to a BellSouth flexserv account that MCSD had established in December 1994. The flexserv connected the school sites to MCSD's networking infrastructure. BellSouth's monthly fees for the lines and the connections to the flexserv were paid by MCSD. In addition to reimbursing MCSD for the costs of the lines, each of the school districts connecting to the flexserv paid MCSD a monthly fee to provide ISP service.

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**Before 1998, MCSD provided Internet access service to several school districts through its BellSouth flexserv account. The school districts paid MCSD a fee to connect to the flexserv.**

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During the same period, former MCSD Management and Information Services Director Mark Stevenson and Associate Director Albert Sit coordinated MCSD's ISP services. Mr. Stevenson and Mr. Sit each had security cards providing them with remote access to the MCSD flexserv in

order to manage the network, route traffic (to alleviate line congestion), and monitor network performance. According to BellSouth, in order to make changes (add/remove lines) to the MCSD flexserv, BellSouth would have required authorization from MCSD (Mr. Stevenson or Mr. Sit).

When E-Rate funding became available in 1998, MCSD discontinued providing Internet services to other school districts because Universal Service Administrative Company (USAC) guidelines would not allow MCSD to act as an E-Rate service provider while receiving E-Rate funding. MCSD, its former customers (Catahoula, Concordia, Richland, and Union Parish School Districts), and several other school districts in northeast Louisiana including Caldwell, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Richland, Tensas, and West Carroll formed a consortium to apply for E-Rate and state technology funds. State technology funds were used to subsidize the portion of the internal connection contracts not funded by E-Rate. MCSD was chosen as the fiscal agency, with Mr. Stevenson acting as the fiscal agent representing the consortium. Mr. Stevenson assisted consortium members with their applications for both E-Rate and state technology funds.

During the first E-Rate funding year (January 1998 to June 1999), E-Rate funds totaling \$1,262,518 were disbursed to MCSD on behalf of the consortium. Mr. Stevenson negotiated with vendors using these funds to purchase routers, switches, network servers, wiring, and other equipment for consortium members. In addition, Mr. Stevenson assisted consortium members with the design of their school districts' network infrastructures (configurations). Mr. Stevenson also provided consortium members with a request for proposals for Internet access services and, in at least one school district, advised the technology coordinator in the negotiation of a contract with a vendor to provide equipment and ISP services.

### **Co-owners of SEND Technologies Used Their Positions as Monroe City School District (MCSD) Employees to Authorize BellSouth to Connect SEND Customers to MCSD's Internet Infrastructure**

Although MCSD discontinued providing Internet service in 1998, BellSouth records indicate that MCSD maintained its flexserv account until August 2001. On March 31, 1998, Mr. Stevenson and Mr. Sit, along with Union Parish School District employees Tom Snell and Bobby Earle, formed SEND Technologies, L.L.C. (SEND) as an ISP provider. In April 1998, SEND contracted to provide Internet access to Caldwell, Catahoula, Concordia, Franklin, Jackson, Madison, Morehouse, Tensas, Union, and Webster Parish School Districts (all consortium members except Webster) under the E-Rate program during the 1998-99 funding year. In at least two of these school districts, SEND provided proposals for Internet access services in response to their request for proposals that Mr. Stevenson provided to the technology coordinators during a consortium meeting. In one school district, Mr. Stevenson submitted identical proposals for Internet access services from both MCSD and SEND.

It should be noted that from April to June 1998, Catahoula, Concordia, and Union Parish School Districts continued to receive Internet access from MCSD through their connections to the MCSD flexserv. According to BellSouth records, SEND installed T-1 lines from its offices in Monroe to the MCSD flexserv in July and August 1998, which provided SEND direct access to

MCSD's flexserv. SEND's invoices to the various school districts for Internet access indicate that SEND began providing Internet access in July 1998.

From August 1998 to June 1999, additional circuits were added to the MCSD flexserv from school sites in districts that contracted with SEND including Caldwell, Franklin, Jackson, Madison, and Tensas Parish School Districts. BellSouth's monthly fees for the lines and the connections to the flexserv were paid by the school districts. During this period of time, MCSD continued to provide Internet access to school sites within its (MCSD's) district through the MCSD flexserv.

According to BellSouth, no changes were made to the MCSD flexserv without authorization from Mr. Stevenson or Mr. Sit. Both Mr. Stevenson and Mr. Sit, through their positions at MCSD, authorized the installation of SEND's customers' digital circuit connections to the MCSD flexserv. Furthermore, Mr. Stevenson and Mr. Sit's security access to the MCSD flexserv allowed them the ability to manage SEND's ISP services to its customers.

Ms. Janis Haynes, BellSouth sales engineer, stated that BellSouth received an e-mail from Mr. Stevenson and Mr. Sit in April 2001 requesting that BellSouth separate SEND from the MCSD flexserv so that SEND would have its own flexserv independent of MCSD. They also requested that BellSouth move some of the school districts' (SEND's customers) circuits from MCSD's flexserv to the new SEND flexserv. Ms. Haynes stated that Mr. Stevenson asked her to bill SEND for the cost to separate the flexserv and build a new flexserv for SEND.

Donna,

We wish to set up a new Flex account and transfer the circuits to it as shown in the Attachments. Please advise as to how to cutover and projected cost.

Thanks,

-----Original Message-----  
**From:** asit (NLS) [mailto:asit@nls.k12.la.us]  
**Sent:** Thursday, April 12, 2001 12:06 PM  
**To:** Mark Stevenson  
**Subject:** New Flex Management Account

The enclosed three Microsoft Word documents provide the details about the flex circuits for the new and old flex management accounts.

Please contact Donna Rimmer from Bell South about setting up a new flex management account. Here is her email address:

[donna\\_rimmer@bbs.bellsouth.com](mailto:donna_rimmer@bbs.bellsouth.com)

Thank you!

E-mail sent from Mr. Sit and Mr. Stevenson of SEND to Donna Rimmer of BellSouth requesting that a new flexserv account be established for SEND.

Documentation from BellSouth indicating the separation of SEND from the MCSD flexserv in August 2001. According to the document, 29 of SEND's customer locations (including locations from Caldwell, Franklin, Jackson, Madison, and Tensas Parish School Districts) were to be moved from MCSD's flexserv account to a new flexserv account in SEND's name.

08/02/01

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FLEXSERV OFFICIAL NETWORK INQUIRY  
(To be completed by Marketing/Sales)

Date:	08/20/01	Inquiry Due Date:	09/11/01 OR ASAP
Customer Name:	SEND TECHNOLOGIES	Total Number of Customer Locations:	29
Contact Name:	MARK STEVENSON	Customer Terminal Type:	PC
Contact Number:	318 340-0750	Type of Customer:	CLEC/EndUser/IXC
Associated Inquiry No:		Date Customer Requires Service:	09-14-01 OR ASAP
			If CLEC, give CLEC's Name & CLEC's Customer's Name

Management Terminal Interface -MTI-  
(List each customer address separately)

Customer Address	SWC CLLI	Pvt Line/Speed	Quantity Dial up/speed	Total
2904 EVANGELINE ST MONROE, LA 71201	MONRLAMA		2400	
Total MTIs Required				

\*\*\*\*\*  
NOTE: This inquiry is being issued to separate an existing FlexServ® customer (MONROE CITY SCHOOLS, a.k.a MCSCHOOL) into 2 customer FlexServ® arrangements. All DS0 ckt. Will still be mapped to the same DS1 ckt. The new Flex arrangement will have new name, new Secur Card ID access and billed to Send Technologies.  
\*\*\*\*\*

BellSouth records documenting the installation of circuits in Caldwell, Franklin, Jackson, Madison, and Tensas Parish School Districts indicate that several circuits were installed from school sites to the MCSD flexserv after these districts had

contracted with SEND for Internet access. From August 1998 to June 1999, at least 27 sites from these districts had circuits installed connecting to the MCSD flexserv. During the period that these circuits were connected to the MCSD flexserv, SEND charged the school districts at least \$100 per school site per month. From August 1998 to August 2001, SEND was paid \$89,865 for services that SEND provided to these sites. Based on this information, it appears that Mr. Stevenson and Mr. Sit used their positions as MCSD employees to provide Internet services through their private company using MSCD's flexserv account.

As MCSD's employee (agent representing consortium), Mr. Stevenson (1) purchased equipment essential in developing the network infrastructures for school districts within the consortium; (2) developed a working relationship with consortium members; and (3) had access to MCSD's flexserv all of which provided SEND with a competitive advantage over other vendors.

## SEND Was Paid \$103,714 for Internet Services Not Provided.

SEND charged and was paid \$103,714 for Internet access for school sites that did not actually receive the service, for higher speed connections while slower speed connections were actually provided, and for other upgrades that were not performed.

School Districts	E-Rate Funding Year	Period Service Not Provided	Amount Billed by SEND	Payment to SEND for Services Not Provided
1. Franklin	One	July-98 (1 month)	\$2,250.00	
		August-98 to March-99 (8 months)	7,200.00	
		April-99 (1 month)	600.00	\$10,050.00
2. Lincoln	Four	July-01 to March-02 (9 months)	3,375.00	
		July-01 to March-02 (9 months)	2,250.00	5,625.00
3. Tensas	One	April-98 to February-99 (11 months)	21,450.00	
		March-99 (1 month)	1,850.00	
		April-99 (1 month)	1,450.00	
		May-99 (1 month)	100.00	
		Jun-99 (1 month)	100.00	
	Four	July-01 to June-02 (12 months)	12,840.00	37,790.00
4. Madison	One	July-98 to May-99 (11 months)	7,700.00	
		May-99 (1 month)	400.00	
		April-98 to June-98 (3 months)	4,329.00	12,429.00
5. Webster	One	April-99 to June-99 (3 months)	1,925.00	
	Four	July-01 to March-02 (9 months)	10,395.00	12,320.00
6. Caldwell	Four	July-01 to June-02 (12 months)	25,500.00	25,500.00
				\$103,714.00

### Franklin Parish School District

From July 1998 to June 2002, SEND was paid \$254,196 to provide Internet access to Franklin Parish School District (school district) under the E-Rate program. Of this amount, it appears that SEND was paid at least \$10,050 in Internet access charges for school sites that did not receive Internet access.

First E-Rate Funding Year - From July 1998 to June 1999, USAC and school district disbursement records indicate that SEND was paid a total of \$30,600 (12 months @ \$2,550) for providing Internet access to the school district. According to the school district's contract for Internet access, SEND provided one direct Internet access connection to the school district's central office

**From July 1998 to June 1999, SEND was paid \$10,050 in Internet access charges for school sites that did not receive Internet access.**

supporting 12 school sites for \$2,550 per month. This amount included a base rate of \$1,350 for the central office's connection to SEND plus \$100 per school site (12) connected to the network (the school district's central office).

Of the total amount disbursed to SEND, USAC paid \$26,622 (87%) and the school district paid \$3,978 (13%). However, school district records indicate that during July 1998 only three sites--Crowville, Winnsboro, and Wisner High Schools--were equipped with digital circuits (56/64K lines) capable of receiving Internet access from an ISP. These records further indicate that the central office did not receive Internet access until a digital circuit (T-1) was installed at the central office in August 1998. BellSouth records confirmed that digital circuits were installed at Crowville, Winnsboro, and Wisner High Schools by July 1998 and that a T-1 line was installed at the central office in August 1998.

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**Thoy Leonard, school district technology coordinator, stated that the school district did not have all school sites connected to the Internet during the first funding year.**

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Thoy Leonard, school district technology coordinator, also confirmed that the school district did not have all of its school sites connected to the Internet during the first E-Rate funding year. Ms. Leonard further added that the school district only had four sites that were equipped with computer lines (64K or T-1) during most of this period. Though school district records confirm that only three school sites were capable of receiving Internet access, SEND billed a total of \$2,550 during July 1998, which included charges for the central office supporting 12

school sites. Because only three school sites were capable of receiving Internet access in July, it appears that SEND was paid \$2,250 (\$2,550 less 3 sites @ \$100 each) for services not provided.

Furthermore, from August 1998 to March 1999, SEND overbilled the school district and USAC an additional \$900 (9 sites that were not connected to the network) each month as the central office and only three sites received Internet access. As a result, it appears that SEND received \$7,200 (9 sites @ \$100/site for 8 months) for services not provided from August 1998 to March 1999.

In April 1999, 64K lines were installed at Gilbert Junior High, Ogden Junior High, and Winnsboro Lower Elementary Schools connecting the sites to the MCSD flexserv bringing the total number of Internet capable school sites to six. As a result, the school district and USAC should have been billed a total of \$1,950 (\$1,350 for the central office plus \$600 for 6 sites). SEND again billed \$2,550 (12 sites) during this month resulting in an overpayment to SEND totaling \$600. School district records also indicate that the remaining six schools in the district had 64K lines installed in May 1999 making all 12 school sites capable of receiving Internet access during the remainder of the contract period (May 1999 and June 1999). These school sites were also connected to the MCSD flexserv.

Although most of the school district's digital circuits were not installed until April or May 1999, SEND billed the school district for providing Internet access to all 12 school sites from July 1998 to June 1999.

SEND Technologies, L.L.C. 1900 Lamy Lane Suite H Monroe LA 71201		<b>Invoice</b>	
		DATE	INVOICE #
		6/8/1999	1052
<b>BILL TO</b>			
Franklin Parish School Board Technology Literacy Challenge 7293 Prairie Road Winnsboro LA 71295 Attn: Thoy Leonard			
		P.O. NO.	TERMS
		9514	Due on receipt
		PROJECT	
QUANTITY	DESCRIPTION	RATE	AMOUNT
12	ISP Service Charges Frankling: \$1350/mo + 100 x 12 schools billed at 13% with 87% billed to SLC (July 98 - June 99)	331.50	3,978.00
<b>Total</b>			\$3,978.00

Although SEND billed the school district for providing Internet services to 12 school sites, school district records indicate that Mr. Stevenson was aware of the installation dates of the school district's computer lines. On March 29, 1999, Mr. Stevenson sent an e-mail to Ms. Leonard indicating that he was attaching several files including two separate BellSouth installation schedules. According to the e-mail, Mr. Stevenson indicated that the first BellSouth schedule contains the circuit installation due dates and should not be sent to SLC (USAC). Mr. Stevenson further explained that the second BellSouth schedule is like the first but does not have the installation due dates and should be sent to SLC (USAC).

471 information

**Subject: 471 information**  
**Date:** Mon, 29 Mar 1999 21:13:14 -0600  
**From:** Mark Stevenson <msteve@monroe.k12.la.us>  
**To:** tleonard@nls.k12.la.us

Thoy,

The 471 applications are:

121385 Pin # 62437 - Bell Digital lines and ISP  
121434 Pin # 69128 - Networking support SEND

I am also attaching the following files:

frank1 - xls worksheet of Bell installations, but this has due dates on it and should not be sent to SLC

frank2 - xls worksheet like above, but w/o due dates  
SEND THIS ONE TO SLC WITH APP 121385

471FR1.WPD - WP 6.1 file for App 121385 with details about Bell lines and ISP service  
SEND THIS TO SLC with app 121385

471FR2.WPD - WP 6.1 file for App 121434 with list of services for network support  
SEND THIS TO SLC with app 121434

REMEMBER TO 1) SEND SIGNED FORM 6  
2) SEND MATRIX (COPY WITH EACH APPLICATION)  
3) SEND LIST OF SERVICES  
4) SEND BY FED EX WITH RETURN RECEIPT - .

Iris can page me (or you can at 329-6601) if I forgot anything. You might give the applications one final look before you close them. (it is late)

Thanks!!! :)

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 frank1.xls	<b>Name:</b> frank1.xls <b>Type:</b> Microsoft Excel Worksheet (application/vnd.ms-excel) <b>Encoding:</b> base64
 frank2.xls	<b>Name:</b> frank2.xls <b>Type:</b> Microsoft Excel Worksheet (application/vnd.ms-excel) <b>Encoding:</b> base64
 471fr1.wpd	<b>Name:</b> 471fr1.wpd <b>Type:</b> WordPerfect Document (application/wordperfect5.1) <b>Encoding:</b> base64

1 of 2 3/30/99 7:29 AM

Mr. Stevenson indicates that the schedule containing installation dates (mostly during April or May 1999 - see next page) should not be sent to SLC (USAC).

