

- I. INTRODUCTION LETTER
- II. OVERVIEW
- III. FINDINGS AND CONCLUSIONS
- IV. BARTERING
- V. HIGHLIGHTS
- VI. RECOMMENDATIONS
- VII. SUPPORT DOCUMENTS
- VIII. CONCLUSION AND RECOMMENDATIONS

RECEIVED ON FILE JUN 6 1989

AT 9:30 AM

ATTEST

*[Signature]*  
[Illegible text]

Mr. Chairman, Madam Vice-Chairwoman,  
Fellow Councilmen, and Mayor Dickinson;

I am pleased to submit to you, the finished report of the Council Sub-Committee to Investigate the Computer Purchase and The Purchasing Practices of The Board of Education (BOE).

The primary focus of the committee's report is on the computer purchase. We have accumulated some one thousand documents during our many months of investigation.

The committee investigated one insurance claim that was brought to our attention. We discovered that no one followed a business like procedure in the handling of the claim. It is impossible to follow the flow of monies from this loss of Town property. Due to the poor way this loss was handled, we can not be sure if the true value was obtained, what value the damaged rug retained, where the damaged rug went and where the monies went. There was also a lack of procedure directing the money to the general fund of the Town so that the monies could be redistributed correctly.

Our observations were forwarded to the appropriate department and we believe a procedure is now in place. The departments have been notified about the new program and there should not be any problems in the future.

We have also documented a bartering situation which was totally lacking in procedure as prescribed by the Town Charter. Again, as the insurance claim, all reporting of the flow of Taxpayer's monies and property as required by law were bypassed.

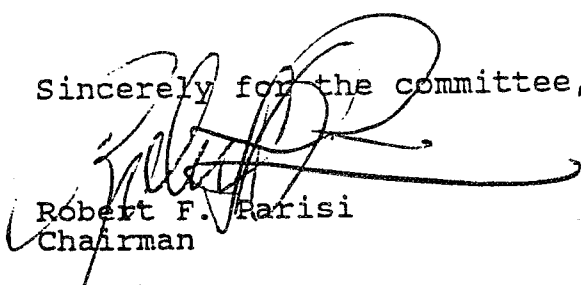
We also question the reasoning of some purchases. An example would be the purchase of a sofa that converts into a bed in a business office.

The Committee worked long and hard at a difficult task and the Taxpayer's money expended was less than \$ 900.00.

We believe this report to be accurate and factual and totally unbiased. The information (documents) gathered will uphold the conclusions arrived at by a majority vote of the committee. Those members voting in the majority were Councilors Bradley, Holmes and Parisi.

I thank you, my colleagues, for your patience and your understanding and allowing us the time to do our work. I also again thank the members of the committee who worked long and hard even when undue pressures were applied.

Sincerely for the committee,



Robert F. Parisi  
Chairman

This Majority Summary Report is completely backed up and supported by written documents. There is no hearsay or personal feelings or opinions made or offered.

On May 3rd, 1988, Robert Nicoletti in a letter to the Mayor, requested that a bid waiver be made for a Hewlett Packard Computer System for both hardware and application software.

The request for bid waiver was put on the May 10th agenda. At the May 10th, 1988 Town council meeting Nelson Kari stated "it will be a 5 year lease for approximately \$ 124,000".

Roger Rivers stated "that Kari went out and found the most cost effective system".

Nicoletti stated "Kari was not shooting from the hip". Nicoletti also stated he talked to Meyers and Dunleavey about this.

Parisi and Killen stated they had no problem with this being a bid or not bid but would like to see proposals which were submitted.

Motion was made to table this item to the May 24th meeting.

At the May 24th meeting, Bradley, Parisi and Killen were not satisfied with information from the BOE and bid waiver was not approved.

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At this point it seems that the HP computer waiver was done according to the laws of Wallingford.

\*\*\*\*\*  
Councilman Holmes found out that the HP computer was already at the BOE. This was not told to the Town Council at the May 10th or May 24th meetings.

It is very important to remember the May 3rd letter, and the May 10th and 24th, Town Council meetings.

We will now cover the documented periods starting from January 14th, 1988 to the present.

#### Summation of Documents

On January 14th, 1988 an agreement was made between Pertaine Systems, Inc. and the Wallingford School District for \$ 36,550.00 for software. This price does not include approximately \$ 20,000 of maintenance cost over five years.

On January 22nd, 1988 an installment sales agreement 4144-92325 was signed between Hewlett Packard and the Town of Wallingford for \$133,945.92 plus \$28,075.08 interest.

TOTAL \$162,021.00

Nicoletti authorized the following purchases dealing with the purchase of, support for, and items for the HP computer and Pertaine Software in support of the January 14th, and 22nd, 1988 agreements.

To	#	Date	Description	Amount
HP	B88-679	1/29/88	Installation	\$ 1,000.
HP	B88-736	2/18/88	Training Kari 1 week	720.
Kari	B88-754	2/25/88	Air fare Texas Killam	615.
HP	B88-758	2/25/88	Training Defilio/Killam	1,440.
Kari	B88-796	3/11/88	Expense Kari	1,115.
HP	B88-799	3/17/88	1 yr. support HP computer	1,920.
Kari	B88-832	3/29/88	Training	880.
Pertiane	B88-838	3/30/88	Pertaine Software	300.
Killiam	B88-855	4/11/88	Air fare	886.
			TOTAL	\$ 8,876.

(Not including salaries)

On April 28th, 1988 at the BOE "Fifth Budget Workshop" the following was documented.

Nicoletti stated "some but not all training was included on the new system".

Namnoun stated "they have 5 years on equipment and either 1 to 5 years on the software".

On May 5th, 1988 an invoice # Y858288 from HP for \$ 2721.43 was forwarded to the Town of Wallingford.

Nicoletti on May 19th, 1988 authorized terminal cable work at the Business Office for \$ 2,213. (not bid) and \$ 1,950. (not bid)

THIS IS SAME WORK, IN SAME BUILDING, WITH SAME SUPPLIER, WITH SAME SPECIFICATIONS, WITH SEQUENTIAL PURCHASE ORDERS, ETC.

Total \$4163.

It is very important to note that these contracts were signed, purchases authorized and statements made before the bid waiver was requested or approved.

Nicoletti has stated under oath that he did not know about the purchase of HP before May 25th, 1988, the day after the bid waiver was rejected.

Nelson presented to the Town Council 3 proposals:

IBM Total package	\$ 129,209.
HP Total package	128,328.
STC Total package	136,744.

All of the above are totally false including:

dollar amount,

hardware,

software, etc.

Both STC and IBM proposals were not produced by these companies.

STC stated in a letter dated June 2nd, 1988 that this HP concept is an overkill and were suprised they were not consulted.

On June 2nd, 1988 an invoice # Z336300 from HP for \$ 2721.43 was forwarded to the Town of Wallingford.

On Friday June 3rd, 1988 a marketing arm of HP was hired to provide specifications for "computerized school support system" for \$ 1545.

Three days later, on Monday June 6th, Dunleavy mailed from his office a 17 page document bid # 87-212. This document was received and date stamped on June 6th, 1988. Stated issue date on the document was 6/10/88.

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Facts of bid document.  
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On June 20th, 1988 HP offers to satisfy all conditions, no exceptions, with all items as per specifications for \$ 140,319.18.

