

Items from the state audit that should be clarified

1. On pages 3 and 11 the report refers to paying \$157.68 and \$179.95 per mop head. I'm not sure where the mistake occurred but a mistake has occurred because according to my staff we never received single mop heads. We have questioned the person who is responsible for the receiving and inventory in the warehouse and he clearly states that we have never received individual mop heads. He states the mops were always in cases. This is further verified by the assistant superintendent through this explanation "this was our only mop order for the year and with 3 custodians at each of 4 sites, and those sites having multiple buildings along with kitchens that are cleaned by the cooks, it is obvious we could not have done the job with 3 mops". So I truly believe we received 36 not 3 and the price would be \$14.99 each. The price listed as an open market is \$4.52. The same is true when reported the \$179.50 per mop when in reality it was \$14.95. Currently the price is \$4.75 x 12 or \$57.00 per case.
2. Also on pages 3 and 11 the report refers to delivery slips that had the actual prices from the supplier. I never saw a delivery slip with prices nor did my assistant superintendent or encumbrance clerk. The encumbrance clerk only kept delivery slips for the current year and has stated she didn't always get every delivery slip. She also stated the prior independent auditor never indicated the delivery slips should be attached to the invoices. The encumbrance clerk did not attach the delivery tickets to the invoices. We have corrected this procedure and under our new procurement policy the encumbrance clerk makes sure everything that pertains to the purchase is attached and kept. My assumption is that the employee who signed the delivery slip did not get it turned in and if it was turned in the encumbrance clerk filed it and did not notice any pricing.
3. On pages 2 and 14 the report refers to security systems still in boxes over a year after being purchased. These units have been installed and at no additional expense to the district. One reason for waiting to install any of the units was due to the investigation and not wanting any misinterpretation of what we were doing. This is in addition to previous reasons stated by the superintendent in a response letter dated 03/30/2009. We did not know the vendor wasn't licensed to install but when this was brought to our attention we had already ceased doing business with the vendor. This was discussed with the state auditor as well as the amount of reimbursement we were requesting from the vendor for installation. (\$14,000.00)
4. Also on page 14 when the report refers to the cost of security systems from Austin Security it fails to mention the cost included installation and networking. The report states that in addition to purchasing the systems the district paid for installation. This was not an additional charge.
5. On page 3 and 16 the report refers to paying for service on equipment that had warranties. It is stated by a supplier that these machines typically have a warranty of between 3-7 years. The district was never told of a warranty longer than one year. The assistant superintendent who is in charge of operations also believes these repairs in question may have been on some used equipment we purchased. He does not feel we had equipment that was under warranty serviced by someone other than the approved company.

6. On page 17 the report refers to invoices being altered. The encumbrance clerk indicates she explained what happened to the state auditor. She said in some cases, not just with E&E Sales, that a purchase order was not in place at the time of the order and a vendor sent the invoice that would be dated prior to creating an invoice and she asked the vendor for a corrected invoice and the vendor would ask her to change the date on her end and they would change it on their end. She said she had covered that with the independent auditor in the past. This was not a regular occurrence.
7. Also on pages 7 and 8 the report discusses cost of vacuum cleaners. Checking custodial supply vendors the price we find is \$634.00 not \$385.50 and \$491.54 as listed. The vendor we spoke with said it costs him more than the price the auditor listed. If this is what Mr. Enos paid then it appears he received a good deal and did not pass it on to us.
8. On page 6 the report references cost of trash receptacles costing \$59.95 when they could have been purchased for \$7.99 at a home improvement store. Although the district paid too much we don't purchase from home improvement stores. The price of \$7.99 is from the internet page of Home Depot. We don't shop the internet. Other custodial supply vendors price range from \$10.00 -\$13.00.
9. Throughout the attachments listing what the district paid vs. open market price, the open market price seems to be low and in some cases dramatically low. The example I would point to is on page 21 where it shows the enmotion towel cabinets at an open market price of \$7.00 when our checking reveals the price to be \$60.00. Although the district still paid too much there is a lot of difference in \$7.00 and \$60.00. The audit report shows the percentage of mark-up at 1471% when it really is 60%. The point I'm making is that over the whole list of prices, if many of them are under priced the total overage number will appear much worse in the end. It appears the report used the average of mark-up's (-66 to 1471%) to arrive at the 100-500% range. When it really should be a lot less, somewhere around 30-200%.
10. The report does make reference to the amount of overage in question as being around \$570,000.00 not the \$750,000.00 as mentioned in the press release of 02/22/10. If the amounts are off in the price comparison the total overage is less than the \$570,000.00.
11. Also the report references more than once about using a middle man instead of buying direct. I never looked at the company as a middle man. The suppliers Mr. Enos used never called on our district so I assumed Mr. Enos was buying from wholesalers and we bought from his company just as we do with all vendors. We do not buy direct from the manufacturer.
12. I have gone through the charts and although I don't have every item checked on comparison I would point out a few more instances of differences:
13. Brown roll towels—audit price \$18.78- our check \$30.70.
14. Coreless toilet tissue – audit price \$31.40—our check \$36.50
15. Vinyl exam gloves—audit price \$39.40—our check \$63.57
16. Bath mate—audit price \$54.71—our check \$77.73
17. Lancer—audit price \$39.87—our check \$48.10
18. 50# snow and ice melt—audit price \$12.85—our check \$22.00
19. Stainless steel cleaner—audit price \$24.50—our check \$59.91
20. 24x33 liners – audit price-- \$17.84—our check--\$24.75

21. Dust mop handle—audit price \$3.02—our check--\$9.50
22. Carpet twin vac bags—audit price \$9.00—our check \$14.75
23. Super coach with attachment kit—audit price \$318.75—our check--\$394.00