A hard copy of the first BellSouth schedule lists each of the district's sites, the locations of the circuits, the circuit identification numbers, and the due dates for installation. According to the schedule, ten of the 13 sites had circuits installed from the district site to the MCSD flexserv. It should be noted that the schedule also lists Mr. Stevenson as the contact for order questions along with his MCSD phone number.

Findings

UNCLASSIFIED

Circuit#	Vendor - Bell South	Total Requested \$28,111	OKL 2	Tariff	IXO	Circuit Description	Install	Monthly	Installation Priority	Order Number	Due Date	Circuit ID
Franklin Parish Schools Main office	7293 Prairie Road, Winnaboo (on loc as 435-9046)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	T-1 / FLEX	\$ 195.00	\$ 330.00	1	NSF45R84	4/10/99	60.DHCG.512655	
Basin School	1926 Hwy 557, Basin (248-2381)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	248 to 340 (24 miles)	84K / Flex	\$ 105.00	\$ 87.30	4	NS0X74N7	5/14/99	60.DCCC.502096	
CrowWile High School	139 CrowWile School Rd., CrowWile (722-3244)	7293 Prairie Road, Winnaboo (on loc as 435-9046)	EDP	722 to 435 (9 miles)	T-1	\$ 140.00	\$ 358.00	2	NS02P5Y7	4/30/99	60.DHCG.512656	
Fort Necessity Junior High	10930 Hwy 592, Fort Necessity (723-4793)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	723 to 340 (36 miles)	84K / Flex	\$ 105.00	\$ 87.30	3	NS0BMP8	5/8/99	63.DCCC.502007	
Gilbert Junior High	174 First Street, Gilbert (435-5961)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	2	NS6RPC15	4/20/99	60.DCCC.502008	
Ogoen Junior High	2212 HWY 135, Winnaboo (435-4471)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	3	NS7JW980	4/28/99	60.DCCC.502009	
Ward II School	2051 Hwy 578 Winnaboo (435-4749)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	4	NS08Q8V0	5/4/99	60.DCCC.502010	
Winnaboo Lower Elementary	1310 Walnut St., Winnaboo (435-6068)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	4	NS0DY78	4/28/99	60.DCCC.502011	
Winnaboo Upper Elementary	1308 Warren Street, Winnaboo (435-9806)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	4	NS02WV98	5/10/99	60.DCCC.502012	
Winnaboo Junior High	5915 HWY 4, Winnaboo (435-5505)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	435 to 340 (33 miles)	84K / Flex	\$ 105.00	\$ 87.30	3	NS87XX06	5/12/99	60.DCCC.502013	
Winnaboo High School	1900 Glover Drive, Winnaboo (435-5978)	7293 Prairie Road, Winnaboo (on loc as 435-9046)	Tariff	N/A	T-1	\$ 1,359.00	\$ 290.00	2	NS5HWCCD2	4/22/99	60.DHCG.512658	
Winer High School	171 School Street, Winer (724-7596)	7293 Prairie Road, Winnaboo (on loc as 435-9046)	EDP	724 to 435 (13 miles)	T-1	\$ 140.00	\$ 358.00	2	NS5FV377	4/20/99	60.DHCG.512657	
Winer Elementary	8757 Hwy 15 Winer (724-7934)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	724 to 340 (45 miles)	84K / Flex	\$ 105.00	\$ 87.30	4	NS01QBP8	5/13/99	60.DCCC.502014	
							*****	*****				
							\$ 2,819.00	\$ 1,941.70				

Mark Stevenson is contact for order questions 318 322-6713 EXT 3045  
 They Leonard is contact for installation questions at 435-9046  
 Bill All Circuits to Franjoir Parish Schools - Data: 1809 Prairie St., Winnaboo, LA 71295  
 All MagaLinks are B825 and ESF  
 All rates are month to month  
 Show sales code of \$A18A.01 and SCH of BBAG828050 on all orders  
 Include inside wire (ICA) at all locations. (\$70.00)

Mr. Stevenson was listed as the contact for order questions. The number given was Mr. Stevenson's number at the MCSD.

Most of the circuits were installed connecting the school sites to the MCSD flexserv.

Installation dates of the BellSouth circuits. These circuits were installed on or shortly after the due dates listed above.

On August 12, 2002, SEND issued the school district a credit memo in the amount of \$14,400 for services not provided during the 1998-99 funding year. The school district's portion of the total credit was \$1,872 (13%). According to the credit memo, the school district was charged \$1,200 per month for 12 months for school sites that did not receive Internet access. In a letter accompanying the credit memo, Mr. Stevenson stated that the school district should have only been charged the base rate per month (\$1,350) plus \$100 since only one school was online until the spring of 1999. The letter further states that the appropriate amount (\$12,528) will be credited from SEND's next billing to USAC.

**Lincoln Parish School District**

From July 2000 to June 2002, SEND was paid at least \$50,775 to provide Internet access to the Lincoln Parish School District (school district) under the E-Rate program. Of this amount, the school district paid SEND at least \$5,625 for Internet services not provided.

**From July 2001 to March 2002, SEND was paid to provide direct T-1 Internet access to 18 school sites in Lincoln Parish.**

Fourth E-Rate Funding Year - During the period of July 2001 to June 2002, USAC records indicate that SEND was funded as the school district's ISP at a total cost of \$94,800. Based on the school district's 75% E-Rate discount, USAC would be responsible for paying \$71,100 with the school district paying the balance of \$23,700. According to SEND's ISP contract, SEND would provide direct T-1 Internet access to each school site at a monthly cost of \$7,900. This amount included a base charge of \$1,150 in addition to a \$375 school site charge for each of the district's 18 school sites.

<b>(F) COST SUMMARY:</b>			
<b>INTERNET ISP COSTS</b>	<b>QTY</b>	<b>COST</b>	<b>EXTENDED</b>
Base Charge per month	1	\$1,150	\$1,150
School Site Charge per month	18	\$375	\$6,750
Total per month			\$7,900
Total per year			\$94,800
Add: One time ISP Installation/Rework Costs			\$0
Total Costs			\$94,800
Billed to SLD	75%		\$71,100
Billed to District	25%		\$23,700

**Cost summary of SEND's 2001-02 Internet access contract with Lincoln Parish School District. This summary lists (18) school sites.**

**School District Technology Coordinator Debbie Sandidge stated that SEND only provided Internet access to 14 school sites.**

On April 5, 2002, School District Technology Coordinator Debbie Sandidge stated that SEND did not provide direct Internet access to each school site. She explained that the school district's central office receives Internet access from SEND and then acts as a hub to provide Internet to the schools connected to the network (central office). Ms. Sandidge explained that she had planned to have all schools in the district connect directly to SEND but added that the school district's networking infrastructure has not changed. According to Ms. Sandidge, only 14 of the 18 schools in the district were connected to the network and receiving Internet access through the central office's connection to SEND.

Ms. Sandidge stated that three of the four schools not included in the network were Alma J. Brown School, Grambling Middle School, and Grambling High School, all of which receive Internet access through Grambling State University. The fourth school not included in the

school district network is Louisiana Tech University's laboratory school, A. E. Phillips. Ms. Sandidge added that SEND does not provide any services to these four schools.

From July 2001 to March 2002 (9 months), the school district paid SEND \$17,775 of the non-discounted portion for Internet service. On three separate occasions (during the 9-month period), SEND invoiced the school district for quarterly Internet access based on 18 school sites connected to the school district's network. These payments included \$3,375 ( $\$375 \times 4$  laboratory school sites  $\times$  9 months of Internet service @ 25% discount), the school district's percentage of site charges for the four laboratory schools that did not receive any services from SEND.

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**After the legislative auditor began its investigation, SEND issued a \$4,500 credit to the school district which included \$3,375--the amount paid for schools not receiving Internet services from July 2001 to March 2002.**

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On May 17, 2002, when asked why SEND had billed the school district for direct Internet access to the laboratory schools, Ms. Sandidge stated that it was an oversight on her part. She explained that the laboratory schools were included in the school district's free and reduced lunch statistics used to calculate the E-Rate discount and that these schools should not have been included in SEND's Internet access contract. Ms. Sandidge added that SEND should have been aware of the number of schools that were receiving Internet access through the school district. She stated that part of the agreement requires that SEND monitor the computer lines that connect individual school sites to the network.

Ms. Sandidge indicated that she had spoken to Mr. Stevenson regarding the laboratory schools. She stated that Mr. Stevenson indicated that he would credit the school district for the services that were not provided. On July 22, 2002, SEND issued a credit memo to the school district to adjust the number of school sites that had received Internet access during the funding year from 18 school sites to 14 school sites. The school district's portion of these charges (\$3,375) were offset (credited) against Internet services provided to the school district during April, May, and June 2002.

In addition, Ms. Sandidge indicated that only three of the schools in the district received Internet access through T-1 connections during the funding year. The remainder of the schools (11) had 56K lines that connected to the school district central office. It appears that adjustments totaling \$12,000 were made on the July 22, 2002, credit memo issued by SEND for the delay of T-1 upgrades to school sites in the district. The school district's portion of these adjustments over the nine-month period billed by SEND was \$2,250 ( $\$12,000 @ 25%$  over 9 months).



### Tensas Parish School District

From April 1998 to June 2002, SEND was paid \$177,689 to provide Internet access to the Tensas Parish School District (school district) under the E-Rate program. During this period, it appears that SEND was paid a total of \$37,790 for Internet services not provided.

**From April 1998 to June 2002, SEND was paid \$37,790 for Internet access that was not provided.**

First E-Rate Funding Year - From April 1998 to June 1999 (15 months), the school district contracted with SEND as its Internet service provider (ISP). USAC records indicate that SEND was funded as the school district's ISP from April 1998 to June 1999 for a total of \$29,250 (15 months @ \$1,950). SEND's monthly charge included a base rate of \$1,350 for the central office and \$600 for six school sites connected to the network. As a result of the school district's 87% E-Rate discount, USAC made payments to SEND totaling \$25,448 while the school district paid SEND \$3,802 (13%) for the non-discounted portion of the ISP charges.

**SEND Technologies, L.L.C.**  
2904 Evangeline Street  
Monroe, LA 71211  
(318) 340-0750

**Invoice**

DATE	INVOICE #
11/12/1999	1086

**BILL TO**  
Tensas Parish School Board  
William Fletcher  
504 Plank Road  
Saint Joseph, LA 71366

P.O. NO.	TERMS	PROJECT
	Due on receipt	

QUANTITY	DESCRIPTION	RATE	AMOUNT
	Tensas Parish: ISP Service Charges: Per SLC Contract 98-99 Billed @ 13% with 87% billed to SLC	3,802.50	3,802.50
<b>Total</b>			<b>\$3,802.50</b>

SEND's invoice for Internet access provided to the school district during the 1998-99 E-Rate funding year.

SEND's invoice did not indicate the months in which the school district received Internet access.

Invoice amount was based on the school district's portion (13%) of monthly Internet charges totaling \$1,950 per month for 15 months (April 1998 to June 1999).

**Dr. Fletcher, school district technology coordinator, stated that SEND did not provide Internet access to the school district until May or June 1999.**

Arthur Johnson, former school district technology coordinator, stated that Dr. William Fletcher replaced him as the technology coordinator in December 1998. Mr. Johnson explained that the school district was not receiving Internet access at that time. Dr. Fletcher stated that when he became the technology coordinator in December 1998, the school district was still accessing the Internet through IAmerica dial-up accounts. He stated that SEND did not begin providing Internet access until May or June 1999. He added that the school district had only five school sites receiving Internet access from SEND during this time.

BellSouth records indicate that the school district's first digital circuit (64K line) was installed on March 2, 1999, connecting Routhwood Elementary to the MCSD flexserv. During April 1999, additional circuits (64K lines) were installed at Lisbon Elementary School and Tensas Elementary School connecting each site to the MCSD flexserv. Circuits (T-1 lines) were also installed at Davidson and Newellton High Schools connecting these sites to the district central office. Finally, in May 1999, a T-1 line was installed connecting the district central office to SEND's office in Monroe. Dr. Fletcher stated that the school district began receiving Internet access from SEND only after these lines were in place.

**BellSouth's record of digital circuit installations during April and May 1999**

Circuit	CKL 1	CKL 2	Tariff	IKC	Circuit Description	Install	Monthly	Installation Priority	Order Number	Due Date	Circuit ID
Tensas Parish Schools Main office	504 Plank Road, St. Joseph (sm loc as 766-3269)	Send Technology, 1900 Lamy Lane, Suite H, Monroe (340-0750)	EDP	766 to 340 (66 miles)	T-1	\$ 140.00	\$ 358.00	1	N5833M49	6/5/99	60.DHDG.512877
Davidson High School	@ St. Joseph, AHN 4525 (766-3585)	504 Plank Road, St. Joseph (sm loc as 766-3269)	tariff	N/A	T-1	\$ 1,399.00	\$ 290.00	2	N5C59T10	4/23/99	60.DHDG.512653
Newellton High School	@ Newellton, AHN 4346 (467-5109)	504 Plank Road, St. Joseph (sm loc as 766-3269)	EDP	467 to 766 (11 miles)	T-1	\$ 140.00	\$ 358.00	2	N5FW61G7	4/21/99	60.DHDG.512654
Tensas Elementary	@ St. Joseph, AHN 4675 (766-3346)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	766 to 340 (56 miles)	64K / Flex	\$ 105.00	\$ 67.30	3	N56W0393	4/30/99	60.DCCC.502004
Lisbon Elementary	@ Waterproof, AHN 4343 (749-3397)	Monroe City Schools FlexServ (Monroe Main 318-340)	EDP	749 to 340 (94 miles)	64K / Flex	\$ 105.00	\$ 67.30	3	N5QRCP6	4/27/99	60.DCCC.502005
						=====	=====				
						\$ 1,989.00	\$ 1,140.60				

Mark Stevenson is contact for order questions 318-322-6713 EXT 3043  
 Arthur Johnson is contact for installation questions at 766-3269  
 Bill AT Circuits to Tensas Parish Schools - Date, P.O. BOX 318, St. Joseph, LA 71365  
 All Megalinks are BRZS and ESF  
 All rates are month to month  
 Show sales code of SA16A01 and SOWR BBA952B050 on all orders  
 Include inside wire at all locations (

Note that these circuits were installed to the Monroe City Schools Flexserv.

Circuits were installed on or after the date listed for each site.

The BellSouth schedule above indicates the installations of the school district's original digital circuits. The circuits were installed on or shortly after the due dates listed on the schedule. Although Routhwood Elementary School is not listed on the schedule, a circuit was installed connecting the school to the MCSD flexserv on March 2, 1999. It should be noted that the schedule indicates that Mark Stevenson is the contact for order questions. The number listed next to Mr. Stevenson's name was his phone number at the MCSD.

Based on BellSouth circuit installations, it appears that SEND could not have provided Internet access to the school district from April 1998 to February 1999 since the school sites were not equipped with digital circuits. During this period, SEND was paid a total of \$21,450 (11 months @ \$1,950). Although one school site (Routhwood) was capable of receiving Internet access during March 1999, SEND was paid \$1,950 resulting in an overpayment of \$1,850 (\$1,350 for the central office and \$500 for five school sites not capable of receiving Internet).

Although five school sites were capable of receiving Internet access during April 1999, it appears that SEND overbilled the school district and USAC a total of \$1,450 (\$1,350 for the central office and one school site) as there was still no connection between the school district central office and SEND. Finally, SEND overbilled a total of \$200 during May and June 1999 (\$100 each month for one additional site), as the central office supported only five school sites instead of six school sites during these months.

In total, it appears that SEND was paid at least \$24,950 for Internet services that were not provided to the school district from April 1998 to June 1999. This amount included \$21,707 (87%) in USAC discounts as well as direct payments from the school district totaling \$3,243 (13%). On August 12, 2002, SEND issued a credit memo to the school district for services not provided during the 1998-99 funding year. The total amount of the credit was \$25,350 (\$1,950 @ 13 months). Of this amount, \$3,802 (13%) was credited against current charges to the school district. According to Mr. Stevenson, USAC's portion of the credit \$22,055 (87%) would be deducted from future billings.

