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FOR IMMEDIATE RELEASE

LACCD Inspector General Releases Report on Whistleblower Allegations Regarding Overpriced Software and Master Procurement Agreements

Investigation Finds Master Procurement Agreements Transaction Resulted in District Paying More for Equipment

Los Angeles, October 13, 2011 – The Inspector General of the Los Angeles Community College District (LACCD) today released a report on the results of an investigation into allegations of overpricing of items purchased from Global Star Technology (GST) through Master Procurement Agreements. The allegation was logged through the Office of the Inspector General's (OIG) Whistleblower Hotline.

On December 8, 2010, a whistleblower reported that certain procurements purchased from GST were priced significantly higher than the price at which they could be purchased directly from the manufacturer. The whistleblower stated that LACCD was not getting appropriate value through the Master Agreements.

The Office of the Inspector General's investigation found that the software at the center of the investigation was significantly overpriced by 79 percent more than LACCD could procure the item if purchased directly from the manufacturer and not through GST -- representing a \$13,000 markup, or more than \$900 per unit.

Additionally, the OIG found ambiguities in BuildLACCD's procurement practices and irregularities in contract language, including discrepancies related to sales taxes and the use of Master Agreements.

As a result of this investigation, the OIG will perform a full review of the use of Master Procurement Agreements related to the District's Bond Program, specifically the compliance, financial cost and effectiveness of Master and Catalog Agreement Procurement processes.

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This is one of a series of audits, investigations and reports that will be distributed by the Office of the Inspector General over the next several months.

The full report can be found at www.laccd-oig.org

About the Los Angeles Community College District

The Los Angeles Community College District, the nation's largest community college district, serves on-quarter million students per year in more than 36 cities in Los Angeles County at its nine colleges. The District covers nearly 900 square miles and has educated and trained the region's diverse workforce since 1969.

About the LACCD Building Program

LACCD's Building Program is a 14-year, \$6 billion program funded mostly by taxpayer--approved bonds, supplemented by additional funding from the state of California. With approximately \$3 billion spent so far, the LACCD's nine colleges are benefiting from brand new and renovated academic buildings, sports facilities, arts complexes, administrative buildings, child development centers and parking structures. The Building Program has completed hundreds of separate projects, with hundreds more in the planning or construction stages. For more information on the LACCD's construction program and a list of awards the District has received for its environmentally responsible projects, visit www.laccdbuildsgreen.org.

About the Office of the Inspector General

The Office of the Inspector General serves the Los Angeles Community College District by providing timely independent and objective Bond Program audits and investigations to prevent waste, fraud and abuse while upholding characteristics that demonstrate integrity, trust and communication. The Office of the Inspector General is an extension of the eyes, ears, voice and conscience of the Los Angeles Community College District, the Board of Trustees, LACCD staff, faculty, students, contractors and the Los Angeles community as a whole.

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