



Los Angeles Unified School District
Office of the Inspector General

Quarterly Report of Activities
to the
Audit, Business and Technology Committee

1st Quarter, Fiscal Year 2004

October 8, 2003

Audit, Business and Technology Committee

I am forwarding the Office of the Inspector General's ("OIG") Quarterly Report of Activities to the Audit, Business and Technology ("ABT") Committee.

The OIG's Charter requires that the Inspector General apprise the ABT Committee of audits and investigations in progress at least quarterly. This is the OIG's report for the quarter ended September 30, 2003. This report summarizes the focus or results of audits in progress and completed, identifies statistical data related to investigations, as well as generic summaries of completed investigations and special reviews, contains the status of actions taken on audit recommendations and reports of investigations, discusses various staffing issues, and highlights other accomplishments or activities that occurred during the reporting period.

Through our oversight efforts, the OIG is working to create greater accountability and integrity in the Los Angeles Unified School District. On behalf of the OIG staff, I would like to thank the Members of the ABT Committee for their advice and continued support of our work.

Don Mullinax
Inspector General

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OIG ORGANIZATION

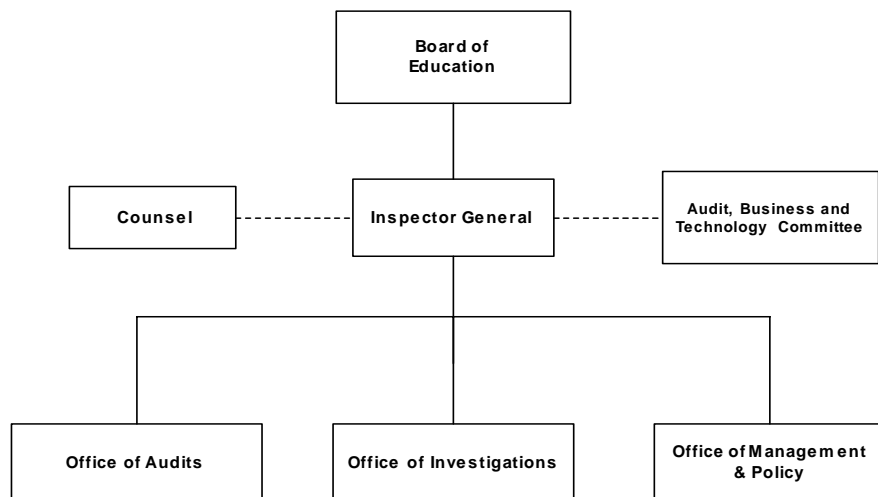
The Office of the Inspector General (“OIG”) consists of three offices – Office of Audits, Office of Investigations, and Office of Management and Policy.

The Office of Audits conducts audits of Los Angeles Unified School District (“District”) programs and systems to evaluate the economy, efficiency and effectiveness of its operations, and to determine if they are operating in accordance with applicable laws and regulations. The Office of Audits also includes the Contract Audit Unit, which is responsible for conducting pre-award and post-award audits of contracts for District school construction and modernization projects.

The Office of Investigations conducts investigations of alleged waste, fraud and abuse by District employees, contractors, and organizations doing business with the District. Most of the investigative workload is reactive in nature because the work generally results from the receipt of allegations of illegal or improper activity. The remaining workload consists of proactive projects designed to prevent waste, fraud and abuse.

The Office of Management and Policy assists the Inspector General with managing the OIG’s administrative infrastructure, including budgeting, payroll, human resources, and procurement. The Office of Management and Policy also conducts a limited number of Special Reviews, which provide a mechanism for the OIG to perform an initial, quick review of a question or an issue, and assists in collaborating with District management on selected issues to determine whether more in-depth work should be planned. Further, the Office conducts audits of District information technology issues and follow-up reviews on prior audits and investigations.

The OIG also has a Legal Counsel that serves as its senior legal and policy advisor. The Counsel has responsibility for all legal work in the OIG. The Counsel promotes the OIG mission through timely, accurate and persuasive legal advice.