Fourth E-Rate Funding Year - On January 4, 2001, SEND contracted with the Tensas Parish School District to provide Internet services for the fourth funding year (July 2001 to June 2002). According to the contract, SEND would provide Internet access to the school district at a monthly charge of \$6,720. This amount included a base rate of \$1,370 and school site charges totaling \$5,350 (\$1,070 per site) for five schools. Based on the total amount of the contract, \$80,640 (12 months @ \$6,720) and the school district's E-Rate discount of 87%, USAC made payments to SEND totaling \$70,157. The school district paid the non-discounted portion of ISP charges totaling \$10,483 (13%).

**Cost summary from SEND's ISP contract during the fourth E-Rate funding year.**

<b>(F) COST SUMMARY:</b>			
<b>INTERNET ISP COSTS</b>	<b>QTY</b>	<b>COST</b>	<b>EXTENDED</b>
Base Charge per month	1	\$1,370	\$1,370
School Site Charge per month	5	\$1,070	\$5,350
Total per month			\$6,720
Total per year			\$80,640
Add: One time ISP Installation/Rework Costs			\$0
Total Costs			\$80,640
Billed to SLD	87%		\$70,157
Billed to District	13%		\$10,483

Dr. Fletcher stated that the school district had four school sites that received Internet access from SEND. He explained that Newellton and Davidson High Schools each have T-1 lines that connect the sites to the district central office. He added that the district central office then goes to SEND via a T-1 line. Dr. Fletcher further explained that separate T-1 lines connect Tensas and Lisbon Elementary Schools directly to SEND.

The amounts paid to SEND for Internet access during the fourth funding year were based on SEND providing Internet access to five school sites. According to Dr. Fletcher, the school district only had four school sites with Internet access during the year (July 2001 to June 2002) because Routhwood Elementary closed in May 2001. Although the school district's contract with SEND was written before the closing of Routhwood Elementary School in May 2001, no billing adjustments were made to either the school district or USAC. As a result, it appears that SEND was paid \$12,840 (12 months @ \$1,070) in school site charges for a school site that was closed. Of this amount, USAC paid \$11,171 (87%) and the school district paid \$1,669 (13%). Dr. Fletcher stated that if the school district was charged for Internet access to Routhwood during the 2001-02 year, then SEND should either reimburse the school district for these charges or credit the school district for future services.

### **Madison Parish School District**

From July 1998 to June 2002, SEND was paid a total of \$189,873 to provide Internet access to the Madison Parish School District (school district) under the E-Rate program. Of this amount, it appears that SEND was paid \$12,429 in Internet access charges for school sites that did not receive Internet access.

First E-Rate Funding Year (1998-1999) - E-Rate records indicate that SEND was funded as the school district's Internet service provider (ISP) from April 1998 to June 1999 for \$33,750 (15 months @ \$2,250). According to the school district's contract for Internet access, SEND would provide one direct Internet access connection to a central office supporting nine school sites for \$2,250 per month. This amount included \$1,350 for the central office's connection to SEND plus \$100 per school site (9) connected to the school district's central office.

During this period, SEND invoiced the school district and USAC for their respective portions of Internet access charges for the twelve-month period beginning in July 1998 and ending in June 1999. The amount SEND billed the school district each month (\$2,350) was based on one direct Internet access connection to the school district's central office supporting ten school sites. These invoices resulted in payments to SEND totaling \$28,200 (\$2,350 @ 12 months) leaving the contract with a funded balance of \$5,550 (\$33,750 - \$28,200).

SEND Technologies, L.L.C.		Invoice	
1900 Lamy Lane Suite H Monroe LA 71201		DATE	INVOICE #
		6/8/1999	1053
<b>BILL TO</b> Madison Parish School Board Karl Kowitz/Ann Semien PO Box 1620 Tallulah LA 71282-1620		This invoice represents SEND's billing to the school district for Internet access from April 1999 to June 1999. SEND had previously billed the school district for Internet access provided from July 1998 to March 1999. It should be noted that all billings were based on providing Internet access to ten school sites.	
	P.O. NO.	TERMS	PROJECT
QUANTITY	DESCRIPTION	RATE	AMOUNT
3	ISP Services - Madison Parish \$1350/mo + \$100 x 10 schools billed at 22% with 78% billed to SLC Apr - June 1999	517.00	1,551.00

Carl Kowitz, former school district technology coordinator and current business manager, stated that seven sites (including the central office) were connected to the Internet at some point during the first funding year. An e-mail from Mr. Stevenson to Mr. Kowitz on May 17, 2000, indicates that as of January 1999, the central office and three schools were connected to the Internet and that three more sites were added as of June 1999. BellSouth records confirm that these three school sites were added between June 7, 1999, and June 30, 1999. Mr. Stevenson further explains that all schools were connected in some manner during the first funding year. Mr. Kowitz could not explain why SEND billed the school district for ten school sites during each month of the first funding year nor why the school district paid the invoices.

From July 1998 to May 1999 (11 months), SEND was paid \$2,350 per month which included Internet access to the central office supporting ten school sites. However, because the school district only received Internet access to the central office and three school sites, it appears that SEND was paid \$700 (7 sites @ \$100) each month for Internet access not provided resulting in overpayments totaling \$7,700 (\$700 x 11 months). In addition, SEND was paid \$2,350 in May 1999 even though only the central office and six school sites received Internet access resulting in an overpayment of \$400 (4 sites @ \$100).

**Carl Kowitz**

**From:** Mark Stevenson [msteve@nls.k12.la.us]  
**Sent:** Wednesday, May 17, 2000 5:33 PM  
**To:** ckowitz@nls.k12.la.us  
**Subject:** Re:

Carl,

As of January, 1999 you had the following:

Central office	56 KB	
Talulah High	56 KB	←
McCall Jr	56 KB	
McCall Sr	56 KB	

As of June, 1999 you had the following added:

Tallulah Elem	56 KB	←
Thomastown	56 KB	
Wright Elem	56 KB	

In addition, in June 1999 the following were upgraded:

Central Office	T1	
Talulah High	T1	

I believe the correct answer therefore, would be that all schools were connected in some manner during Year 1, but two locations were upgraded to T1 near the end of Year 1.

I apologize for taking so long to send this; if you want me to FAX it to the SLD, please just send me a reply (and the fax number if you have it)

Thanks,

Mark Stevenson  
 SEND Technologies  
 2904 Evangeline Street  
 Monroe LA 71201  
 (318) 340-0750 Voice  
 (318) 340-0580 FAX

BellSouth records indicate that circuits were in place in these locations throughout the first E-Rate funding year.

BellSouth records indicate that these circuits were not installed until June 1999 (the final month of the first E-Rate funding year).

Mr. Stevenson acknowledges that only six school sites were connected to the Internet in some manner during the first E-Rate funding year.

**E-mail from Mr. Stevenson to Mr. Kowitz on May 17, 2000, indicating the number of school sites that SEND provided Internet access to from July 1998 to June 1999. Although it appears that SEND provided Internet access to six school sites, SEND billed the school district and USAC for ten school sites (see previous page).**

Finally, SEND appears to have received an additional \$4,329 from USAC for quarterly Internet access that was not provided during the funding year. As mentioned above, SEND invoiced the school district and USAC for their respective portions of Internet access services provided from July 1998 to June 1999. These invoices resulted in payments to SEND totaling \$28,200 (12 months @ \$2,350) leaving the contract with a funded balance of \$5,550. In November 1999, SEND submitted an additional invoice to USAC for the discounted portion of quarterly Internet access charges. Although SEND's invoice was based on the discounted portion of three months at \$2,350 (\$7,050 @ 78% = \$5,499), USAC only paid SEND \$4,329 (\$5,550 @ 78%) which was the discounted portion of the contract's remaining balance. According to school district records, the school district did not receive an invoice from SEND nor did the school district make any payments to SEND for its (school district's) portion of the balance.

Based on this information, it appears that SEND received payments totaling \$12,429 for Internet access services not provided to the school district during the first funding year. Of this amount, USAC paid \$9,695 (78%) and the school district paid \$2,734 (22%).

On August 12, 2002, SEND issued a credit memo to the school district totaling \$8,400 for services not provided during the 1998-99 funding. The school district's portion (\$1,848) was credited against current billings. In a letter explaining the credit, Mr. Stevenson indicated that USAC's portion of the credit (\$6,552) would be deducted from future billings.

### **Webster Parish School District**

From April 1999 to March 2002, SEND was paid at least \$98,188 to provide Internet access to the Webster Parish School District (school district) under the E-Rate program. Of this amount, SEND was paid \$12,320 for Internet services not provided.

First E-Rate Funding Year (1998-1999) - School district records indicate that SEND provided Internet access to the school district central office during April, May, and June 1999 at a rate of \$1,350 per month for a total of \$4,050.

On August 12, 1999, SEND invoiced the school district \$932 (\$4,050 @ 23%) for the non-discounted portion of the ISP charges. In addition, SEND billed the school district \$230 (\$1,000 @ 23%) for installation services. On August 26, 1999, the school district issued a check to SEND in the amount of \$1,161 (\$5,050 @ 23%) for the non-discounted portion of these charges.

Based on the total charges (\$5,050) that SEND submitted to the school district, USAC would have been responsible for paying \$3,888 (77%). However, USAC disbursement records indicate that SEND was paid a total of \$5,814 resulting in an overpayment of \$1,925.

Fourth E-Rate Funding Year (2001-2002) - On January 12, 2001, the school district contracted with SEND for Internet access during the 2001-02 funding year. According to SEND's proposal for Internet services, SEND would provide T-1 point-to-point links from the schools to the school district alternative school (which serves as the networking central location) with a minimum of three megabyte (3MB) ISP service from the alternative school to SEND. During prior years, the school district's Internet connection from SEND was through a T-1 line.

Linda Williams, school district technology coordinator, explained that the 3MB connection would double the bandwidth connecting the alternative school to SEND increasing the speed of Internet service. Ms. Williams further indicated that SEND would upgrade the school district's routers under the ISP agreement. According to the school district's ISP agreement with SEND, these services were to be provided for a total of \$167,400 (\$13,950 monthly).

According to Ms. Williams, SEND did not provide the school district with the 3MB ISP service or the router upgrades during the funding year. Ms. Williams explained that the delays were attributed to the school district not receiving E-Rate funding approval until the end of the funding year. She added that the school district currently has a T-1 point-to-point link from the alternative school to SEND and that Mr. Stevenson informed her that he would issue the school district a refund check for services not provided.

During the funding year, the school district made payments to SEND for Internet services provided from July 2001 to March 2002. On August 22, 2002, SEND issued a credit memo to the school district that included adjustments for upgrades not provided during the year. According to the credit, SEND had included \$175 per school (22) per month for the router and 3MB ISP upgrades resulting in charges totaling \$34,650 (\$175 x 22 schools x 9 months) from July 2001 to March 2002 for services not provided. The school district's portion of these charges was \$10,395 (30%). The credit also stated that the appropriate adjustments would be made on future billings to USAC.

### **Caldwell Parish School District**

#### Fourth E-Rate Funding Year (2001-2002)

School district and E-Rate records indicate that SEND was paid \$82,200 to provide Internet access to the school district from July 2001 to June 2002. According to the contract, SEND would provide direct T-1 Internet access to each school site at a monthly rate of \$6,850. The monthly cost included a base rate of \$1,360 for a connection to the district central office and \$915 for each of the six school sites in the district.

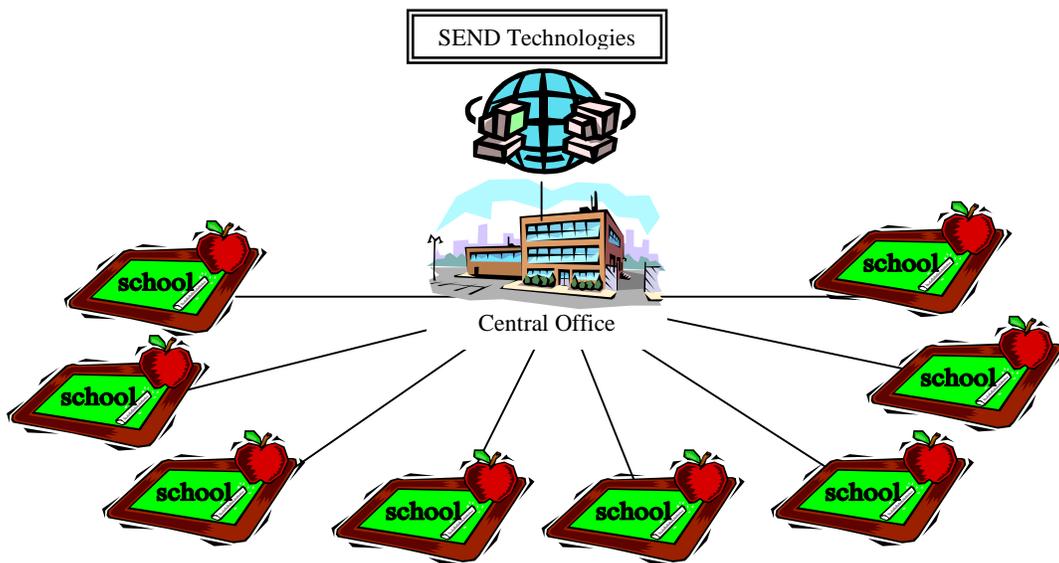
Mary Stephens, school district technology coordinator, stated that only one school in the district (Caldwell High School) is equipped with a T-1 connection to the district central office. She added that the other schools in the district are equipped with 64K lines. On December 12, 2002, SEND issued a credit memo to the school district adjusting the price paid by the school district (and USAC) for five school sites from \$915 per month to \$490 per month. According to Martha Simons, school board superintendent, the credit was issued for T-1 upgrades to the five school sites that were not installed during the period. This resulted in a credit totaling \$25,500 over the 12-month funding period that was applied to billings during the current year (2002-03).

**SEND billed eleven school districts annual Internet Service Provider (ISP) charges ranging from \$80,640 to \$112,200 for enhanced services (school sites connected directly to the ISP) that were not provided. SEND billed the districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.**

**During the first and second E-Rate funding years, SEND was paid between \$27,000 and \$30,600 per year for providing Internet access to ten school districts.**

During the first and second E-Rate funding years, (1998-99 and 1999-2000), Caldwell, Catahoula, Claiborne, Concordia, Franklin, Jackson, Madison, Morehouse, Richland, and Tensas Parish School Districts awarded Internet access contracts to SEND totaling \$431,907. According to SEND's proposal, the configuration consisted of connections from the school sites to the school district central office and a connection from the central office to SEND. Under this configuration, the central office provides Internet access to each individual school site. Annual Internet access costs to the districts during these years ranged between \$27,000 and \$30,600, which included an average of \$1,350 per month for a direct connection from SEND to each school district central office. In addition, most districts paid an average of \$100 per month per school site connected to the districts' network (central office).

The diagram below illustrates the configuration through which the school districts receive Internet access (through their central offices) from SEND and then distribute the access to the school sites within their district.