On June 27th, 1988, IBM forwarded a bid protest stating:

"I believe that only one vendor will be able to meet all required items listed and I assume that the systems (HP) that was shipped, "without approval" has those capabilities."

After bid opening, bids were rejected and new bid document was produced.

On July 5th, 1988, Kari stated modems required would be 12.

On July 6th, 1988 a invoice # Z850086 from HP for \$ 2721.43 was forwarded to the Town of Wallingford.

On July 7th, 1988 Nicoletti stated "all correspondence to or from HP/Pertaine were discarded".

On July 7th, 1988 STC states that STC presentation to Town Council for bid waiver by the BOE was not done by them.

On July 12th, Parisi asks for committee to investigate purchase practices.



On August 12th, 1988 the purchasing department issued a lump sum award for \$140,319 to HP.

On August 23th, 1988 an installment sales agreement 4144-92455 was signed between Hewlett Packard and the Town of Wallingford for \$127,797.08 plus interest \$ 26,786.32

TOTAL \$154,583.40

THIS LEASE DOES NOT REFLECT THE ITEMS/QUANTITY ORDERED BY THE PURCHASING DEPT!

A state/local rider tax exempt government bond issue was also signed by Nicoletti.

On October 18th, 1988 an invoice # 5369992 from HP for \$ 2573.06 was forwarded to the Town of Wallingford.

On October 26th, 1988 Nicoletti stated he entered into a separate agreement with Pertiane Systems, \$ 36,550. but, they did not participate in any bid.

On November 2nd, 1988, an invoice # 568265 from HP for \$ 2733.06 was forwarded to the Town of Wallingford.

During this period the BOE has requested an Oct/Nov payments of \$2573.06 each to be made on public bid no. 88-16.

On July 25th, new bid document was responded to

Arch/Northeast	(a)	\$ 98,177.	lower
	(b)	125,386.	lower
	(c)	39,694.	lower
DataComm		118,345.	lower
HP		140,314.	AWARDED
IBA	(a)	395,985.	
	(b)	288,328.	
McDonnell		180,531.	
United Computer	(a)	86,500.	lower
	(b)	143,725.	?????

14 No bids

On July 25th, 1988 Dunleavy forwards proposals to Kari.

On July 26th, 1988 Northeast removed their bid document due to "TAINTED" bid procedure.

On July 29th, Kari sends memo to Dunleavy, DataComm does not meet spec's, therefore "I recommend HP."

On July 31st, 1988 HP forwards credit for March 1st, 1988 to July 31st, 1988 for lease # 92325.

Note important: HP has stated that lease 92325 dated 1/22/88 was cancelled and equipment was transferred to lease 92455 dated 8/23/88, all serial numbers are the same.

HP did not satisfy bid requirements, all equipment has not been received and bid spec's call for lump sum. There is approximately \$45,000 of value missing.

As a majority of the investigation committee.

We strongly feel that the following Town/State laws have been violated.

#### Purchasing Ordinances

A. Kari on 1/14/88	Signed lease Pertaine
B. Kari on 1/22/88	Signed lease HP
C. Nicoletti on 1/29/88	Installation HP
D. " " 3/17/88	1 Year support HP
E. " " 3/30/88	User group Pertaine
F. " " 5/19/88	Terminal cables Comstat
G. " " 8/25/88	Signs lease Pertaine
H. " " 8/25/88	Signs lease HP
I. " " 8/25/88	Signs tax exempt bond HP

#### Destroying of Town of Wallingford documents

A. May 5th, 1988 Invoice from HP

B. All information between HP, Pertaine and BOE before May 24th, 1988.

Knowledge and not reporting violations of Town Charter.

A. 5/5/89 Namnoun stated had 5 years on equipment and one to five years on software.

B. 5/5/89 Nicoletti stated some but not all training included.

C. 5/25/89 Nicoletti under oath stated he did not know Pertaine/HP purchase until after May 25th, 1988.

D. Kari, Nicoletti, fabricated documents to show three competitive proposals when they never existed.

Possible bid rigging:

Between HP and BOE

Between Pertaine, and BOE.

A. On July 29th, Kari recommends HP.

B. On July 31st, HP cancels "old" lease.

C. and transfers equipment to "new" lease (not yet issued).

Finding 1

- 1/14/88 Kari signed Pertaine software lease agreement.
- 1/14/88 Pertaine software agreement states that it can only be used on Hewlett Packard 3000 series computer (HP3000).
- 1/14/88 Kari signs and states that he is authorized.
- 1/14/88 Kari commits Town funds - software \$ 36,500.00.

Conclusion 1

This violates the Town Charter, Page 35, Chapter 15, Section 7, lines 118-119; Page 18, Section 4, lines 34-41.

Kari is not authorized to sign contract, Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C); Page 4, Section 6, SS (B); Page 8, Section 11 1st paragraph.

It must be noted that Kari, Nicoletti, Dunleavy, and some Members of the Board of Education (BOE) have signed documents and made statements that show they had knowledge that these agreements were entered into before asking the Town Council for a bid waiver. BOE WENT FOR BID WAIVER ON MAY 24, 1988!

\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 2**

1/22/88 Kari Signs HP Hardware & Software agreement.  
1/22/88 Kari signs and states that he is authorized.  
1/22/88 Kari commits Town funds for:

Hardware	\$ 95,933.42
Software	1,462.50
Pertaine	36,550.00
sub-total	133,945.92
Interest	28,075.08
Total	\$ 162,020.00

**Conclusion 2**

This violates the Town Charter, Page 35, Chapter 15, Section 7, lines 118-119, Page 18, Section 4, lines 34-41; and lines 67-80; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Kari is not authorized to sign contract.

Purchasing Ordinance Page 3, Section 5 SS (A), SS (C); Page 4 Section 6, SS (B); Page 8, Section 11 1st paragraph.

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**Finding 3**

1/26/88 Kari, Nicoletti, Dunleavy sign with HP for installation of HP3000 computer.

**Conclusion 3**

This violates the Town Charter Page 35, Chapter 15, Section 7, lines 118-119, Page 18, Section 4 lines 34-41 and lines 67-80; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This bypasses bidding requirements as per purchasing practices. This shows collusion to give unfair advantage to HP as installation and use would be done before open bidding, if at that time bidding was planned.

This would be an illegal purchase, as the town does not have an HP3000 computer.

Violates Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C); Page 4, Section 6 SS (B), Page 8, Section 11 1st paragraph, Page 7 Section 10, SS (A) SS (1) SS 2.

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SPECIAL NOTE

FROM JANUARY 22, 1988 THE SIGNING OF THE LEASE TO MAY 25, 1988 THE FOLLOWING MINIMUM PURCHASES WERE AUTHORIZED AND SIGNED FOR BY DR. ROBERT NICOLETTI FOR HEWLETT PACKARD AND OR PERTAINE SYSTEMS. NICOLETTI HAS STATED HE DID NOT KNOW OF THE HEWLETT PACKARD COMPUTER PURCHASE UNTIL THE DAY AFTER THE BID WAIVER WAS DENIED BY THE TOWN COUNCIL. THIS WOULD BE MAY 25, 1988.

