STATE OF LOUISIANA
LEGISLATIVE AUDITOR

Union Parish School Board
Farmerville, Louisiana

October 2, 2002

Investigative Audit

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

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October 2, 2002

MR. TOM SNELL, SUPERINTENDENT,
AND MEMBERS OF THE UNION PARISH
SCHOOL BOARD
Farmerville, Louisiana

Transmitted herewith is our investigative report of the Union Parish School Board. 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 finding and recommendations as well as your response. Copies of this report have been delivered to the Union Parish School Board; the Honorable Robert W. Levy, District Attorney for the Third Judicial District of Louisiana; Mr. Donald W. Washington, United States Attorney for the Western District of Louisiana; and others as required by state law.

Respectfully submitted,

Daniel G. Kyle

Daniel G. Kyle, CPA, CFE
Legislative Auditor

GFC:EKL:DGP:dl

[UNNSB02]

Executive Summary

Investigative Audit Report
Union Parish School Board

The following summarizes the finding and recommendations as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendations may be found at the page number indicated. Management's response may be found at Attachment II.

Background *(See page 7.)*

The Union Parish School Board (school district) operates ten schools and serves over 3,700 students. Since 1998, the school district has submitted applications for funding under the Schools and Libraries Universal Service Fund. 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 modem telecommunications and information services. Schools and libraries that qualify for the program 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 school district has applied for and received E-Rate funding since 1998 and through this funding has entered into contracts for telecommunications, internal connections, and Internet services.

During the period covered in this audit, April 1998 to June 2002, Mr. Snell served as the school district technology coordinator until he was appointed school district superintendent in June 2001.

The legislative auditor received information that the school district awarded E-Rate contracts to a company owned by school district employees. This investigative audit was performed to determine the propriety of this allegation.

Highlights. . .

From April 1998 to January 2001, it appears that Mr. Tom Snell used his position as technology coordinator to secure contracts totaling $473,260 to his private company.

Finding *(See page 9.)*

From April 1998 to January 2001, it appears that Mr. Tom Snell used his position as the Union Parish School District's (school district) technology coordinator to secure contracts totaling $473,260 to his private company, SEND Technologies, L.L.C. (SEND). Mr. Snell's actions resulted in the school board:

1. Entering into contracts with a company partly owned by its employees
2. Conducting a competitive bidding process that was flawed
3. Entering into contracts without the approval of school board members
4. Paying for services that were either not allowed or not provided
5. Issuing payments to SEND in violation of the state constitution
6. Paying SEND for enhanced services that were never provided

Recommendations *(See page 21.)*

We recommend that the school district (1) discontinue doing business with companies owned by school district employees, and (2) ensure that competitive bidding procedures, when used, are carried out appropriately. In addition, we recommend that the school district's technology coordinator, business manager, and members of the school board's finance committee review all E-Rate contracts and billings to ensure that payments are made for only those services that are provided. We further recommend that the District Attorney for the Third Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Additional Information (See Attachment I.)

1. Entering into contracts with a company partly owned by its employees

Mr. Snell was the school district's technology coordinator who represented the school district for technology issues. It appears that a conflict of interest occurred because Mr. Snell was listed as the school district's E-Rate contact person. This created a situation in which prospective vendors would have had to contact Mr. Snell (part owner of a competitive vendor - SEND) to obtain information about potential E-Rate contracts with the school district. Though the Louisiana Board of Ethics may not consider this arrangement a violation of the state ethics laws, it increases the risk of unfair competition, fraud, or abuse to an unacceptable level and therefore should not be practiced by those entrusted with public funds.

2. Conducting a competitive bidding process that was flawed

The bid process was by its design ineffective and therefore did not ensure a fair and competitive result because:

1. Mr. Snell, an owner of SEND, was listed as the contact person for potential bidders on the school district's initial advertisement.
2. The school board entered into a purchase order with SEND prior to the bid process.
3. Potential bidders were severely restricted in the time they had to respond and though an owner of SEND was an employee of the school district, other bidders were not afforded the opportunity to clarify or discuss any of the proposed specifications before the bid.
4. Mr. Snell participated in the preparation of the document provided to school board members comparing the bids received.

Had the school district desired to ensure a fair environment and promote the greatest level of competition the school district could have (1) removed Mr. Snell as contact person of potential bidders and prohibited his involvement in bid tabulations; (2) delayed entering into premature agreements with SEND; and (3) allowed ample time for potential bidders to respond and to access unbiased information regarding the proposed specifications.

3. **Entering into contracts without the approval of school board members**

Mr. Snell stated that once the school board approved him to do business with SEND in May 1998, it was implied that he could continue to do business with SEND on subsequent contracts. During our review of subsequent minutes to school board meetings, we found no evidence to indicate that the board approved additional E-Rate contracts between the school board and SEND. However, Mr. Snell continued to negotiate contracts with SEND though there was only one written contract.

4. **Paying for services that were either not allowed or not provided**

Management states the finding is incorrect because the billed services were performed and allowed. Management's response ignores the facts in that:

1. The original contract specifically provided that there would be no additional charges for installation, conversion, and reprogramming. The amended contract was entered into seven months after the services were provided, if provided at all. The amended contract itself is highly suspect because it, in itself, is exactly what can happen when a conflict of interest exists (Mr. Snell was an employee of the school district and an owner of SEND, the vendor).
2. SEND billed these costs as installation and conversion costs to the school district but as quarterly Internet access to USAC--two separate and distinct types of service.

5. Issuing payments to SEND in violation of the state constitution

On March 11, 2002, Mr. Mark Stevenson, owner and general manager of SEND, told auditors that the contract dated February 22, 1999, covered a two-year period and that SEND assigned an employee to work exclusively at the Union Parish School Board for 20 hours each week. When asked to provide documented work hours under this contract, Mr. Stevenson provided auditors with a report indicating that SEND had paid its employee for 1,204 work hours from July 1999 to June 2000 and an additional 1,000 hours for July 2000 to June 2001. Mr. Stevenson then provided auditors with a Service Hours Report for the period July 30, 1999, to September 30, 2001, indicating an additional 340 documented hours. At no time did Mr. Stevenson indicate the existence of or provide to auditors any additional documented work hours as was provided with management's response.

6. Paying SEND for enhanced services that were never provided

The auditors concluded that the school district's networking configuration had not changed because (1) SEND's proposal for 1998 Internet access provided for T-1 point-to-point links from the school sites to the central office; (2) the school district's contract with SEND for 1999 Internet access provided for T-1 point-to-point links from the school sites to the central office; and (3) although the school district could not provide documentation indicating the configuration in place during 2000, Mr. Snell stated that the configuration was the same as the configuration in place during the 1998 and 1999 funding years.

Mr. Snell further explained that the school district had T-1 point-to-point links from the school sites to the central office during the 2001 funding year. This configuration conflicts with SEND's proposal for 2001 Internet access which states that SEND would provide T-1 point-to-point links from the school sites direct to SEND's offices in Monroe. Both Mr. Snell and Mr. Stevenson confirmed that the school district's school sites did not have T-1 links to SEND's offices during the 2001 funding year.

Background and Methodology

The Union Parish School Board (school district) operates ten schools and serves over 3,700 students. Since 1998, the school district has submitted applications for funding under the Schools and Libraries Universal Service Fund. 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 modern telecommunications and information services. Schools and libraries that qualify for the program 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 school district has applied for and received E-Rate funding since 1998 and through this funding has entered into contracts for telecommunications, internal connections, and Internet services.

During the period covered in this audit, April 1998 to June 2002, Mr. Tom Snell served as the school district's technology coordinator until he was appointed school district superintendent in June 2001.

The legislative auditor received information that the school district awarded E-Rate contracts to a company owned by school district employees. 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 district; (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 result of our investigation is the finding and recommendations herein.

Finding

Union Parish School District Technology Coordinator Used His Position to Secure Contracts Totaling $473,260 to His Private Company

From April 1998 to January 2001, it appears that Mr. Tom Snell used his position as the Union Parish School District's (school district) technology coordinator to secure contracts totaling $473,260 to his private company, SEND Technologies, L.L.C. (SEND). Mr. Snell's actions resulted in the school board:

1. **Entering into contracts with a company partly owned by its employees**
2. **Conducting a competitive bidding process that was flawed**
3. **Entering into contracts without the approval of school board members**
4. **Paying for services that were either not allowed or not provided**
5. **Issuing payments to SEND in violation of the state constitution**
6. **Paying SEND for enhanced services that were never provided**

E-Rate, a federally funded program, was created as part of the Telecommunications Act of 1996 to ensure that all eligible schools and libraries have affordable access to modern telecommunications and information services. Schools and libraries that qualify for the program receive discounts on Internet access, internal connections, and telecommunications services 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.

E-Rate was created to ensure that eligible schools and libraries have affordable access to modern telecommunications and information services.

The Universal Service Administration Company (USAC) is a private, nonprofit corporation that administers the E-Rate Program. USAC pays the discounted portion for services rendered and the non-discounted portion is paid by the school district. Since 1998, the school district has submitted applications and received E-Rate funding. These applications indicate that Mr. Tom Snell, the school district's technology coordinator during this period, was the E-Rate contact person.

School District Entered Into Contracts With a Company Partially Owned By Employees.

Before receiving E-Rate funding in 1998, the school district purchased Internet access from the Monroe City School Board (MCSB). At the time, MCSB Management and Information Services

Director Mark Stevenson and Associate Director Albert Sit coordinated MCSB's Internet service provider (ISP) services. When E-Rate funding became available in 1998, MCSB discontinued providing Internet services to other parishes because USAC guidelines would not allow MCSB to act as an E-Rate service provider while receiving E-Rate funding.

Louisiana Secretary of State records indicate that Mr. Snell, Mr. Stevenson, Mr. Sit, and Ms. Bobbye Earle, school district supervisor of instruction, organized SEND Technologies, L.L.C. on March 31, 1998. Mr. Snell indicated that he and Ms. Earle each owned 15% of SEND. On April 2, 1998, SEND contracted with the school district to provide Internet access and has since provided Internet access, internal connections, and on-site network support to the school district. It should be noted that Mr. Snell and Ms. Earle collectively received 41% of SEND's distributions to owners during the year 2000.

Competitive Bid Process Was Flawed.

SEND was paid to provide Internet services beginning in April 1998 before the school district received competitive bids.