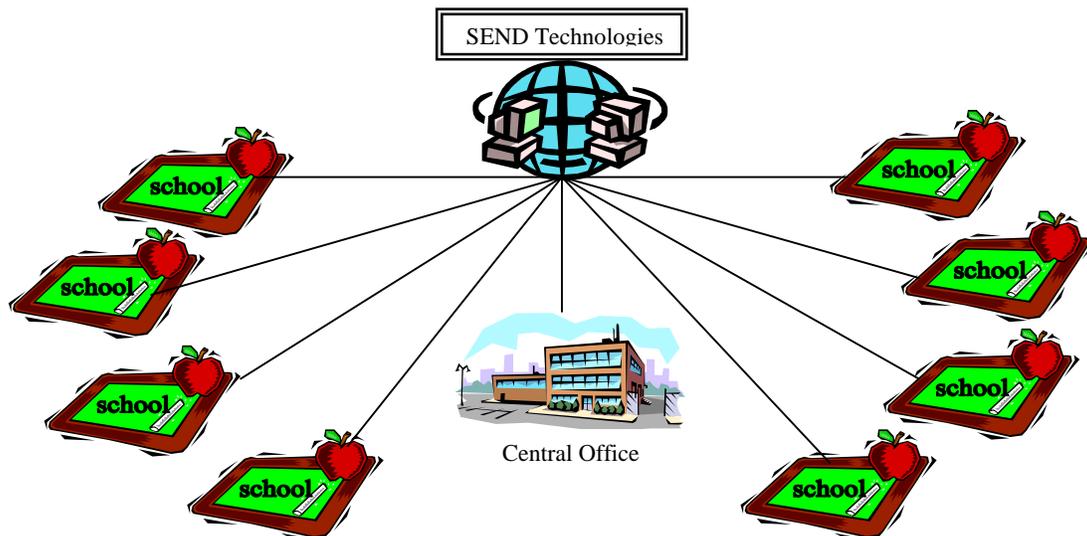
During the third E-Rate funding year, 11 school districts (those noted previously with the addition of Lincoln Parish) contracted with SEND to provide Internet access. Though Internet access cost increased significantly from a maximum of \$30,600 during the second funding year to an average of \$60,000 during the third funding year (2000-01), school district employees could not provide us with a contract adequately describing the services to be provided. SEND's ISP service orders provided by school district personnel only indicated that SEND would provide dedicated T-1 Internet services for all schools. When asked to explain the increase in cost, technology coordinators offered several responses indicating that the increase was due to on-site network support or indicating that they were not sure what caused the increase.

**SEND's Internet access cost to the school districts increased significantly from \$30,600 during the second funding year to an average of \$60,000 during the third funding year.**

**During the fourth funding year, SEND was paid annual charges ranging from \$80,640 to \$112,200 for Internet access provided to the school districts.**

According to SEND's contracts for the fourth funding year, SEND was to provide the school districts' Internet access under a configuration by which the school sites in each district would have their own direct T-1 connections to SEND. This configuration would allow each school site to bypass the central office to receive faster Internet service. During the fourth funding year, each school district paid SEND monthly base charges ranging from \$1,150 to \$1,375. In addition, SEND was paid school site charges ranging from \$375 to \$1,070 per school site per month to connect directly to SEND for Internet access. Under this billing structure, annual Internet access costs ranged from \$80,640 to \$112,200.

The diagram below illustrates the configuration described in SEND's proposal for Internet access for the 2001-02 funding year. This configuration would allow each school site in the district to bypass the central office to receive faster Internet service.



Although SEND billed the school districts based on its configuration, technology coordinators in Caldwell, Catahoula, Claiborne, Concordia, Franklin, Lincoln, Morehouse, and Richland Parish School Districts indicated that individual school sites in their districts did not have separate T-1 links connecting directly to SEND.

### **Lincoln Parish School District**

Debbie Sandidge, technology coordinator for the Lincoln Parish School District, stated that each school in the district was connected to the central office with either a T-1 or 56K line. She explained that the school district central office receives Internet access from SEND and then acts as a hub to provide Internet access to the schools connected to the central office. According to Ms. Sandidge, by connecting directly to SEND, school sites would have faster Internet access. Ms. Sandidge explained that she had planned to link the schools in Lincoln Parish directly to SEND during the fourth funding year and that SEND's cost for Internet access was based on this configuration.

### **Madison Parish School District**

During the course of the funding year (July 2001 to June 2002), SEND was paid \$82,680 for providing direct Internet access to seven school sites at the Madison Parish School District. Although five of the school district's seven school sites were provided with direct T-1 connections to SEND, it appears that two school sites were not connected directly to SEND. Ann Thomas, school district technology coordinator, stated that Tallulah High School and Tallulah Junior High School share a single T-1 line that connected Tallulah High School to the school district central office. SEND was paid \$19,200 (2 sites @ \$800 per site x 12 months) to provide individual direct T-1 Internet access to these two school sites during the funding year.

### **Tensas Parish School District**

SEND received payments totaling \$80,640 for providing Internet access to five school sites at the Tensas Parish School District during the fourth funding year. Dr. William Fletcher, school district technology coordinator, stated that Tensas Elementary School, Lisbon Elementary School, and the school district central office each have T-1 links directly to SEND. However, BellSouth records indicate that the school site (Tensas and Lisbon) T-1 links were not established until November 2001, more than four months into the funding year. Before installing the T-1 lines, these schools received Internet access through low-speed 64K lines. As a result, from July 2001 to October 2001, SEND was paid a total of \$8,560 (\$1,070 per school per month) for Internet access through 64K connections.

Dr. Fletcher added that Davidson and Newellton High Schools are not directly linked to SEND as each school has a T-1 link to the central office. SEND was paid \$25,680 (2 sites @ \$1,070 per site @ 12 months) to provide direct Internet access to these two school sites during the funding year.

### **Franklin Parish School District**

From July 2001 to June 2002, SEND was paid \$112,200 to provide direct Internet access to 11 school sites at the Franklin Parish School District. SEND was paid a monthly charge of \$725 per school site to provide direct Internet access. Thoy Leonard, school district technology coordinator, stated that although she had spoken to SEND about the possibility of connecting the school sites directly to SEND, this has never been done. She added that the school district has ten school sites that go through the school district central office to receive Internet access. Mike Gandy, school district technology supervisor, stated that the eleventh school site is the Franklin Alternative School. According to Mr. Gandy, the Franklin Alternative School is not connected to the central office through a T-1 digital circuit. He explained that the Franklin Alternative School connects to Winnsboro Junior High School in order to receive Internet access. Although the alternative school receives its Internet access through Winnsboro Junior High School, SEND was paid \$8,700 (\$725 @ 12 months) for providing direct T-1 Internet access to the Franklin Alternative School during the funding year.

### **Caldwell Parish School District**

Records indicate that SEND was paid \$82,200 to provide direct T-1 Internet access to six school sites in the district during the 2001-02 funding year. As stated in a previous finding (see page 30), T-1 upgrades were not added to five of the district's six schools during the funding year.

### **School Districts Failed to Maintain Adequate Documentation of On-site Internet Network Support Services Performed by SEND**

From July 1999 to June 2000, SEND contracted with at least six school districts to provide Internet on-site network support services for a total cost of \$405,600. Of this amount, SEND was paid \$402,280 to provide each of the school districts with on-site technical support for the districts' network operations which included programming, monitoring, and troubleshooting of routers at each school site and school district central office. The contract also provided for support of the school district's data wire (category 5) installations and maintenance and support for future Internet services.

During the same period, SEND included as part of its ISP contract with these school districts, remote monitoring of the central offices' routers and network for each school site connected to the Internet. In addition, SEND's ISP contract included remote programming, troubleshooting and monitoring the network operation, and support for the operation system, software, servers, routers, and desktop computers.

	School District	E-Rate Funding Period	Service Provided	Number of School Sites	Hours Per Week	Number of Weeks	Cost Per Hour	Amount Paid to SEND on Contracts
1.	Caldwell	1999/2000	Network Support Services (12 mos.)	6	16	52	\$75.00	\$62,400.00
2.	Claiborne	1999/2000	Network Support Services (12 mos.)	9	16	52	\$75.00	59,080.74
3.	Franklin	1999/2000	Network Support Services (12 mos.)	12	24	52	\$75.00	93,600.00
4.	Jackson	1999/2000	Network Support Services (12 mos.)	12	16	52	\$75.00	62,400.00
5.	Madison	1999/2000	Network Support Services (12 mos.)	12	16	52	\$75.00	62,400.00
6.	Tensas	1999/2000	Network Support Services (12 mos.)	6	16	52	\$75.00	62,400.00
								\$402,280.74

During our review of the on-site network support contracts, we noted that the school districts failed to maintain an adequate record of on-site network services to support whether or not SEND complied with the terms of the contract. Since the school districts did not maintain documentation of the dates, times, or services performed by SEND's technicians, we were unable to determine if the school districts received the services for which they paid.

Cindy Mohler, former school district technology coordinator and current Technology Coordinator Mary Stephens, of Caldwell Parish School District both stated that SEND provided the district with a technician approximately twice per week. According to Ms. Mohler, the technician worked on-site trouble shooting or correcting whatever problems the district had with the network. However, neither Ms. Mohler nor Ms. Stephens could provide us with an accounting of the 16 hours per week SEND technicians were to perform under the on-site Internet network support contract.

Claiborne Parish School District Technology Coordinator Janet Holland stated that SEND maintains and monitors the district's network as part of its ISP contract. She stated that SEND did not assign an on-site technician to work at the school district. However, when she called SEND with a problem, they had been responsive to the calls. Ms. Holland stated that she only used approximately 50% of SEND's on-site network support contract.

Thoy Leonard, Franklin Parish School District technology coordinator, stated that SEND provided the district with a technician on a regular basis. However, in some cases, SEND would remotely correct a problem at the school district.

Ann Thomas, technology coordinator of Madison Parish School District, stated that she had a problem with SEND's on-site support contract because SEND did not provide the school district with an on-site technician once a week as Mr. Stevenson had told them. She stated that there were times when the school district needed a technician, she called SEND, and did not get a technician until the following week. She explained that it is possible that she used SEND's technicians more than once or twice a week. However, she is sure a technician was not on site at the school district for 16 hours each week (as required by the school district's contract with SEND).

Dr. William Fletcher, Tensas Parish School District technology coordinator, stated that the school board's on-site network support contract allowed SEND to handle problems that he could not handle. Dr. Fletcher stated that SEND did not house a technician at the school district, but added if he had problems that he could not handle, he would call SEND and they would send a technician to the school district.

Ronald Lofton, Catahoula Parish School District technology coordinator, stated that although his school district did not have a separate on-site network support contract with SEND, Mr. Stevenson informed him that if his school district had any network problems, SEND would take care of it under its ISP agreement.

These actions indicate that one or more of the following laws may have been violated:

- 18 U.S.C. §666, "Theft or Bribery Concerning Programs Receiving Federal Funds"<sup>2</sup>
- R.S. 14:67, "Theft"<sup>3</sup>
- R.S. 14:134, "Malfeasance in Office"<sup>4</sup>
- Article 7, Section 14 of the Louisiana Constitution<sup>5</sup>

The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney or the United States Attorney.

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<sup>2</sup> **18 U.S.C. §666** provides, in part, that theft concerning programs receiving federal funds occurs when an agent of an organization, state, local, or Indian tribal government or any agency thereof embezzles, steals, obtains by fraud, or otherwise intentionally misapplies property that is valued at \$5,000 or more and is owned by or under control of such organization, state, or agency when the organization, state, or agency receives in any one year period, benefits in excess of \$10,000 under a federal program involving a grant contract, or other form of federal assistance.

<sup>3</sup> **R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

<sup>4</sup> **R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

<sup>5</sup> **Article 7, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

# Recommendations

We recommend that the school boards (1) establish and implement controls to ensure that district funds and assets are not used for personal purposes, and (2) establish policies and procedures to ensure that vendors comply with contractual agreements. In addition, we recommend that the school district's technology coordinator, business manager, and members of the school district's finance committee review all E-Rate contracts and billings to ensure that payments are made only for those services that are provided.

We further recommend that the United States Attorney for the Western District of Louisiana and the district attorneys for the appropriate judicial districts of Louisiana review this information and take appropriate legal action, to include seeking restitution.



# Attachment I

## Additional Information

# Additional Information

**SEND billed eleven school districts annual Internet Service Provider (ISP) charges ranging from \$80,640 to \$112,200 for enhanced services (school sites connected directly to the ISP) that were not provided. SEND billed the districts for high-speed configurations while actually providing Internet service through a lower-speed configuration.**

Several of the school districts responding to this finding have interpreted “enhanced services” as Internet access through upgraded T-1 connections. The legislative auditor’s reference to “enhanced services” relates to the configuration proposed in SEND’s contract during the fourth funding year that provided for the schools within each district to bypass the central office and connect directly to SEND. Under the proposed configuration, each school site would have its own T-1 connection to SEND increasing its bandwidth and ultimately the speed of Internet access to the school.

The legislative auditor is aware that most of these school districts received Internet access through T-1 connections to their respective district central office during the third year. SEND’s ISP service orders for the third funding year that school district personnel provided to auditors simply stated that SEND would provide T-1 Internet access to all school sites. However, a review of school district and BellSouth records indicate that several schools in these districts did not have T-1’s in all school sites until the fourth funding year. Furthermore, we find it questionable that many of these districts received the same service (T-1 connections to the central office) during the fourth funding year at a higher price.

As stated above, the school districts paid SEND between \$80,640 and \$112,200 for Internet access where the school sites were connected to the central office and then routed to SEND. However, we noted that at least one district received a proposal for the fifth funding year (from a vendor other than SEND) for comparable services at a cost of \$34,500, substantially less than that charged by SEND.

## Attachment II

### Managements' Responses

The response received from Morehouse Parish was voluminous and for that reason has not been included in its entirety. However, it may be viewed at the Office of the Legislative Auditor in Baton Rouge.

Mary Taylor, President

C. R. Martin  
Marilyn Warren  
John McIlwain  
Bob Frazier  
Drew Keahey

Ward 1  
Ward 2  
Ward 3  
Ward 4  
Ward 5

*Caldwell Parish School Board*

P. O. Box 1019  
Columbia, Louisiana 71418  
Ph.(318) 649-2689 - Fax. (318) 649-0636

Martha T. Simons, Superintendent

Barbara Hall  
Mark May  
Baron Glass  
Mary Taylor  
Hershel Volentine

Ward 6  
Ward 7  
Ward 8  
Ward 9  
Ward 10

December 20, 2002

Dr. Daniel G. Kyle  
Office of Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Please find enclosed my response to the investigative audit report on the Caldwell Parish School District. I trust that this information will be sufficient to conclude this report.

Should you need any further information do not hesitate to contact me.

Sincerely,



Martha T. Simons  
Superintendent  
Caldwell Parish School Board

RECEIVED  
LEGISLATIVE AUDITOR  
02 DEC 23 AM 10:59

Mary Taylor, President

*Caldwell Parish School Board*

Martha T. Simons, Superintendent

C. R. Martin  
Marilyn Warren  
John McIlwain  
Bob Frazier  
Drew Keahey

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Barbara Hall  
Mark May  
Baron Glass  
Mary Taylor  
Hershel Valentine

Ward 6  
Ward 7  
Ward 8  
Ward 9  
Ward 10

**Management Response:**

1. **SEND Technology has credited Caldwell Parish School Board for adjustments of ISP service charges for upgrades to T1 lines, which were not installed during that period.**

**The Caldwell Parish School Board will require a detailed contract for services, which itemize the services to be provided at each site including a date for completion of services. The system will also require itemized invoices, which can be matched to the specific contract. No payment will be authorized without such detail including an authorized signature on completion.**

# Invoice

## SEND TECHNOLOGIES LLC

2904 EVANGELINE ST.  
MONROE, LA 71201-3724  
PH. (318) 340-0750  
FAX (318) 340-0580

DATE 12/12/2002  
INVOICE # 1967

### BILL TO

Caldwell Parish School Board  
Attention: Cindy Mohler  
P.O. Box 1019  
Columbia, LA 71418

---

P.O. NO.	TERMS	PROJECT
11102	Due on receipt	

---

QUANTITY	DESCRIPTION	RATE	AMOUNT
1	Caldwell - ISP Service Charges Internet: Jan - June 2003	92.40	92.40
	Revised Year 5 ISP Charges (Same as Year 4)		\$56,700.00
	Less: Year 4 adjustments		25,500.00
	Original 6 @ \$915/mo Reduce to 1 @ \$915/mo and 5 @ \$490/mo		
	Less: Year 5 invoices		30,780.00
	Balance		420.00
	District share 22%		92.40

*Mary Stephens*  
*12/12/02*

**Total** \$92.40

Mary Taylor, President

*Caldwell Parish School Board*

Martha T. Simons, Superintendent

C. R. Martin  
Marilyn Warren  
John McIlwain  
Bob Frazier  
Drew Keahey

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Ward 3  
Ward 4  
Ward 5

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Ph.(318) 649-2689 - Fax. (318) 649-0636

Barbara Hall  
Mark May  
Baron Glass  
Mary Taylor  
Hershel Volentine

Ward 6  
Ward 7  
Ward 8  
Ward 9  
Ward 10

**Management Response:**

2. The Caldwell Parish School System for years 2000- on has detailed logs of service hours provided. The system also has implemented a specific procedure for requesting support services and/or on-site technical support for each site. The technology coordinator for Caldwell Parish for 1999-2000 is no longer an employee of the system and he indicated he had no written record for that year but required the service technician check in personally with him each time he came into our parish.

