

IE: 'STATE OF WAR'

—See Col. 8 below

PENDING

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Weather

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Golden Gate Fields. Hardy racing fans, deprived of 17 days of equestrian fare by the strike, turned out despite the wintry onslaught. For opening day details, turn to sports pages.
—I-G Photo by Bob Forsburg

School audit

'Shenanigans but no fraud'

By NORMAN COLBY
I-G Staff Writer

The Price Waterhouse and Co. search for fraud in the business office of Berkeley Unified School District turned up plenty of irregularities and downright shenanigans — but no glaring examples of intentional fraud.

The consulting firm's "extended audit," intended to determine whether the district should pursue a full-fledged "fraud audit," was received by the school board last night.

PW spokesman George Olson advised the board against undertaking any detailed fraud investigation since the extended audit's samplings did not turn up clues that significant fraud exists.

The extended audit was authorized by the board last year after Business Manager Bill Thomas revealed an expanding multi-million dollar deficit and resigned his job.

The vacancy is still unfilled after eight months. The school board retained another consulting firm to help re-organize the business office and find a new manager.

The PW report is critical of the business office operations under Thomas.

Under "significant irregularities," the report says:

"Circumvention of district bidding procedures — We noted one instance where the former business service manager arranged to have disbursements totaling about \$30,000

for painting work billed to the district on a weekly basis.

"By submitting invoices under \$5,000 each, the formal bidding procedure was avoided," said the report.

"We understand this was done because the former business services manager anticipated that the board would refuse to authorize outside contractors to perform work which could be done by district employees."

"Improperly authorized consulting services. We noted two instances

(Turn to page 2, col. 3)

Mozambique seals border to Rhodesia

MAPUTO, Mozambique. (AP) — The Communist-backed government of Mozambique declared today "a state of war" exists with Rhodesia and announced it has sealed off its 800-mile border with the white-ruled nation. Share prices on the London stock exchange immediately dropped.

However, a Rhodesian government spokesman in Salisbury said that "a state of war" did not mean a declaration of war. The Mozambique Ministry of Information confirmed the statement did not mean a declaration of war but said Mozambique was being put on a war footing.

Budget deficit is

\$10 million

Call for allegedly received goods. Call self continued to answer question yesterday as Iglehart minutely over the transcribed defendant's encounter with Sheriff A. F. Guzman. It is at this meeting that Call ought jewelry he believed

ms that he was willing to Guzman because he was in jewels stolen from his wife. What appears to be in Ig, he said, stemmed from his to turn him over to police. It he was testing me. Looking fit and well, recognizing his heart attack last lost interest after he said he saw my wife's jewels, and asked for money. I thought, it to go to LA.

He didn't recall saying if the items for sale was because it was easily. He also said he did not saying he might be in buying from Guzman. Iglehart questioned Call ears of dealing with Guzman, especially when, according to, he said, "What if you or something?" Call said afraid something might Guzman and he would lose th him.

Iglehart asked him if he ed saying, "These godings (jewelry) are Call said he couldn't but he did some "double king to put his mind at

all insisted that he did not r saying many of the tributed to him on the Iso said that he had great understanding the record. "I can understand only e percent of it," he said. asked Call several times

percent" that Guzman was contact in getting back the jewels and he told his wife they would have them back by Christmas.

He said that when he discussed his need for "big diamonds" with Guzman it was because that phrase was a key one in his identification of the contact. He was searching for his wife's big diamond, he said.

Under examination Call also said he melted down a gold bracelet with two pieces of jade, a ring with three balls on it, and a gold medallion not because they could be easily identified but because Guzman asked him to do it to ascertain their value. He did not buy those items, he said.

Call also said that when he first saw the Albany police, who had come to search his store three days after Guzman's last visit on Dec. 3, he saw his wife fallen back in a chair while Officer John Clark beat her with handcuffs and Capt. Mel Boyd joined in.

Responding to questions from the judge, Call said that his wife had been highly nervous in the last three or four years" especially at night when she wakes up screaming and especially when she lost her jewelry.

