



LOS ANGELES UNIFIED SCHOOL DISTRICT OFFICE OF THE INSPECTOR GENERAL

Annual Work Plan Fiscal Year 2018



**Ken Bramlett
Inspector General**

OFFICE OF THE INSPECTOR GENERAL Annual Work Plan for Fiscal Year 2018

INTRODUCTION

Attached is the Office of the Inspector General's (OIG) Annual Work Plan for Fiscal Year 2018 (FY 2018). This Work Plan describes the work that the OIG plans to undertake in the upcoming fiscal year. It includes an audit plan and a description of the ongoing and future work of the Investigations Unit. The OIG conducts its auditing work through the Audit Unit that focuses on contracts and activities primarily funded by school bond measures as well as District-wide programs, processes and systems. OIG audits are performed pursuant to Government Auditing Standards.

Our Work Plan is presented in two sections covering the work of the Audit Unit and the Investigations Unit, respectively. Our Work Plan is intended to be dynamic and flexible, so that we are able to be responsive to emerging risks and changing priorities. Board of Education requests and Senior Management interests may require that we perform activities not listed in this Work Plan, or that projects listed in this Work Plan be deferred or not performed at all, based on new information received during the year and the availability of resources. When such changes occur, they will be reported to the Board of Education

Through our work, we strive to encourage a culture of accountability, transparency, collaboration and excellence and to assist the Board of Education and the Superintendent in their efforts to provide a high quality education for the students of the Los Angeles Unified School District.

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Inspector General

AUDIT UNIT

The Audit Unit has principal responsibility for performing audits of District operations, activities and contracts. Audits are done mainly to (i) evaluate the efficiency and effectiveness of District operations, (ii) determine if activities are being carried out in accordance with District policies, applicable laws and regulations, and (iii) ensure that District vendors and contractors comply with the requirements of their contracts and that contracted funds, especially bond funds, are expended as intended. Additionally, we support the Investigations Unit in responding to allegations of fraud, waste, and abuse from various sources such as the Board of Education, District management, and the public.

The OIG developed its audit plan by means of a comprehensive risk assessment process. This is a systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking. It involves the identification, measurement and prioritization of risks and auditable areas. It also includes the organization of operations into auditable areas, defining and describing the risk factors applicable to the District and assessing the likelihood and impact of those risk factors relative to each auditable area. Working with management staff responsible for each area, the OIG engages them in a conversation about their goals and objectives including a discussion of the potential risks and opportunities from both the OIG perspective and District management's perspective that could impact a department's ability to achieve the department level goals and objectives. The OIG then selects audits in those areas, the results of which can provide insight to help management achieve those goals and objectives.

The audit plan identifies audits and activities for several divisions within the District. The audit plan for FY 2018 includes 60 projects with a total contract value of \$543 million. The following are descriptions of the types of audits that will be performed as part of the FY 2018 Work Plan.

1. Incurred Cost Audits

This type of audit examines the actual costs incurred by the contractor to determine whether the costs were allowable, allocable and reasonable in accordance with the Federal Acquisition Regulation (FAR) and contract terms.

2. Special Reviews

Special reviews are conducted as a result of requests from the Board of Education, District Management, findings identified in the course of an audit, or concerns reported to the OIG. The reviews are limited in scope and address the specified concerns only. They are not conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

3. Performance Audits

This type of audit is an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, activity, or function in order to determine if it is performing efficiently and effectively and in compliance with policies, procedures, laws and regulations.

4. Technical Evaluations

Technical Evaluations are tests or studies conducted to determine the technical suitability of a structure, equipment, material, product, process or system for the intended objectives. Several completed projects will be evaluated to ensure that these projects complied with contract documents, specifications and State Code requirements.

5. Change Order Audits

This type of audit examines the contract change order for allowability, allocability and reasonableness of the proposed or claimed change order costs. These include changes due to added or deleted work, equitable adjustments for delay, disruption, inefficiencies, contract terminations and other claims. We will perform audits of construction change orders in excess of \$500,000.

6. Pre-Award Audits

This type of audit examines a contractor's cost proposal for allowability, allocability and reasonableness. The audit determines whether proposed costs are reasonable, current, and supported by adequate documentation, and that costs proposed are in accordance with the terms and conditions in the RFP, RFQ, solicitation or contract.

A complete list and description of the 60 projects is attached as Exhibit A to this document.

INVESTIGATIONS UNIT

For FY 2018, in addition to responding to allegations of District employee misconduct and policy violations, we will continue to proactively focus on certain strategic areas and activities that we believe will provide the District with added protection of public resources.