The Caldwell Parish System now has in place a system for reporting and tracking technical services provided by agencies outside the parish. The following procedures are in place for reporting needs for technical assistance and support involving technology:

1. Each school has a designated technology contact who has been trained to provide minor technical support. When there is a problem at a school, this person is the initial contact.
2. After examining the problem and being unable to provide the necessary assistance, the school contact reports to one of two parish technicians who are each working on a half-day basis as technology technicians within the parish.
3. The technology technician notifies the parish technology coordinator when additional assistance is required.
4. The technology coordinator notifies the ISP or contacts any outside vendor, technician, or support person as needed.
5. Outside service providers must report to the Central Office to obtain a worksheet which authorizes work to be done.
6. The principal or supervisor must sign the worksheet indicating that services have been provided.
7. Outside service provider must return signed worksheet to the Parish Technology Coordinator before leaving the parish.





# Catahoula Parish School Board

Post Office Box 290  
Harrisonburg, Louisiana 71340  
Telephone: 318-744-5727  
Fax: 318-744-9221

**BOARD MEMBERS**  
Wayne Sanders, President  
Clarence Martin, Vice-President  
Lillian Aplin  
Joe Ann Edwards  
Charles "Bo" House  
W.E. "Sonny" Manning  
Dave Mays  
Dewey W. Stockman  
Dorothy Watson

RECEIVED  
LEGISLATIVE AUDITOR  
Superintendent  
Ronald R. Lofton  
02 DEC 24 AM 9:57

December 20, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Office of Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Re: Initial management response to investigative audit report.

Dear Dr. Kyle:

Catahoula Parish School Board received by fax a draft of your investigative audit report on December 18, 2002 at 12:31 p.m. Due to the approaching holidays, our office closing from December 23, 2002 to January 6, 2003, and our inability to obtain an extension, our response is limited. We reserve the right to submit additional information as it becomes available.

The report notes that the billing rate with SEND increased between the second and third year, and incorrectly states that Catahoula Parish had paid for enhanced services that it had not received. The report also states that Catahoula Parish could not provide the auditors with a contract describing the services to be rendered. The report assumes without factual basis that the increased fee represents the creation of a different configuration other than using Catahoula Parish's central office as the routing hub. The report is also flawed in that SEND has consistently provided enhanced and improved services to Catahoula Parish.

The report stating that the networking infrastructure has not changed since 1998 is not accurate. The 1998 configuration provided low-speed 56KB services from schools. The initial service cost was therefore based on a minimum service level requirement. In 1999, the District upgraded to high-speed TI services, arranging services in an aggregated star configuration with schools connecting through the School Board Office. SEND did not increase pricing in 1999, although service requirements increased significantly. SEND provided a higher cost quotation in 2000 based on the aggregated TI configuration in place since 1999. Catahoula Parish did contact CenturyTel to obtain an ISP cost but CenturyTel's cost was about the same and it was our opinion that their support/services and internet connectivity stability were not as good as SEND. Also, in contacting other school systems in the state and LaNet's support/services and internet connectivity stability, we felt that LaNet was not a viable choice.

The proposal for 2001/02 allowed for each school site to bypass the Central Office to receive faster Internet services. We were told that our cost would be the same whether all schools connected to SEND or to the Central Office. Our District chose for our schools to connect to the Central Office.

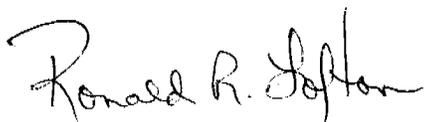
We decided the ability to control multipoint IP video from our central location to be more beneficial to our instructional program than the increased bandwidth for Internet services at each school site. Consequently, there was no expectation on our part that the decision to forego the reconfiguration would result in any savings to Catahoula Parish.

Catahoula Parish received enhanced services in Year 4 with upgraded DS3 service from SEND to the national backbone; significantly enhanced security, mail and routing services required for industry and government standards; and additional customer services personnel provided by SEND to support school Internet service. SEND's billing to the District for July, 2001 to June, 2002 was appropriate and pursuant to contract.

We hope this response will provide you with sufficient information to demonstrate that some of the draft findings are unfounded. E-rate is a very beneficial program for our school district and we are trying our best to comply with all rules and regulations pertaining to the program.

Should you need any further information from us, please contact me. As noted above, our office closes at 4:30 p.m. on December 20, 2002 and will not reopen until 8:00 a.m. on January 6, 2003.

Sincerely,

A handwritten signature in cursive script that reads "Ronald R. Lofton".

Ronald R. Lofton  
Superintendent

RECEIVED  
LEGISLATIVE AUDITOR  
December 18, 2002  
02 DEC 20 AM 10:21

# Claiborne Parish Schools

P.O. Box 600 (415 E. Main Street)  
Homer, Louisiana 71040

A+

Phone: 318 927-3502 FAX 318 927-9184

Daniel G. Kyle  
Office of the Legislative Auditor  
State of Louisiana  
Baton Rouge, LA 70804-9397

RE: *Investigative Report of Claiborne Parish School Board, Request for Response*

Dear Dr. Kyle:

We received your FAXed letter of December 18, 2002 containing a preliminary draft and a request for response from us. This was the result of your investigation into the Universal Service Fund (i.e., E-Rate) program and our contractual relationship with SEND Corporation to provide services under this program.

The following is our response to each of the two findings contained in that preliminary report:

Finding 1: "SEND Billed School District Annual Internet Service Provider (ISP) Charges Ranging from \$54,432 to \$92,070 For Enhanced Services That Were Not Provided."

*Response: We respectfully submit that the finding is based on an erroneous interpretation of our contractual arrangement with SEND during the period in question. Our contract, and the billing in question, was not for "enhanced services." The charges were for the basic services and would have been the same whether the routing was through the central office (system in effect previous to this contract) or directly from the sites to SEND. Our discussions with SEND were that the only additional charges would have been for the relocation of the T1 lines. Those charges would have been billed to Bellsouth, not SEND. The decision not to reconfigure was made by the district because we decided to implement IP video and needed to be able to control multipoint conferences from the central office. SEND was not involved in this decision and it made no difference in the costs quoted to the district, so we changed our mind about the reconfiguration. At that time we notified the SLD of our decision and cancelled the Funding Request Number associated with the reconfiguration.*

*All of our discussions with SEND concerning the configuration issue were to the effect there would be no additional charge for direct connection from the sites to their router. Our original thoughts were the reconfiguration would result in additional bandwidth for each site.*

*We decided the ability to control multipoint IP video from our central location to be more beneficial to our instructional program than the increased bandwidth. Consequently, there was no expectation on our part that the decision to forego the reconfiguration would result in any savings to the district.*

*Evidence: Nothing in the services contract specifically mentions a reconfiguration of the district or enhanced services for the district. The only reference to this issue is a single sentence (paragraph 1, page 3) or the RFP Response from SEND where they say "... per school site for Digital T1 mapped directly to a port on the SEND router." Since it had already been established there was no additional charge for this service, we feel the interpretation that SEND billed for enhanced services not provided is, in our case, not supported.*

Finding 2: "School District Failed to Maintain Adequate Documentation of On-site Internet Network Support Services performed by SEND."

*Response: Our contract with SEND called for them to maintain and support our network at all district sites. These sites are very remote from each other and from the school board central office. SEND provided remote monitoring of the sites, maintenance of the CAT 5 wiring and support for a variety of other services to include operating system, software, servers, routers, and desktop computers. The district staff consists of one person, a technology coordinator, who has responsibility for this as well as several other unrelated programs in the district. It was impractical for us to know every time SEND was in the district or to have them log in and out with us with each visit. Our assessment of whether or not we were receiving the services was based largely on whether or not the services stayed up and running as well as our frequent and regular conversations with SEND as to the progress and status of needed repairs. The requirement for SEND to have come to the central office to log in and out for each visit would have added additional costs to the district for the mileage associated with such a requirement.*

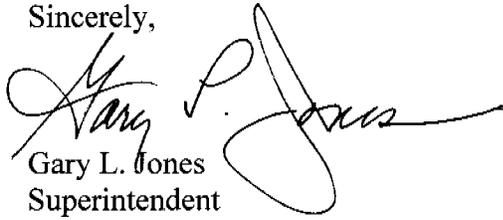
*We offer, as an analogy, that auditors who provide services for us routinely estimate the number of hours to provide their services and we pay based on the bill we receive without sitting down and going over their bill in depth to question the activities associated with producing the audit. We suspect that this is not an unusual circumstance among districts audited.*

*However, now that the need to provide more complete documentation has been pointed out, the district will design and implement procedures designed to provide this documentation in the future.*

We hope the responses provide you with some additional insight into what has been a very beneficial program for school districts across the state and nation. We assure you that, as public servants, we take our responsibility to be good stewards of public funds very seriously. I am confident that if any errors or shortcomings emerge as a result of this investigation they do not rise to the level of malfeasance in office on the part of members of the Claiborne Parish School Board staff. I also assure you we will take appropriate actions to respond to any shortcomings surfaced in a timely and effective manner.

Should further actions be required of us, please advise. Also, please be aware that we will be out of the office until January 6, 2003 for our school holidays.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary L. Jones". The signature is fluid and cursive, with a large loop at the end of the last name.

Gary L. Jones  
Superintendent

CONCORDIA PARISH SCHOOL BOARD RECEIVED  
LEGISLATIVE AUDITOR

P. O. Box 950  
Vidalia, Louisiana 71373-0950

2002 DEC 23 AM 11:36  
Phone (318) 336-4226  
FAX (318) 336-5875

Dr. Lester Peterman  
Superintendent

December 20, 2002

Dr. Daniel G. Kyle  
Office of the Legislative Auditor  
State of Louisiana  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Concordia Parish School Board received a fax on December 18, 2002, of a draft of an investigative report on this district in regards to the Universal Service Fund (i.e., E-Rate) program and the system's contractual relationship with SEND Technologies L.L.C. (SEND) to provide services under this program.

The following are our responses to the findings contained in the investigative report:

*The district could not provide us with a contract describing services for E-Rate funding year 3.*

All records pertaining to E-Rate funding since its beginning were turned over to your auditors when they conducted their site visit for their review and to copy as needed. An examination of the folders conducted after receiving the investigative report yielded a copy of a purchase order (which serves as a contractual agreement for e-rate) dated January 10, 2000, which describes services which SEND would provide for the Concordia Parish School Board. Also located was a copy of the contracts between SEND Technologies and the Concordia Parish School Board for internet access and internal connections. Copies of the purchase order and the contracts have been provided.

*Finding: SEND Technologies, L.L.C. (SEND) billed the Concordia Parish School District (school district) annual Internet Service Provider charges ranging from \$55,800 to \$81,360 for enhanced services that were not provided.*

It was our understanding with SEND that the decision to direct connect schools or stay with a Star configuration was our decision to make. The contract with SEND was not for direct connection but for basic IP services. These charges would have been the same whether the routing was through the central office or directly from the sites to SEND. The decision to maintain the direct connection through the central office was made by us so that we could control video over IP and facilitate distance learning classes from school to school. The decision was ours alone and was based on what was best for our students and parish.

Our acceptance of the ISP increase from SEND was based on their providing the following support services improvements:

- an increase in local band width services provided in year three E-Rate with no increase in charges
- an upgrade to DS3 service from SEND to internet backbone for year 4
- provision of firewall service, unlimited e-mail with internet filtering for year 4
- services of professional personnel from SEND for internet trouble-shooting from their office and at school levels as needed for year 4

It is hoped that these responses will assist you in your efforts to investigate this matter. I want to assure you that every effort is made to utilize all the public funds with which we are involved with the utmost care while maintaining the integrity of the programs and their guidelines.

Please contact me if you need any additional information or clarifications.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lester Peterman".

Dr. Lester Peterman  
Superintendent

031520 C

CONCORDIA PARISH SCHOOL BOARD

VIDALIA, LOUISIANA

Year 3

PURCHASE REQUISITION WORK ORDER FORM

Send Technologies, LLC

Date January 10, 2000

Address 2904 Evangeline St.

Monroe, LA 71201

On or before \_\_\_\_\_, 19\_\_\_\_, please deliver the following goods, shipping charges prepaid, to, or perform (Void after this date)

Services on or at, the Concordia Parish School Board Vidalia, Louisiana, and send, not later than the end of the month, the bill to Concordia Parish School Board, Vidalia, Louisiana. Your invoice must list our order number.

Table with 4 columns: QUANTITY, DESCRIPTION OF GOODS OR SERVICES, UNIT COST, TOTAL COST. Includes rows for internet service and networking support.

TOTAL COST FOR CONTRACT PURPOSES ONLY. Not intended for payment

School Board Policy: The Office of the Superintendent is vested with the sole authority to order materials and contract for services. The Board will assume no obligation except on a duly Authorized Purchase Order.

Requested By \_\_\_\_\_ Principal or Supervisor

Approved By \_\_\_\_\_ Supervisor

031520 C THIS ORDER No. MUST APPEAR ON ALL INVOICES AND CORRESPONDENCE.

Approved for charging and billing to Concordia Parish School Board:

MARK INVOICE:

Ship To: Concordia Parish School Board P. O. Box 950 Vidalia, LA 71373

Superintendent - Secretary

Director of Business Affairs

Bill To: Concordia Parish School Board P. O. Box 950 Vidalia, Louisiana 71373

Acct. No.:

Budget Item

ORIGINAL

Year 3

Concordia Parish School Board

*Agency Name*

508 John Dale Drive

*Address*

Vidalia, LA 71373

*City State Zip Code*

(318) 336-4226

*Phone*

Internet Access

SEND Technologies, L.L.C.

*Service Order*

*Service Provider*

Spin # 143010002

Entity # 139342

Attachment # 2-IA

FRN #

Order # 031520C

Phone # (318)340-0750

This service order confirms the purchase of service from SEND Technologies, L.L.C. by the Concordia Parish School Board to provide the following:

Service per attachment number 2-IA for a total of \$55,800

**Service Start Date: July 1, 2000 (upon confirmation of service start date by S.I.C)**

**Service Anniversary Date: July 1, 2001**

**Renewal of Service: Service term may be renewed by the customer for two consecutive one year terms with renewal term to begin July 1, 2001 and July 1, 2002.**

**Note: This professional services agreement is contingent upon the customer receiving approval of Universal Service (E-Rate) application and subject to Board funding under non-appropriation guidelines. Service renewals are also contingent upon E-Rate funding approval and subject to budgeting approval by the customer.**

Authorized Signature

[Signature]

Date

1/12/00

Service Provider

[Signature]

Date

1/12/2000

Attachment 2-IA  
Form Identifier 15000  
Entity Number 139342  
Vendor

SEND Technologies

Concordia Parish School District  
Calculation Worksheet  
Internet Budget Costs

Parish	# Schools	Discount %	Total COST	School COST	E-rate COST
Concordia Parish	11	83%	\$55,800	\$9,486	\$46,314

Dedicated T1 Internet service for all schools;

\* Internet service email support for all schools; support for school Internet installation, setup and provision for all eligible services required for Internet access.

Concordia Parish School Board

*Agency Name*

508 John Dale Drive

*Address*

Vidalia, LA 71373

*City State Zip Code*

(318) 336-4226

*Phone*

Internal Connections

*Service Order*

SEND Technologies, L.L.C.

*Service Provider*

Spin # 143010002

Entity # 139342

Attachment # 3-IC

FRN # \_\_\_\_\_

Order # 031520C

Phone # (318)340-0750

This service order confirms the purchase of service from SEND Technologies, L.L.C. by the Concordia Parish School Board to provide the following:

Service per attachment number 3-IC for a total of \$32,485

Service Start Date: July 1, 2000 (upon confirmation of service start date by SIC)

Service Anniversary Date: July 1, 2001

Renewal of Service: Service term may be renewed by the customer for two consecutive one year terms with renewal term to begin July 1, 2001 and July 1, 2002.

