

**OFFICE OF THE INSPECTOR GENERAL
LOS ANGELES UNIFIED SCHOOL DISTRICT**

**Annual Report to the
Board of Education**



Fiscal Year 2024

**Sue Stengel
Inspector General**



Los Angeles Unified School District Office of the Inspector General

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July 31, 2024

To the Honorable Members of the Board of Education:

I am pleased to submit the Office of the Inspector General's (OIG) Annual Report. This report is required by the OIG's Charter and summarizes our activities and accomplishments for the period from July 1, 2023 through June 30, 2024 (FY 2024).

The OIG conducts audits, investigations, and special reviews of the Los Angeles Unified School District's (District) programs and operations to support effective decision-making and to detect and deter fraud, waste, and abuse. Our goal is to enhance the public's confidence in the District by assisting District management with making continuous improvements in programs and operations and by fostering integrity. This report highlights work we performed during FY 2024. Through this work, we identified approximately \$3.7 million in potential monetary benefits.

As we celebrate 25 years of service, the OIG is proud to support the District's goals and vision by identifying opportunities for achieving greater economy, efficiency, and effectiveness. On behalf of all OIG staff, I would like to thank the Board of Education for your continued support.

Sue Stengel
Inspector General

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FISCAL YEAR 2024 HIGHLIGHTS

SUMMARY OF AUDIT ACTIVITIES

During fiscal year (FY) 2024, the Office of the Inspector General (OIG) conducted audits of various programs, processes, and contracts to provide the Los Angeles Unified School District (District or LAUSD) management with information to help improve operations, facilitate decision-making, and promote public accountability. We issued 26 reports that resulted in 70 recommendations and identified \$1.2 million in questioned costs. Additionally, the District executed a settlement agreement for \$1.8 million as a result of prior year audit activities.

The following section summarizes the work performed and some of the outcomes achieved during the year. We also included the status of agreed-upon recommendations¹ as of June 30, 2024.

Please note that the OIG aimed to provide a concise overview of each audit. The OIG acknowledges the meaningful responses and explanations received from District management and District vendors related to these audits. However, the summaries of the audits, particularly the more complex audits, may omit details or nuances in the interest of brevity. Therefore, we encourage a review of the full audit reports, which are linked to each audit summary below.

Update on Prior Year Audit [CA 20-1269](#)

The District recently executed a settlement agreement with Tesla related to the company's performance guarantee obligations as part of the Photovoltaic Program (PV Program). The agreement requires Tesla to pay a collective \$1.87 million for reconciliation periods through September 2023.

In 2021, the OIG completed an audit of the District's Photovoltaic Program. Our findings concluded that the District's contractors owed the District \$1.2 million in performance guarantee payments. The amount of guarantee payments due was based on the under-performance of the installed PV systems from the initialization of the systems through June 2020. In response to our recommendations, the Energy Management Unit dedicated staff resources to monitor compliance with the contract requirements, review reconciliation reports, verify underpaid guarantee payments, and seek reimbursement from the contractors. The settlement agreement provides for Tesla to make guarantee payments owed for the original audit period and for additional true-up periods through September 24, 2023. This collective process, along with the support of the Office of the General Counsel, resulted in the settlement agreement with Tesla.

¹ The information in this report reflects the most current updates our office has received from both contractors and the District. There may have been additional recommendations implemented since last reported to the OIG.

Recurring issues related to Bond Rates

Through its recent work, the OIG identified a recurring issue of overstated bond rates (for performance and payment bonds) being charged on change orders. Since 2023, seven audits and one technical evaluation identified \$96,000 in overcharges resulting from the use of incorrect bond rates.

As a result of this work, the District revised policies and procedures that now require District staff to validate the actual bond costs used in cost estimates and change order proposals. The OIG plans to audit the effectiveness of the new policies and procedures in the upcoming fiscal year.

CA 23-1405 tBP/Architecture, Inc.

The OIG completed a rate review² of tBP/Architecture, Inc. under a contract to provide architectural services in support of the Maintenance and Operations Branch (M&O) and the Architectural and Engineering Services Group. The objectives of the review were to audit the company's labor and overhead rates and to recommend fully burdened hourly rates for the contract. We recommended lower rates for nine of the eleven contracted labor categories. This information supports the Procurement Services Division in their efforts to renegotiate fully burdened labor rates for the contract.

OA 23-1406 Linda Esperanza Marquez Senior High School - School of Social Justice (SSJ)

The OIG performed a special review of SSJ to determine whether (i) payroll was accurate and certified by an authorized administrator or designee and whether (ii) absences were properly approved and supported.

The OIG determined that:

- No material payroll issues existed.
- The payroll process at SSJ requires improvement. Although the overtime and extra duty pay hours worked by each employee were within established limits, some payroll records and/or approval of overtime pay, extra duty pay, and absences needed to be properly maintained by SSJ.
 - Not all payroll records or approval of overtime pay were obtained, provided to the School Administrative Assistant (SAA), or retained by SSJ.
 - Not all payroll records and approval of extra duty pay were obtained or provided to the SAA or retained by SSJ.
 - Not all Certification of Absence Forms or approval of absences were obtained, provided to the SAA, or retained by SSJ.

² Rate reviews contain confidential information and are not shared publicly.