SEND was awarded the initial Internet access contract on May 11, 1998, as the result of a competitive bidding process; however, (1) a purchase order for Internet service was prepared more than one month before receiving competitive bids; (2) SEND was paid to provide these services beginning in April 1998, prior to the school district receiving competitive bids; (3) Mr. Snell applied for E-Rate funding before May 11, 1998, listing SEND as the Internet provider; and (4) though Mr. Snell claimed he disassociated himself from the contract with SEND, evidence indicates otherwise. As a result, it appears that the competitive bid process, an important management control, though not required for this contract, was flawed.

During April 1998, the school district submitted USAC Form 471, "Services Ordered and Certification Form," requesting funding for Internet access. Form 471 listed SEND as the school district's Internet service provider (ISP) and Mr. Snell as the school district's E-Rate contact person. USAC records indicate that SEND was funded as the school district's Internet service provider for the nine-month period beginning April 2, 1998, and ending December 31, 1998. USAC later extended the funding period through June 1999 creating a fifteen-month funding period. School district and USAC disbursement records indicate that SEND was paid $35,250 for Internet access services beginning in April 1998 and continuing through June 1999.

The school district sent formal requests for ISP bids to vendors on April 30, 1998, requesting a response (bid) by May 6, 1998. School district records indicate that Ms. Donna Cranford, school district business manager, faxed requests for bids to Long Distance Savers Communications (LDS), U-UNet, and Bell South. Ms. Cranford could not provide documentation to indicate that a request for a bid was faxed to SEND. The school district received written bids from SEND and LDS on May 5, 1998, and May 6, 1998, respectively.

Mr. Mike Lazenby, former school district superintendent, stated that he was concerned about Mr. Snell's ownership in SEND and that he requested an opinion from Mr. Steve Katz, school district's general counsel. Mr. Katz stated that his opinion was that the school district could legally do business with SEND because neither Mr. Snell nor Ms. Earle were majority owners in SEND. Mr. Katz added that it was his understanding that Mr. Snell recused himself from the school district's business dealings with SEND. In May 2001, the Louisiana Board of Ethics considered the question of Mr. Snell's involvement with SEND and later ruled that Mr. Snell was not in violation of ethics laws because he was not an employee of SEND, owned less than 25% of the company, and did not participate in the initial contract between the school district and SEND.

According to school district records, Ms. Cranford provided a memo to school board members during the May 11, 1998, school board meeting informing them that (1) SEND and LDS had submitted bids; (2) SEND was the lowest bidder; and (3) Mr. Snell and Ms. Earle were members of SEND. Attached to this memo was a document detailing the differences between the bids received from SEND and LDS and further indicating that SEND had submitted the low bid. Ms. Cranford stated that the information in this document was technical and that she did not prepare this information by herself. She stated that either the technology coordinator (Mr. Snell) or the superintendent (Mr. Lazenby) provided this information.

It appears that the bid process was rushed and therefore carried out in a manner that did not promote competition. According to the request for bids, questions regarding bid specifications were to be submitted to the school board in writing; however, no inquiries were to be received within five days of the opening of bids. Ms. Brenda Calvin, former LDS account manager, recalled that she had limited time to prepare and submit her bid (approximately five business days). She stated that she telephoned the school district with questions regarding the request for bids and was informed that "she should respond to the request the best she could."

Board minutes of the May 11 meeting indicate that LDS and SEND were the only vendors to respond to the request for bids. Board members elected to accept SEND's proposal for Internet services.

Mr. Snell Claimed to Have Not Participated in the Contract Process - Records Say Otherwise.

Mr. Snell stated that he dissociated himself from the school board's decision to accept SEND's proposal.

During our initial interview of Mr. Snell, he stated that because he had an ownership interest in SEND, he dissociated himself from the school board's decision to accept SEND's proposal. According to Mr. Lazenby and Ms. Cranford, Mr. Snell would have been involved in preparing the request for ISP bids sent to vendors. In addition, computer records indicate that Mr. Snell prepared an analysis of bids submitted to board members. Furthermore, Mr. Snell indicated that he administered the contract and services that SEND provided.

Mr. Snell explained that Mr. Stevenson, SEND co-owner/manager, presented SEND's proposal to the superintendent and the school board's finance committee. He added that he was not present during this meeting and that Mr. Lazenby negotiated the school board's contract with SEND.

Mr. Lazenby stated that he relied on Mr. Snell for all technology related decisions.

Mr. Lazenby stated that he only signed the contracts between SEND and the school district. He explained that because he did not have the technical knowledge he relied on Mr. Snell for technology decisions. He stated that Mr. Snell would have prepared the request for proposals to ISP vendors. When asked when did he become aware that SEND would be the school district's ISP, he stated that he knew from the beginning that SEND and Mr. Stevenson would be providing Internet access to the school district. He added that Mr. Snell arranged his *initial* meeting with Mr. Stevenson.

Records from former MCSB Accountant Kim Smalling's computer indicate that Mr. Snell was the author of a document similar to the document presented to the school board members on May 11, 1998, listing differences between the bids received from SEND and LDS. Ms. Smalling currently works for SEND. The document (presented below) was found on Ms. Smalling's former MCSB computer. The document's electronic properties listed Mr. Snell as its author. Mr. Snell initially denied preparing the document although he later stated that it was possible he might have helped Ms. Cranford prepare it. Mr. Snell could not explain why a document prepared by Ms. Cranford, a school district employee, would have been located on a computer at MCSB.

The document below (left) was presented to the school board members on May 11, 1998. The document below (right) was found on Ms. Smalling's computer at MCSB in her e-mail attachment file.

Internet Services Proposals:

LDS

1. Provides no service on the network server
2. Provides user service only on dial-up accounts
3. Requires an additional equipment cost that must be purchased through them. Total equipment cost $44,399.00.
4. Requires an additional email charge and email must reside on their server. Total monthly cost for our existing accounts would be $95.00 with an additional *$1.25 per mailbox per month.*
5. Requires additional charge for web service and space over 30mb.
6. Labor costs $120.00 *per hour.*
7. Provides no Internet filtering.
8. One time startup cost of $18,886.95 and *Monthly* recurring telco costs of $19,188.24 to be part of the network plus additional charges for Internet. ($1,200 per month for ½ of a T1 and $300 *per month for 56K* which totals $9,600 for our district.)
9. Total Monthly Costs: $19,188.24 (telco cost) +$95 (email cost) + $9,600 (Internet costs) = $28,883.24/ 11 sites = $2,625.75 per month per school - less 80% discount = $ *525.15 per school per month.*

SEND TECHNOLOGIES

1. Will provide network server support.
2. Will provide remote operating system and network software support for desktop computers.
3. No additional equipment charges.
4. No additional charges for email services.
5. No additional charges for web services.
6. If on-site labor after installation is required, costs will be $60.00 per hour.
7. Will provide Web filtering at no additional cost.
8. Reprogramming and one time startup costs at no cost to the district with the exception of T1 one time installation costs of approximately $500.
9. Total Monthly Costs: $3,158 (Bell telco costs) + $2350 (Internet costs) = $5,508/11 sites = $500.73 per school - less 80% discount = $100.15 per school per month.

Submitted to School Board Members

Internet Services Proposals:

LDS

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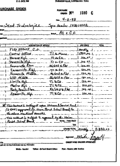
2. Provides user service only on dial-up accounts
3. Requires an additional equipment cost that must be purchased through them. Total equipment cost $44,399.00.
4. Requires an additional email charge and email must reside on their server. Total monthly cost for our existing accounts would be $95.00.
5. Requires additional charge for web service and space over 30mb.
6. Labor costs $120.00 per hour.
7. Provides no Internet filtering.
8. One time startup cost of $18,886.95 and Monthly recurring costs of $19,188.24 to be part of frame relay network plus additional charges for Internet. ($1,200 per month for ½ of a T1 and $300 per month for 56K.)
9. Total Monthly Costs: $19,188.24 +$95 + $9,600 = $28,883.24/ 11 sites = $2,625.75 per month per school – less 80% discount = $ 525.15 per school per month.

SEND TECHNOLOGIES

1. Will provide network server support.
2. Will provide remote operating system and network software support for desktop computers.
3. No additional equipment charges.
4. No additional charges for email services.
5. No additional charges for web services.
6. If on-site labor after installation is required, costs will be $60.00 per hour.
7. Will provide Web filtering at no additional cost.
8. Total Monthly Costs: $2955 + $2350 = $5,305/11 sites = $482.27 per school – less 80% discount = $96.45 per school per month.

Document's Author - Mr. Snell

Mr. Snell admitted that he planned and applied for E-Rate funding with SEND as the ISP before the May 11, 1998, school board meeting. He explained that before forming the company (SEND), the school board contracted with MCSB to provide Internet access. At the time, Mr. Stevenson and Mr. Sit worked in the MIS department for MCSB. He added that the school board was pleased with the Internet access service received through MCSB so it was natural for Mr. Stevenson and Mr. Sit to continue to provide Internet access to the school district when SEND was organized. He stated that because of his ownership interest in SEND, the only concern the school board had was whether or not it was legal for the school district to do business with SEND. It should be noted that Mr. Snell, Mr. Stevenson, Mr. Sit, and Ms. Earle formed SEND two days before entering into business with Mr. Snell and Ms. Earle's employer, the school district.


UNION PARISH SCHOOL BOARD

PURCHASE ORDER

PURCHASE ORDER Nº 1590 C

Date 4-2-98

Send Technologies

FLEX SERVICE C.O.		
Central Office	T1 to Monroe	1350.00
Bernice High	T1 to C.O.	100.00
Downsville High	T1 to C.O.	100.00
Farmerville Elem	56/64K to Flex	100.00
Farmerville High	T1 to C.O.	100.00
Farmerville Middle	56/64K to Flex	100.00
Lillie Middle	56/64K to Flex	100.00
Linville High	T1 to C.O.	100.00
Marion High	T1 to C.O.	100.00
Rocky Branch Elem	56/64K to Flex	100.00
Spearsville High	T1 to C.O.	100.00

This contract is contingent upon Universal Service Fund (E-Rate) approval for Union Parish School Board for the above mentioned schools.