Note: This professional services agreement is contingent upon the customer receiving approval of Universal Service (E-Rate) application and subject to Board funding under non-appropriation guidelines. Service renewals are also contingent upon E-Rate funding approval and subject to budgeting approval by the customer.

Authorized Signature



Date 1/10/2000

Service Provider



Date 1/10/2000

Attachment 3-IC  
 Form Identifier 15000-IC  
 Entity Number 139342

Concordia Parish  
 Calculation Worksheet  
 Internal Connections

Discount Percentage	FRN Number	Description	83%	QTY	One Time	Recurring	Month	Recurring	Total	ERATE	School	ERATE
				Ord	(Install)	Costs	Factor	Costs	Cost	Disc	Cost	Cost
					Costs					%		
						2000		2000			2000	2000
	390349	Nortel ASN Maintenance		2	\$405	\$0	12	\$0	\$810	83%	\$138	\$872
		Nortel ARN Maintenance		9	\$155	\$0	12	\$0	\$1,395	83%	\$237	\$1,158
		APC 650 UPS		22	\$240	\$0	12	\$0	\$5,280	83%	\$898	\$4,382
		Router and Network Installation & Maintenance		1	\$25,000	\$0	12	\$0	\$25,000	83%	\$4,250	\$20,750
	<b>SEND Technologies</b>	<b>FRN TOTAL</b>							<b>\$32,485.00</b>		<b>\$5,522.45</b>	<b>\$26,962.55</b>
	390378	Network Server Installation and support (see vendor attachment)		1	\$20,000	\$0	12	\$0	\$20,000	83%	\$3,400	\$16,600
	<b>NIPav Computers</b>	<b>FRN TOTAL</b>							<b>\$20,000.00</b>		<b>\$3,400.00</b>	<b>\$16,600.00</b>
	390390	CAT 5 Drop Installations (12 schools/20@\$50)		12	\$1,000	\$0	12	\$0	\$12,000	83%	\$2,040	\$9,960
	<b>Garrett Telephone</b>	<b>FRN TOTAL</b>							<b>\$12,000.00</b>		<b>\$2,040.00</b>	<b>\$9,960.00</b>



# FRANKLIN PARISH SCHOOL BOARD

7293 PRAIRIE ROAD, WINNSBORO, LOUISIANA 71295 (318)435-9046

An equal opportunity employer

**J. W. MERCER, JR.**  
PRESIDENT  
District 6

**GREG KINCAID**  
VICE-PRESIDENT  
District 1

**JAMES HARRIS**  
CHAPLAIN  
District 3

**JAN BLAND**  
District 4

**BOBBIE JOHNSTON**  
District 2

**LOUISE JOHNSON**  
District 5

**DOROTHY BROWN**  
District 7

**Leo Thornhill, Jr.**  
Superintendent

December 20, 2002

Via facsimile and  
U.S. Mail

Mr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
State of Louisiana  
1800 North Third Street  
Baton Rouge, LA 70804-9397

RECEIVED  
LEGISLATIVE AUDITOR  
02 DEC 23 AM 10:55

Re: Management Response to  
Investigative Report

Dear Mr. Kyle:

Per your request, we are providing you with the present written response to the draft of the investigative audit report regarding services performed by SEND Technologies, L.L.C. which you recently provided our office. Please allow us to respond to each of the proposed findings:

**Finding:** SEND was paid \$10,500 for Internet services not provided.

Please see the attached letter and credit memorandum discussed during our exit interview. When the school board first became aware of a potential overcharge, it contacted SEND. The school board was reimbursed for overcharges per the attached.

**Finding:** SEND billed school district annual Internet service provider (ISP) charges ranging from \$80,796 to \$112,200 for enhanced services that were not provided.

Copies of the funding year three (2000-01) documents are attached.

Our appreciation of the agreement was that the cost for the same services had increased. Subsequently, we were contacted by a representative of SEND regarding direct access to each school

site. However, we were pleased with the set up that was in place, and asked that it remain the same. Everything was functioning as we wished. While direct access was initially proposed, we opted to keep the service the same. We did not expect that our decision to maintain service through the central office would have effected the amount paid SEND.

In the future, E-Rate billings to ensure that payments are made for services received. Counsel will also review all E-Rate contracts.

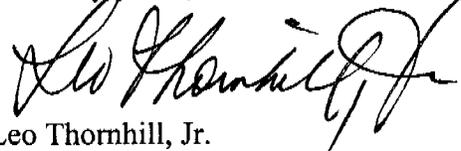
**Finding:** School District failed to maintain adequate documentation of "On-site Internet Network Support Services" performed by SEND.

During the period in question, SEND maintained the school district's internet access, including the service received at each of our schools throughout the parish. Technicians were dispatched when needed and other services were provided remotely from SEND's office. As we are an extremely small parish, our technology department is very limited. The person overseeing technology does so on a limited basis only as she is also assigned other duties. Quite candidly, we felt that having the service up and running through SEND allowed us to avoid hiring additional staff. As long as internet service is functioning properly and there are no complaints, we had no reason to question the contract documents. In short, the service we have received has been good, and we have not experienced the access problems that other school systems have encountered.

Nonetheless, per your suggestion, we are implementing procedures that will insure that all contractual obligations of service providers are met. Such procedures will require documentation of the precise service provided, the date of service, and the amount of time required for the service. Also, we have retained general counsel who will review future contracts.

I hope that the above response is helpful and that the procedures being implemented will address your concerns. Should you have any additional suggestions, we will be happy to receive them. We work hard to insure that the money entrusted to us is spent wisely, and we assure you that any deficiencies are not the result of wrongdoing on the part of the Franklin Parish School Board or its staff.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Leo Thornhill, Jr.", written in a cursive style.

Leo Thornhill, Jr.

LTJ/ta

cc: Franklin Parish School Board

Franklin Parish School Board

*Agency Name*

7293 Prairie Road

*Address*

Winnsboro, LA 71040

*City State Zip Code*

(318) 435-9046

*Phone*

Internal Connections

*Service Order*

SEND Technologies, L.L.C.

*Service Provider*

Spin # 143010002

Entity # 139329

Attachment # 3-IC

FRN # \_\_\_\_\_

Order # 26367

Phone # (318)340-0750

This service order confirms the purchase of service from SEND Technologies, L.L.C. by the Franklin Parish School Board to provide the following:

Service per attachment number 3-IC for a total of \$83,810

Service Start Date: July 1, 2000 (upon confirmation of service start date by SLC)

Service Anniversary Date: July 1, 2001

Renewal of Service: Service term may be renewed by the customer for two consecutive one year terms with renewal term to begin July 1, 2001 and July 1, 2002.

Note: This professional services agreement is contingent upon the customer receiving approval of Universal Service (E-Rate) application and subject to Board funding under non-appropriation guidelines. Service renewals are also contingent upon E-Rate funding approval and subject to budgeting approval by the customer.

Authorized Signature Bobby Bleunt

Date 1-7-00

Service Provider Mark Stevenson

Date 1-7-00

Attachment 3-IC  
 Form Identifier 21000-IC  
 Entity Number 139329

Franklin Parish  
 Calculation Worksheet  
 Internal Connections

Discount Percentage 88%

FRN Number	Description	QTY Ord	One Time (Install) Costs	Recurring Costs	Month Factor	Recurring Costs	Total Cost	ERATE Disc %	School Cost	ERATE Cost
				2000		2000			2000	2000
312900	CAT 5 Drop Installations (materials & labor)	200	\$75	\$0	12	\$0	\$15,000	88%	\$1,800	\$13,200
	Nortel Mini-Switch 12 port	22	\$650	\$0	12	\$0	\$14,300	88%	\$1,716	\$12,584
	Nortel Mod 350 24 Pt Swit	12	\$1,790	\$0	12	\$0	\$21,480	88%	\$2,578	\$18,902
	External Cable, CAT 5 (materials & labor)	4	\$400	\$0	12	\$0	\$1,600	88%	\$192	\$1,408
	Nortel ASN Maintenance	1	\$405	\$0	12	\$0	\$405	88%	\$49	\$356
	Nortel ARN Maintenance	11	\$155	\$0	12	\$0	\$1,705	88%	\$205	\$1,500
	APC 650 UPS	18	\$240	\$0	12	\$0	\$4,320	88%	\$518	\$3,802
	Router and Network Installation & Maintenance	1	\$25,000	\$0	12	\$0	\$25,000	88%	\$3,000	\$22,000
SEND Technologies	FRN TOTAL						\$83,810.00		\$10,057.20	\$73,752.80

Quotation accepted by: *Cathy Albert*  
 Title: Superintendent  
 Date: 1-7-00

Contingent upon FY 2000 Erate Funding.  
 Subject to Board funding for FY 2000 under non-appropriation guidelines

Franklin Parish School Board  
Agency Name

7293 Prairie Road  
Address

Winnsboro, LA 71040  
City State Zip Code

(318) 435-9046  
Phone

Internet Access  
Service Order

SEND Technologies, L.L.C.  
Service Provider

Spin # 143010002

Entity # 139329

Attachment # 2-IA

FRN # \_\_\_\_\_

Order # 26366

Phone # (318)340-0750

This service order confirms the purchase of service from SEND Technologies, L.L.C. by the Franklin Parish School Board to provide the following:

\_\_\_\_\_  
Service per attachment number 2-IA for a total of \$80,996  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Service Start Date: July 1, 2000 (upon confirmation of service start date by SLC)

Service Anniversary Date: July 1, 2001

Renewal of Service: Service term may be renewed by the customer for two consecutive one year terms with renewal term to begin July 1, 2001 and July 1, 2002.

Note: This professional services agreement is contingent upon the customer receiving approval of Universal Service (E-Rate) application and subject to Board funding under non-appropriation guidelines. Service renewals are also contingent upon E-Rate funding approval and subject to budgeting approval by the customer.

Authorized Signature Bobby Stewart

Date 1-7-00

Service Provider Mark Stroman

Date 1-7-00

Attachment 2-IA  
Form Identifier 21000  
Entity Number 139329

Franklin Parish School District  
Calculation Worksheet  
Internet Budget Costs

FRN 312818  
Vendor SEND Technologies

Parish	# Schools	Discount %	Total Cost	School Cost	E-Rate Cost
Franklin Parish	11	88%	\$80,996	\$9,696	\$71,104

Dedicated T1 Internet service for all schools;

\* Internet service email support for all schools; support for school internet installation, setup and provision for all eligible services required for Internet access.

Quotation accepted by: Bobby Blount  
Title: Superintendent  
Date: 1-4-00

Contingent upon FY 2000 Erate Funding.  
Subject to Board funding for FY 2000 under non-appropriation guidelines

# SEND

TECHNOLOGIES, L.L.C.

2904 Evangeline Street • Monroe, Louisiana 71201  
Phone: 318.340.0750 • Fax: 318.340.0580  
Web Address: <http://www.sendtech.net>

August 12, 2002

Mr. Wayne Smith  
Business Manager  
Franklin Parish School Board  
7293 Prairie Road  
Winnsboro LA 71295

Dear Mr. Smith:

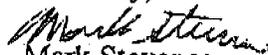
SEND Technologies LLC has been pleased to provide Internet and related services to Franklin Parish for the past four years. We appreciate your business and hope that we will continue to meet your expectations for service in the future.

We are also pleased we have been able to institute business practices and controls to assist the district and SEND with oversight of overall services. One of the practices has been an internal review of current and prior years. The review examined the Internet services and internal connection services to verify services and charges.

In examining the 1998 year, we determined the district was overcharged for Internet services. The services order quoted a base rate of \$1,350 per month plus \$100 per school for twelve months. Upon review, it appears the district should have been charged the base rate for the year since only one school was online until the Spring of 1999. We apologize for the error. The error occurred because the file notation showing the conversion in July 1998 was assumed to mean all schools. We have calculated the attached credit memo to adjust your billing. We will apply the credit memo to your current billing. Appropriate credit will be applied to the next invoice submitted to USAC under the ERATE program to correct their billing.

Thank you again for the opportunity to continue serving the district.

Sincerely,

  
Mark Stevenson

President

SEND Technologies LLC



RECEIVED  
LEGISLATIVE AUDITOR

**JACKSON PARISH  
SCHOOL BOARD**

Archie J. Chandler, Superintendent  
Rudolph Tarver, President

02 DEC 23 AM 10:55

P. O. Box 705  
Jonesboro, LA 71251-0705  
Telephone (318) 259-4456  
Fax (318) 259-2527

December 20, 2002

Dan Kyle  
Legislative Auditor  
1600 North Third Street  
PO Box 94397  
Baton Rouge LA 70804 9397

Dear Mr. Kyle:

Jackson Parish School Board's technology coordinator, business manager and a member of the finance committee will continue to review all E-rate contracts and billings to ensure that payments are made only for those services that are provided.

Thank you for your cooperation.

Sincerely,



Archie Chandler  
Superintendent

# Lincoln Parish School Board

410 South Farmerville  
Ruston, Louisiana 71270-4699  
(318) 255-1430

Robert E. Shadoin  
President

Gerald W. Cobb, E.D.  
Superintendent

December 19, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

CERTIFIED MAIL #7002 0460 0001 9206 0276

RECEIVED  
LEGISLATIVE AUDITOR  
02 DEC 23 AM 10:11

Dear Dr. Kyle:

I am writing to you in response to the recommendations made by your office concerning the findings stated in your investigative audit report about payments the Lincoln Parish School Board (Board) made for services that were not provided by SEND Technologies, L.L.C. (SEND).

During the course of your investigation it was revealed that the Board made payments for services that were not provided by SEND. Upon this discovery, we promptly requested SEND to adjust our future billings and to issue a refund to us for the previous overpayments made by the Board. SEND responded, in full agreement, by issuing to us a credit memo dated July 22, 2002 and a balance refund payment shortly thereafter.

I am in agreement with your recommendations for which we have already begun implementing by providing a more detailed verification of billings before payment for services rendered through E-rate contracts and involving more administrative personnel in the review and payment approval process. This process will include verifying that billings for services are in accordance with stated contract terms which are, in fact, for actual services being provided to the school district.

I greatly appreciate the professionalism exhibited by your staff in carrying out their investigation, and I am confident that the result of this investigation will be better management of all service contracts throughout our district. If your office should require any additional information regarding the response provided above, please advise.

Sincerely,



Gerald W. Cobb, Ed.D.  
Superintendent



# Madison Parish School Board

Post Office Box 1620  
Tallulah, Louisiana 71284-1620  
(318) 574-3616

**Board President:**  
Rhondie L. Morris  
**Superintendent:**  
Samuel Dixon

December 22, 2002

Dr. Daniel Kyle, Legislative Auditor  
1600 North Third Street  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RECEIVED  
LEGISLATIVE AUDITOR  
02 DEC 27 AM 10:33

RE: Investigate Audit Response (SEND Technologies)

Dear Dr. Kyle:

The following is Management's response as you requested regarding the above-captioned investigative audit.

*Finding: From July 1998 to June 2002, SEND Technologies, L.L.C. (SEND) as paid a total of \$189,873 to provide Internet access to the Madison Parish School District (school district) under the E-Rate Program. Of this amount, it appears that SEND was paid \$12, 429 in Internet access charges for school sites that did not receive Internet access.*

**Management's  
Response**

The introduction of E-Rate funding for Internet access was introduced in a very short period of time and was a large, complex program. There was an overwhelming and often confusing burden of paperwork associated. Discussion with SEND did result in SEND's issuing a credit to the district.

The district's finance committee will closely monitor E-Rate contracts for appropriateness of services and review billing to insure that payments are made for services performed as listed in the contract.

*Finding: SEND billed school district annual Internet Service Provider (ISP) charges ranging from \$51,480 to \$82,680 for enhanced services that were not provided.*

Dr. Daniel Kyle  
December 22, 2002  
Page 2

Management's

Response Five of the seven school sites were provided with direct connections to SEND and SEND was provided monitoring services of routers and servers. Two sites were not provided with this direct connection, but were receiving enhanced services. The District's appreciation of enhanced services encompasses more than a direct connection to SEND.

