

STATE OF NORTH CAROLINA

SPECIAL REVIEW

**DEPARTMENT OF PUBLIC INSTRUCTION
RALEIGH, NORTH CAROLINA**

**ASHEBORO CITY SCHOOLS
ASHEBORO, NORTH CAROLINA**

APRIL 2001

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

SPECIAL REVIEW

DEPARTMENT OF PUBLIC INSTRUCTION

RALEIGH, NORTH CAROLINA

ASHEBORO CITY SCHOOLS

ASHEBORO, NORTH CAROLINA

APRIL 2001



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
**Office of the State
Auditor**

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LETTER OF TRANSMITTAL

April 16, 2001

The Honorable Michael F. Easley, Governor
The Honorable Michael E. Ward, State Superintendent
N.C. Department of Public Instruction
Dr. Diane Frost, Superintendent of Asheboro City Schools
Members of the North Carolina General Assembly

Ladies and Gentlemen:

Pursuant to General Statute §147-64.6(c)(16), we have completed our special review into allegations concerning the Department of Public Instruction and Asheboro City Schools. The results of our review, along with recommendations for corrective actions, are contained in this report.

General Statute §147-64.6(c)(12) requires the State Auditor to provide the Governor, the Attorney General, and other appropriate officials with written notice of apparent instances of violations of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee. In accordance with that mandate, and our standard operating practice, we are providing copies of this special review to the Governor, the Attorney General and other appropriate officials.

Respectfully submitted,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive script.

Ralph Campbell, Jr., CFE
State Auditor



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INTRODUCTION

We received an allegation through the State Auditor's Hotline that cable donated to the Department of Public Instruction was given to one of Asheboro City Schools local cable contractors by an Asheboro City Schools employee.

We used the following procedures to conduct our special review:

- ◆ Interviews with current and prior employees of the Department of Public Instruction.
- ◆ Interviews with current and prior employees of Asheboro City Schools.
- ◆ Interviews with individuals external to the Department of Public Instruction and Asheboro City Schools.
- ◆ Examination of correspondence with local school systems.
- ◆ Examination of internal records of the Department of Public Instruction and Asheboro City Schools.
- ◆ Examination of records belonging to organizations independent of the Department of Public Instruction and the local school system.

Since the allegation addressed a donation made to the Department of Public Instruction, as well as Asheboro City Schools, a brief overview of each is provided below.

The North Carolina Department of Public Instruction (DPI) is the administrative unit for the North Carolina Public School System. DPI's mission is to "create a system that will be customer driven with the local flexibility to achieve mastery of core skills with high levels of accountability in areas of student achievement."

The State Board of Education and State Superintendent of Public Instruction provide support for schools as they implement state education legislation. However, local boards of education

govern the public schools in North Carolina. These boards set policies ranging from local graduation standards to the school calendar year.

INTRODUCTION (CONCLUDED)

Public schools receive federal, state and local funding. The State of North Carolina provides 69 percent of the funding for schools through appropriations from the General Assembly. Local funds, primarily from property taxes and designated sales taxes in most counties, provide about 23 percent of the money used to operate schools. The federal government provides about 8 percent of the funding for public schools.

For the 1999-2000 fiscal year, the State of North Carolina had a total of 117 school systems with 1,265,810 students and 156,234 employees.

Asheboro City Schools is governed by a local school board. A Superintendent and two Associate Superintendents are appointed to administer local school policies. Asheboro City Schools' mission is to provide "quality learning opportunities for all students in a safe and inviting environment so that our students can become successful, lifelong learners and responsible, productive citizens". The school system is comprised of 4,238 students, 575 employees, eight schools, and one Early Childhood/Alternate Learning Center.

This report presents the results of our Special Review. The review was conducted pursuant to G. S. § 147-64.6(c)(16) rather than a financial audit. The Department of Public Instruction's annual audit is accomplished through the audit of the State Comprehensive Annual Financial Report. The Asheboro City Schools annual audit is conducted by a CPA firm.