STATUS OF OIG OPERATIONS

Audits

During this reporting period, the OIG completed 13 audits and had another 7 in progress. The following paragraphs highlight the results of the formal audit reports issued and summarize the focus of each audit in progress. All of the audits were initiated as part of our Annual Work Plan or were requested by District staff. In addition, the OIG's Contract Audit Unit completed 17 audits and had another 38 in progress.

Completed

Department of Nonpublic Schools

Overall, we found that the Department of Nonpublic Schools needed to improve its control procedures over master contracts and invoice payments. Specifically, the Department did not: (i) ensure that contracts were properly approved and issued, (ii) maintain standardized filing systems and properly secure files with restricted access, and (iii) review and monitor provider documentation to ensure that contracting entities met all contract requirements. Further, clerical duties were not properly segregated and invoices were not properly tracked to determine whether they were paid within required time frames. In addition, the Department's accounting system was not updated to allow for machine-readable input of invoices and to perform computerized invoice validation checks. As a result, original contracts and public records were not properly secured, master contracts were issued to contractors that did not possess adequate insurance coverage and proper state certifications, and resources were wasted on processing and paying invoices. (OA 03-179)

Special Education Transportation

The Transportation Branch was in compliance with legal requirements and was monitoring special education transportation costs in a generally effective manner. We noted, however, that: (i) the software intended to develop special education transportation routes was still in the process of being made fully functional, (ii) some special education transportation route sheets were incomplete or inaccurate, (iii) established standards for the delivery of transportation services under the Chanda Smith Consent Decree were not consistently achieved, (iv) the record keeping system used to document that all disputes, complaints, concerns, and inquiries of parents or guardians were properly addressed was inadequate, and (v) safety provisions for special education students were not consistently followed. As a result, some special education students may not have been provided with the proper transportation services within the prescribed timelines, and the safety of some special education students was jeopardized. (OA 03-181)

Construction Inspection Unit

Although internal controls were generally adequate, the Inspection Unit needed to take action to improve its administration of inspection services. Specifically, the Inspection Unit was not informed of all new projects and project inspectors were not informed of all change orders, the Inspection Unit was not informed of all instances where outside (non-District) inspectors were hired, inspector downtime was not properly accounted for, inspector project diaries were not reviewed in a consistent or timely manner, and the Inspection Unit did not use forecasting tools to estimate its inspector requirements. As a result, there was little assurance that the construction inspection activities were managed in the most efficient and cost effective manner. (OA 03-184)

Title IV, Safe and Drug-Free Schools

The OIG retained the firm of Thompson, Cobb, Brazilio and Associates, PC to perform an internal compliance audit of the Title IV Program. The firm reported that the Health Education Program Office had substantial knowledge and understanding of the federal and state Title IV compliance requirements and incorporated those requirements into the program guidelines and procedures distributed to school sites. Also, a comprehensive Health Education Program was developed to ensure that elementary school students received the recommended hours of drug, alcohol, tobacco, and violence prevention instruction. Further, central office staff effectively and efficiently managed the Title IV budget. However, the firm identified four internal control weaknesses: (i) there was a lack of control over ensuring that all students at secondary and private schools received the recommended hours of drug and violence prevention, alcohol and tobacco instruction, (ii) several school sites and a local district were not monitoring timesheets for certification by employee and/or supervisor, (iii) there was no supporting documentation of the principal's authorization to pay bi-annual salary differentials to IMPACT Coordinators, and (iv) the District had excess carryover of Title IV funds in fiscal year 2001-2002 and would again have excess carryover in fiscal year 2002-2003.

Payroll Operations – Local District H

Local District H needed to ensure that its schools improved the processing of payroll transactions and strengthened internal controls. Specifically, (i) Local District H schools and the Payroll Services Branch processed approximately 146,100 District H adjustments in one year, (ii) 40 percent of overtime hours were not properly approved, and (iii) approximately 83 percent of the sign-in and sign-out cards reviewed were not properly signed by the employees and did not have accurate information. As a result, the District spent approximately \$595,000 to process District H payroll adjustments in fiscal year 2003. There also was no assurance that overtime hours paid reflected the actual time worked, and sign-in and sign-out cards could not be relied upon to determine whether an employee was present or absent. (OA 03-185)

In Progress

Financial Operations – John C. Fremont High School

This audit is focusing on whether student body and imprest funds are adequately managed and accounted for, and financial information is properly recorded and reported.