This contract is subject to approval by the Union Parish School Board

GRAND TOTAL monthly 2,350.00

ORDER VOID UNLESS APPROVED

White - Vendor Yellow - School Board Office Pink - Return with Invoice

Mr. Snell then provided us with a school district purchase order dated April 2, 1998, listing SEND as the ISP at a monthly rate of \$2,350 (\$2,350 x 15 months = \$35,250). The purchase order stated that the contract was contingent upon E-Rate funding and board approval. In addition, Mr. Snell stated that as the technology coordinator he administered the school board's contract with SEND once board members approved the school board to do business with SEND in May 1998.

The School Board Entered Into Contracts With SEND Without Approval of School Board Members.

Records indicate that E-Rate contracts totaling \$438,010 were awarded to SEND over the next three funding years (1999 to 2001) without the approval of school board members. Although approval of school board members was not required on these contracts, prudent business practices would require that the board be allowed the opportunity to review all contracts between the school board and its employees. By their nature, such contracts are inherently high risk in that an arm's length negotiation may not exist. According to minutes of the school board meetings, only one contract totaling \$7,500 appears to have been approved by school board members. Mr. Lazenby signed the contracts as the school board superintendent; however, it appears that Mr. Snell negotiated the contracts on behalf of the school board.

Mr. Snell stated that after SEND originally bid to become the school district's ISP, SEND was given the subsequent contracts for internal connections and technical support. Mr. Snell stated that after the first year it was implied that the school district would continue to do business with SEND and added that he handled the account.

The chart (left) indicates the amounts paid to SEND for E-Rate contracts with the school district during funding years 1998 to 2001. It should be noted that although SEND was partially owned by two school board employees, it appears that only one of the contracts (1998 Internet Access) was presented to and approved by school board members.

After Mr. Snell's appointment to the position of school district superintendent in June 2001, the Louisiana Board of Ethics ruled that Mr. Snell would be deemed to participate in every contract involving the school district. The school district was allowed to let its ongoing contracts with SEND lapse. SEND then agreed to donate future services to the school district.

SEND Charged the School District and USAC for Services Which Were Either Not Allowed or Not Provided.

The school district paid SEND $1,340 for Internet installation and conversion costs though SEND's bid allowed no charges for these services. In addition, SEND charged USAC $5,710 for ISP services for April, May, and June 1998 when these services were provided by MCSB not SEND.

Before receiving E-Rate funding, the school district purchased Internet access from MCSB. On June 6, 1998, MCSB invoiced the school district $9,900, which included Internet access for April, May, and June 1998. This invoice was paid by the school district on August 4, 1998.

USAC records indicate that SEND was funded as the school district's ISP from April 1998 to June 1999 for $35,250 (15 months @ $2,350). The quarterly cost of Internet access to the school district was $7,050 (3 months @ $2,350), which is consistent with the school district's ISP contract with SEND. Of this amount, the school district was responsible for paying $1,340 and USAC was responsible for paying $5,710. During the funding year, 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 $7,050 (3 months @ $2,350).

Period	Service Provided by SEND	Amount Paid by USAC (81%)	Amount Paid by UPSB (19%)	Total
April 1998 - June 1998	ISP Service Charges (3 months)	0	0	0
July 1998 - Dec. 1998	ISP Service Charges (6 months)	$11,421	$2,679	$14,100
Jan. 1999 - March 1999	ISP Service Charges (3 months)	5,711	1,339	7,050
April 1999 - June 1999	ISP Service Charges (3 months)	5,711	1,339	7,050
1998 - 1999	Installation/Conversion Charges	5,710	1,340	7,050
Total		$28,553	$6,697	$35,250

In June 1999, SEND invoiced the school district an additional $1,340 for Internet installation and conversion costs in 1998-1999. However, in August 1999 SEND invoiced USAC for the discounted portion of the above charge ($5,710) under the category of quarterly Internet access. Since the school district had already paid SEND for Internet services covering July 1998 through June 1999, this payment appears to have been made for the school district's Internet access during April, May, and June 1998. As discussed above, the Internet services for April-June 1998 were provided by MCSB.

SEND's invoices to the school district and USAC during this period totaled $35,250 (15 months @ $2,350). Mr. Snell stated that the conversion and installation fees charged during April, May, and June 1998 were the result of work SEND had to perform to its equipment in order to provide the school district Internet access. These charges were addressed in the document summarizing SEND's and LDS' ISP proposals on May 11, 1998. According to this document, SEND would not charge the school district for reprogramming and one-time start-up costs (see page 12).

From July 1, 1999, to June 30, 2000, SEND appears to have been paid $12,184 in violation of the state constitution for on-site network support services performed during the following year.

On February 22, 1999, the school district contracted with SEND to provide on-site network support services. According to the agreement, SEND was to provide the school district with an on-site technician to work 40 hours per week for 52 weeks at an hourly rate of $75 (2,080 total hours for a total contract cost of $156,000).

From July 1, 1999, to June 30, 2000, SEND was paid $64,125 for 855 hours of on-site technical support performed in the following year.

Though normally payment is not made until services are rendered, SEND billed both the school district and USAC for 855 hours before these services were performed. The Louisiana Constitution prohibits the school district from making advance payments in this manner. These advance payments are equivalent to a loan.

On June 8, 2000, after only 1,204 documented work hours (21.20 hours per week), SEND invoiced the school district $28,080 (19%) for its portion of the contract amount. In addition, USAC paid SEND $126,360 (80%) of the contract amount during this same period. Therefore, SEND was paid a total of

$154,440 for 2,059 hours when only 1,204 hours were performed. As a result, SEND was paid $64,125 for 855 hours of on-site technical support not performed during the contract period.

Mr. Gary Walsworth, a retired school district principal, stated that SEND hired him from July 1999 to July 2001, to provide network troubleshooting for the school district. Mr. Walsworth stated that when he reported to the school district, Mr. Snell directed him as to which schools needed service (another indication that Mr. Snell was materially involved in the day-to-day administration of the SEND contract). He stated that he was the technician that serviced all the schools in the district. According to Mr. Walsworth, he worked approximately 96 hours per month (1,152 hours a year) for SEND and added that he did perform work in other parishes. In addition to network troubleshooting, he stated that he installed computer lines, switches, and routers at the school district sites.

Mr. Snell stated that because the school district's Internet access contract with SEND only provided for technical support internally (from the walls to the computer terminals), a separate contract was necessary to provide support from the wall to SEND. He indicated that SEND hired Mr. Walsworth and assigned him to the school district as the on-site person. According to the agreement, Mr. Walsworth was to work 40 hours per week at the school district. He added that Mr. Walsworth was not the only SEND employee who worked at the school district. Mr. Snell could not provide us with an accounting of the actual time that SEND's employees worked for the school district.

Mr. Stevenson stated that the on-site network support contract covered a two-year period because USAC was slow in approving funds. He explained that Mr. Walsworth was assigned to work 20 hours per week strictly at the school district. Mr. Stevenson provided us with records indicating that SEND paid Mr. Walsworth $20 per hour for a total of 1,204 hours during the contract period from July 1999 to June 2000. According to these records, it appears that SEND paid Mr. Walsworth for an additional 1,000 hours after the contract had ended during the period July 2000 to June 2001.

Because SEND did not provide 855 hours of on-site technical support to the school district during the period of the contract, it appears that the school district made payments to SEND totaling $12,184 ($64,125 x 19%) in violation of Article 7, Section 14 of the Louisiana Constitution. According to Article 7, Section 14 of the Louisiana 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.

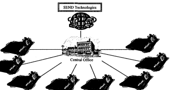
From July 2001 to June 2002, SEND appears to have billed the school district improperly for enhanced Internet services that were not provided.

The school board contracted with SEND to provide Internet access to the school district's central office. The central office then acts as an ISP providing Internet access to each of the school district's ten school sites.

During the first two E-Rate funding years, SEND charged the school district $2,350 per month for Internet access.

During E-Rate funding years 1998/99 and 1999/00, the school district awarded Internet access contracts to SEND totaling $63,450. According to SEND's agreement, the configuration consisted of a connection from each school to the 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. The monthly cost to the school district was $2,350, which included $1,350 per month for a direct connection from SEND to the school district central office and $1,000 per month for ten schools connected to the network.

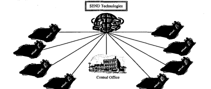
The diagram below illustrates the configuration through which the school district receives Internet access (through the central office) from SEND and then distributes the access to the school sites within the district.



During E-Rate funding years 2000/01 and 2001/02, the school district continued to pay SEND for ISP services; however, the cost increased significantly to $75,000 each year. The school district could not provide us with a contract describing the services to be provided during the third funding year (2000/01). However, we noted that the cost of Internet access in the third year was the same as that of the fourth year. According to SEND's proposal for the 2001/02 funding year, SEND would provide the school district Internet access under a configuration by which each school site would have its own direct connection to SEND. This configuration would allow each school site to bypass the central office to receive faster Internet service. SEND's charges to the school district under this configuration increased to $6,250 per month, which included a base charge of $1,250 per month and $5,000 per month for ten schools connected directly to SEND. This appears to have been the amount that SEND charged the school district during the 2000/01 funding year.

During the third and fourth E-Rate funding years, SEND charged the school district $6,250 per month for Internet access.

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 to by pass the central office to receive faster Internet service.



We discussed the school district's current (2001/02) Internet access contract with Mr. Snell. Mr. Snell explained that the school sites were not connected directly to SEND. He stated that the school district had planned to configure its infrastructure in a manner in which each school site was connected directly to SEND. However, Mr. Snell stated that the school district's infrastructure had not changed. As a result, the school district paid for enhanced services that it never received.

Mr. Stevenson confirmed that individual schools in the district were connected directly to the central office and not to SEND. He indicated that the per site charges were for an Internet access burst created as a result of the school sites access to the Internet going through the central office. It should be noted that this explanation does not agree with the contract.

Both Mr. Snell and Mr. Stevenson confirmed that the schools in the district are not directly connected to SEND. Mr. Snell further stated that the school district's networking infrastructure has not changed since the 1998/99 E-Rate funding year.

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"[1]
- R.S. 14:67, "Theft"[2]
- R.S. 14:134, "Malfeasance in Office"[3]
- R.S. 14:140, "Public Contract Fraud"[4]
- Article 7, Section 14 of the Louisiana Constitution[5]

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.

[1] **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.

[2] **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.

[3] **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.

[4] **R.S. 14:140** provides, in part, that public contract fraud is committed when any public officer or employee shall use his power or position as such officer or employee to secure any expenditure of public funds to himself, or to any partnership to which he is a member, or to any corporation of which he is an officer, stockholder, or director.