SEVERAL PURCHASE REQUISITIONS WERE REQUESTED BY THE BOARD OF EDUCATION UNDER THE AUTHORIZED SIGNATURE OF ROBERT NICOLETTI, REQUISITIONED BY NELSON KARI AND APPROVED FOR PURCHASING DONALD DUNLEAVY. THE APPROVED PURCHASE REQUISITIONS ARE AS FOLLOWS:

- 01/26/88 TO HP CONSULTING SERVICES FOR 3000 INSTALLATION MANAGEMENT \$ 1,000.
- 02/16/88 TO HP TRAINING SYSTEMS OPERATOR \$ 720.00.
- 02/25/88 FOR HP AIRFARE TO DALLAS \$ 615.00.
- 02/25/88 TO HP TRAINING SYSTEMS OPERATOR \$ 1,440.00.
- 03/11/88 FOR HP REIMBURSEMENT OF EXPENSES \$ 1,115.00.
- 03/17/88 TO HP, HP SUPPORT TO BOE FOR OPERATING SYSTEM HP3000 \$ 1,920.00.
- 03/29/88 TO HP TRAINING SYSTEMS MANAGEMENT COURSE \$ 880.00.
- 03/30/88 TO PERTAINE JOIN PERTAINE USERS GROUP \$ 300.00.
- 04/11/88 FOR HP REIMBURSEMENT OF EXPENSES \$ 886.45.

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 4**

2/16/88 Kari, Nicoletti, Dunleavy, sign for training of operators on a HP3000 computer.

**Conclusion 4**

This violates the Town Charter Chapter 15, Section 7, Page 35, lines 118-119; also Chapter 7 Section 4 lines 34-41 and lines 67-80; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This shows collusion to give unfair advantage to open bidding as operators would be trained on equipment before open bidding.

This would be an illegal expenditure, as the town does not have a HP3000 computer.

Violates Purchasing Ordinance #272 Page 3, Section 3 SS (A) (C); Page 4, Section 6, SS(B), Page 8 Section 11 1st paragraph.

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**Finding 5**

2/25/88 Kari, Nicoletti, Dunleavy sign for travel expense for operator training on HP3000 computer.

**Conclusion 5**

This violates the Town Charter Chapter 15 Page 35, Section 7 Lines 118-119; also Chapter 7, Section 4, lines 34-41 and lines 67-80. Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This expense was not required as training was available in Wallingford at this time.

This shows collusion to give unfair advantage to open bidding as computer system would be operated, installed and in use before open bidding took place.

This shows collusion to give unfair advantage to open bidding as operators would be trained on equipment before open bidding.

Total expense per training exceeds \$ 2,000.

Purchasing Ordinance #272 Page 3, Section 5, SS (A) (C), Page 4, Section 6, SS (B); Page 8, Section 11 1st paragraph.

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**Finding 6**

Kari, Nicoletti, Dunleavy sign for operator training expense for DeFilio/Killam on HP3000 computer.

**Conclusion 6**

This violates the Town Charter, Page 35, Chapter 15, Section 7 lines 118-119; also Chapter 7, Section 4, lines 34-41 and lines 67-80. Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This shows collusion to give unfair advantage to open bidding as operators would be trained on equipment before open bidding.

This expense was not required as training was available in Wallingford CT. at this time.

Purchasing Ordinance #272, Page 3, Section 5 SS (A) (C) Page 4, Section 6, SS (B).

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**Finding 7**

3/17/88 Kari, Nicoletti, Dunleavy sign for operating system for HP3000 computer.

**Conclusion 7**

This violates the Town Charter, Page 35, Chapter 15, Section 7 lines 118-119; also Chapter 7 Section 4, lines 34-41 and lines 67-80. Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This shows collusion to give unfair advantage to open bidding as computer system would be operational, installed, and in use before open bidding.

Purchasing Ordinance #272 Page 3, Section 5, SS (A) (C); Page 4, Section 6 SS (B) Page 8 Section 11, 1st paragraph.

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 8**

3/29/88 Kari, Nicoletti, Dunleavy sign for systems management course for HP3000 computer.

**Conclusion 8**

This violates the Town Charter, Page 35 Chapter 15 Section 7; also Chapter 7 Section 4, lines 34-41 and lines 67-80; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

This shows collusion to give unfair advantage to open bidding as system manager would be trained on equipment before open bidding.

Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C) Page 4 Section 6, SS (B); Page 8 Section 11 1st paragraph.

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**Finding 9**

3/30/88 Kari, Nicoletti, Dunleavy sign to join Pertaine user's group for Kari, Killam, Granniss.

**Conclusion 9**

This shows collusion to give unfair advantage to open bidding as BOE personnel joined a User's group before open bidding.

This shows collusion to give unfair advantage to open bidding as computer systems would be operated, installed and in use before open bidding took place.

This violates the Town Charter Page 35, Chapter 15, Section 7, lines 118-119; also Chapter 7 Section 4, lines 34-41, and lines 67-80; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Purchasing Ordinance #272, Page 3, Section 5 SS (A) (C); Page 4 Section 6 SS (B) page and Section 11 1st paragraph.

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**Finding 10**

4/11/88      Kari signs IRS form 8038-G for state local government rider.

**Conclusion 10**

This is the Comptroller's responsibility and is a falsification of IRS form. Since the Town of Wallingford did not legally purchase HP equipment it would not qualify for IRS tax credits. This is not a valid document and violates federal laws.

Historically, the Comptroller has signed this document for legal leases for the town. No other official has ever signed this form as stated by Tom Myers, Comptroller, Town of Wallingford.

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**Finding 11**

4/28/88      Namnoun states, as per 5th budget workshop, that the town has 5 years on equipment (HP) and 1 to 5 years on software (Pertaine), (AS PER KARI'S 01/22/88 LEASE).

**Conclusion 11**

This shows collusion to give unfair advantage to open bidding as hardware and software was purchased before open bidding. This violates the Town Charter, Page 35, Chapter 15, Section 7, lines 118-119; Chapter 7, Section 4, lines 34-41 and lines 67-80.

This shows members of the BOE knew about illegal purchase before attempt to obtain Bid Waiver on 5/24/88.

Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C); Page 4 Section 6 SS (B); Page and Section 11 1st paragraph.

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

Finding 12

5/3/88

Nicoletti requests bid waiver for HP computer to Mayor Dickinson. The Mayor has already looked at the HP computer installed at the BOE Business Office.

Conclusion 12

You can not have a bid waiver after you purchase the HP computer. As previously stated, Kari, Nicoletti, Dunleavy and some members of the BOE have stated that a purchase of HP/Pertaine hardware and software has already taken place. This bid waiver would be a fraudulent act.

Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Page 36, Chapter 15, Section 7, SS (G), lines 163-172.

Violates Purchasing Ordinance #272 as pertains to bidding; Page 3, Section 5, SS (A) (C); Page 4, Section 6, SS (B); Page 8, Section 11, 1st paragraph. Purchasing Ordinance #272 Page 7, Section 10, SS (A) (A1) (A2).

Finding 13

5/5/88

FIRST HP invoices to Town for HP computer and Pertaine software, \$ 2721.43.

Conclusion 13

Nicoletti/Kari discarded Town invoices.