FINDINGS AND RECOMMENDATIONS

1. THE DEPARTMENT OF PUBLIC INSTRUCTION DID NOT PROPERLY DOCUMENT THE DISTRIBUTION OF \$3,065,487 IN DONATED CABLE.

According to the Department of Public Instruction's Director of Infrastructure Technologies (Director), in July 1999, a private cable company (Company) donated a variety of cable (such as computer, telephone, and alarm cable) valued by the Company at \$3,065,487 to the Department of Public Instruction (DPI). The cable was to be allocated by DPI to the local school systems and to be used for educational purposes.

The Director stated he was assigned the task of locating storage for the cable. The Superintendent of the Buncombe County Schools offered to store the cable at their complex in Asheville, NC. The cable was delivered to the Buncombe County School Complex in June and July 1999 and stored in seven 48-foot trailers rented by DPI. The Director assigned the responsibility of allocating the cable to the local schools to a former Information Technology Service (ITS) Consultant who was working for DPI in Raleigh on a contractual basis.

The former ITS Consultant offered the donated cable to all of the North Carolina local school systems via an e-mail. Over seventy school systems requested cable. He said he determined the amount of cable to be given to each school based on the amount requested, future cabling projects of each school, and the amount of funding received by each school. He said he received an inventory list of the cable

FINDINGS AND RECOMMENDATIONS (CONTINUED)

donated from the Company stating the type of cable, length and trailer storage location. He said he did not examine the cable prior to distribution. Each school received an e-mail with the amount of cable allocated and the time and date of distribution. Each school was responsible for picking up and transporting its allocated cable from the Asheville storage site.

Based on the inventory prepared by the Company, the former ITS Consultant prepared graphs, spreadsheets and numerous documents showing the amount of cable requested and allocated to each school system. The former ITS Consultant said this was a tedious and timely task due to the varying lengths and types of cable donated. According to the former ITS Consultant and the Director, the cable was not separately inventoried by DPI employees.

The former ITS Consultant stated that in November 1999, he arrived in Asheville to distribute the cable to the local school systems. He stated that at that time he examined the cable and found that the inventory provided by the Company was incorrect. He said some of the cable was not the type he expected and the location of the cable by trailer was not accurate. The former ITS Consultant said he attempted to distribute the cable based on his prepared documentation; however, due to time and manpower restraints it was not feasible.

The former ITS Consultant said the distribution lasted for three days and during that time, the schools were to retrieve their allotment of cable. Most of the schools arrived to collect

FINDINGS AND RECOMMENDATIONS (CONTINUED)

their cable on the first day of distribution. He said it was impossible for one man to distribute all the cable because some of the larger reels of cable required a forklift. Some schools left without receiving the cable allocated to them because of the time they would have to wait in line or because the cable was too large for them to load and transport.

The former ITS Consultant said he distributed the cable to the best of his ability and made every effort to ensure each school that arrived received the type and amount of cable needed. He said most of the schools provided the e-mail stating the amount of cable allocated for identification purposes. However, he did not require each school to sign for the cable nor did he document how much cable went to each school. He said that some of the schools did not retrieve their allocated cable, so he distributed it to the other schools. He said it was his understanding that he was to distribute all cable to the local school systems.

We attempted to contact each school to determine the amount of cable received. However, many of the local school's MIS Directors were unable to provide us with that information.

Based on the information provided by the Director, the donated cable was stored at the Buncombe County School Complex from July 1999 to the week it was distributed in November 1999. During that time, DPI did not inventory the cable or separate the allocated cable for each of the local school systems. A distribution date and time could

FINDINGS AND RECOMMENDATIONS (CONTINUED)

have been established for each school. This would have enabled DPI to maintain accurate documentation reflecting the amount of cable allocated as well as the amount received by each school.

According to the DPI Associate Superintendent's Office for Financial and Business Services, no procedures are established by DPI for recording and distributing donated materials. The Executive Assistant of the Associate Superintendent's Office said the local school systems were responsible for recording and maintaining the donated cable.