[5] **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 district (1) discontinue doing business with companies owned by school district employees, and (2) ensure that competitive bidding procedures, when used, are carried out appropriately. 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 for only those services that are provided. We further recommend that the District Attorney for the Third Judicial District of Louisiana and the United States Attorney for the Western District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I

Additional Information

Additional Information

School District Entered Into Contracts With a Company Partially Owned by Employees.

The Office of Legislative Auditor is aware of the position taken by the Louisiana Board of Ethics. However, although Mr. Snell did not own a controlling interest in SEND as defined by R.S. 42:1102(g), he was the school district's technology coordinator in charge of advising the school district and the superintendent on technology related issues. Mr. Snell was listed as the school district's contact person on USAC Form 470, the same form (Exhibit #1 of management's response) that the school district posted on USAC's Web site to nationally advertise for proposals. This created a situation in which prospective vendors would have had to contact Mr. Snell (part owner of a competitive vendor - SEND) to obtain information about potential E-Rate contracts with the school district. Though the Louisiana Board of Ethics may not consider this arrangement a violation of the state ethics laws, it increases the risk of unfair competition, fraud, or abuse to an unacceptable level and therefore should not be practiced by those entrusted with public funds. As discussed in the finding, Mr. Snell was actively involved in the award and administration of the SEND contract and therefore may have used his position in violation of R.S. 14:140, "Public Contract Fraud."

Competitive Bid Process Was Flawed.

The bid process was by its design ineffective and therefore did not ensure a fair and competitive result.

1. Mr. Snell, an owner of SEND, was listed as the contact person for potential bidders on the school district's initial advertisement.
2. The school district entered into a purchase order with SEND before the bid process.
3. Potential bidders were severely restricted in the time they had to respond and though SEND had an owner inside the school district, other bidders were not afforded the opportunity to clarify or discuss any of the proposed specifications before the bid.
4. Mr. Snell participated in the preparation of the document provided to school board members comparing the bids received.

Had the school district desired to ensure a fair environment and promote the greatest level of competition the school board could have:

1. Removed Mr. Snell as contact person for potential bidders and involvement in bid tabulations
2. Delayed entering into premature agreements with SEND
3. Allowed ample time for potential bidders to respond and to access unbiased information regarding the proposed specifications

It is also important to note the following:

- During the 1998/99 E-Rate period, Mr. Stevenson, acting as the fiscal agent for a consortium of school districts (which included Union Parish), purchased hardware for the school district such as cabling, servers, network routers, hubs, and other equipment necessary for the school district to obtain Internet access. Mr. Stevenson's involvement in this process with Union Parish School Board provided him (SEND) with information other vendors did not have access to during the bidding process.
- Other vendors had only five days to respond to the bid without the benefit of obtaining additional information from the school board. This may have forced LDS to include certain unnecessary equipment costs in its bid.

The School Board Entered Into Contracts With SEND Without Approval of School Board Members.

Management stated that Mr. Snell did not negotiate nor sign any contracts between SEND and the school board and until he became superintendent in June 2001, had no authority to enter into contracts on behalf of the school district. Management further stated that it was Mr. Snell's job to advise the superintendent and the district on technology questions for Union Parish.

- After the initial contract with SEND in 1998, the school board entered into additional contracts with SEND for ISP services, network support services, software services, and internal connections. Mr. Snell stated that once the school board approved him to do business with SEND in May 1998, it was implied that he could continue to do business with SEND on subsequent contracts.
- During our review of subsequent minutes to school board meetings, we found no evidence to indicate that the board approved additional contracts between the school board and SEND. Furthermore, we could find no evidence to indicate that additional quotes from other vendors were obtained to ensure the school board that SEND was the most cost effective service. Furthermore, if Mr. Snell recused himself in regard to negotiations with SEND, the question arises as to who represented the school district on the technology related issues (ISP services, network support services, software services, and internal connections) when dealing with SEND. Evidence including the initial advertisement, the bid comparison provided to the school board members, and statements of a SEND

employee indicates that Mr. Snell materially participated in both the award and administration of the SEND contract.

SEND Charged the School District and USAC for Services Which Were Either Not Allowed or Not Provided.

Management states the finding is incorrect because the billed services were performed and allowed. Management's response ignores the facts in that:

1. The original contract specifically provided that there would be no additional charges for installation, conversion, and reprogramming. The amended contract was entered into seven months after the services were provided if provided at all. The amended contract itself is highly suspect because it, in itself, is exactly what can happen when a conflict of interest exists between a member of management and a vendor.
2. SEND billed these costs as installation and conversion costs to the school district but as quarterly Internet access to USAC--two separate and distinct types of service.

From July 1, 1999, to June 30, 2000, SEND appears to have been paid $12,184 in violation of the state constitution for on-site network support services performed during the following year.

On March 11, 2002, Mark Stevenson, owner and general manager of SEND, told auditors that the contract dated February 22, 1999, covered a two-year period and that a SEND employee (Gary Walsworth) was assigned to work strictly at the Union Parish School Board for 20 hours each week. When asked to provide documented work hours under this contract, Mr. Stevenson provided auditors with a report indicating that SEND had paid Mr. Walsworth for 1,204 work hours from July 1999 to June 2000 and an additional 1,000 hours for July 2000 to June 2001. Mr. Stevenson then provided auditors with a Service Hours Report for the period July 30, 1999, to September 30, 2001, indicating an additional 340 documented hours. At no time did Mr. Stevenson indicate the existence of or provide to auditors a "Paper" Time/Travel summary of additional documented work hours that was included in management's response of August 23, 2002.

Management's response also states that the contract of February 22, 1999, provided for on-site technical support, network programming, and specialized installation services. However, SEND's response for proposals for ISP Services (a separate contract that the school board entered into with SEND) states that SEND will provide (1) all programming and support to maintain Internet support for the subscriber; (2) remote programming and support for individual routers; (3) router software updates installation; (4) configuration, management, and diagnostic troubleshooting for related telco interfaces; (5) remote Internet client software support; and (6) software updates for Internet programming and services as available. None of the records provided by Mr. Stevenson or management have indicated whether the documented work hours were included under the Network Support Services contract or the ISP Services contract.

From July 2001 to June 2002, SEND appears to have billed the school district improperly for enhanced Internet services that were not provided.

Auditors concluded that the school district's networking configuration had not changed because (1) SEND's proposal for 1998 Internet access provided for T-1 point-to-point links from the school sites to the central office; (2) the school board's contract with SEND for 1999 Internet access provided for T-1 point-to-point links from the school sites to the central office; and (3) although the school district could not provide documentation indicating the configuration in place during 2000, Mr. Snell stated that the configuration was the same configuration in place during the 1998 and 1999 funding years.

Mr. Snell further explained that the school district had T-1 point-to-point links from the school sites to the central office during the 2001 funding year. This configuration conflicts with SEND's proposal for 2001 Internet access which states that SEND would provide T-1 point-to-point links from the school sites direct to SEND's offices in Monroe. Both Mr. Snell and Mr. Stevenson confirmed that the school district's school sites did not have T-1 links to SEND's offices during the 2001 funding year.

Attachment II

Management's Response

LAW OFFICES
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02 AUG 23 AM 10:53

August 22, 2002

FORWARDED VIA FEDERAL EXPRESS

Daniel G. Kyle
Legislative Auditor
State of Louisiana
1600 North 3rd Street
Baton Rouge, Louisiana 70804-9397

RE: Union Parish School Board

Dear Dr. Kyle:

Enclosed is the response to the investigative audit report, Union Parish School Board.

It is a reply to the preliminary draft. It is not possible to make a reply to the final report, if there have been any changes to the preliminary draft, as indicated there would be, because neither the Union Parish School Board nor its Superintendent was provided a copy of the final draft.

Sincerely,

Rankin, Yeldell & Katz
(A Professional Law Corporation)

By: Stephen J Katz

SJK/mt

encl.

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Management Response to Investigative Audit Report

Allegations of impropriety should be based on substantive factual analysis, not speculative innuendo, hearsay, and conjecture. The findings of the Legislative Auditor show that the investigation centered on proving improprieties and not finding the truth. Although the Louisiana Ethics Board repeatedly validated the correctness of SEND Technologies, L.L.C. (SEND), the Union Parish School Board, and Mr. Snell's actions, the Legislative Auditor was determined to find graft and corruption even when the facts confirmed none was present. As will be shown in this response, the Legislative Auditor ignored facts that proved that SEND, the Union Parish School Board, and Mr. Snell acted in a professional manner.

1. <u>CREATING A CONFLICT OF INTEREST BY ENTERING INTO CONTRACTS WITH A COMPANY PARTLY OWNED BY ITS EMPLOYEES</u>

The Legislative Auditor's report states that because the Union Parish School Board entered into a contract with SEND in April, 1998, to provide modern communications and information services, a conflict of interest resulted because Mr. Tom Snell and Mrs. Bobbye Earle were each 15% owners of SEND. The Auditor's report also notes that Mrs. Earle and Mr. Snell received collectively 41% of the distributions from SEND during the year 2000.

LSA R.S. 42:1102(8) defines "Controlling Interest" as "any ownership in any legal entity or beneficial interest in a trust, held by or on behalf of an individual or a member of his immediate family, either individually or collectively, which exceed <u>twenty five (25%) percent</u> of that legal entity." (EMPHASIS ADDED)

This question was addressed by the Louisiana Board of Ethics, Docket Number 2001-280, in an opinion rendered on January 24, 2002. The Board determined that no violation occurred since the ownership interest was less than 25%. On April 11, 2002, the Board meeting in regular session accepted the disqualification procedure whereby, as long as Mr. Snell was superintendent of the District, the services from SEND would be provided free of charge.

The question as to whether Mr. Snell had a conflict of interest in this matter was investigated by the Louisiana Ethics Commission and a report was rendered on January 24, 2002 stating that no ethical violation had occurred. Likewise none should be found here.

The Auditor's Report states that Mrs. Earle and Mr. Snell owned 15% each of SEND which is certainly well below the 25% requires by LSA R.S. 42:1102(8). The Report also implies that because in the year 2000, 41% of the distributions was received by Mrs. Earle and Mr. Snell, this created a conflict of interest. The distribution in the year 2000 had absolutely nothing to do with the contract entered into in 1998; however, assuming arguendo that it did, half of 41% is 20.5% each which is still below the provisions of LSA R.S. 42:1102(8).