This shows that the Town of Wallingford, BOE ordered, received and was invoiced for HP/Pertaine equipment before Nicoletti presented bid waiver to Town Council.

Violates Town Charter Page 35, Chapter 15, Section 7 lines 118-119; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

**Finding 14**

5/9/88

Kari, Nicoletti, Dunleavy sign for terminal work and computer set up at 18 Kondracki Lane.

Not bid as required.

Please note: This is bid splitting as per charter. 2nd terminal work and computer set up at 18 Kondracki Lane for \$ 1,950.00. Not bid as required.

**Conclusion 14**

It is against purchasing practices to split bids so they are under \$ 2000.00. The business office and central office are in the same building. Wiring was done to HP specifications. This shows collusion, to give unfair advantage to open bidding as wiring would have been done for HP equipment before open bidding. WIRING WAS PART OF BID!

Nicoletti may have instructed Administrators on bid splitting to get around \$2,000 purchase procedure.

Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Purchasing Ordinance #272 Page 3, Section 5, SS (A) (C); Page 4 Section 6 SS (B) and Page 7 Section 10, SS (A1).

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 15**

5/10/88 Nicoletti states to Town Council that Kari has talked to 3 vendors. Kari stated he would come back with 3 proposals.

Rivers states to Town Council that "this was the most effective system that Kari looked at".

Kari stated "5 years lease, that will be approximately \$ 124,000.00."

**Conclusion 15**

He had already signed the lease for \$ 162,000.00. Therefore \$124,000 is untrue. These are false statements to mislead the Town Council. As signed documents show, the two vendors did not propose or show anything.

Violates all bidding provisions of Town Charter and Purchasing Ordinance #272 Page 4, Section 6, SS (B); Page 7, Section 10 SS (A) 1 and 2; Page 8, Section 11 and Section 12.

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**Finding 16**

5/10/88 Mayor Dickinson knew of the installation of the HP3000 Computer at the BOE Office prior to the May 10, 1988 Town Council Meeting for the bid waiver.

**Conclusion 16**

It is concluded the Mayor shall be directly responsible for the administration of all departments, agencies, and offices in charge of persons or boards appointed by him and shall supervise and direct the same. He shall see that all laws and ordinances governing the Town are faithfully executed.

It is further concluded that the Mayor failed to inform the Town Council of the HP3000 Computer installation and knew the BOE was violating laws and ordinances of the Town of Wallingford.

Violates Town Charter page 16, Chapter 5, Section 2, lines 2-15.

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**Finding 17**

5/12/88 Kari states "he did not violate Charter because BOE did not pay for the computers, YET.

**Conclusion 17**

This violates the Town Charter Chapter 15, Section 7, lines 118-119 and 163-172; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Payment is not required in the Town Charter. The incurring of an obligation, authorization or making any expenditures does.

Hewlett Packard (HP) will bill the BOE for the computer even though the computer supposedly was not purchased. There has not been any information or letters stating that the purchase of the computer was ever null, void or rescinded. Violates Wallingford Town Charter and Purchasing Ordinance #272 all sections on bidding and purchasing.

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**Finding 18**

5/24/88 Bid waiver denied by Town Council.

**Conclusion 18**

The Town of Wallingford wanted an open bidding process as per Town Charter. Kari, Nicoletti and BOE took this right away from the Town Council.

Violation: Town Charter Page 35, Chapter 15, Section 7, lines 118-119.

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**\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\***

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**Finding 19**

5/24/88 Kari presents 3 bid proposals that were falsified.

Kari stated:

1. HP/Pertaine \$ 128,328.00  
(Correct amount \$ 162,020.00)
2. IBM \$ 129,209.00  
(IBM never submitted an offer)
3. STC \$ 136,744.00  
(STC never submitted an offer)

**Conclusion 19**

Kari, Nicoletti and Rivers presented fabricated proposals to the Town Council. These falsifications were to deprive the Town Council of its legal right to make its decision based on facts.

Violation of Town Charter page 35, Chapter 15, Section 7, lines 118-119.

Purchasing Ordinance #272 Page 4, Section 6, SS (B); Page 7, Section 10, SS (A) (A1) (A2); Page 8, Section 11.

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**Finding 20**

5/25/88 Nicoletti states at Freedom of Information (FOI), under oath (see tape), that he did not know about a commitment to HP/Pertaine on computer and software before this date.

**Conclusion 20**

This can not be true, as Nicoletti authorized many purchases, and saw over \$160,000.00 of hardware and software plus HP personnel installing systems in his offices.

Violates Town Charter Page 35, Chapter 15, Section 7 lines 118-119; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Violates bidding requirements of the Purchasing Ordinance #272.

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**Finding 21**

6/2/88      STC states in letter they did not know about any change in computers at BOE and did not show any proposals of hardware and software.

**Conclusion 21**

This proves STC proposal was fabricated by Kari, Nicoletti, and Rivers.

Violation Town Charter page 35, Chapter 15, Section 7 lines 118-119; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

Violates bidding requirements of the Purchasing Ordinance #272.  
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**Finding 22**

6/2/88      Second HP invoice to Town for computer & Pertaine software.    \$ 2721.43

**Conclusion 22**

The Town of Wallingford did enter into an obligation to HP for hardware and software as no attempt was made to correct over 60 days of invoices.

Violates Town Charter Page 35, chapter 15, Section 7 Lines 118-119 Violates Purchasing Ordinance #272 as pertaining to bidding and duties of the purchasing agent. Page 36, Chapter 15, Section 7, SS (G) lines 163-172.  
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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 23**

6/3/88 Kari, Nicoletti and Dunleavy HIRED Info-point, an HP3000 distributor to write specifications for "computerized school support system."

**Conclusion 23**

Kari, Nicoletti and Dunleavy HIRED a HP representative to write specifications that are exactly the same as items invoiced by HP and make restrictions to limit award to HP.

HP is the only vendor that can satisfy this bid.

The BOE never did business with Info-point before the 1/22/88 purchase.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119 Purchasing Ordinance #272 Page 4, Section G6, SS (B), Page 7, Section 10, SS (A), (A1), (A2), Page 3, Section 5, SS (C), Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

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**Wallingford Bid Specifications**

Bid document 87-212 and 88-16 was developed by Info-Point Corporation of Wethersfield CT, a distributor of Hewlett Packard Computer Systems.

Pertaine Systems Inc. did not submit a standalone bid under it's own cover, but instead submitted it's proposal bundled under the Hewlett Packard Company bid 87-212 for system software in the amount of \$36,550 and bid 88.16 for system software in the amount of \$37,250. Bid number 87-212 was issued on June 10, 1988 with a requested date of bid opening of June 20, 1988. Bid number 88.16 was issued June 25, 1988 with a bid opening of July 25, 1988.

Town of Wallingford - Board of Education Public Bid No. 87-212 and 88.16 hardware requirements were as follows:

A. System Requirements

1. Minimum of 375 Mb of disk storage, expandable up to a minimum of 3.5 Gb.
2. Power failure battery back-up built-in, with automatic power-up system recovery.
3. Operating system must support a network structure database management system.
4. System back-ups must be able to be run unattended.
5. Tape back-up should be by 1/4" cartridges with autochanger.