RECOMMENDATION

We recommend DPI establish procedures for recording and distributing donated materials to ensure all donated materials are accounted for properly.

2. ASHEBORO CITY SCHOOLS ALLOWED A CONTRACTOR TO RETAIN CABLE THAT BELONGED TO ASHEBORO CITY SCHOOLS.

As stated in Finding 1, DPI allocated donated cable to over seventy local school systems.

According to the former ITS Consultant, Asheboro City Schools was allocated 162,000 feet of cable.

The former MIS Director for the Asheboro City Schools stated the school system did not have the means for transporting or storing the cable; therefore, he requested a local cable contractor (Contractor) retrieve and store the cable. The former MIS Director said he had originally planned for the contractor to store the cable for Asheboro City Schools and install

FINDINGS AND RECOMMENDATIONS (CONTINUED)

the cable as needed in the schools. According to the former MIS Director, there is no documentation of the agreement with the Contractor, however, he said he discussed the arrangement with the Asheboro City Schools Business Manager (Business Manager). The Business Manager stated he was aware the former MIS Director had arranged for the Contractor to retrieve and store the cable.

The former MIS Director stated that one of the owners of the local cable contractor (Owner 1) told him that he sent two employees to Asheville to retrieve the cable. According to the former MIS Director, Owner 1 told him that the individual distributing the cable in Asheville said that if his employees would assist in the loading of the cable for the other local schools, they could have any cable not retrieved. The former MIS Director said that Owner 1 went to Asheville to examine the additional cable not retrieved by the other schools. The former MIS Director said he assumed the individual distributing the cable was an employee of the Company that donated the cable, and any cable over the 162,000 feet allocated to the Asheboro City Schools was given to the Contractor by this Company. The former MIS Director said he never knew the cable was donated to DPI. However, all correspondence received and transmitted by the former MIS Director regarding the cable was with DPI employees. Furthermore, the former MIS Director said he contacted DPI to inquire about the disposal of the cable.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

The former MIS Director said the Contractor retrieved the cable allocated to the Asheboro City Schools, as well as the additional cable that had not been distributed. According to the former MIS Director, upon returning from Asheville, Owner 1 came by his office and stated the cable that was retrieved was worthless. According to the former MIS Director, Owner 1 showed him a piece of cable that could not be used in their schools. The former MIS Director said that at that time he determined the cable was worthless and told Owner 1 to dispose of the cable. The former MIS Director admitted that prior to determining the cable was worthless, he never examined nor verified the amount and type of cable retrieved by the Contractor. He said he trusted Owner 1.

Originally when questioned, the former MIS Director said none of the cable retrieved by the Contractor was installed in the Asheboro City Schools. However, the former MIS Director later said that Owner 1 told him that 1,000 to 2,000 feet of cable was usable. He said the Contractor installed the cable in the Asheboro City Schools. The former MIS Director could not tell us where the cable had been installed. In fact, we could not locate any documentation or invoices indicating that the cable retrieved from Asheville was installed. The former MIS Director stated that he was not aware if the cable installed was the donated cable allocated to the Asheboro City Schools or the additional cable retrieved by the Contractor.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

According to the former ITS Consultant, Asheboro City Schools sent a local cable Contractor to transport the cable. He said the Contractor and employees represented themselves as agents of Asheboro City Schools. The former ITS Consultant said he did ask the Contractor's employees to assist in unloading and loading the cable; however, many other schools also assisted him. As stated in Finding 1, the former ITS Consultant said many schools did not retrieve their cable or were unable to transport some of the larger reels; therefore, he told all the schools that whatever cable remained after the distribution would be allocated to other schools. The former ITS Consultant said he gave the additional cable to the Contractor to be used in the Asheboro City Schools only. In fact, he thought an Asheboro City School employee accompanied the Contractor. He said he would have never given the cable to a private company or individuals not associated with the local school systems. The former ITS Consultant said the cable was strictly for the local school systems.