Cafeteria Operations

This audit is focusing on whether: (i) cafeteria sales and related cash collections are properly controlled and accounted for, (ii) food and consumable supplies purchased are properly safeguarded and controlled, (iii) federal and state subsidies, connected to the National School Lunch Program, are properly claimed and accounted for in a timely manner, and (iv) schools comply with applicable rules and regulations.

Child Abuse Reporting

This audit is focusing on the adequacy of the District's child abuse reporting program.

Rodriguez Consent Decree Expenses

This audit is focusing on whether funds are expended for their intended purposes in accordance with the Rodriguez Consent Decree.

National School Lunch Program

This audit is focusing on whether the District has taken sufficient steps to ensure maximum enrollment in the National School Lunch Program by all eligible students.

Dropout Prevention

This audit is focusing on whether school sites have developed dropout prevention programs and whether funding is expended on students deemed most at-risk to not achieve academic success.

Computer Room Security – Beaudry Building

This audit is focusing on the adequacy of: (i) physical access and environmental controls, (ii) response to firewall and environmental monitoring, and (iii) computer room security policies and procedures.

Contract Audit Unit

The Contract Audit Unit is responsible for assisting District procurement officials with achieving sound contract pricing. The Unit provides assistance by evaluating contractor price proposals, providing contracting officials with accounting and financial advisory

services useful to conduct “could cost” and “should cost” assessments and negotiations, verifying the propriety and acceptability of costs charged by contractors, and deterring contractors’ inefficient practices, which if not detected and corrected, could lead to excessive costs and contract prices. During this reporting period, the OIG completed 17 contract audits and had another 38 in progress (35 pre-awards audits, 14 incurred costs audits, 3 closeouts audits, and 3 due diligence reviews).

Investigations

The California Education Code requires that every investigation, including all investigative files and work products, should be kept confidential. As a result, this report only contains the categories of investigations and the number of allegations in progress during the reporting period. However, we have included a generic synopsis of the more significant reports of investigation completed.

In Progress

During this reporting period, the OIG had 76 open investigations:

- Misapplication of Funds (3)
- Misappropriation of Funds (10)
- Contract Fraud (7)
- Payroll Fraud (6)
- Falsification of Documents (8)
- Theft of Property (5)
- Embezzlement (4)
- Violation of Law, Ethics Code, or District Policies (18)
- Conflict of Interest (5)
- Workers’ Compensation (4)
- Contractor Due Diligence (6)

Completed

The OIG issued 18 reports of investigation. Since these reports contained confidential information, we are providing only generic summaries of the more significant reports.

Violation of Policy and Ethics Code

The OIG conducted an investigation regarding allegations that a high school teacher was involved in sexual relationships with at least two under-age students between 1997 and 2001. The OIG could not determine if the allegations were valid because the teacher refused to cooperate with the investigation. The teacher also refused to follow the principal’s directive to cooperate with our investigation. As a result of the OIG’s inability to gain voluntary cooperation, the OIG attempted to serve the teacher with a subpoena; however, the teacher resigned from the District and left the State. (02-144)

Falsification of Documents

The OIG conducted an investigation regarding allegations that a former assistant principal created “dummy” classes and that several teachers participated in the scheme by enrolling students in those classes. It was also alleged that the assistant principal rented the school’s facilities and embezzled the funds. The investigation confirmed that the assistant principal and teachers falsified student records, giving the students credit for classes that would meet the California mandated physical education requirements. The investigation determined that class codes for non-existent classes were used to give students credit for physical education requirements on at least 400 occasions from 1995 through 2002. The alteration of public records is not only a violation of the California Government Code, but also serves to undermine the District's integrity and credibility. The allegation regarding embezzlement of funds was not substantiated. The OIG referred this case to District executive staff for possible administrative action. (02-168)