CA 23-1407 Pinner Construction, Inc. (Pinner)

The OIG performed a change order audit of Pinner related to the Design-Build contract for the Comprehensive Modernization Project at Grant High School. The Facilities Services Division (FSD) executed change order No. T-558 in the amount of \$944,027 in response to a community greening committee. The change order was for planting additional trees, repurposing removed redwood trees as outdoor seating, adding outdoor classrooms, and installing canopies and site lighting in different areas of the school.

The OIG found:

- The change order was justifiable, properly approved, and adequately documented.
- \$50,000 in subcontractor costs related to storm drain work and Pinner’s associated markup (\$2,500) were neither reasonable nor supported.
- The bond cost was overstated by \$2,161.

Recommendations:

1. FSD should issue a credit change order to recover the questioned amount of \$54,661.
2. FSD should follow up with Pinner to determine the cost impact associated with the storm drain scope change and issue a separate change order, if applicable.

Auditee Response:

Pinner and the District agreed with the recommendations.

Implementation of Recommendations:

Implemented - No. 1

Not started - No. 2

CA 23-1409 ACC Environmental Consultants, Inc. (ACC)

The OIG performed an audit of ACC under a contract to provide comprehensive asbestos, lead-containing material, mold, and hazardous materials consulting services to support the District’s construction projects.

The OIG found that the amounts billed were adequately supported and in accordance with the contract, and the contractor provided the required services.

OA 22-1412 Utility Accounts

The OIG conducted a performance audit of the District’s Maintenance and Operations (M&O) Energy Management Unit (Energy Unit). The objectives of the audit were to determine whether (i) the District’s Energy Unit was effective in identifying potential overbilling of District-owned or leased properties by the Los Angeles Department of Water and Power (DWP) and whether (ii) the District’s Sustainability Initiatives Unit (SIU) was effective in identifying and capturing projects that were eligible for DWP’s energy rebate incentives and

ensured that the Information Technology Services (ITS) monthly exception reports were promptly resolved with DWP.

The OIG audit determined that:

- The Energy Unit was generally effective in processing the monthly billings from DWP.
- The Sustainability Unit was effective in identifying projects eligible for energy rebates/incentives.
- The Energy Unit was not entirely effective in identifying potential overbilling or tracking energy rebates/incentives.

Recommendations:

1. M&O Management should develop formal policies and procedures for the Energy Unit that include responsibilities regarding the review of DWP billings, including verifying whether DWP's record of meter usage is accurate.³
2. M&O Management should look for ways to leverage existing or new technologies to help the Energy Unit more effectively review the billings, identify potential issues, and select specific anomalies that may need further follow-up.
3. The Energy Unit should perform follow-up activities, such as validating the meter usage and reporting significant anomalies to DWP for research and explanation once reliable monthly exception reports are available to identify potential over-billings or other errors in bills submitted by DWP.⁴
4. The Energy Unit should establish a policy regarding tracking energy incentives with DWP and ensuring that any checks received are reconciled to the corresponding projects.
5. A dedicated staff should monitor and track eligible energy incentives and ensure that checks from DWP are routed through the Energy Unit.⁵
6. The Energy Unit should establish a written policy to provide and maintain adequate oversight of monthly billing anomalies.
7. The Energy Unit should identify significant corrections, ask DWP for the reasons,

³The District partially agreed with the related finding indicating that the Energy Management Unit has been spot-checking meter usage and reviewing utility billings for accuracy as monthly bills are processed.

⁴M&O partially agreed with the finding and the recommendation. They reported that “the Energy Management Unit currently spot-checks meter usage and reports significant anomalies. The EMU will begin using Brightly’s Energy Manager software to research significant billing anomalies and send to DWP for explanations. The Energy Manager software technology will allow reliable exception reports, account statistics and reviews, to identify potential over-billings or other potential errors in billing statements. Full implementation of the software will be by December 20, 2023. M&O will coordinate with utility providers when abnormal meter reads are identified.”

⁵ M&O partially agreed with the finding and the recommendation. They reported that “A dedicated Energy Unit staff will continue to coordinate with the utility agencies to monitor and track eligible energy incentives and ensure that checks are routed through the Energy Unit. An additional staff member will be trained and assigned by Feb. 28, 2024.”

and evaluate the reasonableness of those explanations. The Unit should then resolve any issues under its control, including ensuring malfunctioning meters are repaired or replaced.

Auditee Response:

The District agreed with recommendations Nos. 1 (but only partially agreed with the finding), 2, 4, 5, and 7 and partially agreed with recommendations Nos. 3, and 5.

Implementation of Recommendations:

In Progress

CA 23-1398 Morillo Construction, Inc. (Morillo)

The OIG performed an audit of Morillo under a contract for the design and construction of the Wellness Center at Maclay Middle School. The original contract amount was \$8.3 million. There were 58 subsequent change orders that resulted in an additional cost of \$628,217.

The OIG determined:

- The change orders were justifiable, properly approved, and adequately documented.
- The scope of the construction work was completed in compliance with the contract terms and conditions.
- Morillo overbilled the District for bond costs in the amount of \$4,156.
- Based on delays associated with the respective scheduled milestones, the OIG calculated potential liquidated damages of \$419,500.⁶

Recommendations:

1. FSD should conduct a thorough review of the project delay, document the review process, and provide a detailed summary of their conclusion regarding liquidated damages, including any basis to support whether the District has or has not incurred damages. Unless it can be demonstrated that the delays were valid and that the District did not incur any damages due to the delays, the District should assess and collect the liquidated damages from Morillo Construction Inc.
2. PSD should seek a refund of \$4,156 from Morillo for the overbilled bond cost.