The district's finance committee will closely monitor E-Rate contracts for appropriateness of services and review billing to insure that payments are made for services performed as listed in the contract.

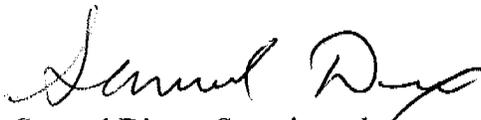
*Finding: School District Failed to Maintain Adequate Documentation of On-Site Internet Network Support Services Performed by SEND*

Management's

Response: Management will require that immediately on-site services performed by SEND be documented.

If I can be of further assistance, please let me know.

Respectfully submitted,



Samuel Dixon, Superintendent  
Madison Parish Schools

ck

Enclosure

**SEND TECHNOLOGIES LLC**  
 2904 EVANGELINE ST.  
 MONROE, LA 71201-3724  
 PH. (318) 340-0750  
 FAX (318) 340-0580

# Credit Memo

DATE 8/19/2002 CREDIT NO. 1817

**CUSTOMER**

Madison Parish School Board  
 Carl Kowitz/Ann Semien  
 PO Box 1620  
 Tallulah LA 71282-1620

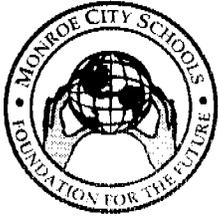
DESCRIPTION	QTY	RATE	AMOUNT
Madison - ISP Service Charge: Internet - July-June 1998-99	-12	154.00	-1,848.00

P.O. NO. PROJECT

Original invoices billed for ten (10) schools at \$100 per school should have been only three (3) schools. Credit given \$700.00 per month at 22% with the SLD billed 78%.

*001-320-1100.22 (8,400.00)*  
*001-000-1993.00 6552.00*

**Total** \$-1,848.00



# MONROE CITY SCHOOLS

• Building Today for the Twenty-first Century •

December 19, 2002

Mr. Curtis J. Armand  
President

Mr. Jessie L. Handy  
Vice-President

**BOARD MEMBERS**

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District 1

Mr. Anthony "Tony" Cain  
District 2

Mr. Mickey Traweek  
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District 4

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District 5

Mrs. Stephanie S. Smith  
District 6

Mrs. Brenda M. Shelling  
District 7

GEORGE D. CANNON, Ed. D.  
Superintendent

L. Douglas Lawrence  
Board Attorney

Hon. Daniel G. Klye, Ph.D., CPA, CPE  
Office of the Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Monroe City School Board (Management's Response)

Dear Dr. Kyle:

The purpose of this communication is to provide Management's response to the findings and recommendations of your office, relative to the investigation of SEND Technologies, L.L.C. ("SEND").

Management concurs with the findings of the Legislative Auditor, regarding the reported activities of Mark Stevenson and Albert Sit, and the history and status of their employment relationships with the Monroe City School District ("MCSD") and their apparent ownership and private business activities with SEND Technologies, L.L.C. ("SEND"). Management further concurs with the recommendation that the MCSD establish and implement controls to ensure that the MCSD's funds and assets are not used for personal purposes.

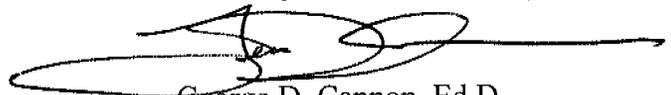
In its own examination and root-cause analysis of just how the activities of SEND, Stevenson and Sit occurred and were not detected, the MCSD finds that the highly technical nature of electronic data origination and transmission through use of onsite equipment and through the school district's BellSouth flexserver required a level of technical understanding and skill such that the school district operated at a conceptual disadvantage to SEND, Stevenson and Sit. Essentially, the MCSD finds that SEND, Stevenson and Sit took advantage of the conceptual advantage that they enjoyed, to their own benefit but to the detriment of the MCSD. Without persons of like technical understanding and skill to exercise oversight of Management Information Services, improper activities in the department regarding ISP services and use of the BellSouth flexserver could occur and forever evade the review of Management.

In further response, Management will:

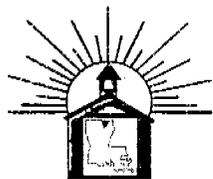
- 1) Employ an outside technical consultant, wholly independent of the MSCD and with whom the MCSD has had no prior financial or business relationship, for the purpose of conducting a comprehensive review of the MCSD's Management Information Services (MIS) Department, including in particular all technical systems, hardware, data lines and like systems involving e-communications and e-data transmissions, with the objective of identifying all instances and opportunities of and for misuse for the purpose of personal gain or private inurement, and providing solutions that ensure that the MCSD's funds and assets are not used for personal purposes. It is recommended that the technical consultant have no permanent employment relationship with the MCSD, but that independent technical consultants be "brought into the School District", from time to time to review and test the integrity of MIS operations.
  
- 2) Immediately implement a change of management personnel in the MIS Department in the positions of Director and Associate Director of Management Information Services.

I trust that this is the response that you needed. Do not hesitate to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "George D. Cannon", with a long horizontal line extending to the right.

George D. Cannon, Ed.D.,  
Superintendent



# MOREHOUSE PARISH SCHOOL BOARD

"Obtaining Excellence in Education Through Quality Teaching"

714 South Washington Street  
Post Office Box 872  
Bastrop, LA 71220  
(318) 281-5784  
Fax (318) 283-3456

December 27, 2002

**RICHARD HARTLEY**  
Superintendent

Mrs. Susie Cox, President  
District 4

Mrs. Loe Dunn, Vice President  
District 7

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District 1

Mrs. Doris Jackson  
District 2

George Estep, Jr.  
District 3

Mrs. Sherry Barmore  
District 5

Hamp Lenoir  
District 6

## CERTIFIED MAIL

Dr. Daniel G. Kyle  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

RE: Morehouse Parish School Board

Dear Dr. Kyle:

On behalf of the Morehouse Parish School Board, I am in receipt of your draft of your investigative audit report on the Morehouse Parish School District.

Please accept this as the response thereto.

You initially stated in your findings that the school district could not provide to you a contract describing the services to be provided by SEND Technologies, L.L.C. for year 3. It is unclear to me as to which school board employees you made inquiry, but I have enclosed as Exhibit 1 the contract for the period July 1, 2001 through July 1, 2002.

As background for year 2, SEND provided only ISP signal and email services with no maintenance, installation or equipment.

For year 3, SEND provided the ISP signal and email service together with new equipment, maintenance and installation charges. Those additional items are shown on Exhibit 1 attached. If you have any questions about it, please contact me.

For ease of reference, I have also enclosed the year 4 contract with SEND. It is attached as Exhibit 2. As you can see from the contract, if you compare it with others you have received, the increase met market conditions. It is incorrect to assume that the increase in cost is attributable to reconfiguration of T-1 lines. Much of the increase in cost is a result of the needed replacement of equipment such as routers and switches that were non-functional and whose warranty had expired and had been obtained from a prior vendor. The completion of the change in T-1 lines was accomplished in the fall of 2002. Each school now has the configuration that allows each school site to by-pass the central office to receive faster internet service.

For the following school year a RFP was proposed and vendors notified.

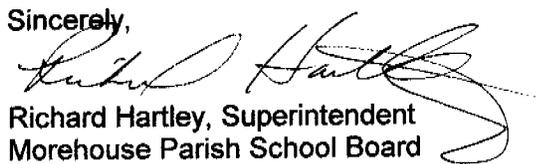
The basic outline of that procedure is set forth on Exhibit 3. The request for proposals is set forth on Exhibit 4. There were only two proposals received, one from Bayou Internet and the other from SEND. They are attached respectively as Exhibit 5 and Exhibit 6. Your careful review will indicate that not only was the SEND proposal more comprehensive, but also at a substantially lower rate than the Bayou Internet, Inc. proposal. As a result the Morehouse

Parish School Board voted to accept the proposal by SEND and the contract for it is shown as Exhibit 7 attached. The proposal submitted further confirmed to the Morehouse Parish School Board that SEND was providing the services at a more than satisfactory level at or below other market prices. Accordingly we do not believe that any of the laws set forth in your investigative audit report were violated and in fact find no factual basis upon which such a claim could be made. There are no facts set forth in your report that you furnished to me that relate to any of the statutes you referenced.

I will advise you that the current business manager of the Morehouse Parish School Board reviews all purchase orders and the business manager insures that services or products have been provided in accordance therewith before invoices are paid.

Should you desire any additional information from me or the Morehouse Parish School Board, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Hartley", written in black ink. The signature is fluid and somewhat stylized, with a long, sweeping underline that extends to the right.

Richard Hartley, Superintendent  
Morehouse Parish School Board

I:\MYRA\KATZ\MPSE\LTR\Hartley2002\tr.7.wpd

OFFICE OF  
**RICHLAND PARISH SCHOOL BOARD**  
JOHN R. SARTIN, SUPERINTENDENT  
P. O. BOX 599  
RAYVILLE, LOUISIANA 71269

RECEIVED  
LEGISLATIVE AUDITOR  
2002 DEC 30 AM 11:04

December 20, 2002

BOARD MEMBERS

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District 9  
President

GINGER PIERCE  
District 8  
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GLORIA LAWSON  
District 3

DOYAL MCDADE  
District 2

CLAUDE MINOR, SR.  
District 6

Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

RE: Draft Copy of Investigative Audit Report of Richland Parish School District

With reference to your draft report and the one finding:

**Audit**

**Finding:** SEND Billed School District Annual Internet Service Provider (ISP) Charges Ranging from \$80,796 to \$80,807 For Enhanced Services That were not Provided.

**Answer:** We do not agree with your finding. The Audit Finding contained in your report is constructed on the mistaken conjecture that a proposed T-1 line configuration of Richland Parish Schools to SEND Technologies would significantly impact Internet service Provider (ISP) costs to the Parish.

According to our Richland Parish School Board Computing Manager, Mr. George Gladney, who is our technical advisor, the network configuration for funding year 1999/2000 (FY9900) consisted of 56K lines with no 56K school lines connecting to the Central Office. Early in calendar year 2000, the initial T-1 installations were completed and we began receiving 'Enhanced' service (at no additional ISP costs for the remainder of FY9900). The next funding year, FY0001, had T-1 level ISP service included in the approved E-Rate funding amounts to match the service already being provided by SEND Technologies.

The proposed network configuration for FY0102 was discussed by SEND and Richland personnel based on a theory of facilitating better through-put for schools that were considering using video classes

presented by state universities, SEND, and/or other qualified sources.

This configuration was considered as an option to help fill an alarmingly increasing shortage of Certified Teachers in our Parish, so that courses could be offered which were staffed by certified teachers. Please note that the ISP budget for FY0001 and FY0102 are not significantly different, even though T-1 line configuration changes were proposed.

To date, most of our schools have not taken significant advantage of video as a possible method of classroom instruction. We have chosen, primarily based on this reason, not to exercise the option to relocate our school T-1 lines to SEND.

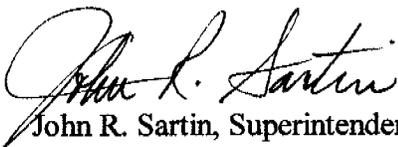
SEND Technologies personnel were made aware of our decision not to relocate the T-1 lines. SEND Technologies personnel had made it clear to us that there would be no additional ISP costs associated with the relocation of one or more T-1 lines, should we later choose to relocate. Any relocation would be performed and billed by BellSouth as a one-time cost.

Furthermore, on page 4 of your draft report, in the red highlighted box on the bottom right of the page, an absolutely false statement has been made, i.e., "Although the school district could not provide a contract for year three, . . . ". Mrs. Jeannie Green, Richland Parish Technology Coordinator, provided your investigators with a copy of the contract (attached) for year three of E-RATE.

In reference to your recommendation, our school district has followed a procedure that is similar to your suggestion, and we will continue to carefully review all payments to ensure that payments are made for only those services provided. Presently the technology coordinator reviews all E-RATE contracts and billings. Then, the recommendation for payment is submitted to the Business Manager, who reviews the E-RATE billing and submits it to the Superintendent for approval of payment. Checks are written and the Board President and Superintendent sign the checks for payment.

Richland Parish School District did receive "enhanced services" from our ISP in year three and year four as described above. Therefore, I request that you withdraw this finding.

Sincerely,



John R. Sartin, Superintendent  
RICHLAND PARISH SCHOOL BOARD

**Richland Parish School Board**

*Agency Name*

**411 Roster Street**

*Address*

**Ravville, LA 71040**

*City State Zip Code*

**(318) 728-5964**

*Phone*

**Internet Access**

*Service Order*

**SEND Technologies, L.L.C.**

*Service Provider*

**Spin # 143010002**

**Entity # 139321**

**Attachment # 2-IA**

**FRN #**

**Order # GF00-01-13-03**

**Phone # (318)340-0750**

**This service order confirms the purchase of service from SEND Technologies, L.L.C. by the Richland Parish School Board to provide the following:**

**Service per attachment number 2-IA for a total of \$80,796**

**Service Start Date: July 1, 2000 (upon confirmation of service start date by SLC)**

**Service Anniversary Date: July 1, 2001**

**Renewal of Service: Service term may be renewed by the customer for two consecutive one year terms with renewal term to begin July 1, 2001 and July 1, 2002.**

**Note: This professional services agreement is contingent upon the customer receiving approval of Universal Service (E-Rate) application and subject to Board funding under non-appropriation guidelines. Service renewals are also contingent upon E-Rate funding approval and subject to budgeting approval by the customer.**

**Authorized Signature**

*John R. Sartain*

**Date** 1-10-2000

**Service Provider**

*Subby L. Earle*

**Date** 1-10-2000

Attachment 2-IA  
Form Identifier 42000  
Entity Number 139321  
Vendor - SEND Technologies  
FRN - 341968  
Parish

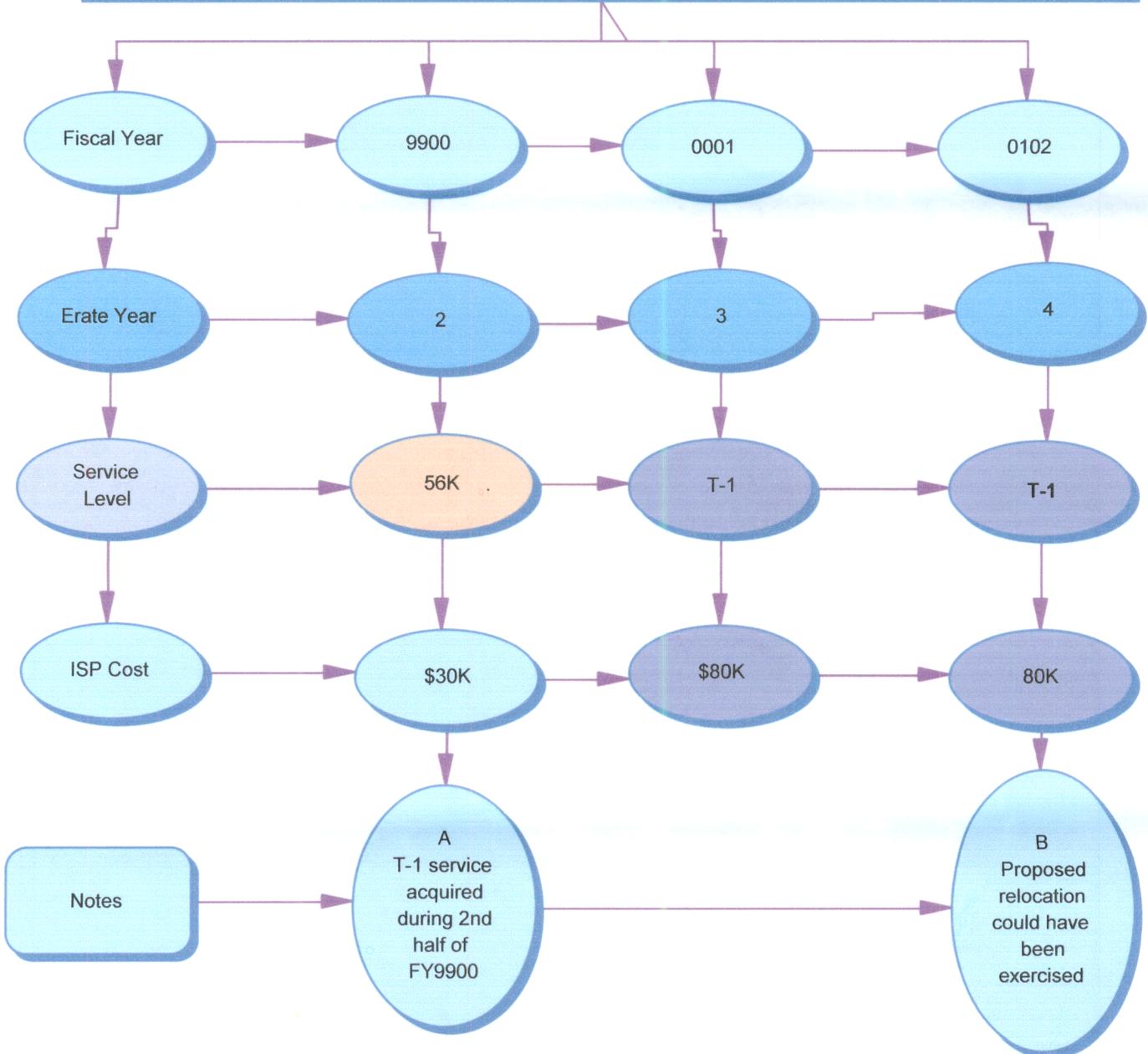
Richland Parish School District  
Calculation Worksheet  
Internet Budget Costs

	# Schools	Discount %	Total Cost	School Cost	E-Rate Cost
Richland Parish	11	83%	\$80,796	13735	\$67,061

Dedicated T1 Internet service for all schools;

\* Internet service email support for all schools; support for school Internet installation, setup and provision for all eligible services required for Internet access.