The former ITS Consultant said he recalled the Contractor loading a van and trailer with cable on the first day of distribution. He said the Contractor also rented a tractor-trailer to transport the additional cable. In fact, we contacted the freight company and received two invoices for the rental of two tractor-trailers to transport the cable from Asheville to the Contractor's office. At least two witnesses stated the Contractor loaded both tractor-trailers full of cable. The former ITS Consultant said the cable in one of the storage trailers had not been distributed and the Contractor received the entire amount of cable stored in

FINDINGS AND RECOMMENDATIONS (CONTINUED)

this trailer. The former ITS Consultant said the Contractor received a large portion of the total amount of cable donated by the Company.

We were unable to determine the exact amount or value of the cable retrieved by the Contractor. However, we were able to conclude that the Contractor received at least

FINDINGS AND RECOMMENDATIONS (CONCLUDED)

one van and trailer load and two tractor-trailer loads of cable. The total amount of donated cable was originally stored in seven 48-foot trailers in Asheville. According to eyewitnesses, the Contractor received at least two 53-foot tractor-trailer loads of the cable. Therefore, we estimate the value of the cable received by the Contractor at \$1,094,817 ($\$3,065,487 \div 7 \text{ trailers} \times 2.5$).

As noted above, at best the Asheboro City Schools received 1,000 to 2,000 feet of cable from at least two tractor-trailer loads. Asheboro City Schools has not called upon the Contractor to install or deliver the cable, which the former MIS Director said was worthless. We question why the Contractor would spend the time and expense to transport the cable if it was worthless. Representatives of the Contractor declined to be interviewed.

RECOMMENDATION

We have referred this finding to the State Bureau of Investigation for further review.

Statement of Questioned Costs

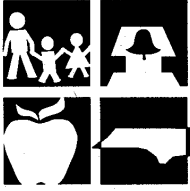
The following schedule represents a quantification of the items examined during our special review.

We cannot completely quantify the tangible benefits or detriment, if any, to the taxpayer resulting from the findings of our review. We are simply noting these areas where the system of internal controls were either circumvented or should be enhanced, or where, in our judgment, questionable activities or practices occurred.

1. The Department of Public Instruction did not properly document the distribution of \$3,065,487 in donated cable. \$ 3,065,487

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*Response from the State Superintendent of the
N.C. Department of Public Instruction*



Public Schools of North Carolina

State Board of Education
Phillip J. Kirk, Jr., Chairman
www.ncpublicschools.org

Department of Public Instruction
Michael E. Ward, State Superintendent

April 9, 2001

The Honorable Ralph Campbell, Jr.
Office of the State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear Mr. Campbell:

I appreciate your attention to the complaint that was filed concerning the distribution of cable that was donated to the public schools of North Carolina. I have reviewed your audit of this situation and I have responded accordingly.

Please know that I respect and appreciate the responsibilities of the State Auditor's Office and that the Department of Public Instruction is committed to following the proper procedures outlined by your office.

Attached is our response to this important audit finding(s). Should your office need any additional information, please do not hesitate to call.

The State Board of Education received notification of a NC Cable Manufacturing Company (company) wanting to donate a large amount of cable to the public schools in mid June 1999. The company said most of the cable would be of Category 5 (CAT 5) but some might be of Category 3 or 4 (CAT 3-4) and some other odd/end cable. A telephone/email survey was done to see if any school systems would want any of the CAT 3-4; it was determined that some of the sampling suggested they could possible use it for telephone, intercom, sound, and/or score board wiring and they would be receptive to taking it. The director and staff began looking for warehouse/storage space and loading/unloading facilities and equipment. At that period of time there wasn't available secure space large enough in the Raleigh area to accommodate this large amount of cable being donated (at that time ~ 6 million feet of cable).