Auditee Response:

The District agreed with both recommendations and Morillo partially agreed with one recommendation (No. 2).

Implementation of Recommendations:

In Progress

⁶ The District indicated that it would not have been able to utilize the facility during the delay (because of the COVID shutdown) and, therefore, incurred no losses or damages because of the delays.

OA 23-1411 Cycle Time of Owner Authorized Representatives (OAR)

The OIG conducted an audit of the cycle time of OARs. The objectives of the audit were to evaluate the cycle times and determine compliance with construction schedule policy and procedures for completed projects.

The OIG found:

- The average cycle time for construction projects reviewed was 925 days.
- Most OARs did not log critical dates nor upload schedule submittals into the District's Consolidated On-Line Information Nexus (COLIN).⁷ Instead, the Scheduling Group relied on Excel spreadsheets to keep track of dates during the pandemic and up to the audit period.

Recommendations:

1. FSD should continue to determine whether the workload of Associate Project Engineers and support staff is optimal to ensure that COLIN is up-to-date with uploading critical construction documents and logging dates in COLIN.
2. FSD should assign personnel to upload all schedule submittals (specific construction documents) in off-site shared servers and other cloud-based systems into COLIN. Additionally, all dates should be input in COLIN based on the uploaded documentation.
3. FSD should ensure that the Scheduling Group continues monitoring timely schedule submittal log data in COLIN. If the Scheduling Group identifies incomplete data, late input of data, or other issues, the Senior Project Schedule Manager should escalate the matter to the Deputy Director of Project Execution (PEX) and, ultimately, the Director of PEX if issues are not resolved in a timely manner.
4. Facilities Technology Services should continue efforts to restore access to contractors in COLIN so that required construction documentation can be uploaded. Alternatively, the Facilities Technology Services can establish a secure cloud-based folder for contractors to upload schedule submittals (specific construction documentation).
5. PEX should provide more oversight and ensure that OARs require contractors to submit a monthly schedule update by the 5th day of the next month or face accountability measures based on the contract.
6. PEX should closely monitor whether OARs return the monthly schedule review comments to contractors within 16 calendar days after receiving monthly schedule updates.
7. PEX should continue to monitor whether OARs are managing an excessive number of projects simultaneously when policies and procedures are not carried out promptly.

⁷ Consolidated Online Information Nexus is a solution that tracks and logs programs, projects, schedules, and cost management.

8. PEX should provide training to OARs regularly, focusing on schedule submittal logs entered in COLIN and how management reporting is critical to managing the Construction program.

Auditee Response:

The District agreed with all recommendations.

Implementation of Recommendations:

Implemented

OA 24-1413 My Integrated Student Information System (MiSiS)

The OIG engaged a bench firm⁸ to conduct a security audit of the MiSiS Software Application. The audit objectives were to (i) examine existing controls and security permissions for the different school-based and non-school-based employee roles in MiSiS and Schoology, (ii) perform a comprehensive assessment of security permissions for all users of the District's MiSiS Schoology, and One Access systems and their assigned permissions, (iii) determine whether the level of access to the Learning Management System was in compliance with the California Education Code and District policies and procedures, and (iv) test a sample of final grades changed during FY 2021 and 2022.

To conduct this audit, the bench firm utilized industry "best practices" standards and guidelines to examine MiSiS and Schoology's existing security controls and security permissions. This included standards developed by the National Institute of Standards and Technology (NIST). Specifically, NIST 800-53, Rev. 5, was developed to provide guidance for assessing the security controls in Federal Information Systems and Organizations. This standard is widely used and accepted across several industries and organizations.⁹

This was a lengthy audit that identified a total of 13 findings in the following areas:

- NIST Security Controls (7 findings)
- Security Permissions (4 findings)
- Grade Change Testing (2 findings and 3 observations)

Recommendations:

To improve security, enhance controls, and improve the process of grade changes, 16 recommendations were made, some with several components, under each respective area:

- NIST Security Controls (7 recommendations)
- Security Permissions (4 recommendations)
- Grade Change Testing (5 recommendations)

⁸ BCA Watson Rice LLP

⁹<https://achieve.lausd.net/cms/lib/CA01000043/Centricity/domain/184/audit%20files/NIST%20800%2053%20REV%205%20INTRODUCTION.pdf>

Auditee Response:

The District agreed with some of the recommendations and disagreed with others:

- NIST Security Controls (5 Agreed; 2 Disagreed)
- Security Permissions (4 Disagreed)
- Grade Change Testing (1 Partially agreed; 4 Disagreed)

Implementation of Recommendations:

For the recommendations with which the District agreed, some have been implemented, some are in progress, and others have not been started.

Please see the link above for access to the full report.

OA 23-1408 Maintenance and Operations (M&O) Service Requests

The OIG conducted an audit of M&O Service Requests. The audit focused on whether service requests were being addressed and whether they were completed in a timely manner.

The OIG found that the service requests selected for review were addressed/completed by M&O. However, M&O could take additional steps to address service requests more quickly.