# Timeline for Services for Richland Parish Erate



<b>Fiscal Year</b>	9900	0001	0102
<b>E-Rate Year</b>	2	3	4
<b>Service Level</b>	56k	T-1	T-1
<b>ISP Cost</b>	\$30k	\$80k	\$80k
<b>See Notes</b>	A		B

**Notes**

- A -T-1 service acquired during 2nd half of FY9900
- B -proposed relocation could have been exercised

# TENSAS PARISH SCHOOL BOARD

TELEPHONE (318) 766-3269  
FAX (318) 766-3634



*Donald H. Pennington, Superintendent*

P. O. BOX 318 • ST. JOSEPH, LOUISIANA 71366

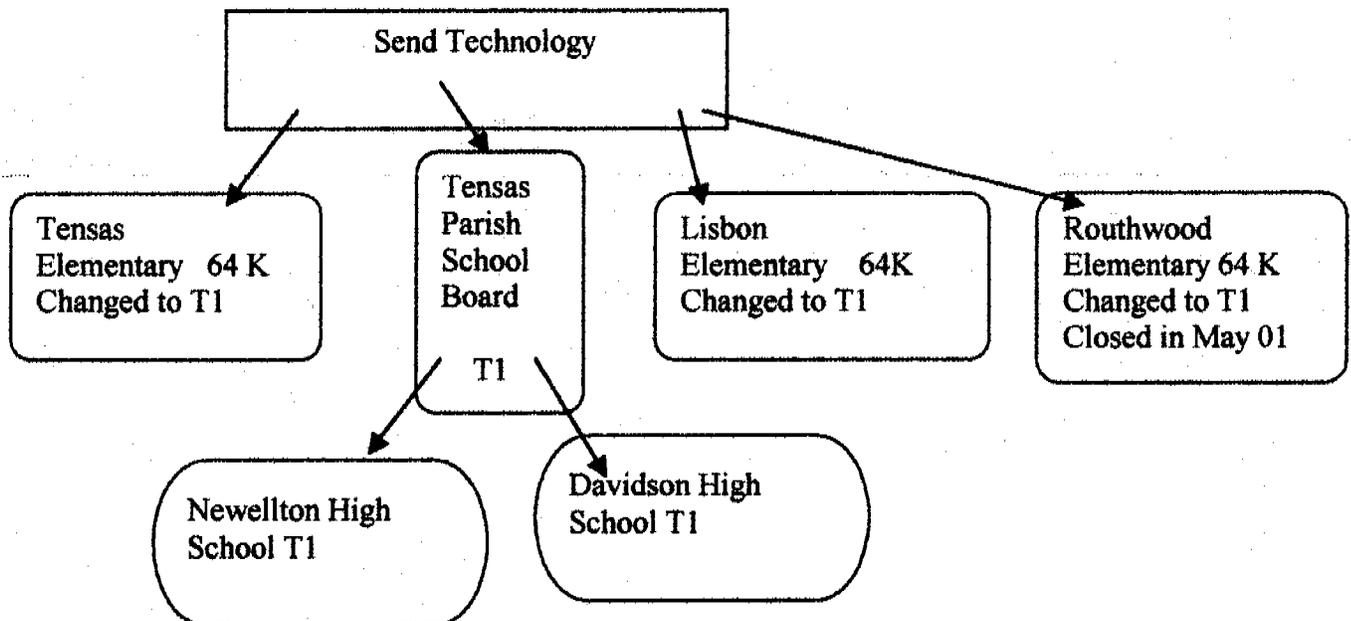
December 30, 2002

Mr. Calvin Moore  
Office of Legislative Auditor  
State of Louisiana  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Moore:

This is a response to your letter dated December 12, 2002 concerning the recent audit report of the Tensas Parish School Board.

In reviewing the draft of the audit report, the diagram on page 7 does not adequately show the configuration of the way that the school system received Internet Access services in 1999/00. The diagram should look like the following:



RECEIVED  
LEGISLATIVE AUDITOR  
02 DEC 31 AM 10:00

**Finding 1: SEND was paid \$37,790 for Internet services not provided.**

**Recommendation:**

The School District's Technology Coordinator, Business Manager, and Members of the School District's Finance Committee review all E-Rate contracts and billings to ensure that payments are made only for those services that are provided.

**Management's Response:**

In year one E-Rate funding, SEND Technology found that we had paid an invoice twice. The overpayment was returned.

We are aware of the overpayment made by the Tensas Parish School Board and USAC. Credit has been issued to the Tensas Parish School Board. A copy has been sent to the Legislative Auditor's Office. When asked, Send Technologies stated that arrangements are being made with USAC to correct their overpayment.

The Legislative Auditor has recommended that a committee be formed to review all contracts and bills to make sure that only the services being received are paid.

The Finance Committee will meet on a monthly basis to review all bills and match them to the contract for those services rendered.

**Finding 2: SEND billed school districts for enhanced services not provided.**

**Recommendation:**

We recommend that the School Board establish policies and procedures to ensure that vendors comply with contractual agreements.

**Management's Response:**

The vendor is aware of the over billing and is working on calculating the amount of refund that is due the school system and USAC.

The Tensas Parish School Board will establish policies and procedures to ensure that vendors comply with contractual agreements. A committee of the Business Manager, Technology Coordinator, Secondary Supervisor and Superintendent will review contracts and bills presented for payment to ensure they comply with contractual agreements.

**Finding 3: School district failed to maintain adequate documentation of "On-Site Internet Network Support Services" performed by SEND.**

**Recommendations:**

We recommend that the School Board establish policies and procedures to ensure that vendors comply with contractual agreements. In addition, we recommend that the School District's Technology Coordinator, Business Manager, and Members of the School District's Finance Committee review all E-Rate contracts and billings to ensure that payments are made only for those services that are provided.

**Management's Response:**

The Technology Coordinator is securing documentation (time logs and descriptions of work performed) from SEND Technology for proof that they actually worked in The Tensas Parish School System. Although the Technology Coordinator kept some documentation in a daily travel log, this was not sufficient to show proof that they actually worked in the parish.

A form called the "Technology Work Order Log" has been developed to document date, vendor, and work order number assigned by the Technology Coordinator or his designee. This work order log will be maintained at the Central Office. A "Technology Repair and Maintenance Work Form" has been created to document the vendor name, date, time in and time out, number of hours worked, technician performing the service, location, and will require a written description of work performed. The vendor will check in for work at the Central Office. They will receive the "Repair and Maintenance Work Form." Then they will drive to the school building that needs the service work performed. When the work is completed, this form will be signed by the Teacher, Principal, and Technology Coordinator. This form will be in three parts. A copy will be maintained at the School, one copy will be maintained the Accounts Payable Office, and one by the Technology Coordinator.

Should you need any further information, please do not hesitate to call.

Sincerely,



Donald H. Pennington  
Superintendent

DHP/bv



**WEBSTER PARISH SCHOOL BOARD**  
P.O. Box 520  
1442 Sheppard Street  
Minden, Louisiana 71058-0520

Telephone: (318) 377-7052  
Fax: (318) 377-4114

Carolyn Boyett  
President

Rickey Killian  
Vice-President

December 18, 2002

Richard Noles  
Superintendent

Wayne King  
Asst. Superintendent

Mr. Calvin Moore  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Fax date 12/18/02 – Send Technologies

Dear Mr. Moore:

We have read your report and the findings therein. Our response is as follows:

1. Send Technologies issued a credit memo in September 2002 (documents attached). We applied this to our check number 48109 and payments on invoice 1820. Therefore, the Webster Parish School Board has taken action to correct the error in question.
2. The Technology Coordinator and Business Manger have been instructed to jointly review the contract with Send Technologies to assure total compliance with the agreement in all future invoices submitted for payment.

We appreciate your assistance in this matter and trust this response is will satisfy your needs.

Sincerely,

A handwritten signature in black ink that reads "Richard Noles".

Richard Noles  
Superintendent

cc: Linda Williams, Technology Coordinator  
Fred Evans, Business Manager

No. 048109

WEBSTER PARISH SCHOOL BOARD

35717.00 35717.00  
35717.00 35717.00

WEBSTER PARISH SCHOOL BOARD MINDEN, LA 71055

HIBERNIA NATIONAL BANK  
MINDEN, LOUISIANA

WEBSTER PARISH SCHOOL BOARD

No. 048109

MINDEN, LOUISIANA 71055  
MASTER FUND

VOID AFTER 90 DAYS

DATE

CHECK NO.

PAY EXACTLY

09/10/02

40100

35,717.00

PAY TO THE ORDER OF

THIRTY FIVE THOUSAND SEVEN HUNDRED AND NO CENTS

3000 TEACHERS UNIONS L.L.C.  
2004 EVANSVILLE STREET  
MINDEN, LA 71055

NON NEGOTIABLE

⑈048109⑈ ⑆111104879⑆?2 00⑈000⑆ 59⑈

01350

*Handwritten signature/initials*

Please pay  
Sandra Williams  
9/10/02

Total

\$3,717.00

# Invoice

## SEND TECHNOLOGIES LLC

2904 EVANGELINE ST.  
MONROE, LA 71201-3724  
PH. (318) 340-0750  
FAX (318) 340-0580

DATE  
8/22/2002

INVOICE #  
1820

### BILL TO

Webster Parish School Board  
P. O. Box 520  
Minden, LA 71058-0520  
Attn: Linda Williams

P.O. NO.

TERMS

PROJECT

Due on receipt

QUANTITY	DESCRIPTION	RATE	AMOUNT
9	Webster - ISP Service Charges: SLD approved rate @ 30% to district and 70% to SLD Original invoices for July - March were charged at 26%, \$13,950 monthly charge x 4%	558.00	5,022.00
	Webster - ISP Service Charges: (\$4,350) balance for 2001-02 year x 30%	-1,305.00	-1,305.00

SEE ATTACHED WORKSHEET

01530 ~~2620.00~~ 2410.00 JR

✓  
mrb

Please pay  
Linda Williams  
9/10/02

**Total**

\$3,717.00

# SEND

TECHNOLOGIES, L.L.C.

2904 Evangeline Street • Monroe, Louisiana 71201  
Phone: 318.340.0750 • Fax: 318.340.0580  
Web Address: <http://www.sendtech.net>

August 12, 2002

Ms. Linda Williams  
Technology Coordinator  
Webster Parish School Board  
1442 Sheppard Street  
Minden LA 71055

Dear Ms. Williams:

SEND Technologies LLC has been pleased to provide Internet and related services to Webster Parish for the past three years. We appreciate your business and hope that we will continue to meet your expectations for service in the future.

We are also pleased we have been able to institute business practices and controls to assist the district and SEND with oversight of overall services. One of the practices has been an internal review of current and prior years. The review examined the Internet services and internal connection services to verify services and charges.

For the 2001 year, there were two options that were considered by the district in configuration of Internet services. One option was for each school in the district to connect directly to SEND, bypassing the Technology Center. Another option was to upgrade the Technology Center to 3 Mbit or more and have schools connect through the Center. Either option also required the ISP provide service to the school level. The decision was made to upgrade the service to 3 Mbit and provide routing through the Technology Center. In addition, it was requested that routers in the schools be upgraded to new models under a rental charge.

The changes were scheduled to be implemented for the beginning of the 2001 year, but we delayed full implementation at your request pending ERATE approval by the SLD. As you know, the SLD did not approve your application until the end of the school year and the approval rate was changed to 30/70%. SEND is providing an adjustment to the overall ISP services package based on the delayed implementation. In the original calculation from SEND, we had factored \$75.00 per month per school for the bandwidth upgrade (\$75.00 x 22 schools x 12 months). We had also calculated \$100.00 per month for the router equipment rentals (\$100.00 x 22 schools x 12 months). Due to the delayed approvals, the 3 Mbit upgrade was ordered in June, so there will be no charge for that service. We did provide some used routers as loaners to help alleviate some Internet problems, but we are not charging those units as rentals. The attached spreadsheet details the credit to be applied.

When we could see that there would be a problem with scheduling implementation, we withheld billing after the third quarter. Due to an increase in the rate for the district from 26% to 30% there is a balance of \$3,717.00. Invoice #1820 is attached. We have billed the SLD only two quarters at the original quarterly rate; the final billing will reflect a reduced amount to close the year.

For this year, we are proceeding with the upgrades you requested. The 3 Mbit link was ordered June 25; I will check and verify cutover and load balancing. We have routers and related equipment available; we are cutting services over as quickly as we can without disrupting administration or students.

Again, we appreciate your confidence in SEND and look forward to working with you in the future. Thank you again for the opportunity to continue serving the district.

Sincerely,

*Mark Stevenson*  
Mark Stevenson

President

SEND Technologies LLC

<b>Webster Parish Year 4</b>					
<b>Reconciliation Worksheet</b>					
<b>Services Order Amount</b>	<b>167400</b>				
<b>Proposed Calculation</b>	<b>Base</b>	<b>Schools Rate</b>	<b>Router Rental</b>	<b>Other</b>	<b>Total</b>
		<b>(includes 3 mbit)</b>			
<b>Amount</b>	1300	475	100	0	
<b>Months</b>	12	12	12	0	
<b>Factor</b>	1	22	22	0	
<b>TOTAL</b>	<b>15600</b>	<b>125400</b>	<b>26400</b>	<b>0</b>	<b>167400</b>
<b>Installed Calculation</b>	<b>Base</b>	<b>Schools Rate</b>	<b>Router Rental</b>	<b>Other</b>	<b>Total</b>
		<b>(includes 3 mbit)</b>			
<b>Amount</b>	1300	400	100	0	
<b>Months</b>	12	12	12	0	
<b>Factor</b>	1	22	0	0	
<b>TOTAL</b>	<b>15600</b>	<b>105600</b>	<b>0</b>	<b>0</b>	<b>121200</b>
<b>Variance</b>					<b>46200</b>
	<b>Proposed</b>	<b>Installed</b>			
<b>Total Bill</b>	167400	121200			
<b>Partial Billed to Date</b>	125,550	125550			
<b>Balance</b>	41,850	-4,350			
Note - Rate for school charges changed - 3 Mbit upgrade delayed for installation					
Note - Rental rate eliminated for routers since routers delayed for installation					
(Some routers were upgraded due to internet problems; no charge for loaned equipment )					