There is absolutely no legal or factual basis to report that a conflict exists between SEND and Mrs. Earle and Mr. Snell while both were employed by the Union Parish School Board.

2. <u>BYPASSING THE COMPETITIVE BIDDING PROCESS</u>

Although a competitive bid other than submission of the form 470 process is not required for professional services, *See Louisiana v. McIlhenry*, 9 So. 2d 467, 470 (La. 1942); *Louisiana Attorney General* Op. Atty. Gen., No. 92-492, Sept. 4, 1992, the Union Parish School System initiated a proposal for quotes to ensure it received quality services at the best possible price.

On March 4, 1998, the Union Parish School System posted a national advertisement for proposals (Form 470) (Exhibit 1). Various telecommunications services vendors throughout the country were given 28 days to review the request and to submit a response. No national vendors responded to the request except SEND. As required by USAC guidelines, a Form 471 was submitted to USAC indicating a contract date between SEND and the School System. Based on the USAC requirement that a contract be in place, a contract that provided an escape provision should the School System elect not to use SEND, was executed between SEND and the School System.

On April 28, 1998, Mr. Lazenby executed the escape provision in the contract and set up a meeting between Mr. Stevenson and the Union Parish School Board Finance Committee to discuss services and cost. The Finance Committee agreed to do business with SEND provided there were no legal reasons why SEND would be prohibited to doing business with the School System. Prior to making a final recommendation for approval of the new contract, the finance committee asked Mr. Lazenby, the Superintendent, to obtain additional quotes to provide a comparison to SEND's offer.

On May 6, 1998, a request for quotes was sent to prospective service providers. The quotes were due no later than May 11, 1998, the day of the next Board meeting. SEND's quote did not change. A quote was received from LDS (Long Distance Savers) that was almost five times higher than SEND's quote.

On May 11, 1998, a comparison document originated by the Superintendent's office was provided to the Board members. The undisputed data contained in that document demonstrated the SEND proposal was overwhelmingly superior to that of LDS. After receiving a favorable recommendation from the Finance committee, the Board authorized Mr. Lazenby, the Superintendent, to enter into a contract with SEND.

Even though SEND provided more service at 1/5 the price quoted by LDS, the Legislative Auditor argues that the School System bypassed the competitive bid process. This allegation is without merit. Professional services are not required to be bid. The School System complied with USAC advertising requirements and extended the process after the initial decision to validate the process. The School System should not be criticized when it takes additional precautionary steps not required by law.

3. <u>CLAIM THAT MR. SNELL ENTERED INTO CONTRACTS WITHOUT THE APPROVAL OF SCHOOL BOARD MEMBERS</u>

The report states that Mr. Snell entered into contracts between SEND and the District without School Board approval. This finding is without merit for the following reasons:

A. Mr. Snell's job description states that he was to advise the Superintendent and the Board on technology questions for Union Parish. (exhibit 2) Mr. Snell did not sign any contract between SEND and the District. After Mr. Snell became Superintendent in June, 2001, he requested a ruling from the Ethics Board to determine if SEND could provide service free to the district to assure there would be no conflict. The Ethics Board ruled that SEND could donate services to the Union Parish School Board (exhibit 3).

B. Mr. Lazenby was Superintendent when the Internet contract was entered into and was certainly aware that Mrs. Earle and Mr. Snell owned an interest in SEND. In fact, Mr. Lazenby went the extra step to instruct Mrs. Cranford to get additional comparable quotations even though no additional action was required. LDS submitted a quote which was five times the cost of the SEND proposal. Mr. Lazenby correctly took the lower quote and so recommended same to the Board.

C. Until Mr. Snell became Superintendent in June, 2001, he had no authority to enter into contracts on behalf of the District, but to only advise, which he did very competently pertaining to technology issues, but he recused himself in regard to negotiations with SEND. Every precaution was taken by Mr. Lazenby to assure the Board that SEND was the most cost effective service and that Mr. Snell was dealing with the Board in an open and arms-length relationship. The contracts and purchase orders referenced were not signed by Mr. Snell, but were signed by Superintendent Lazenby. Mr. Snell never negotiated those contracts; Mr. Lazenby did.

For these reasons, the finding of the Report is without merit either factually or legally.

4. PAYING FOR SERVICES THAT WERE EITHER NOT ALLOWED OR NOT PROVIDED

The Legislative Auditor's report states that Union Parish School Board and Monroe City School System were both paid for the same services for April, May, and June of 1998, thus resulting in a duplication of payments. This finding is incorrect because the billed services were performed and allowed.

The original contract provided for a minimum term of ISP service starting in April, 1998. (Exhibit 4). Due to delays from the District, the actual start date was July, 1998. USAC subsequently required all school districts to initiate an amended contract due to a change in the funding cycle. The amended contract was approved by Superintendent Lazenby in February, 1999. (Exhibit 5) The amended contract allowed for installation charges to be negotiated in case of delayed implementations.

Conversion expenses were incurred by SEND to convert the ISP services from MCSB to SEND and also to provide support services for April, May, and June even though the start date was not until July, 1998. Based upon the delay in the implementation of the start date, not only were the services provided and allowed but a substantial amount of services were rendered with little or no compensation either from the District or USAC.

5. ISSUING PAYMENTS TO SEND IN VIOLATION OF THE STATE CONSTITUTION

The Report states that 855 hours were billed to the District and USAC prior to these services being performed in violation of Article 7, Section 14 of the Louisiana Constitution. This finding lacks merit because not only did SEND supply service beyond the requirements of the contract, but no services were billed prior to the work being performed.

The contract of February 22, 1999, provided for on-site technical support, network programming, level support, and specialized installation services. The contract does not specify that all time be committed "on-site", but does commit to a total of 2,080 hours. The original term of the services would have been from July, 1999 through September 30, 2000. Due to the delayed approval, USAC allowed the original term to be extended to end on September 30, 2001.

During the original services term ending September 30, 2000, SEND provided a minimum of 2,090 hours of on-site support for the District. SEND additionally supplied several hundred more hours of network programming support from in-office personnel that was not allocated or charged to the District. The charged hours were a combination of Mr. Walsworth assigned part-time to the District and Monroe based technicians dispatched to the District.

SEND maintained travel and time summary records for dispatched services on paper forms during funding year (July, 1999 - September, 2000) and moved to a computerized summary in funding year 2000 (October, 2000 - September, 2001).

In summary: In funding year 1999 the following hours were worked by SEND employees on-site in the District:

Gary Walsworth - "Paper" Time/Travel Summary	1,204 (per Legislative Auditor's Report) 886 (Exhibit 6)
TOTAL ACTUAL HOURS	2,090
BILLED HOURS	2,059

Additional time provided the following year 2000 represents over $75,000 of pro-bono provided by SEND. Neither the District nor USAC were billed for the additional time.

6. PAYING SEND FOR ENHANCED SERVICES THAT WERE NEVER PROVIDED

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

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 direct to SEND. 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 school 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.

The proposal for 2001 allowed the option for the District to revert to direct connection configuration. The cost of the optional reconfiguration, however, was the same as the existing star configuration cost of the prior year. The District 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 provided the option for the District to connect to SEND under either method, but reduced the price of direct connections to match the price of the aggregated connection. See page 10 of proposal. (Exhibit 7) SEND's billing to the District for July, 2001 to June, 2002 was appropriate and pursuant to contract.

Since June of 2002, SEND has been providing internet services to the District free of charge. It should be noted that at the time that the decision was made to offer the services free, there was no investigation under way by the Legislative Auditor's Office. The donation of services by SEND is in compliance with LA R.S. 42:1123(28) and has been approved by the Louisiana Board of Ethics. (Exhibit 3).

The Union Parish School Board will continue to follow the provisions of the Louisiana Revised Statutes and guidance of the Louisiana Board of Ethics regarding contractual arrangements with its employees. It shall follow USAC guidelines and Louisiana law in the awarding of contracts and in the payment for such services.

Exhibit #1

FCC Form

470

Approval by OMB
3060-0806

Schools and Libraries Universal Service Description of Services Requested and Certification Form

Estimated Average Burden Hours Per Response: 6.0 hours

This form is designed to help schools and libraries describe the eligible telecommunications-related services they seek so that this data can be posted on a website and interested service providers can identify the applicant as a potential customer and compete to serve it.

Please read instructions before completing. (To be completed by entity that will negotiate with providers.)

Block 1: Applicant Address and Identifications
(School, library, or consortium desiring Universal Service funding.)

Posting Date: 03/04/1998
Allowable Contract Date: 04/01/1998
Certification Received Date: 03/20/1998

1. Name of Applicant: UNION PARISH SCHOOL DISTRICT	2. Funding Year: 01/01/1998 - 06/30/1999
3a.NCES School Code (if individual school) Or NCES Library Code(if individual library) State: - District: - School/Library:	
3b. Universal Service Control Number: 503550000056962	3c. Applicant ID Number: 153438

4a. Type Of Applicant
(Check only one box.)
- school
- ☒ school district
- library or library consortium under the LSTA
- consortium of multiple entities

4b. If Applicant is a consortium, check all other boxes that apply:
- includes non-governmental entities ineligible for support
- entity desires separate bills for each member of consortium
- entity desires separate bills for some members of consortium
- region of a state
- statewide
- multi-state
- state educational agency
- ☒ local educational agency
- educational service agency

5. Applicant's Street Address, P.O.Box, or Route Number

Street: MARIAN HIGHWAY			
City: FARMERVILLE	State: LA	Zip Code 5Digit: 71241	Zip Code 4Digit:
Telephone number Ext: (318) 3689715	E-mail Address: tsnell@monroe.k12.la.us		

6. Contact Person's Name: Tom Snell

Street Address, P.O.Box, or Route Number(if different from Item 5)

Street:			
City:	State:	Zip Code 5Digit:	Zip Code 4Digit:

Fill in all of the following(if available), and check the preferred mode of contact:

Telephone Number Ext: ()	☒ Fax Number Ext: (318) 3683311	E-mail address:	Mail:

Block 2: Other Characteristics Of Applicant

7a. Number of students: 3910	**7b. Number of library patrons:**
8. Number of buildings to be served: 30	**9. Number of rooms to be served:** 288

Block 3: Summary Description of Needs or Services Requested

10. ☐ Check if applicant seeks discounts only for eligible services based on one or more **existing,binding** contract(s) and proceed to Block 4.