When Call denied that an earlier defense witness, Bernice Cardwell, was a relative, Iglehart pressed him until he agreed that she was remotely related but he was not aware of it until some time after he had known her.

Call also told Iglehart that some of the goods left by Guzman were not bought outright, but were left behind in a Berkeley Gazette. He discovered chains and a ring when he picked up the paper before going home the day of Guzman's last visit, he said.

The only interruption in Iglehart's cross-examination of Call came when the defense introduced a new witness, Jacob Levitan, deputy county counsel with Alameda County.

both schools will debate the topic: "Resolved, that ~~being~~ as a tool for social and educational purposes should be abolished."

Mike Culbert, author and former editor-in-chief of The Berkeley Gazette, will moderate the debate.

Bob Infelise and Glenn Gahn will represent UC-Berkeley and Louis Rasky and Rosayne Thompson will represent San Francisco State.

Berkeley leads San Francisco in the debate series six to three.

The public is invited to attend. Admission is free.

The debate is named after Alexander Meiklejohn, founder of the American Civil Liberties Union.

SCHOOLS

(Continued from Page One) where consultants performed services which were not formally approved by either the project administrators or the personnel office until sometime after the work had been completed. District policy requires that all consulting services be authorized prior to the start of an assignment.

Circumvention of budget controls. We noted two instances where the former business manager arranged to have employees paid from funds of a program other than the one the employees were working in.

"This was done because funds for salaries in the program in which the employees were working had been exhausted. Such unauthorized actions are a violation of district policies and tend to destroy the effectiveness of budgetary controls."

After mentioning several other irregularities, the report indicates no major fraud was uncovered in the limited audit.

The report said, "During the course of our examination, we noted no cases where employees were not bona fide or were paid for services not performed."

"Nor did we discover any cases where payments were made to fictitious vendors or for services not received by the district."

"However," it said "This cannot be construed to imply that fraudulent transactions do not exist, because items such as unrecorded transactions, forgeries and collusive fraud would not necessarily be uncovered."

Olson told the board that a main problem was the "lack of control" by the district over the business office operations.

One of the reasons for the large budget overruns, with expenditures far exceeding income, was the fact that record-keeping was tardy, preventing the board and administrators from knowing the current situation, he said.

The need for an internal auditor to periodically check on the work of key people was stressed by the consultant.

Assistant Superintendent Harold Maves, who has been working in the business office during the crisis period, told the board that there is more control now.

Both Maves and Director James Guthrie praised the consultant's report, although formal action accepting the report will await more detailed study.

WEATHER

(Continued from Page One) ended, CHP officers were still trying to remove banged up vehicles and

DOWKER'S ruling was reversed yesterday following an investigation into charges leveled by a student senator that the legal office was working for the United Farm Workers Union.

The senator, Ray Van Buskirk, a graduate student in accounting, had charged "gross irregularities in the spending" of student funds by Migrant Legal Services, a student-run legal aid program.

He complained to the chancellor that vouchers filed by the student members of the group indicated the students were improperly actively working for the UFW in the conflict between the UFW and the Teamsters in the Central Valley.

Although Bowker ruled that no outright violations of regulations had been violated, he did order the Migrant Legal Services to improve its guidelines to prevent further confusion over the propriety of its activities.

Bowker's decision was based on an investigation conducted by Jack H. Schuster, assistant to the chancellor. Schuster's findings resulted in part from interviews with the principals involved.

Schuster said university regulations allow work that is of a political nature, but forbids "partisan politics."

"As best as I can determine," he wrote, "MLS volunteers did no 'union organizing' work per se."

He reported to the chancellor that the legal volunteers worked closely with the UFW, not for the UFW. This portion of his report was based on conversations with the student association, which funded the legal group, and the legal group's director.

"There are several ambiguous references in student requests for reimbursement that could be interpreted to mean that some MLS students were in fact employed by the UFW," Schuster wrote.

"The facts, as ascertained by the ASUC and supported by Mr. (Julian) Ponce's unequivocal statements, appear to be that a number of MLS students worked with the UFW."