The OIG determined that:

- 14% of service requests were not completed within 45 days - M&O's stated goal.
- 2.6% of service requests did not show that they were "In Progress" and, of those that were not completed within 45 days, 6.5% did not have an "In Progress" date. "In Progress" signifies that a service call received a response.
- 23% of service requests did not show "Field Complete" when the work was completed, as required by policy, and 33% of the service requests that were completed beyond 45 days, did not show "Field Complete." This demonstrated a correlation between service requests that were more than 45 days old and those that did not show "Field Complete."
- Service requests are triaged into three levels: emergency, urgent, and routine. 5% of service requests sampled did not reflect the correct priority level.
- Service requests were mostly addressed but communication between M&O and school principals could be improved.
- 16% of low value purchase orders were processed without the necessary approvals.

Recommendations:

1. M&O should update its written procedures to (i) reflect the updated definition of the "In Progress" status and (ii) require the use of the "In Progress" status.
2. M&O should determine the feasibility of modifying the system to require the craft supervisor or craft senior to mark the service request as "In Progress" before craft workers proceed on work orders.

3. If modifying the system is not feasible, then M&O should establish a process for craft supervisors to identify service requests that have been reviewed and require an “In Progress” status update. M&O should update its written procedures to require service calls’ status to be changed to “Field Complete.”
4. M&O should determine the feasibility of modifying the system to require the craft worker to mark the service request as “Field Complete” before the craft supervisor or craft senior marks the service request as complete.
 - i) If requiring the field complete date is not feasible, then M&O should develop a process for craft supervisors and workers to timely identify any service requests that have been completed but not marked as "Field Complete." This will assist the craft supervisors and workers in identifying open service requests and investigating what is causing a delay in completion. For example, a procedure that could be implemented would be for craft supervisors to run weekly reports on service requests “In Progress” and ensure that the status of completed requests is "Field Complete.”
5. M&O should work with the Personnel Commission to increase recruiting efforts, focusing on attracting potential candidates for open positions, implementing a process that directs requests to the appropriate unit if an employee or unit receives a request in error, and reminding employees not to create service requests unless they are actual service requests.
6. M&O should update Procedure No. G-S-28 - Service Call Response to include an internal goal for the completion of emergency and urgent requests. For those instances where requests cannot be addressed and completed within the goal, a reason for the additional time should be documented in the system.¹⁰
7. M&O should require the Area Facilities Services Directors to create a weekly report on open requests and take necessary action on any requests that remain open for over 30 days.
8. M&O should provide periodic reminders to the craft supervisors, craft seniors, and workers to ensure all employees are well informed on the service request procedures. The reminders should include the various priority types, the job descriptions that fall within each priority type, and the importance of a service request reflecting the correct priority type.
9. M&O should conduct periodic training sessions for the purchase requisitions approvers and reviewers. This will ensure that all employees are well-informed about the approvals for purchase requisitions and the overall purchase order process.
10. M&O should require clerical staff responsible for generating the purchase order to thoroughly review all purchase requisitions submitted and ensure they have the required approvals before processing them and generating a purchase order.
11. M&O should remind principals and plant managers that, in addition to the Plant Manager’s Kiosk and the Principal’s Corner, they can obtain a more detailed status or

¹⁰ M&O disagreed with this recommendation and stated that due to the amount and the range of complexity of the service calls, a meaningful metric and goal is not possible.

update about a service request from the Complex Plant Manager (CPM). These reminders should include guidelines or steps to view the status of the service requests.¹¹

12. M&O should provide the CPM with guidelines on optimal communication between M&O and the plant managers or school administrators regarding service requests.

Auditee Response:

The District agreed with 10 recommendations (Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, and 12), partially agreed with one recommendation (No. 11), and disagreed with one recommendation (No. 6).

Implementation of Recommendations:

Implemented - Nos. 2, 4, 8, and 11

In progress - Nos. 1, 3, 5, 7, 9, 10, and 12

CA 23-1415 STV Construction-Simpson & Simpson, a Joint Venture (STV-S&S)

The OIG performed an audit of STV-S&S for providing construction management, project management, and other related support services. The original amount of the contract was \$5 million which was later increased to \$33 million.

The OIG found:

- The amounts billed were allowable and adequately supported.
- Work-based learning programs (WBLP) were not provided to LAUSD students.
- STV-S&S complied with the requirements to provide their construction professionals with a proportional salary rate increase commensurate with the percentage increase of the billing rates.
- Due diligence checks also demonstrated that each candidate met the position requirements.

Recommendations:

1. STV-S&S should continue to work with the District's Linked Learning Office to develop specific WBLPs tailored to the District's students and maintain relevant records and documentation of these WBLPs.
2. The District's PSD and Linked Learning Office should develop a process to identify contractors with contractual obligations to participate in WBLP, initiate contact, and monitor the program from contract inception.

Auditee Response:

The District and the STV-S&S agreed with the recommendations.

¹¹ M&O partially agreed, indicating that having the CPMs receive questions about service requests may be too much of a burden and that instead, M&O would create a report that could be sent to the principals on a monthly basis.

Implementation of Recommendations:
Implemented

CA 24-1414 Kemp Bros Construction, Inc. (Kemp Bros)

The OIG performed a change order audit of Kemp Bros related to the Huntington Park High School Comprehensive Modernization Project. The District approved change order T-1210 to make repairs and mitigate water intrusion to the Science Building for \$2.3 million.