Sequence #	Date Contract Signed	Contract Termination Date

11. ☑ Check here if you have a Request for Proposal(RFP) available.If RFP is posted on a website, provide the website address

(1)	(2) Existing Services	(3) Additional Services Desired	(4) Total Services Desired	(5) Details (Optional)
12. Telecommunications Services				
a. Number of phones that have or require service (See instructions concerning extension phones and fax machines.)				
b. Number of computers that have or require service				
c. Number of high bandwidth video conferencing links				
d. Specify other (Optional)				
13.Internal Connections	**Existing**	**Additional**	**Total**	**Details**
a. Number of buildings with at least some rooms connected	17	13	30	
b. Number of rooms connected	120	168	288	
c. Highest Speed of connection	10mb	100mb		
d. Specify other (Optional)				
14.Internet Access	**Existing**	**Additional**	**Total**	**Details**
a. Number of dial up connections necessary				
b. Highest speed of dial up connections				
c. Number of direct connections necessary	11	0	11	
d. Highest speed of such direct connections	56k	T1		
e. Specify other (Optional)				

15. You may provide additional summary information about the services you are requesting to help service providers identify your needs more precisely. You may provide technical requirements or give an informal description of your telecommunications-related goals.

The district is requesting high speed digital data circuits for schools to provide Internet access. The district is requesting ISP services for schools and classrooms including EMAIL support.The district is requesting additional CAT 5 wiring in schools.

16. ☑ Check here if there are any restrictions imposed by state or local laws or regulations on how and when providers may contact you or on other bidding procedures.Please describe below any such restrictions or procedures. You may attach restrictions or give website where they are posted.

District operates under La Title 38 and applicable state statues.

17. Purchases in future years: If you have current plans to purchase additional services in future years, describe them below (Providing this information is optional.)

Block 4: Technology Assessment

18.Although the following services and facilities are ineligible for support, they are usually necessary if schools and libraries are to make effective use of the eligible services requested in this application.
(If your application is only for basic voice telephone service, check this box
☐ *and go to Item 19. Otherwise, you must check at least one box in each of the other lines. You may provide details for purchases being sought.)*

a. Desktop communications software: Software required ☑ has been purchased; and/or ☐ is being sought.
b. Electrical systems: ☑ adequate electrical capacity is in place or has already been arranged; and/or ☐ upgrading for additional electrical capacity is being sought.
c. Computers: a sufficient quantity of computers ☑ has been purchased; and/or ☐ is being sought.
d. Computer hardware maintenance: adequate arrangements ☑ have been made; and/or ☐ are being sought.
e. Staff development: ☑ all staff have had an appropriate level of training or additional training has already been scheduled; and/or ☐ training is being sought.
f. Additional details: Use this space to provide additional details to help providers to identify the services or facilities you desire.

Block 5: Listing Consortium Participants

19. **Eligible Entities:** (Billed Entities.) If applicant is an individual school or a library or a school district or a library system that will receive only one bill, it should only fill in the first row of this chart. If applicant is a consortium of multiple billed entities, then it should fill out a row for each billed entity. (Applicant may attach additional pages.)

Billed Entity	Billed Entity's Zip Code	Billed Entity Code *(Inserted by Administrator)*	Zip Code(s) of Recipients of Service
UNION PARISH SCHOOL DISTRICT	71241	139313	71222
UNION PARISH SCHOOL DISTRICT	71241	139313	71234
UNION PARISH SCHOOL DISTRICT	71241	139313	71241
UNION PARISH SCHOOL DISTRICT	71241	139313	71256
UNION PARISH SCHOOL DISTRICT	71241	139313	71260
UNION PARISH SCHOOL DISTRICT	71241	139313	71277

20. **Entities Ineligible for Schools and Libraries Discount:**

Name of Entity	Zip Code(s) of Recipients of Service	Contact Person	Phone Number, E-mail Address, or Alternative Preferred Contact Method

Block 6: Certifications and Signature

21. The applicant includes:(Check one or both)	
a. ☑ schools under the statutory definitions of elementary and secondary schools found in the Elementary and Secondary Education Act of 1965, 20 U.S.C. Secs. 8801(14) and (25), that do not operate as for-profit businesses, and do not have endowments exceeding $50 million; and/or	
b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any school(including, but not limited to) elementary and secondary schools, colleges, and universities.	
22. All of the individual schools, libraries, and library consortia listed above in Item 19 are covered by:	
a. ☑ individual technology plans and/or	
b. ☐ higher-level technology plans for using the services requested in this application(if those services consist of other than voice services).	
23. Status of technology plan(check one):	
a. ◉ Technology plan(s) has/have been approved; or	
b. ○ Technology plan(s) will be approved by a state or other authorized body; or	
c. ○ Technology plan(s) will be submitted to Schools and Libraries Corporation for approval.	
24. ☑ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value.	
25. ☑ I recognize that support under this program is conditional upon the school(s) or library(ies) I represent securing access to all of the resources, including computers, training, software, maintenance, and electrical connections necessary to use the services purchased effectively.	
26. ☑ I certify that I am authorized to submit this request on behalf of the above-named applicant, that I have examined this request, and to the best of my knowledge, information, and belief, all statements of fact contained herein are true.	
29. Printed name of authorized person **Tom Snell**	
30. Title or position of authorized person **Technology Systems Administrator**	

New Search | Return To Search Results

EXHIBIT 2

JOB DESCRIPTION

Technology Systems Administrator

TITLE:	Technology Systems Administrator
QUALIFICATIONS:	Valid Louisiana Teaching Certificate Experience in development and management of technologies.
REPORTS TO:	Superintendent

PERSONNEL EVALUATION RESPONSIBILITY: None

JOB GOALS:	To make available to all students educational opportunities that will provide them with the technology skills to function successfully in life; to provide staff development.

Performance Responsibilities

1. Functions of the Technology Systems Administrator:

   a. Provide leadership in the development and/or dissemination of materials in area of technology multimedia

   b. Develop, implement and evaluate special multimedia programs

   c. Develop, implement and evaluate professional development programs

   d. Keep abreast of new trends

   e. Makes recommendations promoting the improvement of multimedia programs

   f. Obtains outside consultants according to established policy

g. Coordinates with the principal site-based multimedia activities

h. Provides assistance to principals in:
   (1) Developing technology plan
   (2) Maintaining and assessing effectiveness of technology plan
   (3) Determining the best usage of technology materials and equipment
   (4) Multimedia supervision
   (5) Areas of special need

2. *Critical Responsibilities*

   a. Continues professional growth and development

   b. Adheres to standards of ethical behavior

   c. Adhere to local school board policies, procedures, and philosophy

   d. Assume management responsibilities and decisions in area of specialization
      (1) Participating in personnel orientation
      (2) Planning and implementing in-service training
      (3) Preparing and administering technology related budgets
      (4) Making presentations to the school board when requested
      (5) Maintaining accurate and timely records/reports
      (6) Maintaining an effective system of distribution of equipment and materials to schools
      (7) Participating in site-based facility planning for technology
      (8) Planning & implementing technology programs and activities as mandated by the local school board, the State Department of Education, or other governing agencies, and
      (9) Working with principals in implementing programs, services, and resolving technology problems

e. **Communication and interpersonal relationship**
   (1) **Interpreting technology programs to the community**
   (2) **Addressing concerns in area of responsibility**
   (3) **Preparing and disseminating communications regarding technology plan**

f. **Personal qualities**
   (1) **Reveals a positive attitude and sets appropriate models as evidenced by:**
      (a) **Appearance**
      (b) **Relationships**
      (c) **Use of standard English**
   (2) **Demonstrates competency in areas of responsibilities**

3. ***Other Requirements***

Adheres to the regulations, policies, and procedures established by the State Board of Elementary and Secondary Education, the State Department of Education, and the local School Board, and/or other official publications.

Evaluation: **Performance will be evaluated in accordance with the provisions of the School Board's policy on evaluation of personnel.**

May 20, 1997
Date

Tom Snell
Employee's Signature

Exhibit #3

STATE OF LOUISIANA
DEPARTMENT OF STATE CIVIL SERVICE
LOUISIANA BOARD OF ETHICS
8401 UNITED PLAZA BOULEVARD
SUITE 200
BATON ROUGE, LA 70809-7017
(225) 922-1400
FAX: (225) 922-1414
1-800-842-6630
www.ethics.state.la.us

April 15, 2002

Stephen J. Katz
411 South Washington
Bastrop, LA 71220

RE: Ethics Board Docket No. 2002-133

Dear Mr. Katz:

The Board of Ethics, at its April 11, 2002 meeting, considered the disqualification procedure you submitted regarding the Union Parish School Board handling any matters involving the current contract between Send Technologies and the school system while Tom Snell, who owns an interest of less than 25% in Send Technologies, serves as Superintendent for the school system. Further, you stated that if Send Technologies provides services to the Union Parish School Board in the future, that such services will be provided free of charge.

The Board concluded, and instructed me to inform you that it approved the disqualification plan. Further, the Board concluded that Section 1123(27) of the Code of Governmental Ethics would allow Send Technologies to donate services to the Union Parish School Board.

If you have any questions, please feel free to contact me.

Sincerely,

LOUISIANA BOARD OF ETHICS

Jennifer G. Magness
For the Board

EB:JGM

Exhibit # 4

UNION PARISH SCHOOL BOARD

P. O. BOX 308 FARMERVILLE, LOUISIANA 71241

PURCHASE ORDER

PURCHASE ORDER № 1590 G

Date 4-2-98

Vendor Send Technologies Spin Number 143010002

Address

Funds School All + C.O.

Department

ANTITY	DESCRIPTION OF ARTICLE		UNIT PRICE	TOTAL
	FLEX SERVICE C.O.		Monthly	
	Central Office	T1 to Monroe	1350.00	
	Bernice High	T1 to CO	100.00	
	Downsville High	T1 to CO	100.00	
	Farmerville Elem	56/64K to Flex	100.00	
	Farmerville High	T1 to CO	100.00	
	Farmerville Middle	56/64K to Flex	100.00	
	Lillie Middle	56/64K to Flex	100.00	
	Linville High	T1 to CO	100.00	
	Marion High	T1 to CO	100.00	
	Rocky Branch Elem	56/64K to Flex	100.00	
	Spearsville High	T1 to CO	100.00	
	* This Contract is contingent upon Universal Service Fund (E-RATE) approval for Union Parish School Board For The above mentioned services			
	This contract is subject to approval by the Union Parish School Board	TOTAL - THIS PAGE		
		TAX		
		GRAND TOTAL	Monthly	2,350.00

gned By Approved Mike Foy

SUPERINTENDENT

ceived By ORDER VOID UNLESS APPROVED

ACE ORDER NO. ON YOUR INVOICES AND ALL PACKAGES.