B. CPU Requirements

1. Minimum of 4 Mb of main memory, with options of up to 8 Mb.
2. Porting to support a minimum of 40 peripherals, with add-on capacity for a minimum of 55 peripherals.
3. In addition to main memory, the CPU should be configured with a minimum of 128 Kb of cache memory.
4. Support must be available for 3 synchronous lines & a LAN (Starlan).

C. Printers

1. One (1) 600 lpm system printer.
2. One (1) 8 ppm laser printer.
3. Eleven (11) 132 column, 480 cps dot matrix printers at each remote school.

D. Terminals

1. Seventeen (17) 14" CRT's with green phosphor screens and 8 pages of memory.
2. CRT's must support both 80 and 132 column displays.

E. Miscellaneous

1. Each of the eleven schools in the system presently have a DOS-based microcomputer. Software that allows these PC's to operate as terminals via modems must be included in the proposal.
2. Any modems required should be included in the proposal.

**\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\***

3. All cabling when standard lengths can be used, should be quoted.
4. The system must be able to operate in an office environment, without special or added temperature or humidity controls.

Town of Wallingford - Board of Education Public Bid No. 87-212 and 88-16 General Software Specifications were required as follows:

1. The user must be able to create ad hoc reports on all existing data in files.
2. The user must be able to print stored information via standard or user-created formats.
3. The user must be able to download data to tape/disk/hard copy and to purge this data for efficient system maintenance.
4. Security must be tailorable to individual users.
5. The system must allow integration of information in the data files.
6. The system must allow multi-user access to the data files.
7. The system must provide a means of securing data and system files from accidental corruption.
8. Common data should automatically be integrated among modules and databases, and should automatically display on entry forms or screens.
9. Remote printing should be supported for every user.
10. The software must be written in COBOL.
11. The software should support IBM PC's and compatibles & Apple II's as terminals.

Bid document 87-212 and 88.16 states, delivery requirements for software must be installed and start-up implementation underway by July 1, 1988 and the system must be installed at the central site, with terminals at the central site only, by July 1, 1988.

## HP Computer Specification

It is concluded that development of bid document 87-212 and 88.16 by Info-Point Corporation of Wethersfield Ct clearly describes the Hewlett Packard Micro 3000XE Computer Hardware and Pertaine Systems Inc Software. It is further concluded that public bid 87-212 and 88.16 developed by Info-Point Corporation for the Town of Wallingford clearly discourages open competition as is prescribed by Section 6(b) of Town Purchasing Ordinance.

It is concluded that Pertaine Systems Inc did not submit a standalone bid under it's own cover and in the process, circumvented the competitive bidding procedure of the Town of Wallingford, and thus violated Chapter VII Section 4(8) page 19, lines 67 through 80 of the Town Charter and Section 6(b) and Section 11, competitive bidding required, of Town Purchasing Ordinance.

It is concluded that a ten day response period is extremely narrow and would prohibit vendors to properly prepare and understand the current operation at the Board of Education. It is further concluded, the 10 day response period clearly favored Hewlett Packard Inc.

It is concluded that hardware specifications defined under bid 87-212 and 88.16 precluded other vendor's from participating in the bid process and clearly described the Hewlett Packard Micro 3000XE Computer. Hewlett Packard proposed hardware requirements in response to Bid 87-212 and 88.16 was as follows:

### A. System Requirements

1. The minimum of 375 Mb of disc storage, expandable to 3.5 Gb will be handled by the 7936h (307 Mb drive) with the 7957A (81 Mb drive); combined storage: 388 Mb. The Micro 3000XE is expandable to 4.5 Gb.
2. Power failure recovery with automatic system recovery. The Micro 3000XE features power-fail recovery; 15 minute battery backup of system memory with automatic system recovery when power resumes.
3. Operating system must support a network structure data base management system. The Micro 3000XE has network data base as standard.
4. The HP35401A 1/4" cartridge tape drive provides unattended backup.
5. The HP35401A provides a 1/4" cartridge autochanger.

**\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\***

**B. CPU Requirements**

1. Minimum of 4 Mb of main memory is provided by the Micro 3000XE with option 510. The memory is expandable to 8 Mb.
2. The Micro 3000XE supports up to 56 point-to-point users.
3. The Micro 3000XE comes standard with 128 Kb of memory cache.
4. Support is available for up to three (3) synchronous lines for system-to-system communications plus one LAN (StarLAN).

**C. Printer Requirements**

1. One 600 lpm system printer. The HP 2564B is a 600 lpm printer.
2. One 8 ppm laser printer. The HP LaserJet Series II (Model 33440A) provides printing up to eight (8) pages per minute.
3. Eleven 132 column, 480 cps dot matrix printers at each remote school. HP's RuggedWriter Model 2235A dot matrix printer provides 480 cps with 136 columns in 10-PICA format and 163 columns in 12-ELITE format.

**D. Terminals**

1. Seventeen (17) 14" CRT's with green phosphor screens and 8 pages of memory. The HP 700/92 14" display terminal provides up to 8 pages of memory and green phosphor screen.
2. The HP700/92 display terminal has selectable 80 or 132 column display.

**E. Miscellaneous**

1. AdvanceLink software allows the DOS-based microcomputer to operate as terminals via modems.
2. Seventeen (17) RFI filtering modems are included in the quotation.
3. For cabling, please reference quotation.
4. The MICRO 3000XE is specifically designed for operation in normal office environments without special controls. It does not require special air conditioning or power line considerations.

It is concluded that software specifications defined under Bid 87-212 and 88-16 precluded other vendor's from participating in the bid process and clearly described software designed to run

exclusively on the Hewlett Packard Micro 3000XE Computer. Pertaine Systems Inc. proposed software requirements in response to Bid No. 87-212 and 88-16 was as follows:

C. General Specifications

1. PSI systems can be used with either INFORM/3000 or HP ACCESS, Hewlett Packard Ad Hoc report writers.
2. Literally hundreds of standardized reports are supplied with PSI systems. These can be supplemented by user-created formats using either of the products listed above.
3. PSI systems provides for the removal of old financial and information on direction by the user. This information is generally retained in summarized form for trend analysis and statistical reporting.
4. PSI security is defined at the individual level; function, activity, access and update capabilities are restricted by data area.
5. All PSI systems are fully integrated featuring immediate real-time updating of all files affected from a single entry.
6. PSI systems provide for access by all authorized users simultaneously for all data base files. These may be performing the same or different functions.
7. PSI provides backup strategies that ensure recovery even from catastrophic failures (i.e., fire, flood, etc.), with a minimum of disturbances to the user community. Significant in these strategies is Hewlett Packard's unique built-in battery power supply that eliminates 90% of the problems by providing interim power during critical shut-down periods in a power fail situation.
8. Any data entered is reflected immediately throughout the PSI family of systems. For example, requisitions will encumber funds for purchase order generation and be reflected instantaneously on any financial inquiry or report.
9. PSI systems support user level print spooling utilizing any industry standard printer.
10. PSI systems are written in COBOL, ANSI 85.



**\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\***

11. IBM PC's, Apple Mac's and Apple II's are all supportable on the HP system. These devices require software emulators available from a number of sources to be used with Hewlett Packard systems.