The OIG determined:

- The change order amount was adequately supported and the required scope of work was completed in accordance with the change order.
- The District executed the change order in accordance with policies and procedures.

CA 23-1418 Thomasville Construction, Inc. (Thomasville)

The OIG performed an audit of Thomasville under a Job Order Contract¹² (JOC) to provide and install, repair, recover, or replace resilient playground safety tile matting. The value of the contract was \$6.8 million with a term from July 2020 to July 2023.

The OIG determined:

- The awarded job orders complied with the District's JOC policies and procedures and the terms of the contract.
- Thomasville's quoted surface areas were accurate for 22 out of the 27 job orders. The inaccurate surface areas resulted in an overbilling of \$29,060.

Recommendations:

The District should collect \$29,060 from Thomasville for the overbilled amount.

Auditee Response:

The District agreed with our findings and agreed to seek a refund. Thomasville did not dispute our finding but claimed that it had performed more concrete/asphalt work than what it charged the District and, therefore, should be allowed to offset the questioned cost with a credit.

Implementation of Recommendation:

In progress

¹² A Job Order Contract is a competitively bid, fixed price, multi-year construction contract based on established or published unit prices via a unit price book or a price list with a multiplier applied to the unit prices. The unit prices are used to price construction tasks associated with the scope of work.

CA 24-1416 Swinerton Builders (Swinerton)

The OIG conducted a change order audit of Swinerton related to the Comprehensive Modernization Project at Roosevelt High School. Change Order T-735, valued at \$1 million, authorized the contractor to install a pump house and an emergency generator as well as other related work.

The OIG determined that the change order was executed in accordance with FSD’s policies and procedures and that the amount was adequately supported, fair, and reasonable.

CA 24-1417 Pinner Construction Co., Inc. (Pinner)

The OIG conducted a change order audit of Pinner related to the San Pedro High School Comprehensive Modernization Project. Change Order T-767, valued at \$1.3 million, authorized Pinner to deliver and install modular classrooms and restrooms on the Olguin and Flagship campuses. The change order was executed due to unforeseen structural issues that resulted in restricted access to Building No. 3 on the Olguin campus and Building No. 1 on the Flagship campus.

The OIG found:

- Some of the costs were reasonable and supported, however, costs for time allowance and insurance premiums totaling \$36,200 and \$20,000, respectively, were unsupported.
- Pinner applied a standard 2% rate for bond fees to all change orders under this contract, as opposed to the actual rate (determined to be .89%), which resulted in a higher charge to the District.

Pinner stated that the proposed costs for time allowance and insurance premiums were budgeted estimates and submitted a revision to the Change Order to reflect the actualized amounts. Pinner credited the District for \$37,937 to adjust for actual costs incurred for Saturday/Sunday installations and deliveries, insurance premiums for coverage of the modular buildings over the two-year lease period, and overstated bond and overhead costs.

Recommendation:

The District should seek a refund for \$37,937.

Auditee Response:

The District and Pinner agreed with the recommendation.

Implementation of Recommendation:

Implemented

OA 23-1410 Charter Schools Receipts

The OIG performed an audit of Charter Schools Receipts to examine and validate the co-location and over-allocation fees billed to and/or owed by charter schools to the District.

The OIG found:

- Pro-rata share payments were up-to-date.
- Policies and procedures regarding co-location and over-allocation fees to charter schools needed to be improved to ensure that fees billed to and/or owed by the charter schools to the District were accurate and accounted for properly.
 - The process to request cost information from departments that ultimately impacted pro-rata share fees did not include specific procedures or guidelines for departments to obtain the correct cost data.
 - Charter schools were incorrectly charged for co-location fees.
 - There were outstanding balances of over-allocation fees owed to the District.¹³

Recommendations:

The OIG recommended the District further expand on the established process of calculating pro rata share fees and provide specific guidance to applicable departments to ensure that the fees are accurate.

The District should:

1. (i) Formalize procedures that detail what report(s) to download in SAP and which funds/accounts to select, (ii) engage departments, obtain actual costs, recalculate amounts and determine whether all, and only, allowable funds were included, and (iii) document, communicate, and provide training on updated procedures to ensure Facilities Cost worksheets (FCW) are accurately completed.
2. Validate the amounts on previous FCWs, collaborate with applicable departments, calculate any cost differences, and determine if there is any recourse regarding requesting applicable charter schools to pay the applicable amounts based on the recalculated cost per square foot.
3. Continue to enforce the collection of overallocation fees and follow up as needed to stay current on all over-allocation balances.

Auditee Response:

The District clarified that procedures which provide guidance are in place and agreed with recommendation No. 1. The District agreed with recommendations Nos. 2 and 3.

¹³ Although some charter schools have outstanding balances, they entered into a payment plan agreement with the District, and they are currently up to date on those payments.

Implementation of Recommendations:
Implemented

OA 23-1419 Personnel Commission’s (PC) Hiring Process

The OIG performed an audit report of the PC’s Hiring Process.

The OIG found:

- The hiring process was in compliance with the State of California Education Codes, PC Rules, and PC policies and procedures, which included requirements related to a candidate’s rank in the eligibility list, the oral examination boards including at least two members, and candidates’ fingerprints being cleared by the State of California Department of Justice (DOJ) and the Federal Bureau of Investigations (FBI).