The Investigations Unit continues to restore its staff capacity from prior budget cuts and attrition, consistent with our workload demands, through the hiring of additional investigative staff. The Investigations Unit is seeking to attain a full complement of experienced personnel that will continue to concentrate on the high-risk areas that have the greatest potential for exposing and deterring fraud, waste, and abuse. The Work Plan identifies the major areas where we will concentrate our resources.

1. The [OIG] Fraud Hotline

The Investigations Unit manages the District's Fraud Hotline, which generates whistleblower complaints, allegations of misconduct, and District policy violations from a myriad of internal and external sources each year. The OIG has expanded the operational value of the Fraud Hotline to not only respond to allegations of fraud, waste and abuse, but also to ensure that matters referred to other departments within the District are adequately addressed and responded to promptly. This initiative has included increasing the visibility of the Fraud Hotline telephone numbers on the District's Website as well as an outreach campaign to increase awareness of the Fraud Hotline among District personnel. This campaign will also be implemented by promoting the OIG's webpage and its online reporting system through Fraud and Ethics related communications to all District personnel, vendors, contractors, parents, and students.

2. Employee Integrity

Employee malfeasance and misfeasance investigations will continue to be a focus area due to the increasing number of reports being received through the Fraud Hotline and to the office directly. These investigations focus on allegations related to conflicts of interest, misappropriation of funds, embezzlement, payroll fraud, falsification of documents, property and equipment misuse, theft of property, misuse of District-issued computers and telecommunication equipment, nepotism, forgery, misconduct, and ethics violations.

Similar to employee investigations, the OIG will continue to focus its efforts on District contractors, consultants and vendors with respect to theft and misappropriation of public funds.

Employees' misuse of the District-issued procurement credit card (P-Card) continues to be an area of concern for the District, and we will devote sufficient resources to investigate these matters. To enhance District-wide awareness of employee integrity issues, we will conduct

fraud awareness training at the Local District (LD) level to better apprise District management and staff of these issues and how to prevent them. In addition, for those areas that require administrative review but that do not rise to the level of an OIG investigation, we will provide investigative assistance to LD operations staff handling these matters.

3. Whistleblower Allegations

Persons who report improper governmental activity involving the District are protected against retaliation, interference, intimidation, threats or similar acts. The OIG has the authority to investigate violations of the Whistleblower Protection Policy. The OIG will endeavor to thoroughly investigate any and all credible complaints of violations of the District's Whistleblower Protection Policy.

4. School Construction and Modernization Program

As the District's multi-billion dollar school construction and modernization program moves away from new construction and concentrates on modernization, allegations of conflicts of interest, impropriety, and employee and consultant malfeasance are likely to increase, requiring a concentrated effort to deter and detect corruption. The number of contractors that the Facilities Services Division (FSD) will manage will increase thereby requiring more diligence from District staff and the OIG. Additionally, the increased use of contracts awarded through the Job Order Contracting (JOC) process will require more District and OIG oversight to avoid the risks of improper conduct. In the upcoming year, we will endeavor to create more Facilities and Procurement fraud expertise in the OIG with training from experts in these areas.

5. Due Diligence and Background Investigations

As the school construction and modernization program shifts, the OIG will continue to support FSD in its efforts to root out potential problems before entering into contracts. The FSD uses OIG due diligence reports in their selection of the most qualified firms to build and modernize schools. The District uses several hundred contractors in the construction program. The demand for this work will increase as the building program becomes more concentrated on modernization. The OIG will continue to support FSD through our public record search program, which provides key information to the District on vendors and contractors involved with the District's school construction and modernization projects, its charter schools, and senior management candidates.

We will assist the Personnel Commission in its role of managing the selection process for senior management by conducting background investigations through our public record searches.

6. Charter Schools

California State law requires that the District maintain oversight of the charter schools it authorizes. We will continue to conduct due diligence reviews of charter schools and their principal officers to assist the Charter Schools Division (CSD) in making fair and equitable

recommendations to the Board of Education.

7. Workers' Compensation and Benefits Fraud

As a self-insured District, costs associated with fraudulent workers' compensation claims impact the District's budget directly. To offset this negative impact on the District, the OIG will coordinate its anti-fraud efforts with the Division of Risk Management and Insurance Services' Integrated Disability Management and its third party administrators (Sedgwick Claims Management Services and G4S Investigations) to uncover and to deter employees from filing duplicitous and fraudulent claims.

OTHER OIG ACTIVITIES

Fraud Alerts

Fraud Alerts are an important tool for deterring the continuation of fraudulent activities that have been identified by the OIG. Our goal is to issue at least two Fraud Alerts in the upcoming fiscal year as a means of informing District management of issues of concern and as a means of leveraging OIG findings of individual acts to a broader District audience.