Payroll Fraud

The OIG conducted an investigation regarding allegations of payroll fraud by an elementary school office clerk. The investigation did not corroborate the allegations. The investigation, however, did reveal that the office clerk initially entered some vacation time as illness. The investigation was unable to prove that the office clerk intentionally made these entries. The “errors” in payroll entry, lack of controls in the payroll process, overuse of vacation time, and a possible “make-up time” policy at the school provided some evidence that the payroll discrepancy probably was not accidental. Further, the investigation documented that rules for appropriate time and attendance reporting were not in place at the school. The OIG referred this case to District executive staff for possible administrative action. (03-001)

Contractor Prequalification Procedures

At the request of the Director of Facilities Contracts, the OIG reviewed the contractor prequalification procedures. The review found that the District had made considerable improvements in its prequalification procedures, which demonstrated the Facilities Services Division’s commitment to obtaining the best quality construction for the lowest price practicable under the circumstances. However, the investigation found that further improvements were needed to strengthen the prequalification procedures. Specifically, the Facilities Services Division should conduct complete or partial spot verifications of randomly chosen contractor questionnaires either during or after the prequalification process, and require all contractors to provide financial statements with the supplemental notes attached for the most recent 3-year period. The Division should also review contractors’ accounting systems to determine if: (i) costs are segregated by contract and category of costs, (ii) direct and indirect costs are properly and consistently recorded, (iii) accounting costs are treated the same in recording and reporting, and (iv) costs are traced from invoices billed to job costs records and general ledgers. The Division should further analyze contractor financial statements using a variety of techniques, such as current ratios, quick ratios, debt-to-equity ratios, financial stress models, and credit score classes,

conduct a thorough due diligence for all firms likely to bid on new construction projects over \$5 million, and adopt the prequalification questionnaire of the California Department of Industrial Relations. The OIG referred this report to District executive staff for possible administrative action. (03-006)

Payroll Fraud and Theft

The OIG conducted an investigation into allegations of payroll fraud and theft of District fuel by an assistant plant manager, and payroll fraud by a school administrative assistant (“SAA”). The investigation did not substantiate the allegations of payroll fraud regarding both the assistant plant manager and the SAA. Investigators also were unable to substantiate the allegation of fuel theft by the assistant plant manager because the school did not keep records or logs of fuel disbursed and used. Specifically, the OIG conducted a random survey of 20 percent of the 137 school sites serviced by the fuel provider and found that neither the plant managers nor the District had policies or procedures in place to document or control the amount of fuel dispensed from any of the sites. The OIG referred this case to District executive staff for possible administrative action. (03-009)

Misappropriation of Funds

The OIG conducted an investigation regarding allegations involving the creation of a booster club at a middle school and the use of the booster club’s funds. The investigation determined that the former school principal created the booster club primarily to accept donations for use in completing construction projects. These projects were completed without District approval or oversight, and created situations where construction safeguard procedures were ignored and liability and safety issues were not considered. Specifically, between July 1997 and March 2002, over \$300,000 was deposited into the booster club’s checking account. The former principal used the funds to complete a number of construction projects, including installing a public address system and fiber optic cable throughout the school, building a computer lab and purchasing 34 computers, and converting an agricultural building into a parents center. All of the projects were completed without the knowledge or approval of the District and were in violation of numerous District policies and procedures. Further, the California Division of the State Architect did not certify the construction projects. The principal retired from the District in October 2001, and the booster club’s checking account was closed. (03-012)

Payroll Fraud, Falsification of Records, and Improper Use of District Equipment

The OIG conducted an investigation into allegations that a school administrative assistant (“SAA”) committed payroll fraud through the misuse of illness and injury leave. The investigation determined that the SAA falsified records to facilitate the misuse of illness and injury leave and used District equipment in support of personal business. The OIG issued this report to allow consideration of immediate administrative action concerning the SAA’s ongoing abuse of illness and injury leave. Additional allegations that the SAA misappropriated funds from the school’s imprest and student body funds are still under investigation. (03-041)