The OIG made an observation of the complexity of the PC process and the various entities involved, including various branches of the PC, the hiring departments, the candidates, the DOJ, and the FBI. Although PC does not control or influence every point in the process and there could be a myriad of reasons for delays, PC management indicated it strives to complete the hiring process in a timely manner.

Recommendation:

The OIG recommended that the Personnel Commission continue its efforts in recruiting at non-traditional events and venues such as libraries, sports events, houses of worship, and community fairs.

Auditee Response:

The District agreed with the recommendation.

Implementation of Recommendations:
Implemented

OA 23-1423 Information Technology Services (ITS) HelpDesk (HelpDesk)

The OIG performed an audit of the ITS HelpDesk and the Community Hotline to determine whether the operations were efficient in meeting the needs of District employees. The OIG had multiple findings for both hotlines that if implemented could improve efficiency.

The OIG found:

- The HelpDesk was reasonably efficient based on the average resolution times calculated by the OIG, the large volume of incidents reported and resolved, the generally positive surveys of employees, and the comparison of average resolution times to other school districts.
- Opportunities exist to improve processes by measuring, monitoring, and tracking trends for various metrics that align with HelpDesk goals.

- The average resolution time for each mode of communication (Phone, Self-Service/Web, Chat) was two days.
- The average resolution time was not being monitored or tracked by the ITS Helpdesk.
- The phone medium was the fastest service for resolving issues by the ITS Helpdesk, yielding a one-day average resolution time. The Community Hotline was able to yield a 12-minute phone resolution time.

The audit also noted the following: (i) ITS' surveys to users who reported incidents had a low survey response rate, (ii) the escalation metric¹⁴ was not being measured by ITS , and (iii) first response time data was not captured in 62% of the incident ticket data.

Recommendations:

1. ITS Customer Support should enhance the current Standard Operating Procedures by clearly outlining the process from the moment a customer reaches out to the ITS HelpDesk or the Community Hotline¹⁵ to when a ticket is resolved, and customer feedback is collected. Specifically, include the following:
 - a. Procedures related to non-responsive customers.
 - b. Define a ticketing process flow for all support levels/tiers.
2. ITS Customer Support should fully develop the metric by ensuring the following:
 - i) Measure, monitor, and track the escalation rate.
 - ii) Define what counts as an escalation.
 - iii) Combine the escalation metric with other resolution metrics to get a clear picture of any possible underlying issues with any application.
 - iv) Analyze the reasons for escalation to identify patterns or trends.
3. ITS Customer Support should:
 - i) Configure the Remedy and ServiceNow systems to capture response times for all incident tickets and modes of communication.
 - ii) Develop, measure, and monitor the First Response Time by tracking and trending performance, identifying and understanding underlying gaps, and establishing goals to improve performance.
4. ITS Customer Support should attempt to increase the response rate to surveys by:

¹⁴ Escalation rate is the percentage of tickets escalated to a new support tier requiring specialized assistance, an advanced support technician, or a specialized team to help resolve the issue.

¹⁵ During the pandemic, the District created a Community Hotline, in addition to the ITS HelpDesk, to give students, families, parents, employees, administrators, and community members current information about school closures, COVID testing, vaccinations, and other related information. Post-pandemic, the Community Hotline continues to support employees, students, and families with connectivity issues and access to applications.

- i) Testing both systems to confirm that the survey component is functioning and configured properly, ensuring that surveys are sent out automatically and reaching users.
 - ii) Translating the survey into the customer’s preferred language.
 - iii) When practicable, sending customer surveys within 24 hours of the interaction; immediate feedback yields higher accuracy and response.
 - iv) Ensuring the survey experience is optimized for any device.
 - v) Surveying the customers from the Community Hotline.
 - vi) Reminding customers to complete the survey at regular intervals.
5. ITS Customer Support should ensure that:
 - i) Queue management is improved by routing incident tickets to the correct queue.
 - ii) A policy is implemented that defines when an agent should close an incident ticket if the customer is not responsive. The ITS HelpDesk can establish a three-attempt or three-day policy to contact customers using multiple methods. If there is no response after the third attempt and/or after three days, classify the issue as resolved and code the incident ticket with an appropriate category such as “Non-responsive or Unable to contact user.” ITS should close the ticket if the customer still hasn’t responded by a certain amount of time established (such as five days or seven days) in the policy.
 6. ITS Customer Support should ensure that the Average Resolution Time for each ticketing system and each support channel is measured, monitored, and tracked to detect and improve the quality of each resolution by identifying where there is a need to train or move staff.

Auditee Response:

The District agreed with all recommendations.

Implementation of Recommendations:

Implemented

CA 23-1422 Infosys Limited (Infosys)

We performed an audit of Infosys for providing software development services, rapid response support services, and applications managed services for the MiSiS project. The original contract amount was \$1.8 million which grew to \$46.4 million through subsequent renewals and work orders.

The OIG found:

- Infosys did not remit to the District \$425,563 for volume-based discounts as stipulated in the contract.

- The contract agreement also included a Work-Based Learning Program, which was supposed to provide learning opportunities for students with interests and aptitudes in software development, engineering, and other technology-based areas. The Work-Based Learning Program proposed by Infosys required the District to pay for student travel (and associated costs) within the United States and abroad. Since the District was not able to pay, no work-based learning was provided.