It is concluded that delivery and installation of the hardware and software within a nine day time period from bid opening is severely restrictive and clearly favors Hewlett Packard Inc. and Pertaine Systems Inc. It is further concluded that the nine day time period restricted the competitive bidding procedures of the Town of Wallingford, and thus violated Chapter VII Section 4(8) page 19, lines 67 through 80 of the Town Charter and Sections 6(b) and Section 11, Competitive Bidding Required, of Town Purchasing Ordinance.

Except for the delivery and installation time change, it is concluded that specifications from Bid No. 88.16 did not change from previous Bid No. 87-212.

It is concluded, that the date of the bid opening for Bid No. 88.16 is July 25, 1988 and Hewlett Packard Inc. stated in it's bid, that "Delivery and installation will take place within 10 days after signing contract, well within the July 1, 1988 deadline". It is also concluded that Hewlett Packard Inc. could not meet the delivery and installation specifications of August 5, 1988 for hardware installation. It is further concluded that Town of Wallingford Purchasing Agent, Mr. Donald Dunleavy, did not enforce the written specifications of Public Bid No. 88.16 as is defined in Section 7 Standardization and Specifications, and Section 7(a) Capacity of Agent. Bid No. 88-16 should have been rejected based on the above conclusions.

It is concluded that the date of bid opening for Bid No. 88-16 is July 25, 1988 and Pertaine Systems Inc. states in it's bid that "The Wallingford Board of Education's request for an install date of July 1, 1988 can be accommodated". It is further concluded that Town of Wallingford Purchasing Agent, Mr. Donald Dunleavy, did not enforce the written specifications of Public Bid No. 88-16 as is defined in Section 7, Standardization and Specifications, and Section 7(a) Capacity of Agent. Bid No. 88-16 should have been rejected based on the above conclusions.

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Finding 24

6/10/88 Dunleavy issues bid # 87-212 for "computerized school support system."

Conclusion 24

Bid specifies HP and Pertaine hardware and same equipment as was delivered 6 months earlier (HP states even same serial #).

Violates: Bidding Ordinance #272 Page 3, Section 5, SS (A) SS (C); Page 4, Section 6, SS (B); Page 6 SS (F); Page 7, Section 10, SS (A) (A1) (A2). Town Charter Page 35, Chapter 15, Section 7, line 118-119.

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Finding 25

6/20/88 Dunleavy issues P.O. #B88-974 to Info-point, an HP distributor to write specifications for "computerized school support system" Cost \$ 1575.00.

Conclusion 25

Bid outlines specify HP and Pertaine hardware and software. This specification allowed HP and Pertaine to supply exactly same equipment to satisfy bid as was (by serial #) delivered 6 months earlier.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119.

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 26**

6/20/88      HP responds to bid # 87-212.  
              Total lump sum \$ 140,319.18.  
              Net cash not applicable (because of existing lease).  
              Terms not applicable (because of existing lease).

**Conclusion 26**

These are same items by serial # that were purchased in January 1988 as stated in letter by HP. Bid outlines specify HP and Pertaine hardware and software. These specifications allowed HP and Pertaine to supply same equipment to satisfy bid as was delivered (by serial #) 6 months earlier. Letter from HP employee available.

Violates Town Charter, Page 35, Chapter 15, Section 7, lines 118-119. All sections of Purchasing Ordinance that pertain to bidding are violated.

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**Finding 27**

6/23/88      All bids rejected.

**Conclusion 27**

Short response time, many vendors complained.

**Finding 28**

6/23/88 Kari requests special no bid status for Comstat, Info-Point.

**Conclusion 28**

These are the same companies that were involved in bid splitting and that wrote spec's to falsify bid.

Info-point as a HP distributor would have financial gains if bid document favored HP/Pertaine as they would be able to obtain software contracts on HP3000 computer system.

Town Charter Page 35, Chapter 15, Section 7, lines 118-119; violates all sections of Purchasing Ordinance #272 that pertain to bidding!

**Finding 29**

6/27/88 Dunleavy issues bid # 88-16 for "computerized school support system."

**Conclusion 29**

Bid outlines specify HP and Pertaine hardware and software. This specification allowed HP and Pertaine to supply exactly same equipment to satisfy bid that was (by serial #) delivered 6 months earlier.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Violates Purchasing Ordinance #272 and all sections that pertain to bidding procedures and purchasing procedures.

**Finding 30**

6/27/88 IBM protested bid # 87-212 states "the only one who could satisfy this bid is the company that shipped you equipment earlier" ( they did not know about lease/purchase of the equipment in January 22nd, 1988.)

**Conclusion 30**

HP/Pertaine were pre selected.

Violates Purchasing Ordinance #272, Page 3, Section 5, SS (A); Page 4, Section 6, SS (B).

\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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Finding 31

7/5/88 Kari states number of modems required is 12.

Conclusion 31

Kari has previously purchased 17 modems from HP on January 22, 1988. On August 23rd, 1988 Nicoletti knew that only 12 modems were required and signed an illegal lease for 12 modems. But because 17 modems were purchased on 1/22/88 the bid award on August 12, 1988 was for 17 modems, but only 12 modems were required and received. The Town of Wallingford awarded the lump sum Purchase Order for 17 modems, BUT only received 12 modems. No one has corrected the received quantity and the Town has received request for payments against the full lump sum payment which includes 17 modems.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Purchasing Ordinance #272, Page 6, SS (F).

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Finding 32

7/6/88 THIRD HP invoice to Town for HP computer and Pertaine Software, \$ 2721.43.

Conclusion 32

This proves that hardware and software was purchased in January 1988. This shows that after three invoice periods (over 90 days), HP was never told that the lease was not valid.

Town Charter Page 18, Chapter 7, Section 4, Line 34-41, 67-80.  
Purchasing Ordinance #272 Page 3, Section 5, SS (A) (C).

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**Finding 33**

7/7/88 Nicoletti states all invoices, correspondence, etc. from HP, Pertaine, etc. were discarded. Nicoletti also states that the BOE has given him and only him, the sole right to contractually obligate the BOE.

**Conclusion 33**

This is against the Town Charter and Purchase Ordinance. Nicoletti can not be authorized to purchase non-educational items as per Town Charter. Discarding of public records in his care is against state laws; to destroy invoices is against town laws.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Town Charter Page 18, Chapter 7, Section 4, Lines 34-41 and lines 67-80; Purchasing Ordinance #272 Page 3, Section 5, SS (A) (C) Page 4, Section 6, SS (B). Violates state laws that pertain to retention of documents.

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**Finding 34**

7/21/88 IBM protest bid # 88-16.

**Conclusion 34**

IBM states it is too restrictive. IBM has stated they never proposed a computer system as outline by Kari, Nicoletti and Rivers.

\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 35**

7/25/88 Dunleavy receives bids for 88-16.

COMPANY	TOTAL LUMP SUM	TERMS ALT/EXC
Arch/Northeast Services	\$ 39,694.00	5% 10 days proposal
United Computer Services	86,500.00	proposal
Arch/Northeast Services	98,177.00	5% 10 days proposal
Data/Comm Express	118,345.00	proposal
Arch/Northeast Services	125,386.00	5% 10 days proposal
Hewlett Packard	140,319.00	n/a already leased
United Computer Services	143,725.00	proposal
McDonnell Douglas	180,531.00	proposal
IBA Technologies	288,328.00	proposal
IBA Technologies	395,985.00	proposal

**Conclusion 35**

AS PER BID DOCUMENT BIDS CAN NOT BE RETURNED AFTER OPENING TIME!