Violation of the Acceptable Use of Internet Policy

The OIG conducted an investigation regarding allegations that an employee used a District computer 6 to 7 hours a day to view pornographic websites. The investigation determined that on two separate days the employee's District computer was used to access and view adult websites during business hours. Our review of the employee's time cards showed that the employee worked on those days. The OIG referred this case to District executive staff for possible administration action. After receiving a Notice of Unsatisfactory Service, the employee resigned on September 5, 2003. (03-062)

Request for Proposal Selection Process

At the request of the Director of Facilities Contracts, the OIG reviewed the process used to select the developer for constructing a new high school. The District awarded the developer contract to a construction company using the provisions of California Education Code § 17406 (authorizes a school district to lease real property to a person, firm, or corporation for constructing a building without using bids). The OIG reviewed the selection team's final evaluation scoring and determined it was consistent with the evaluation criteria and weighting scale outlined in the request for proposal ("RFP"). The selection team also acted objectively and exhibited professionalism throughout the selection process. The team further provided the Chief Facilities Executive with a "lessons learned" summary of the process once the selection recommendation was made with the winning proposer. As part of the investigation, the OIG recommended that the Chief Facilities Executive should: (i) formalize the roles of legal counsel and technical experts who assist in RFP processes, (ii) establish policies and procedures to ensure that these contributors continue to act appropriately, and (iii) clearly define the architect's role during the RFP process. The OIG referred this report to District executive staff for possible administrative action. (03-116)

Violation of Policy

The OIG conducted an investigation of allegations that a District administrator had a number of family members working under the administrator's supervision, which could be a violation of the District's Nepotism Policy (Board Rule 1911). The investigation determined that seven of the administrator's relatives (son, two sisters, brother, nephew, and two nieces) were employed in part-time positions by the District and were either under the direct or secondary supervision of the administrator. The OIG referred this case to District executive staff for possible administrative action. (03-167)

Subpoenas

During the reporting period, the OIG issued five subpoenas. The subpoenas were issued only after an investigation into a matter caused a reasonable suspicion that a law, regulation, rule, or District policy had been violated or was being violated.

Fraud Hotline

The OIG's Charter authorizes the Office of Investigations to manage a Fraud Hotline and to investigate or refer allegations made via the Hotline. The OIG Hotline numbers are (213) 241-7778 and 1-866-LAUDS-OIG. A total of 86 calls were received on the Hotline during this reporting period. While hotline calls represent just one of the ways in which employees and concerned citizens provide information to the OIG, it is important to note that some of the most significant cases the OIG investigates result from calls placed to the OIG Fraud Hotline. The OIG also receives reports of waste, fraud and abuse by mail, in person, and by referral from other departments and agencies. The OIG Hotline is used to report a wide range of matters. However, not all calls result in the opening of an investigation by the OIG. In some cases, the callers (many of whom elect to remain anonymous) fail to provide enough information to enable the OIG to initiate an investigation. Other calls concern matters that are not within the OIG's jurisdiction for investigation. Still other matters cannot be pursued because the OIG lacks the personnel and resources to handle the investigation.

Special Reviews

The OIG performs two types of special reviews – program reviews and internal reviews. The program reviews focus on issues of concern to the Board of Education, Superintendent and senior staff. They examine programs from a broader, more issue-oriented perspective than the traditional audits conducted by the OIG. The internal reviews are completed in 30 days or less and are used to determine whether an audit, investigation or program review should be conducted. During this reporting period, the OIG performed 2 program reviews and 16 internal reviews.

Program Reviews

Follow-Up on Board Resolutions (1999 – 2002)

The objective of this review was to document the status of Board of Education resolutions requiring action by District personnel. The resolutions generally fell within the following categories: (a) an expression of the Board's support, opposition or concern with regard to an issue, (b) a resolution approving or directing an administrative action or review, and (c) a resolution directing that specific action be taken by District staff. This review focused on the 61 resolutions in the last category, that is, resolutions that directed district staff to take specific action. District staff provided us with documentation showing that actions were taken on 56 of the 61 resolutions.