Recommendations:

1. Infosys should contact the District Linked Learning Office for further instructions on how to fulfill this contract requirement. The District Linked Learning Office oversees the District WBLPs and has the appropriate resources to properly implement the WBLPs. The District should establish a comprehensive WBLP tracking system accessible to the contractors who currently have contract relationships with the District. Therefore, the Linked Learning Office can monitor and coordinate with the contractors on the delivery of the contract requirements.
2. PSD should seek payment of \$425,563 from Infosys for the volume-based discount due to the District.

Auditee Response:

The District agreed with both recommendations and Infosys disagreed with both recommendations.

Implementation of Recommendations:

In progress

CA 24-1421 Byrom-Davey, Inc. (Byrom-Davey)

We performed an audit of Byrom-Davey for Change Order No. T-501 under a contract to upgrade the athletic fields at Roosevelt High School. The change order was issued to procure a switchgear, a bus duct, and related equipment as part of the District's effort to provide adequate power to the campus.

The OIG found:

- The change order costs were adequately supported and allowable in all material respects.
- The change orders were executed according to FSD's change order policies and procedures.
- Byrom-Davey overcharged bond costs by \$2,107 for the change order.

Recommendation:

The OAR should issue an administrative change order to recoup the overstated bond cost of \$2,107.

Auditee Response:

The District agreed with our recommendation.

Implementation of Recommendation:

Implemented

OA 24-1420 AAA Network Solutions, Inc. (AAA)

The OIG performed an audit of AAA for providing converged internet protocol (IP) public address equipment and related services.

The OIG found:

- Amounts billed reflected the discounts stipulated in the rate schedule and were in accordance with the contract's terms and conditions.
- AAA delivered and installed the billed equipment throughout the District.
- AAA provided extended warranty coverage.
- AAA paid the District the required volume rebates.

CA 24-1425 Hensel Phelps (HP)

The OIG performed an audit of HP for Change Order T-590 under a contract for the Comprehensive Modernization Project at Belvedere Middle School.¹⁶ The change order authorized HP to perform seismic upgrades to the auditorium.

The OIG found:

- The change order amount was adequately supported, fair, and reasonable in accordance with the contract.
- The change order process complied with the District's procedures.
- The completed work was in accordance with the change order's required scope of work.

CA 24-1005 Vector Resources Inc., dba Vector USA (Vector)

The OIG performed an audit of Vector for providing information technology network equipment and related services to replace or install new wireless local area networks at schools and District offices.

¹⁶ Hensel Phelps declined to furnish written representations at the conclusion of our audit to confirm representations made to us during the examination. The absence of these representations from Hensel Phelps is a limitation of the scope of our examination.

The OIG found:

Vector's payment of \$25,909 in volume rebates was late. Therefore, Vector owed the District a delinquent interest fee of \$2,615.

Recommendations:

Vector should comply with the contract terms and conditions by paying volume rebates on time so the District does not have to expend efforts to calculate and collect interest due on late payments.

Auditee Response:

The District and Vector agreed with the recommendation.

Implementation of Recommendations:

Implemented

CA 24-1427 Pars Arvin Construction, Inc. (Pars Arvin)

The OIG performed an audit of Pars Arvin for facility improvements at Marshall High School. Our audit included an evaluation of the contract procurement process, the change order process, and the amount invoiced by Pars Arvin.

We found the following:

- District staff generally complied with the District's procurement policies and procedures during contract procurement, and selected the best value proposer.
- District staff complied with the District's change order policies and procedures during the award of change orders.
- Pars Arvin completed the contracted scope of work and its invoiced amounts were supported.
- Pars Arvin overcharged \$20,899 for bond cost for its change orders, and refunded the District.
- Points were awarded for relevant experience and past performance to a bidder based on projects completed by another company. Nearly all projects listed by this bidder for "relevant experience" and "past performance" in its proposal belonged to the previous employer of the bidder's owner.

Recommendations:

1. FSD should seek reimbursement for \$20,899 from Pars Arvin for the excess bond cost charged to the change orders.
2. PSD should review and update its policies and procedures to define the circumstances under which a company can utilize other company's experience in the prequalification and bidding processes. Additionally, clear guidelines should be established regarding the documentation required for such decisions to ensure transparency and fairness in the procurement process.

Auditee Response:

The District agreed with both recommendations and Pars Arvin agreed with one recommendation (No. 1).

Implementation of Recommendations:

Implemented

CA 24-1426 Cellco Partnership dba Verizon Wireless (Verizon)

The OIG engaged a bench firm¹⁷ to perform an audit of Verizon for providing voice and data plans for cell phones and mobile devices.

The audit found:

- Verizon paid the required amount of contract administration allowance to the District.
- District staff followed written policies and procedures for disconnecting services for employee account lines that were not needed or that were not being used.

CA 24-1430 Bernards Bros, Inc. (Bernards Bros)

The OIG performed an audit of Bernards Bros for the Comprehensive Modernization Project at John H. Francis Polytechnic High School.

The OIG found:

- Bernards Bros overcharged \$636,735 for its classroom interior improvement work¹⁸ and \$46,103 of bond cost on its change order work.
- District staff complied with the District's policies and procedures during the award of change orders.