Special Reviews

As a supplement to the audit and investigative functions, the OIG performs two types of Special Reviews. One is a short-term (usually 2-3 months) management or program review that focuses on an issue or concern of the Board of Education, the Superintendent, or District management. These short-term reviews examine programs from a broader, more issue-oriented perspective than traditional audits or investigations. These reviews also combine some of the best features of several disciplines; including program evaluation, survey research, operational auditing, program monitoring, compliance reviews, legal analysis, investigations, and management analysis. Through these short-term special reviews, we are able to provide timely, useful, reliable information and advice to District decision makers.

The second type of Special Review is a preliminary analysis (usually less than 30 days) of a specific issue or concern to determine whether a more in-depth, independent audit or investigation should be conducted.

AUDIT PLAN FOR FY 2017 - 2018

Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
1	4400001391/1250091	Associated of Los Angeles DBA SEI Acquisition LLC	Contract for electrical equipment and supplies used by M&O at various schools and offices District wide	\$26,573,011	Incurred Cost	FSD - M&O
2	4400002599/1480024	Excelsior Elevator Corporation	Contract to provide monthly vertical transportation maintenance and repair services	\$2,483,000	Incurred Cost	FSD - M&O
3	4400003096/1590018	The Gordian Group, Inc.	Contract to provide and maintain an automated, internet-based, JOC system	\$2,000,000	Incurred Cost	FSD - Program Support
4	4400001248/1380009	Landscape Structures, Inc.	Contract for the installation and repair of playground safety tile matting	\$3,000,000	Incurred Cost	FSD - M&O
5	4400000920/1120105	G A Design, Inc.	Contract to provide A/E Services	\$3,700,000	Incurred Cost	FSD - A/E
6	4400001052/1290042	Parsons Environment & Infrastructure Group, Inc.	Contract to conduct environmental site assessment services	\$11,000,000	Incurred Cost	OEHS
7	4400003295	Advanced Chemical Transport, Inc.	Contract for the handling and disposal of hazardous materials, hazardous waste, universal waste, e-waste and recyclable materials	\$3,550,000	Incurred Cost	OEHS
8	4400002811	Woodcraft Rangers	Contract to provide after school program/services to schools that include academic support, educational enrichment and recreational and physical activities	\$10,000,000	Incurred Cost	BTB
9	4400002812	Youth Policy Institute	Contract to provide after school program/services to schools that include academic support, educational enrichment and recreational and physical activities	\$10,000,000	Incurred Cost	BTB
10	4400003952	City Year, Inc.	Contract to implement and manage a Dropout Prevention program	\$4,000,000	Incurred Cost	Pupil Services & Attendance
11	4400001386/1200018	Driftwood Dairy, Inc.	Contract to supply dairy products for school cafeterias.	\$175,000,000	Incurred Cost	Food Services Division
12	4400001435/1100121	Goodman Food Products, Inc. DBA Don Lee Farms	Contract to supply beef products for school cafeterias	\$34,300,000	Incurred Cost	Food Services Division
13	4400003970	Let's Do Lunch, Inc. DBA Integrated Food Service	Contract to supply beef and cheese products for school cafeterias	\$36,500,000	Incurred Cost	Food Services Division
14	4400001451/1100124	Tyson Prepared Foods, Inc.	Contract to supply chicken for school cafeterias	\$65,850,000	Incurred Cost	Food Services Division
15	1919701	Center for Autism and Related Services (CARS)	Contract to provide services to students with special education needs (NPA)	\$8,000,000	Incurred Cost	Division of Special Education
16	1922101	Inclusive Education and Community Partnership, Inc.	Contract to provide services to students with special education needs (NPA)	\$12,000,000	Incurred Cost	Division of Special Education
17	1923801	McRory Pediatric Services, Inc.	Contract to provide services to students with special education needs (NPA)	\$10,000,000	Incurred Cost	Division of Special Education
18	4400002912	Amplify Education	Contract to provide foundational reading skills	\$14,186,706	Incurred Cost	Division of Instruction
19	4400003919	McGrath Rent Corp.	Contract to supply DSA Approved Modular Relocatable Building	\$9,000,000	Incurred Cost	FSD-Asset Management
20	4400005038	Masters	Contract to replace HVAC at Parthenia Elementary School	\$3,159,542	Incurred Cost	FSD-Project Exe
21	4400003704	Vector Resources	Contract to provide Network Equipment and Related Services	\$10,000,000	Incurred Cost	ITD
22	4400005061	Ehrlich Yanai Rhee	AE AM STD#1720015 Burroughs MS Comp MOD	\$8,666,773	Incurred Cost	FSD-Asset Management
23	4400003328	Geronimo Concrete	Agreement to provide JOC Gen Contract Services	\$8,525,000	Incurred Cost	FSD-Project Exe
24	4400002178	Jam Corporation	Contract for the installation of WLAN/LAN systems	\$5,675,000	Incurred Cost	FSD-Project Exe
25	4400003540	AAA Solar	Agreement to provide services under E-rate LAN Equipment Package3 3	\$2,721,108	Incurred Cost	ITD
26	4400002241	Speech Language & Educational Associates	Contract to provide mandated special education services to preschool children enrolled in the Head Start program	\$3,981,000	Incurred Cost	Division of Special Education
27	4400002780	A World Fit for Kids	Contract to provide after school program/services to schools	\$10,000,000	Incurred Cost	BTB