Dunleavy, against purchasing practice, allows three of the five lowest bids to be removed. United Computer and DataCom are remaining lowest bidders. HP is 6th lowest bidder. This makes it easier to "award" bid to 6th lowest bidder, if United and Datacom can be eliminated.

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**Finding 36**

7/25/88 Dunleavy forwards some of the bids for 88-16 to Kari for review.

**Conclusion 36**

Dunleavy does not forward all the bids. This is against purchasing practices.  
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**Finding 37**

7/29/88 Kari states DataCom is not in specifications. Recommends HP. Recommendation based on Info-Point analyzation of bids.

**Conclusion 37**

HP is not in spec's on any items.

Total lump sum \$ 140,319.18.  
Terms cash discount not applicable (already on lease).  
Net cash not applicable. (already on lease).

Main concern is to get rid of five lowest bidders so that they could give award to HP. These are the same items (by serial #) that were purchased in January of this year. HP delivery is not 10 days AS REQUIRED but 2 weeks, 12 weeks and TBA (to be announced).

As per this bid, Pertaine software is \$ 37,200 not \$ 36,550 and maintenance is \$ 6,696, \$ 5,208, \$4,464. respectively (years 1,2,3) not free as bid document.

This does not seem important for, to pay existing lease, invoices bid must be awarded to HP/Pertaine.

Violation of Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Town Charter Page 18, Chapter 7, Section 4, Lines 34-41 and lines 67-80. Purchasing Ordinance #272 Page 3, Section 5, SS (C); Page 4, Section 6, SS (B); Page 7, Section 10, SS (A) A1, A2.  
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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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Finding 38

7/31/88 HP is notified as bid winner and issues credit for \$ 8,164.29 for the past 3 months lease payments. (see HP invoices).

Conclusion 38

BOE and HP are in collusion. This proves collusion between HP/Pertaine/Kari/Nicoletti/Dunleavy.

Purchasing Ordinance #272 Page 7, Section 10, SS (A) (A1) (A2).

BY ISSUING CREDITS AND CANCELLING EXISTING LEASE, THIS "ON LEASE" "USED EQUIPMENT", BECOMES EQUIPMENT AVAILABLE 'FOR SALE' AND CAN BE "SOLD" TO THE BOE AGAIN.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Page 36, Chapter 15, Section 7, SS (G), lines 163-172.

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Finding 39

7/31/88 HP states in writing that the 1/22/88 lease was cancelled on 7/31/88 two days after Kari, Nicoletti and Dunleavy agree to award bid to HP/Pertaine and equipment (by serial #) was transferred to new lease to be signed on award.

Conclusion 39

HP, Dunleavy, Kari, Nicoletti worked together to force through bid, so invoices could be paid.

Violates Town Charter Page 35, Chapter 15, Section 7, lines 118-119; Page 18, Section 4, lines 34, 40 and 67-80. Purchasing Ordinance #272 Page 7, Section 10, SS (A) (A1) (A2); Page 8, Section 11, Page 36; Chapter 15, Section 7, SS (G) lines 163-172.

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**Finding 40**

8/12/88 Dunleavy issues PO # B89-220 for all HP hardware & software, Pertaine software and full hardware and software support free for one year. Equipment must be installed in 10 days as per spec's.

Lump sum payment \$ 140,319.18.

**Conclusion 40**

All bidders are not evaluated. Due to very critical bid requirements, performance as per bid requirements should be monitored by Purchasing Agent very closely.

Violates Purchasing Ordinance #272, Section 5, SS (A) (C).

HP is not in spec's as require by bid document. Violates Town Charter, Page 35, Chapter 15, Section 7, lines 118-119; Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

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\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

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**Finding 41**

8/23/88 Nicoletti signed HP hardware & software agreement.  
8/23/88 Nicoletti signs and states that he is authorized.  
8/23/88 Nicoletti signs lease and commits Town funds for:

Hardware \$ 86,532.08  
Software 4,550.00  
Pertaine 36,550.00  
sub-total \$127,632.08

Interest 26,751.52

TOTAL \$154,383.60 BUT doesn't include same  
terms, same items, new  
hardware/software, etc.  
as bid award.

**Conclusion 41**

Nicoletti is not authorized to commit Town funds.

Nicoletti took less equipment than ordered by Town purchasing department, but, never notified purchasing department of approximate \$ 15,000 shortage of equipment. Nicoletti signs IRS form 8038-G for state & local government rider. Nicoletti changes terms and conditions of award to HP & Pertaine without notifying purchasing department.

Violates Town Charter page 35, Chapter 15, Section 7, lines 118-119.

This violates the Town Charter, Expenditures & Accounting Line 163-172 Bid outlines specify HP and Pertaine hardware and software. This specification allowed HP and Pertaine to supply exactly same equipment to satisfy bid as was (by serial #) delivered 6 months earlier. Violates Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C); Page 36, Chapter 15, Section 7, SS (G), lines 163-172.

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**Finding 42**

Oct/Nov 1988

Nicoletti authorizes and requests payment against P.O. B89-220

Oct	Object 310	Program	2520	\$ 2573.06
Nov	Object 310	Program	2520	\$ 2573.06

**Conclusion 42**

This is against purchasing practices as:

1. All items not received, this is a lump sum award.
2. Items not in Spec's (delivery dates).
3. All items, hardware and software, are used, not new as required by Kari and Nicoletti.
4. BOE paid for delivery, not vendor as required.

Town Charter Page 35, Chapter 15, Section 7, lines 118-119.  
Purchasing Ordinance #272, Page 3, Section 5, SS (A) (C), Page 5,  
SS (J); Page 6 SS (F); Page 15, Section 18, Page 16, SS (A);  
Page 36, Chapter 15, Section 7, SS (G) lines 163-172.

NOTE: LEASE/PURCHASE, AS THE BOE HAD COMMITTED TO DOES NOT SHOW UP AS A BUDGETED LINE ITEM WHEN A BUDGET IS PRESENTED TO THE TAXPAYERS. HERE IS AN EXPENSE AND OBLIGATION USED FOR EQUIPMENT THAT IS NON-INSTRUCTIONAL AND DOES NOT APPEAR IN THE BUDGET. OBJECT 310, PROGRAM 2520 RELATES TO TECHNICAL SERVE COMPUTERS.

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**\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\***

**Board of Education and Bartering**

The following narrative is one instance where a bartering procedure was investigated and back up documentation was acquired. The school administration had an AB Dick Master Maker and an Comp u Graphic Machine that they felt they didn't need any more. The two pieces of equipment were put out to bid. The investigatory committee was told there were two bidders. The highest bid was for \$ 5,500 dollars. M G D Graphics of Milford was the successful bidder. The procedure, as described, is the successful bidder establishes a credit account and the board of Education Business office would purchase against this account. The enclosed receipt will show purchases made by Nelson Kari and paid for by M G D Graphics of Milford. The investigatory committee seriously questions this procedure for many reasons:

- 1) Inventory control or the lack of one.
- 2) Dollars are not coming into the general fund, and then monies are being dispersed but not accounted for.
- 3) Lack of over all administration by BOE and lack of accountability.
- 4) Bypassing of bidding

**Violations of the Town Charter**

Page 35, Chapter 15, Section 7, Lines 118, 119.  
Purchasing Ordinance #272.