Also the number of trailers for rent in Raleigh at the time we needed them were not available in the Raleigh area and a secure place to park them with access to loading

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Ralph Campbell, Jr.
April 9, 2001
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and unloading equipment and loading docks was not available. After looking here and being in a meeting with Superintendents from Western North Carolina, The director had conversations with the Superintendent from Buncombe County Schools (BCS) and he offered trailer parking space in the compound area of the Central Office there. Arrangements were made with a local (Henderson County) trailer rental company to deliver six storage trailers to the compound. Six padlocks were purchased and left with BCS to lock each trailer. One set of keys stayed in BCS and one came back to Raleigh. Buncombe County Schools Warehouse employees would use their loading dock and forklift to transfer the shipments of donated cable from the company trailers to the storage trailers. The company had estimated six but in mid July had a seventh load delivered. We called the rental company and had a seventh storage trailer delivered to the BCS compound to store the load. Some of the loads were in larger trailers than what we had for storage and it was later determined that the BCS employees had to repack some of the loads by dispersing cable among all seven trailers to make it all fit.

After each shipment a copy of the trailer-shipping list of cable was faxed to the Department of Public Instruction (DPI). The BCS employees only verified that a trailer load of cable was received and transferred to the storage trailers. With the varying types of cable and sizes of spools of cable it was not at all practical or feasible to inventory the cable without an enormous amount of manpower and special cable measuring equipment and space to perform this task.

Being donated we accepted the company shipping list as the inventory for the cable. After receiving the final shipping list at DPI, the Director of Networking and the Director of Instructional Technologies working with staff members to determine the best way to facilitate the distribution of cable. A request form was devised and sent to each Local Education Agency (LEA) for the LEA to request the amount of cable they would like to obtain possible from the donation. The submitted requests were return to DPI and a new staff member (ITS contracted consultant for Networking (ITSC)) was assigned the task of entering the company shipping list into a spreadsheet and the LEA's request into a spreadsheet and then devising the best allocation plan to meet the LEA's requests/needs to the extent possible. The ITSC did devise such plan and communicated with LEAs about varying amounts of cable and increasing or decreasing their request to help facilitate using the spools in tact without measuring and cutting cable. The ITSC did communicate and schedule LEAs to travel to BCS to pick up their cable using their LEA provided transportation method. The ITSC was instructed to keep records of cable distributed and have LEAs sign off on the receipt of their allocation. Also one of DPI's instructional consultants was on-site the first day of distribution to facilitate LEAs arriving and picking up their cable from that district. Upon the ITSC arriving and inspecting the cable in storage that first morning he determined that it was not stored in exactly the same order/manner in which it arrived on the company trailers due to the rearranging by BCS to make it all fit into the storage trailers. (In suspect; but was never

made aware by the ITSC; that he was over whelmed by the task before him after finding the cable in such a mis-order that he failed to get the LEAs as they began to all start arriving rapidly one after another and several there at one time to pick up their cable to sign for the cable he was giving them.) He was also told that all cable had to go to a LEA and that none could come to DPI or anywhere but to a LEA. Also he was made aware that if any LEA did not show or did not want their cable to give it another LEA. Upon the trip to Asheville / BCS the ITSC returned to DPI and presented a copy of the allocation plan. He did say that all cable had been distributed to LEAs and he returned the padlocks minus one that he said they had to cut off because it would not open. DPI then called the trailer rental company and asked them to pickup the storage trailers and dump all the pallets and shrink wrap material that was left in each trailer. DPI considered the distribution a success and presented the State Board Chairman with a summary of the project. DPI commended the hard work and effort that the ITSC put into devising and carrying out the allocation of the donated cable.

The process was not an easy task. With the minimal resources available the task was accomplished very well. DPI does not feel as if there is any thing in the process that could/would have prevented any LEA from handling or disposing of their allocation in any different manner. Once it left BCS it was the property of the LEA. We would like to have had a process followed exactly but circumstances can cause changes and modifications unexpectedly. Mistakes happen every day and even though a thorough plan was devised circumstances caused the mistake of not recording the exact allocation of cable the day(s) of delivery. Neither DPI, nor the ITSC intended to do anything but to carry out the process to the best possible. It is very unfortunate that the good that could come from the donation for some LEAs and schools in the LEAs has to be overlooked and marred by an obvious mistake in recording the donated cable distributed.