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Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
28	4400002814	Good Sports Plus LTD DBA ARC	Contract to provide after school program/services to schools	\$10,000,000	Incurred Cost	BTB
29	4400004161	Ian Thomas Group	Contract for the improvement of Monroe HS Science Laboratory	\$1,769,603	Incurred Cost	FSD-Project Exe
30	4400003190	Beta Investments and Contracts, Inc.	Contract for the replacement of HVAC Equipment	\$3,400,884	Incurred Cost	FSD-Project Exe
31	4400000312	Group Delta	Contract to provide material testing services	\$9,000,000	Incurred Cost	FSD-Project Exe
32	4400005441	A&B Construction	Contract for the replacement of boilers at Fairfax HS	\$9,948,000	Incurred Cost	FSD-Project Exe
33	N/A	Early Payment Discounts	Review of the efficiency and effectiveness of District's systems and processes for taking early payment discounts	N/A	Special Review	Accounts Payable
34	N/A	Low Value Purchase Orders Review	Review of the FSD's low value purchase orders to determine if purchases were performed in accordance with FSD policies and procedures.	N/A	Special Review	FSD
35	N/A	Will Call Pick Up Review	Review of purchase orders with "will call" pick ups specified to determine if the purchased items were installed at the District's sites.	N/A	Special Review	FSD
36	N/A	Clinic & Wellness Center Operations Review	Review of the efficiency and effectiveness of District's staff and contracted agencies programs and operations of District's clinics and wellness centers.	N/A	Special Review	Student Health & Human Services
37	N/A	Developer Fee Program	the audit will determine if the District has collected the appropriate amount of developer fees for all new commercial/industrial and residential construction within its boundaries	N/A	Special Review	FSD
38	N/A	Area Stores Inventory Process	Audit of the warehouse management system at all Maintenance and Operations regions for compliance with purchasing, distribution and inventory control requirements.	N/A	Performance	FSD - Maintenance and Operations Branch
39	N/A	Design Review Process	Audit of the District's design review process for construction projects to determine whether the process is in compliance with the District's policies and procedures. Conduct comparative analysis of the process with other government agencies to determine efficiency and effectiveness.	N/A	Performance	FSD - Asset Management Branch
40	N/A	Fuel Inventory	Audit the District's fuel inventory to determine whether fuel inventories were properly tracked, dispensed, charged, reconciled and accounted for.	N/A	Performance	Transportation Services Division
41	N/A	Privacy Impact Assessment	Audit the District's Privacy Impact Assessment (PIA) to determine (i) What Personally Identifiable Information is being collected; (ii) Why Personally Identifiable Information is being collected; and (iii) How the information will be collected, used, accessed, shared, safeguarded and stored.	N/A	Performance	General Counsel
42	N/A	Ethics Office	Review the scope and duties of the Ethics Office and compare them to the scope and duties of other ethics offices administered by other school districts and local government agencies.	N/A	Performance	General Counsel
43	N/A	Financial Oversight of Schools	Conduct an audit to determine whether Financial Managers are providing sufficient oversight in a timely manner over financial activities at schools related to student body finances and budget, payroll records and mandated state and federal tax reports, student body inventories, imprest accounts, and cash collections.	N/A	Performance	Accounting and Disbursements
44	N/A	Procurement Card	Conduct an audit to determine whether (i) Procurement Card transactions were approved by the approving officials, (ii) reconciliations were performed by the cardholder and approved by the approving official, and (iii) supporting documentation was on file for all transactions.	N/A	Performance	FSD; General Counsel; ITD; Division of Instruction; PSD
45	N/A	Teacher Retention Rate	Identify teacher retention rates among various school districts and examine what measures are adopted by the districts that enjoy high retention and low turnover rates among teachers. The review will also identify methods for improving teacher job satisfaction and reducing turnover rates to help minimize the cost of hiring and training inexperienced teachers to replace teachers that leave.	N/A	Review	Human Resources
46	N/A	Aspiring Principal's Training Program	This audit will determine the efficiency and effectiveness of the Aspiring Principal's Training Program to determine if the program is achieving the intended results.	N/A	Performance	Human Resources
47	N/A	School Audits	This series of audits will support the District in its oversight and monitoring efforts over District schools, including both traditional and charter schools. Charter schools will be selected in consultation with the Charter Schools Division (CSD). Part of the work in this area may include examining (i) financial operations at school sites, (ii) management of student body funds, imprest funds, and procurement card transactions, (iii) compliance with the terms and conditions of charter agreements, and (iv) compliance with District policies and procedures.	N/A	Performance	Charter Schools Div.
48	N/A	Student Records	Audit of the data and Accountability office to determine whether existing controls are adequate and are operating as intended over the recording and maintenance of student graduation records.	N/A	Performance	Data & Accountability