Leftists detained

CARACAS, Venezuela (UPI) — Police investigating the kidnaping of an American businessman have detained about 100 leftists despite guerrilla threats to kill their hostage if authorities "apply repressive measures."

William Niehaus, 45, a native of Toledo, Ohio, and vice president of Owens Illinois of Venezuela, was abducted from his home Friday night by seven masked gunmen.

Flea market was his undoing

A flea market purchase of a pair of skis allegedly taken in a \$5,000 burglary of Benson's Sporting Goods, 2997 College Ave., has led to the recovery of part of the loot and the arrest of a man for investigation of possession of stolen property, according to police.

Police-inspector Larry Lindenau and detective Nick Neilsen arrested John O. Noble, 31, at his 5411 College Ave. home Monday after investigation led them to that address.

Through a search warrant, police discovered what store manager Bill McDowell identified as approximately \$900 worth of the articles stolen in the Nov. 11 burglary. Items recovered included tennis equipment and apparel, automotive ski racks, ski poles and ski apparel, police said.

The turning point in the case, which is still under investigation, came two weeks ago when McDowell was approached by a customer who wanted bindings put on a pair of skis.

McDowell noted that the numbers had been altered on the skis which he recognized as a pair that had been stolen in the burglary last year. The customer said he had purchased the skis at a flea market where he had been advised to contact "Bill or John" at 5411 College Ave. if he needed other ski equipment.

The name of the flea market was not divulged and police said the customer was not under suspicion of any wrong-doing.

Police are continuing the investigation to determine the extent of Noble's involvement, if any, in the case and that of other possible suspects.

Police complaint procedures reviewed

ALBANY — The Albany Police Review Committee tomorrow will discuss procedures for bringing complaints against police officers.

Committee members will meet at 7:30 p.m. in the city hall, 1000 San Pablo Ave. Mayor Mike Gleason is committee chairman.

The meeting is open to all adult residents who may become members and vote at their first attendance.

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The building \$1.25 million. From Erickson the building city's underfunded save the city to city's chronic and scattered.

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Depending however, the ase could b \$126,000 deficit

The council on whether to at its March 6

Wide two

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— Mildred A tenant in th program since expressed he leased housi board.

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MOZAMBIQUE

nued from Page One) muncations with Rhodesia Mozambique would apply mic sanctions against its d neighbor ure of the border, gateway er cent of landlocked s imports and exports, is o have a serious impact on s already ailing economy. Urged Mozambique's 8.5 ipoverished people to pre-

pare for war and begin building air raid shelters in every village.

He called on socialist nations to aid Mozambique in its time of need. The reference was apparently to the Soviet Union and China, which both support Machel's revolutionary Marxist regime.

An estimated force of 3,000 black nationalist guerrillas from Rhodesia have been massing on Mozambique's border for the past two months for a full assault across the frontier. Another 10,000 African guerrillas have been reported training in camps in Tanzania, preparing to join the units on the border.

Machel leads a 10,000-man army of his own, veterans of a 10-year-old guerrilla war of liberation against the colonial forces of Portugal, which granted Mozambique independence last June 25.

He said Rhodesian aircraft attacked the Mozambique village of Pafuri last month and caused extensive damage.

He said ground forces were also involved on the attack on Pafuri which he described as an act of war and a war crime against Mozambique.

The village of Pafuri is in the southwest corner of Mozambique, where its borders converge with Rhodesia and South Africa.

In London, shares of companies with interests in southern Africa were particularly hard hit by the news from Mozambique.

De Beers, the world's largest diamond mining company, dropped

YMENTS

nued from Page One) 3 funds from the block gram. ty has not planned on alny funds from the block this purpose next year and it of the magnitude now ussed by the federal gov- could have serious cons; for the housing rehabilita- ur and conservation prog- are the backbone of the nt funds.

anager John Taylor indi- at if HUD does require rom the city next year, the uld allocate that sum from : grant on a contingency at is, if land sales from the of meet the required figure, nder could come out of the icy account with the rest of unt being released to the wing programs

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