Page 14, Section 16, Transfer and Sell Supplies:

- SS (A) Reporting
- SS (B) Transfer
- SS (C) Sale
- SS (D) Accounting Procedure
- SS (E) Competitive Bidding.

Page 14, Section 19, Inventory of Equipment:

- SS(A) Forms.

Page 17, Section 22 Audit.

These requirements are precluded whenever a department chooses to operate on its own and chooses not to adhere to procedures.

Recommendations

Purchasing Practices Board of Education

- I Inventory Control: Install an automated inventory control system.
- A. Serial numbers be recorded when purchased items are received.
1. Requirement of purchase order that all serial numbers be on all paperwork.
  2. Town of Wallingford Inventory Control Stickers (Numbered) on all items. These numbers would be on inventory list kept by Purchasing Agent.
- B. Paperwork forwarded to Purchasing and/or Comptrollers office.
1. Purchasing should record serial number on Town of Wallingford inventory list.
  2. Follow Charter and complete special form filed with Purchasing office to discard, remove, or relocate any items.
  3. One copy always goes to Purchasing Dept.
- II Internal Independent Auditor.
- A. This position exists with the Town of Wallingford.
- B. Expand duties to cover an audit of procedures at BOE.
- III Independent audit of purchasing practices as conducted by Wallingford BOE Administration for the last five years.
- IV Go out to bid on all items even when under \$2,000. (e.g. the US Government goes out to bid on items when more than cost of bid paperwork, approximately \$125.00, can be saved for the taxpayers.)
- V Institute all procedures as outlined in the Wallingford Town Charter and the Town of Wallingford Purchasing Ordinance.
- VI Bartering - follow procedure (if any) as exists with the potential of modifications as needed.

\*\*\* FINDINGS AND CONCLUSIONS OF INVESTIGATION COMMITTEE \*\*\*

VII Review insurance recovery.

- A. Review insurance recovery process that was restructured to be sure the Town of Wallingford is prudently collecting and accounting for all monies owed to it.
- B. All insurance companies should be required to submit payment for insurance claims to the comptrollers office, and they will issue payment to the insured department, board, commission of the Town.

\*\*\*\*\* ADDITIONAL INFORMATION INCLUDED \*\*\*\*\*

HIGHLIGHTS OF THE PURCHASING ORDINANCE - #272

The following pages and sections and sub sections are referred to in the report as "Violates purchasing ordinance in all applicable sections that deal with purchasing and bidding."

Page 3, Section 5, Scope of Purchasing Authority SS (A) Purchase or Contract, SS (C) Unauthorized Purchases.

Page 4, Section 6, Other Powers and Duties.

SS (B) Encourage Competition: SS (D) Forms.

Page 5, Section 6, SS (J) Disqualification of Bidders.

Page 6, Section 7, SS (F) Nature of Specifications.

Page 7, Section 10, SS (A) Non-Collusive Bid Statement.

SS (1), SS (2).

Page 8, Section 11, Competitive Bidding Required.

Page 11, Section 12, SS (H) Award to Other Than Low Bidder.

Page 14, Section 16, Transfer or Sell Supplies SS (A) Reporting SS (B) Transfer SS (C) Sale SS (D) Accounting Procedure SS (E) Competitive Bidding.

Page 15, Section 18, Inspection and Testing.

Page 16, Section 18, SS (A) Inspection by Using Agency.

Page 16, Section 19, Inventory of Equipment SS (A) Forms.

Page 17, Section 22, Audit.

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BID DOCUMENT GENERAL INSTRUCTION AND CONDITIONS as per DUNLEAVY.

Amendments to or WITHDRAWAL of bids received later than the time and date set for the bid opening will not be considered.

(IT MUST BE NOTED THAT THREE BIDS WERE REMOVED BY DUNLEAVY AFTER THE BID OPENING. THIS IS ILLEGAL.)

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RECOMMENDED DISPOSITION OF THIS MATTER IS THAT IT BE REFERRED TO THE BOARD OF ETHICS AND THE WALLINGFORD POLICE DEPARTMENT FOR THE STRONGEST ACTION APPROPRIATE TO PROTECT THE TAXPAYERS OF WALLINGFORD.

THE COMMITTEE FURTHER RECOMMENDS THAT MR. ROBERT NICOLETTI SUPERINTENDENT OF SCHOOLS AND MR. NELSON KARI BUSINESS MANAGER BE REMOVED AS PER THE TOWN CHARTER, SECTION 7.

Charter of the Town of Wallingford

Section 7. Expenditures and Accounting

(a) No purchase shall be made on account of the town except in accordance with the provisions of Chapter VII, Section 4. The comptroller shall record the amount of authorized purchases and contracts for future purchases as encumbrances against the appropriation from which they are to be paid. (b) No voucher, claim or charge against the town shall be paid until the same has been audited by the comptroller or his agent and approved by him for correctness and legality. Checks shall be drawn by the comptroller for the payment of approved claims which shall be valid only when countersigned by the treasurer. In the absence or inability to act of either the comptroller or treasurer with respect to the above duty, the mayor shall substitute temporarily for either, but not both of them. In the absence of the treasurer, the mayor is also authorized to countersign checks issued by a duly authorized representative of the Board of Education. (c) The comptroller shall prescribe the time at which and the manner in which persons receiving money on account of the town shall pay the same to the town treasurer. (d) The several departments, commissions, officers and boards of the town shall not involve the town in any obligation to spend money for any purpose in excess of the amount appropriated therefor until the matter has been approved and voted by the council, and each order drawn upon the treasurer shall state the department, commission, board or officer, or the appropriation against which it is to be charged. When any department, commission, board or officer, (except the Board of Education) shall desire to secure a transfer of funds in its or his appropriation from funds set apart for one specific purpose to another, before incurring any expenditure therefor, such department, commission, board or officer shall make application to the mayor who, upon certification of funding availability by the comptroller, may approve and transfer an amount not to exceed \$200.00 per fiscal year per adopted line item within a departmental budget. The mayor shall render a monthly report of such transfers to the Town Council. Amounts requested above \$200.00 shall be approved or disapproved by the mayor and forwarded to the council whose duty it shall be to examine into the matter, and upon the approval of the council, such transfer may be made, but not otherwise. (e) upon the request of the mayor, but only within the last three months of the fiscal year, the council may by resolution transfer any unencumbered appropriations, balance or portion thereof from one department, commission, board or office, to another. No transfer shall be made from any appropriations for debt service and other statutory charges. (f) Additional appropriations over and above the total budget may be made from time to time by a resolution of the council, upon recommendation of the mayor and certification from the comptroller that there is available an unappropriated and unencumbered general fund cash balance to meet such appropriations. (g) Every payment made in violation of the provisions of this charter shall be deemed illegal, and every official authorizing or making such payment or taking part

therein, and every person receiving such payment or any part thereof shall be jointly and severally liable to the town for the full amount so paid or received. If any officer or employee of the town shall knowingly incur any obligation or shall authorize or make any expenditure in violation of the provisions of this charter, or take part therein, such action shall be cause for his removal.