White - Vendor Yellow - School Board Office Pink - Return with Invoice

Exhibit # 5

SEND Technologies, L.L.C.

1900 Lamy Lane, Suite H
Monroe, LA 71201
(318) 340-0750
(318) 340-0580 (FAX)

SERVICES ORDER

Union Parish School District agrees for SEND Technologies, L.L.C., 1900 Lamy Lane, Suite H, Monroe, LA 71201, to provide the following services:

ISP Services: Digital Syncronet T1 connection to the District Office for Internet at a cost of $1350 per month plus $1000 per month for 10 schools that will be connected to the central office ($100 per month per remote schools that will be connected to the network). Initial installations and/or programming included in monthly charges if the installation is for full term as authorized by SLC. Installation charges to be negotiated with customer if installation term less than full term authorized by SLC.

Network Support: Designing and providing network addressing plan, setup security, and configure EMAIL, cache services, and components for the central server and remote servers. To provide ongoing remote networking support for each school program, troubleshoot, and monitor the network operation. With this service to provide remote operating system and network software support for desktop computers, school servers, and routers.

Software Support: To provide software updates and remote support which are included in the Network Support costs.

Network Programming: Additional network support upon request. Any charges are to be confirmed by the customer prior to performance of services.

Start Date: April 2, 1998 upon SLC funding authorization..

Termination Date: June 30, 1999 in accordance with SLC extension regulations.

Please note: This services order is contingent upon customer receiving approval of the Universal Service (E-Rate) application for the above-mentioned services.

Mike Fazel
Superintendent

2-9-99
Date

Mark Stewart
Manager, SEND Technologies

2-9-99
Date

EXHIBIT 5

Exhibit #6

Union Parish School Dist

Name	Hours	Date
		1-Jul-99 Thursday
		2-Jul-99 Friday
		3-Jul-99 Saturday
		4-Jul-99 Sunday
		5-Jul-99 Monday
		6-Jul-99 Tuesday
		7-Jul-99 Wednesday
		8-Jul-99 Thursday
		9-Jul-99 Friday
		10-Jul-99 Saturday
		11-Jul-99 Sunday
Matt - T	4	12-Jul-99 Monday
Matt - T	8	13-Jul-99 Tuesday
Matt - T	8	14-Jul-99 Wednesday
		15-Jul-99 Thursday
		16-Jul-99 Friday
		17-Jul-99 Saturday
		18-Jul-99 Sunday
		19-Jul-99 Monday
		20-Jul-99 Tuesday
		21-Jul-99 Wednesday
		22-Jul-99 Thursday
Matt - T	8	23-Jul-99 Friday
		24-Jul-99 Saturday
		25-Jul-99 Sunday
		26-Jul-99 Monday
		27-Jul-99 Tuesday
Matt - T	3	28-Jul-99 Wednesday
		29-Jul-99 Thursday
		30-Jul-99 Friday
		31-Jul-99 Saturday
		1-Aug-99 Sunday
		2-Aug-99 Monday
		3-Aug-99 Tuesday
		4-Aug-99 Wednesday
		5-Aug-99 Thursday
		6-Aug-99 Friday
		7-Aug-99 Saturday
		8-Aug-99 Sunday
		9-Aug-99 Monday
		10-Aug-99 Tuesday
Matt - T	8	11-Aug-99 Wednesday
		12-Aug-99 Thursday
Matt - T	8	13-Aug-99 Friday
		14-Aug-99 Saturday
		15-Aug-99 Sunday
		16-Aug-99 Monday
		17-Aug-99 Tuesday
		18-Aug-99 Wednesday

		19-Aug-99	Thursday
Matt - T	8	20-Aug-99	Friday
		21-Aug-99	Saturday
		22-Aug-99	Sunday
Matt - T	8	23-Aug-99	Monday
Matt - T	8	24-Aug-99	Tuesday
Matt - T	8	25-Aug-99	Wednesday
		26-Aug-99	Thursday
		27-Aug-99	Friday
		28-Aug-99	Saturday
		29-Aug-99	Sunday
		30-Aug-99	Monday
		31-Aug-99	Tuesday
		1-Sep-99	Wednesday
Matt - T	8	2-Sep-99	Thursday
		3-Sep-99	Friday
		4-Sep-99	Saturday
		5-Sep-99	Sunday
		6-Sep-99	Monday
		7-Sep-99	Tuesday
		8-Sep-99	Wednesday
Matt - T	3	9-Sep-99	Thursday
		10-Sep-99	Friday
		11-Sep-99	Saturday
		12-Sep-99	Sunday
		13-Sep-99	Monday
		14-Sep-99	Tuesday
		15-Sep-99	Wednesday
		16-Sep-99	Thursday
Matt - T	8	17-Sep-99	Friday
		18-Sep-99	Saturday
		19-Sep-99	Sunday
Matt - T	4	20-Sep-99	Monday
		21-Sep-99	Tuesday
		22-Sep-99	Wednesday
		23-Sep-99	Thursday
		24-Sep-99	Friday
		25-Sep-99	Saturday
		26-Sep-99	Sunday
		27-Sep-99	Monday
		28-Sep-99	Tuesday
		29-Sep-99	Wednesday
Matt - T	8	30-Sep-99	Thursday
		1-Oct-99	Friday
		2-Oct-99	Saturday
		3-Oct-99	Sunday
		4-Oct-99	Monday
		5-Oct-99	Tuesday
Matt - T	4	6-Oct-99	Wednesday
		7-Oct-99	Thursday
		8-Oct-99	Friday
		9-Oct-99	Saturday
		10-Oct-99	Sunday
		11-Oct-99	Monday

		12-Oct-99	Tuesday
Matt - T	4	13-Oct-99	Wednesday
Matt - T	8	14-Oct-99	Thursday
		15-Oct-99	Friday
		16-Oct-99	Saturday
		17-Oct-99	Sunday
		18-Oct-99	Monday
		19-Oct-99	Tuesday
		20-Oct-99	Wednesday
		21-Oct-99	Thursday
		22-Oct-99	Friday
		23-Oct-99	Saturday
		24-Oct-99	Sunday
		25-Oct-99	Monday
		26-Oct-99	Tuesday
		27-Oct-99	Wednesday
		28-Oct-99	Thursday
		29-Oct-99	Friday
		30-Oct-99	Saturday
		31-Oct-99	Sunday
		1-Nov-99	Monday
		2-Nov-99	Tuesday
		3-Nov-99	Wednesday
		4-Nov-99	Thursday
		5-Nov-99	Friday
		6-Nov-99	Saturday
		7-Nov-99	Sunday
		8-Nov-99	Monday
		9-Nov-99	Tuesday
		10-Nov-99	Wednesday
Matt	8	11-Nov-99	Thursday
Matt	4.5	12-Nov-99	Friday
		13-Nov-99	Saturday
		14-Nov-99	Sunday
		15-Nov-99	Monday
		16-Nov-99	Tuesday
		17-Nov-99	Wednesday
		18-Nov-99	Thursday
		19-Nov-99	Friday
		20-Nov-99	Saturday
		21-Nov-99	Sunday
		22-Nov-99	Monday
		23-Nov-99	Tuesday
		24-Nov-99	Wednesday
		25-Nov-99	Thursday
		26-Nov-99	Friday
		27-Nov-99	Saturday
		28-Nov-99	Sunday
		29-Nov-99	Monday
		30-Nov-99	Tuesday
		1-Dec-99	Wednesday
		2-Dec-99	Thursday
		3-Dec-99	Friday
		4-Dec-99	Saturday

		5-Dec-99 Sunday	
		6-Dec-99 Monday	
		7-Dec-99 Tuesday	
		8-Dec-99 Wednesday	
		9-Dec-99 Thursday	
		10-Dec-99 Friday	
		11-Dec-99 Saturday	
		12-Dec-99 Sunday	
		13-Dec-99 Monday	
		14-Dec-99 Tuesday	
		15-Dec-99 Wednesday	
		16-Dec-99 Thursday	
		17-Dec-99 Friday	
		18-Dec-99 Saturday	
		19-Dec-99 Sunday	
		20-Dec-99 Monday	
		21-Dec-99 Tuesday	
		22-Dec-99 Wednesday	
		23-Dec-99 Thursday	
		24-Dec-99 Friday	
		25-Dec-99 Saturday	
		26-Dec-99 Sunday	
		27-Dec-99 Monday	
		28-Dec-99 Tuesday	
		29-Dec-99 Wednesday	
		30-Dec-99 Thursday	
		31-Dec-99 Friday	
		1-Jan-00 Saturday	
		2-Jan-00 Sunday	
DL	21	3-Jan-00 Monday	Kenneth/Jeremy
DL	21	4-Jan-00 Tuesday	Kenneth/Jeremy
DL	8	5-Jan-00 Wednesday	
DL	8	6-Jan-00 Thursday	
DL	8	7-Jan-00 Friday	
		8-Jan-00 Saturday	
		9-Jan-00 Sunday	
Mike	21	10-Jan-00 Monday	Jarrod/Jeremy
Mike	15	11-Jan-00 Tuesday	Jarrod/Jeremy
		12-Jan-00 Wednesday	
		13-Jan-00 Thursday	
DL	8	14-Jan-00 Friday	
		15-Jan-00 Saturday	
		16-Jan-00 Sunday	
		17-Jan-00 Monday	
Matt	4	18-Jan-00 Tuesday	
Matt	4	19-Jan-00 Wednesday	
Matt	5	20-Jan-00 Thursday	
Matt	8	21-Jan-00 Friday	
		22-Jan-00 Saturday	
		23-Jan-00 Sunday	
		24-Jan-00 Monday	
DL	4	25-Jan-00 Tuesday	
		26-Jan-00 Wednesday	
		27-Jan-00 Thursday	