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Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
49	N/A	Employee Training and Professional Development Program	Audit of the volume of training currently provided to school-based employees to supplement the need for qualified employees to fill vacancies due to attrition, resignation or termination, and whether such programs are effective and reaching desired goals.	N/A	Performance	Personnel Commission
50	N/A	Pregnant Minor Schools and Opportunity Schools	The audit will assess whether the District is providing a program that addresses the individual needs of at-risk students and provides alternative pathways to graduation for students whose needs cannot be met in a traditional school setting. The audit will also determine whether the students enrolled in the program complete the requirements for a high school diploma and are career and college ready.	N/A	Performance	Educational Options
51	N/A	Title I, Part A Process	The audit will determine the effectiveness of the application process and review the allocation and payment of costs to administer the program.	N/A	Performance	Federal and State Education Programs
52	N/A	Instructional Technology Initiative	Conduct an audit of the IT program to determine whether the process for allocation of funds to schools is being followed and the funds/equipment allocated to schools under the program were used for their intended purposes.	N/A	Performance	Division of Instruction
53	N/A	Facilities Environmental Technical Unit (FETU)	Technical Evaluation of FETU compliance with EPA asbestos-related laws including AHERA and ASHARA requirements on asbestos monitoring, inspection, and asbestos removal work.	N/A	Tech Eval	FSD-FETU
54	N/A	Non-DSA Certified Portable Buildings	Technical Evaluation of the District's efforts to certify the non-DSA portable buildings including RHU portable removal/replacement projects.	N/A	Tech Eval	FSD
55	N/A	Constructability Review Process	Review of FSD Constructability Review Process	N/A	Tech Eval	FSD
56	1610028	Enterprise Construction Inc.	Technical Evaluation of the stadium renovation at Jordan HS	\$5,525,000	Tech Eval	FSD
57	4400003864/ 1510048	Pimer Construction Co.	Technical Evaluation of the Food Service Upgrades at 93rd St. ES	\$7,438,000	Tech Eval	FSD
58	4400005072/ 1610055	Geronimo Concrete Inc.	Technical Evaluation of the Asphaltic Concrete Resurfacing and Boys & Girls Restrooms Upgrade at Palms Middle School	\$2,789,953	Tech Eval	FSD
59	TBD	Pre-Award Audits	Pre-award audits performed as requested by Facilities Contracts or Procurement. These audits are performed to determine the reasonableness of the rates that contractors/vendors are proposing for LAUSD projects. The audited rates are used to negotiate contracts for work to be performed for LAUSD.	TBD	Pre-Award	PSD/ FSD
60	TBD	Change Order Audits	Change order audits performed upon FSD requests for negotiated change orders over \$500,000 to determine if the negotiated amount is adequately supported and in accordance with the contract's provisions.	TBD	Change Order	FSD
GRAND TOTAL				\$543,742,580		

Know about fraud, waste or abuse?

Tell us about it.

Maybe you are a School District Employee, or maybe you are a private citizen. Either way, you are a taxpayer.

Maybe you know something about fraud, or waste, or some other type of abuse in the School District.

The Office of the Inspector General has a hotline for you to call. You can also write to us.

If you wish, we will keep your identity confidential. You can remain anonymous, if you prefer. And you are protected by law from reprisal by your employer.

Call the hotline:

(213) 241-7778
Or
(866) LAUSD-OIG
(866) 528-7364

Write to us:

Fraud Hotline Center
333 S. Beaudry Ave., 12th Floor
Los Angeles, CA 90017

Website:

<http://achieve.lausd.net/oig>