Data Center Operations Department

In July 2003, the Information Technology Division ("ITD") and the OIG commissioned TechGnosis, Inc. to conduct a special review of the ITD Data Center Operations. The scope of this project was to review the Data Center Operations with a focus on organization and staffing, management planning accountability, technology infrastructure

and asset management, and operations business practices. The review found that, overall, the day-to-day operation of the Data Center appeared to be running well. Routine tasks were completed, there were no daily crises, and interruptions to the user community were infrequent and unusual. Staff members appeared to be interested in doing a good job and were executing their assignments to the best of their ability. There were, however, some concerns regarding both the Data Center organization and the manner in which it operated. In some cases, the operations presented considerable risk to the organization. In others, the results were inefficiency and/or wasted financial resources. In summary, the concerns were:

- ❑ Planning, budgeting, and understanding of fiscal accountability was weak
- ❑ Performance monitoring and capacity planning were not integrated functions and were insufficient
- ❑ Organizational structure appeared to be top-heavy, and resource allocation appeared to be uneven
- ❑ Training was inadequate
- ❑ Customer satisfaction awareness seemed to be irregular
- ❑ Standard operating procedures were lacking
- ❑ Disaster recovery plan was not in place
- ❑ Production control was very weak

TechGnosis, Inc. concluded that some of these concerns could be quickly addressed with minimum impact on the organization's resources and budget, and should be accomplished within a short time frame – 6 months or less. Addressing the other concerns will require more planning, resources, and time.

Internal Reviews

Since these reviews were performed for internal planning purposes and management was not given the opportunity to respond, the results will be shared only with the Superintendent's Chief of Staff. During this reporting period, the OIG completed 16 internal reviews, which included the following areas or topics:

- ❑ New Employee Orientation
- ❑ Employee Clearance Process
- ❑ Reprographic Unit
- ❑ State Lottery Revenues
- ❑ Student Truancy
- ❑ Contractor Compliance with Education Code § 45125
- ❑ Use of Professional Experts
- ❑ Musical Instrument Repair
- ❑ Travel Expenses
- ❑ Specially Funded and Parent Community Programs
- ❑ Educational Grants
- ❑ Board of Education Expenditures
- ❑ Parking, Contracts and Leases

- ❑ District Trust Accounts
- ❑ Independent Study Program
- ❑ Management of Special Purchases

Follow-Up and Technical Support

Government Auditing Standards require that auditors follow-up on significant findings and recommendations to determine if management has taken timely and appropriate corrective actions. The Board of Education has also requested that the OIG monitor the status of any administrative or other actions taken in response to Reports of Investigation. Much of the benefit from audit or investigative work is not in the findings reported or the recommendations made, but in effective resolution. In February 2002, the OIG created the Follow-Up and Technical Support Group. This Group conducts follow-up reviews to determine if: (i) audit recommendations have been implemented, and (ii) reports of investigations have resulted in any administrative, civil or criminal actions. The Group also provides technical support to the OIG staff, which includes advice and assistance in using statistical sampling and data inquiry software.

During this reporting period, the OIG did not conduct any follow-up reviews primarily because District staff did not have sufficient time to take action on our recently issued reports. However, to highlight the priority that we place on conducting follow-up reviews, the OIG conducted follow-up reviews of 101 audit reports containing 393 recommendations during fiscal year 2003. Of these audit recommendations, 332 (or 85 percent) were implemented, 10 were no longer applicable or not resolved, and 51 had new target dates. Recommendations with new target dates indicate that District staff is continuing to work on correcting the identified weaknesses or deficiencies.

The OIG also conducted follow-up reviews on 117 reports of investigations. These reviews revealed that administrative, civil or criminal actions were taken on 78, or 67 percent, of the cases, and 39 cases remain unresolved. Actions taken include referrals to the United States Attorney's Office or the Los Angeles County District Attorney's Office, resulting in convictions or court-ordered restitution. Action by the District included employee reassignments, suspensions, demotions, resignations, terminations, and vendor debarments. The cases that remain unresolved indicate that District staff is still considering whether administrative action is warranted, action is pending by law enforcement agencies or the OIG's follow-up is still in progress.