In summary, the Department of Public Instruction acted in good faith with the distribution of the six million feet of cable that included category 3,4 and 5. The process we used was designed to expedite the distribution of cable to the LEA' s. Many school systems were in the process of wiring schools and this donation was a boon to their efforts. We were able to distribute six million feet of cable to sixty-eight (68) school systems in two days. The following is the breakdown of the cable by category:

Category 5 (plenum)	372,455 feet
Category 5 (non-plenum)	4,700,103 feet
Category 3, 4 & other	1,492,978 feet

Based on the LEA's requisition form, the category 5 was the most desired. Category 3,4 & other received minimal request. Based on this information, any unwanted cable would probably be category 3,4 & other. Obviously, this cable is of less value than category 5.

Ralph Campbell, Jr.
April 9, 2001
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We acknowledge the audit report's finding that DPI did not properly document the distribution of the donated cable. We did not accurately inventory the donated cable nor did we accurately record the amount that went to each school system. Our acceptance of the donor's figures should have been supported with our inventory. In the future we will handle donations with more accuracy. However, the issue that is being referred to the SBI is not a result of a flawed distribution system. The accountability of the cable and its use became the responsibility of the receiving school system once it was delivered to the system.

Should a meeting become necessary to further resolve these issues, please know that we stand ready to assist in any way.

Sincerely,

A handwritten signature in black ink that reads "Michael E. Ward". The signature is written in a cursive, flowing style.

Michael E. Ward

MEW/BLS/gnd



Asheboro City Schools

...the subject is excellence

Office of the Superintendent

P.O. Box 1103, Asheboro, NC 27204-1103 • 1126 S. Park St. • (336) 625-5104 • (336) 625-9238, fax

April 6, 2001

Ralph Campbell, Jr., CFE
State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601

***Response from the Superintendent of
Asheboro City Schools***

Dear Mr. Campbell:

This letter is provided in response to your report regarding the special review of the N. C. Department of Public Instruction and the Asheboro City Schools. Thank you for the opportunity to respond, and we reiterate that it is our intention to continue to fully cooperate in all matters related to this review.

Here are the details as I currently understand them in this situation, based upon results of the state audit process and subsequent interviews with our former Director of Technology:

- In response to the Department of Public Instruction's (DPI's) offer, the Asheboro City Schools Director of Technology requested an allocation of donated cable.
- Having no appropriate transportation or storage for the cable, our Director of Technology arranged with a local cabling contractor to pick up our allocation of cable from the distribution site in Asheville and then store it.
- No employee of the Asheboro City Schools ever visited the distribution site in Asheville.
- The Director of Technology was unaware that additional cable was available for distribution until the contractor's return from Asheville after collecting our allotted portion.
- Upon learning from the contractor about the additional cable, our Director of Technology assumed any cable given to the contractor was pursuant to its separate agreement with the agent distributing the cable. Since this "extra" cable was not part of the DPI allotment to the Asheboro City Schools, our Director of Technology had no reason to be further concerned with its distribution.
- According to DPI, the planned allotment for Asheboro City Schools was 162,000 feet of cable.
- There is no record by either DPI or Asheboro City Schools of how much cable and what kind was distributed to the contractor.

(continued)

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Ralph Campbell, Jr., CFE

April 6, 2001

page two

- The contractor informed our Director of Technology that a very small amount of our allotted cable was usable, and the remaining bulk of the allotment was obsolete for use in our schools.
- The contractor and the Director of Technology verbally agreed that the contractor would install the usable cable in future jobs in our schools and would provide network wiring services to the Asheboro City Schools in trade for the obsolete cable.
- Under the supervision of the Director of Technology, the contractor allegedly performed network wiring services for the Asheboro City Schools over a period of approximately one year without charging for materials used.
- Upon inquiry on April 5, 2001, about specific invoices from the contractor for which no amount was due, an accounts payable staff member produced two invoices from the contractor reflecting services performed and no amount due. These had been filed in a separate place because there was no payment made or check attached, and were therefore not reviewed earlier in the audit investigation. She was aware that the Director of Technology had arranged for a trade of services.
- Neither DPI, nor the contractor, nor any representative of the Asheboro City Schools ever established or documented through third party appraisal the value, if any, of the donated cable.