		28-Jan-00 Friday	
		29-Jan-00 Saturday	
		30-Jan-00 Sunday	
Mike	32	31-Jan-00 Monday	Jarrod/Jeremy/Mike
Matt	4	1-Feb-00 Tuesday	
Matt	8	2-Feb-00 Wednesday	
Matt	8	3-Feb-00 Thursday	
Matt	2	4-Feb-00 Friday	
		5-Feb-00 Saturday	
		6-Feb-00 Sunday	
		7-Feb-00 Monday	
		8-Feb-00 Tuesday	
		9-Feb-00 Wednesday	
DL;Matt	24	10-Feb-00 Thursday	Benji
		11-Feb-00 Friday	
		12-Feb-00 Saturday	
		13-Feb-00 Sunday	
		14-Feb-00 Monday	
		15-Feb-00 Tuesday	
		16-Feb-00 Wednesday	
		17-Feb-00 Thursday	
		18-Feb-00 Friday	
		19-Feb-00 Saturday	
		20-Feb-00 Sunday	
		21-Feb-00 Monday	
DL;Matt	24	22-Feb-00 Tuesday	Benji
DL;Matt	16	23-Feb-00 Wednesday	
DL;Matt	16	24-Feb-00 Thursday	
		25-Feb-00 Friday	
		26-Feb-00 Saturday	
		27-Feb-00 Sunday	
		28-Feb-00 Monday	
Matt	0.5	29-Feb-00 Tuesday	
		1-Mar-00 Wednesday	
		2-Mar-00 Thursday	
		3-Mar-00 Friday	
		4-Mar-00 Saturday	
		5-Mar-00 Sunday	
		6-Mar-00 Monday	
		7-Mar-00 Tuesday	
		8-Mar-00 Wednesday	
		9-Mar-00 Thursday	
		10-Mar-00 Friday	
		11-Mar-00 Saturday	
		12-Mar-00 Sunday	
DL;Matt	16	13-Mar-00 Monday	
		14-Mar-00 Tuesday	
		15-Mar-00 Wednesday	
		16-Mar-00 Thursday	
		17-Mar-00 Friday	
		18-Mar-00 Saturday	
		19-Mar-00 Sunday	
		20-Mar-00 Monday	
		21-Mar-00 Tuesday	

		22-Mar-00	Wednesday
		23-Mar-00	Thursday
DL	8	24-Mar-00	Friday
		25-Mar-00	Saturday
		26-Mar-00	Sunday
		27-Mar-00	Monday
DL	8	28-Mar-00	Tuesday
DL	1.5	29-Mar-00	Wednesday
		30-Mar-00	Thursday
		31-Mar-00	Friday
		1-Apr-00	Saturday
		2-Apr-00	Sunday
Matt - T	3	3-Apr-00	Monday
		4-Apr-00	Tuesday
		5-Apr-00	Wednesday
Matt - T	8	6-Apr-00	Thursday
DL;Matt-T	14	7-Apr-00	Friday
		8-Apr-00	Saturday
		9-Apr-00	Sunday
Matt - T	8	10-Apr-00	Monday
		11-Apr-00	Tuesday
Matt - T	8	12-Apr-00	Wednesday
		13-Apr-00	Thursday
		14-Apr-00	Friday
		15-Apr-00	Saturday
		16-Apr-00	Sunday
		17-Apr-00	Monday
		18-Apr-00	Tuesday
DL;Matt-T	8	19-Apr-00	Wednesday
		20-Apr-00	Thursday
		21-Apr-00	Friday
		22-Apr-00	Saturday
		23-Apr-00	Sunday
		24-Apr-00	Monday
		25-Apr-00	Tuesday
		26-Apr-00	Wednesday
		27-Apr-00	Thursday
Matt - T	3	28-Apr-00	Friday
		29-Apr-00	Saturday
		30-Apr-00	Sunday
Matt	8	1-May-00	Monday
Matt	8	2-May-00	Tuesday
		3-May-00	Wednesday
		4-May-00	Thursday
		5-May-00	Friday
		6-May-00	Saturday
		7-May-00	Sunday
		8-May-00	Monday
		9-May-00	Tuesday
		10-May-00	Wednesday
		11-May-00	Thursday
		12-May-00	Friday
		13-May-00	Saturday
		14-May-00	Sunday

DL	4	15-May-00 Monday	
Matt	4	16-May-00 Tuesday	
		17-May-00 Wednesday	
Matt	2.5	18-May-00 Thursday	
		19-May-00 Friday	
		20-May-00 Saturday	
		21-May-00 Sunday	
DL	8	22-May-00 Monday	
		23-May-00 Tuesday	
DL;Matt;Mike-T	38	24-May-00 Wednesday	Jarrod/Jeremy/Mike
DL	4	25-May-00 Thursday	
DL	4	26-May-00 Friday	
		27-May-00 Saturday	
		28-May-00 Sunday	
		29-May-00 Monday	
DL	8	30-May-00 Tuesday	
		31-May-00 Wednesday	
Matt	8	1-Jun-00 Thursday	
Matt	8	2-Jun-00 Friday	
		3-Jun-00 Saturday	
		4-Jun-00 Sunday	
		5-Jun-00 Monday	
Matt	8	6-Jun-00 Tuesday	
DL	8	7-Jun-00 Wednesday	
		8-Jun-00 Thursday	
Matt	8	9-Jun-00 Friday	
		10-Jun-00 Saturday	
		11-Jun-00 Sunday	
		12-Jun-00 Monday	
Matt	8	13-Jun-00 Tuesday	
		14-Jun-00 Wednesday	
Mike	32	15-Jun-00 Thursday	Jarrod/Jeremy/Mike
Matt;Mike	40	16-Jun-00 Friday	Jarrod/Jeremy/Mike
		17-Jun-00 Saturday	
		18-Jun-00 Sunday	
		19-Jun-00 Monday	
Matt	8	20-Jun-00 Tuesday	
		21-Jun-00 Wednesday	
		22-Jun-00 Thursday	
		23-Jun-00 Friday	

		24-Jun-00	Saturday
		25-Jun-00	Sunday
		26-Jun-00	Monday
		27-Jun-00	Tuesday
Matt	8	28-Jun-00	Wednesday
		29-Jun-00	Thursday
		30-Jun-00	Friday
		1-Jul-00	Saturday
		2-Jul-00	Sunday
		3-Jul-00	Monday
		4-Jul-00	Tuesday
		5-Jul-00	Wednesday
		6-Jul-00	Thursday
		7-Jul-00	Friday
		8-Jul-00	Saturday
		9-Jul-00	Sunday
		10-Jul-00	Monday
		11-Jul-00	Tuesday
		12-Jul-00	Wednesday
		13-Jul-00	Thursday
		14-Jul-00	Friday
		15-Jul-00	Saturday
		16-Jul-00	Sunday
		17-Jul-00	Monday
		18-Jul-00	Tuesday
		19-Jul-00	Wednesday
		20-Jul-00	Thursday
		21-Jul-00	Friday
		22-Jul-00	Saturday
		23-Jul-00	Sunday
		24-Jul-00	Monday
		25-Jul-00	Tuesday
		26-Jul-00	Wednesday
		27-Jul-00	Thursday
		28-Jul-00	Friday
		29-Jul-00	Saturday
		30-Jul-00	Sunday
		31-Jul-00	Monday
		1-Aug-00	Tuesday
		2-Aug-00	Wednesday
		3-Aug-00	Thursday
		4-Aug-00	Friday
		5-Aug-00	Saturday
		6-Aug-00	Sunday
		7-Aug-00	Monday
		8-Aug-00	Tuesday
DL	4	9-Aug-00	Wednesday
		10-Aug-00	Thursday
		11-Aug-00	Friday
		12-Aug-00	Saturday
		13-Aug-00	Sunday
Matt	8	14-Aug-00	Monday
		15-Aug-00	Tuesday
		16-Aug-00	Wednesday

		17-Aug-00 Thursday	
		18-Aug-00 Friday	
		19-Aug-00 Saturday	
		20-Aug-00 Sunday	
		21-Aug-00 Monday	
Matt	4	22-Aug-00 Tuesday	
		23-Aug-00 Wednesday	
		24-Aug-00 Thursday	
		25-Aug-00 Friday	
		26-Aug-00 Saturday	
		27-Aug-00 Sunday	
		28-Aug-00 Monday	
		29-Aug-00 Tuesday	
		30-Aug-00 Wednesday	
DL	8	31-Aug-00 Thursday	
DL	8	1-Sep-00 Friday	
		2-Sep-00 Saturday	
		3-Sep-00 Sunday	
		4-Sep-00 Monday	
DL	16	5-Sep-00 Tuesday	Trey
DL	16	6-Sep-00 Wednesday	Trey
Charles	8	7-Sep-00 Thursday	
Charles	8	8-Sep-00 Friday	
Charles	8	9-Sep-00 Saturday	
		10-Sep-00 Sunday	
		11-Sep-00 Monday	
Charles	8	12-Sep-00 Tuesday	
Charles	8	13-Sep-00 Wednesday	
Charles	8	14-Sep-00 Thursday	
Charles	8	15-Sep-00 Friday	
		16-Sep-00 Saturday	
		17-Sep-00 Sunday	
Charles	8	18-Sep-00 Monday	
Charles	8	19-Sep-00 Tuesday	
Charles	8	20-Sep-00 Wednesday	
Charles	8	21-Sep-00 Thursday	
Charles	8	22-Sep-00 Friday	
		23-Sep-00 Saturday	
		24-Sep-00 Sunday	
Charles	8	25-Sep-00 Monday	
		26-Sep-00 Tuesday	
		27-Sep-00 Wednesday	
		28-Sep-00 Thursday	
		29-Sep-00 Friday	
		30-Sep-00 Saturday	

Exhibit # 7

per location from SEND TECHNOLGIES where the locations are mapped through Bell Frame Relay Service into the SEND router Frame port.

Aggregated District Based T1 Service Costs:

6. The cost for T1 network service from a school district supporting multiple school sites is $1350.00 per month plus $500 per school connected where the central T1 is mapped through Bell SyncroNet service into a SEND serial port.

7. The cost for T1 network service from a school district supporting multiple school sites is $1200.00 per month plus $500 per school connected where the central T1 is mapped through Bell Frame Relay Service into the SEND ports.

8. The cost of Bell FlexService or Frame Relay T1 will be billed directly based on actual costs from Bell. Current charge estimates are $365.00 per month for FlexService and $600.00 per month for Frame Relay.

Other Costs:

9. Costs for customized programming, consulting, or training requested by the provider are not included in the cost of networking and must be addressed separately.

10. Costs for other non-networking consulting or processing services through SEND are not included in the cost of networking.