External Impairments

The Inspector General and OIG staff involved in performing or supervising any assignment should be free from external impairments to independence, and should constantly maintain an independent attitude and appearance. Factors external to the OIG can often restrict the efforts or interfere with the OIG's ability to form independent and objective opinions and conclusions. For example, under the following conditions work could be adversely affected and the OIG would not have complete freedom to make an independent and objective judgment:

- ❑ Interference or undue influence in the selection, appointment, and employment of OIG staff.
- ❑ Restrictions on funds or other resources dedicated to the OIG, such as timely, independent legal counsel, that could prevent the OIG from performing essential work.
- ❑ Interference or undue influence in the OIG's selection of what is to be examined, determination of scope and timing of work or approach to be used, the appropriate content of any resulting report, or resolution of audit findings.
- ❑ Influences that jeopardize continued employment of the Inspector General or individual OIG staff for reasons other than competency or the need for OIG services.
- ❑ Interference with OIG access to documents or individuals necessary to perform OIG work.
- ❑ Improper political pressures that affect the selection of areas for review, the performance of those reviews, and the objective reporting of conclusions without fear of censure.

In August 2002, the Board of Education adopted a motion that provided “that the Office of the Inspector General include in its Quarterly Report to the Audit, Business and Technology Committee and its Annual Report to the Board of Education any instances where management, staff and contractors (or their representatives) have interfered with the OIG's ability to perform its mission.” During this reporting period, the OIG experienced four instances of external impairments to performing its mission.

OIG Budget

The OIG's Charter specifies that, “Each spring, the Board of Education shall establish the fiscal year budget for the Office of the Inspector General, taking into account the amount the Inspector General requests to perform his or her mission and the District's overall financial condition. The Board of Education may modify the OIG's budget during the course of the fiscal year as conditions warrant. The Superintendent and his or her staff have no authority to reduce the budget of the Office of the Inspector General without an express vote of the Board of Education.” Although the Charter speaks very clearly about the restrictions placed on the OIG's budget, District staff reduced the OIG's fiscal year 2004 budget by \$124,350 without an express vote of the Board of Education. While this amount of funds may seem insignificant when compared to the District's overall budget, withholding these funds not only violated Board policy, but also may reduce the OIG's ability to complete a variety of complex and sensitive audits, investigations, and reviews during fiscal year 2004.

Document Request

The OIG received allegations that a District employee committed payroll fraud. To determine if these allegations were valid, we requested employment and compensation information for the District employee from a separate school district. The school district refused to voluntarily provide us with the information. As a result, we issued a subpoena.

Access to Information

The OIG received allegations that a private individual was defrauding many District employees through payroll deductions. The individual refused to cooperate with our request for information. As a result, we issued a subpoena.

Interference with Investigative Process

A District administrator took action to terminate a consultant's employment with the District when the consultant was instrumental to an ongoing OIG investigation. The District administrator was aware of the OIG's ongoing investigation. The removal of the consultant potentially jeopardized the completion of an important investigation.

Staffing

As of September 30, 2003, the OIG had 51 of its 70 authorized positions filled. During this reporting period, 13 OIG employees retired.

Other Activities

The OIG had several other accomplishments or activities during the reporting period. For example, the Inspector General was a guest speaker at a meeting of the Parent Collaborative and appeared before the Los Angeles County Civil Grand Jury. The OIG also participated in a training class on the revisions to the Government Auditing Standards. The National Association of State Auditors, Controllers and Treasurers sponsored the training class and it was conducted by audio conference.

CONTACTS

The OIG is playing a more proactive role in helping managers in their decision-making process. We are working cooperatively with District officials, but we are careful to maintain the independence required of the OIG. Examples of our commitment to work with management during this reporting period included meetings by the Inspector General with the General Counsel, Ethics Officer, 11 Local District Superintendents, and Coordinating Financial Managers.

REPORT DISTRIBUTION

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Local District Superintendents
Chief Facilities Executive
Chief Financial Officer
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Business Manager
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