Based on the facts as I understand them to date, our Director of Technology believed that he was acting in the best interests of the Asheboro City Schools when he arranged for the pickup and storage of the donated cable and when he made arrangements for the trading of services for the obsolete cable.

If you need additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane L. Frost". The signature is fluid and cursive, with a large, stylized "F" and "R".

Diane L. Frost, Ph.D.
Superintendent

***Auditor's Reply to
Asheboro City Schools' Response***

The response from Asheboro City Schools notes that they discovered two credit invoices from the Contractor on April 5, 2001. This section has been added to the report to reply to that part of the response.

During our review, we asked the Business Manager for Asheboro City Schools to provide us with all invoices from the Contractor from the time the Contractor picked up the cable until December 31, 2000. We traced all the invoice amounts to the Asheboro City Schools accounts payable register and verified payment. We found no evidence of credits being given the Asheboro City Schools. To the contrary, we found charges totaling \$39,743. We even had the Business Manager verify that no credits occurred during that time period.

When we received Asheboro City Schools' response, we asked the Superintendent to forward a copy of the two invoices she referred to in the response (see attachments 1 and 2). We verified the two invoices were not entered into Asheboro City Schools' accounting system. According to the response, an accounts payable staff member produced the two invoices. However, during our review neither the Business Manager nor his staff provided us with such invoices.

While the two invoices reflect credits totaling \$2,008, the fact still remains; that the Contractor billed Asheboro City Schools \$39,743 from the time the cable was acquired.

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Modern Communications, Inc.

4921 US Hwy 220 Bus. South
Asheboro, N.C. 27203

APR 14 2000

Phone: 336-636-5605

Fax: 336-636-5805

Invoice

DATE	INVOICE #
4/4/00	917

BILL TO
Asheboro City Schools P.O. Box 1103 Asheboro, NC 27204-1103 Attn: Mike Ingram 625-5104

P.O. NO.	PROJECT

LOCATION	HRS/QTY	DESCRIPTION	SO #	AMOUNT
		Check 1 data drop in Lee William's office at high school	3581	100.00
		Credit to customers account		-100.00
		Sales Tax		0.00
			Total	\$0.00

Modern Communications, Inc.

4921 US Hwy 220 Bus. South
 Asheboro, N.C. 27203
 Phone: 336-636-5605
 Fax: 336-636-5805

JUN 15 2000

Invoice

DATE	INVOICE #
6/9/2000	1071

BILL TO

Asheboro City Schools
 P.O. Box 1103
 Asheboro, NC 27204-1103
 Attn: Mike Ingram
 625-5104

P.O. NO.**PROJECT**

Mike Ingram

LOCATION	HRS/QTY	DESCRIPTION	SO #	AMOUNT
		Materials pulled 5 quads, 5 surface mount boxes, 20 cat5 leviton jacks, 5 leviton faceplates and 5 stick pandult 6-2-00 & 6-6-00 Credit to customers account Sales Tax	3725	1,800.00T -1,908.00 108.00
Due upon receipt. We Appreciate Your Business!!			Total	\$0.00

DISTRIBUTION OF AUDIT REPORT

In accordance with G.S. §147-64.5 and G.S. §147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable Michael F. Easley
The Honorable Beverly M. Perdue
The Honorable Richard H. Moore
The Honorable Roy A. Cooper, III
Mr. David T. McCoy
Mr. Edward Renfrow
Mr. Michael E. Ward

Governor of North Carolina
Lieutenant Governor of North Carolina
State Treasurer
Attorney General
State Budget Officer
State Controller
State Superintendent, N.C. Department of
Public Instruction
Superintendent, Asheboro City Schools

Dr. Diane Frost

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Senator Charlie Albertson
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