



Richmond Office of the City Auditor

Office of the Inspector General

Fighting government waste, fraud and abuse

Umesh Dalal, CPA, CIA, CIG
Richmond City Auditor/Inspector General

October 22, 2010

Dr. Yvonne Brandon
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On March 17, 2010, the Office of the Inspector General (OIG) observed about 500 computers stored in the RPS warehouse, that were then about a year old. Soon after issuance of the OIG report in May 2010, RPS stated that all of the computers observed by the investigators had been installed in various schools. The OIG has completed an investigation of a complaint alleging that many of the computers referenced above were still in the RPS warehouse.

Legal Requirements

In accordance with the Code of Virginia, §15.2-2511.2, the City Auditor is required to investigate all allegations received on the fraud hotline alleging fraud, waste and abuse.

Background

Annually, the Virginia General Assembly allocates a sum of money to all Virginia school divisions to acquire computers, improve network infrastructure and for instructional software. This resource can be used when the school division is ready to install computers. The State Agency coordinating the disbursements of these funds has been flexible to allow many school divisions additional time to install computers beyond established deadlines. Therefore, there are no time constraints requiring acquisition of computers when a school division does not have the ability to install them.

Observations

On October 8, 2010, the OIG investigators visited the RPS warehouse in the presence of numerous RPS employees, including their Chief Operating Officer, and discovered the following:

- 211 of about 500 computers identified in the May 2010 report were still stored in the warehouse and were not installed in the schools as claimed by RPS. The purchase orders associated with the computers identified during both of these investigations matched.

- Almost all of the 211 computers were purchased in March 2009. Therefore, in October 2010, these computers were about 19 months old. With changing technology and increasing demand for computing power by newer software applications, computers can become technologically outdated significantly faster than their physical lives.
- The investigators requested RPS to provide information related to the installation of computers that were not observed to be in the warehouse, but were part of initial investigation. Based on the documentation provided by RPS, it appears that the computers included in the previous observations, other than the 211 referred to above, were installed in various schools.

Upon inquiry, RPS indicated that they have a practice of installing newer computers first. Accordingly, the computers purchased in 2010 were installed before the computers purchased in March 2009. If this practice continued, the March 2009 computers, which are already 19 months old, may have very limited life due to their physical and technological limitations when they are finally installed. This practice does not appear to be a prudent practice and not a good use of public resources. Installing computers in a timely manner can improve the utility of the computers for the benefit of RPS students.

If you have any questions, please contact me at extension 5640.

Sincerely,



Umesh Dalal, CPA, CIA, CIG
City Auditor/Inspector General

Cc: Richmond Public School Board
Mr. Paul Hawkins, RPS Chief Operating Officer
The Honorable Members of the Richmond City Council
Mr. Byron C. Marshall, City of Richmond CAO

RICHMOND PUBLIC SCHOOLS

Office of the Superintendent



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YVONNE W. BRANDON, Ed.D.
Superintendent

Date: October 22, 2010
To: Umesh Dalal, CPA, CIA, CIG – Inspector General
From: Dr. Yvonne Brandon, Division Superintendent
Subject: Warehouse/Computer Review

We thank the Office of the Inspector General for its thorough review of the over 2,400 documents supplied by Richmond Public Schools during this investigation. We have reviewed the issue and agree that all of the computers in question should have been distributed to schools in a timely fashion. I am disappointed that our process still appears to be flawed; failure of this process is unacceptable.

While we believed the computers cited in the auditor's May 2010 report had been installed in our schools, this new review reveals that there are still a nominal number of computers from 2009 purchase order numbers that remain in our warehouse and not in our schools. That is unacceptable. Our children need these computers and they are going to get them.

I will not tolerate failure in this process and I am committed to ensuring that technological resources get into the hands of our students as soon as possible. To that end, I am launching a thorough inquiry into this issue by external industry professionals. Should we discover evidence of professional negligence, appropriate disciplinary actions will be taken regarding anyone responsible for this failure.

Richmond Public Schools has approximately 13,000 computers division wide with 169 computer labs in the middle and high schools which contain at a minimum 15 computers each. The above does not count the computer labs located in our 27 elementary schools and 6 specialty schools. Ninety-eight percent of all computers purchased by RPS are in use by our students and school personnel.

From March 2010 to May 2010, RPS deployed over 1,100 computers throughout the district, including the 470 computers designated for middle school use during SOL testing. These assets, as well as over 600 others, were in the warehouse when the OIG conducted their initial review during March 2010. By May 2010, all of these assets were deployed and use of the 470 computers designated for middle schools was verified via telephone confirmations with principals.

The 211 computers currently stored in the warehouse represent approximately 1.6 % of the computer population. During the course of this review, RPS was asked to provide documentation for 37 purchase orders totaling 2,432 computers. All of these computers were properly accounted for as distributed in the schools or on hand in the warehouse. Of the 211 identified by the OIG , 78 (5 of which are laptops) were purchased with Virginia Public School Authority (VPSA) SOL Initiative funds for emergency use on the middle and high school level in case of computer failure during the very important SOL Testing periods which occur multiple times throughout the school year (including summer). We are currently in the midst of the first testing cycle of the 2010/2011 school year. These 78 reserve computers equate to .4615 computers per lab.

Of the remaining 133 computers currently in the warehouse (211-78 = 133):

- A. 11 had been sent to Chimborazo Elementary School and then returned to the warehouse due to building/computer infrastructure issues and the loss of air conditioning this summer. There was a total air conditioning failure which necessitated the transfer of students to another school for the completion of summer school.
- B. 118 of the remaining 122 (133-11=122) computers were purchased with VPSA SOL Initiative funds for use at the elementary school level only and designated to meet the large demand created by the merger of Maymont and Clark Springs Elementary Schools. While the need at this school was generally known, a complete analysis of the true needs and the capacity of the school's infrastructure was completed and submitted to the Superintendent in October 2010. The distribution of these computers was delayed until the completion of this investigation.
- C. The remaining 4 computers were purchased for administrative special education purposes to support IEP Online.

The purchase of computers must conform to regulations established by the various funding sources and the restrictions placed on these funds by the state and federal authorities. As noted in the OIG report, RPS has purchased computers more recently than March 2009 and has distributed these computers to the schools in accordance with the regulations established by American Recovery and Reinvestment Act (ARRA), Title 1 (Economically Disadvantaged Students), Career and Technical Education (CTE), and Title VI B (Special Education Students). Each of these sources of funds has specific requirements as to the type of computers purchased and how they can be utilized. Each of the computers purchased with separate funds must be tracked and accounted for to meet the requirements of the funding source.

Once again, we thank the Office of the Inspector General for its thorough review.