Recommendations:

1. Bernards Bros should provide the District with a credit of \$636,735 for the unsubstantiated allowance disbursements scope of work. Bernards should invoice the District its actual allowable costs only for allowance disbursements.
2. FSD should issue a credit change order in the amount of \$46,103 for the overcharged bond cost and use Bernards Bros actual bond rate to compute bond cost for future change orders. Bernards Bros should use the actual bond rate when proposing bond costs for its change order work. FSD should continuously monitor the implementation

¹⁷ BCA Watson Rice LLP

¹⁸ Bernards Bros erroneously believed that the authorized allowance disbursements were lump sum in nature, similar to change orders and that they could keep any profit if they found cheaper subcontractors to do the work compared to the ones originally submitted with their proposals.

of its new policies and procedures to ensure that Bernards' actual bond rate is used to compute bond costs for its change order work.

3. At the project's conclusion, FSD should perform an analysis of the causes and impacts of the delays and determine the appropriate amount of liquidated damages to be assessed, if applicable.

Auditee Response:

The District agreed with two recommendations (Nos. 1 and 2) and did not respond to one recommendation (No. 3). Bernards Bros agreed to one recommendation (No. 2) and partially agreed to one recommendation (No. 1). Bernards Bros agreed to credit the District \$454,109 and objected to \$228,729 of the questioned costs.¹⁹

Implementation of Recommendations:

In progress

CA 24-1428 R Brothers, Inc. (R Bros)

The OIG performed an audit of R Bros for facility improvements at Paul Revere Middle School. Our audit included an evaluation of the contract procurement process, the change order process, and the amount invoiced.

The OIG found:

- District staff generally complied with the District's procurement policies and procedures during contract procurement and selected the best value proposer.
- District staff complied with the District's change order policies and procedures during the award of change orders.
- R Bros completed the contracted scope of work, and invoiced amounts were supported.
- Points were awarded for relevant experience and past performance to a bidder based on projects completed by another company. Nearly all projects listed by this bidder for "relevant experience" and "past performance" in its proposal belonged to the previous employer of the bidder's owner.

Recommendations:

PSD should review and update its policies and procedures to define the circumstances under which a company can utilize other company's experience in the prequalification and bidding

¹⁹ Most of Bernards Bros' objections stemmed from their disagreement with the Owner Authorized Representative's assessment of the time spent by Bernards Bros' subcontractor on the allowance disbursement scope of work.

processes. Additionally, clear guidelines should be established regarding the documentation required for such decisions to ensure transparency and fairness in the procurement process.

Auditee Response:

PSD agreed with the need to review and update policies and procedures for the prequalification process and stated that the Prequalification Unit had already begun updating its policies and procedures related to this issue.

Implementation of Recommendations:

Implemented

SUMMARY OF INVESTIGATIVE ACTIVITIES

In FY 2024, the OIG opened 62 cases and closed 54 involving allegations of improper or illegal activities by District employees, contractors, or other entities doing business with the District. This year, we referred four cases for personnel action (discipline). As a result of our investigative work, four criminal actions and four personnel actions were taken, and \$2.4 million in losses to the District were identified.

Below, the OIG provided summaries of some of the investigations that were closed in FY 2024.²⁰

Criminal Convictions and Sentencing

Case No. 23 Embezzlement of public funds

The OIG conducted an investigation of an anti-poverty nonprofit agency that provided a variety of after-school services at several school sites operating mainly with federal and state funding. In 2019, because of the agency's sudden dissolution, LAUSD had to abruptly find new after-school service providers to maintain continuity of services for impacted students and their families. The OIG conducted this investigation in conjunction with the IRS Criminal Investigation Division, the Federal Bureau of Investigation, the U.S. Department of Education OIG, the U.S. Department of Labor OIG, and the U.S. Department of Justice OIG.

As a result of the investigation, the former president and CEO of the nonprofit agency admitted to misusing the organization's funds to pay for property taxes on his personal residence, a family meal at a high-end restaurant in New York City, and private tutoring for his son. He also admitted he owed the IRS \$147,398 in unpaid taxes for the tax years 2015 through 2018. He agreed to accept a plea agreement and pleaded guilty to one count of conversion and intentional misapplication of funds from an organization receiving federal money, and one count of subscribing to a false federal income tax return.

In December 2023, he was sentenced to serve six months in federal prison and an additional six months in home confinement after he was released from prison. Additionally, he was ordered to perform 200 hours of community service and pay \$750,470 in restitution to both the United States Department of Labor and to the Internal Revenue Service.

Case No. 25 Insurance fraud

The OIG assisted the California Department of Insurance in an investigation into an employee who was subsequently arrested and charged with faking a car accident to collect the

²⁰ Case numbers refer to closed investigations as listed in Table 8 of Appendix 2.

insurance payout. The employee accepted a Plea Bargain and pleaded No Contest to a felony and was sentenced to two years of probation. The employee remains employed by the District.

Case No. 35 Theft and unauthorized removal of District property

The OIG conducted an investigation related to several stolen checks that had been issued on behalf of LAUSD. On December 16, 2021, 169 checks that had been issued by LACOE on behalf of LAUSD were stolen from the Pico Rivera Post Office by a local criminal gang. Additionally, 171 checks that were issued by LACOE were subsequently stolen from the Pico Rivera Post Office by a local criminal gang on the evening of December 27, 2021.

Our investigation determined that 139 of the stolen checks were cashed by persons other than the intended recipients for a total loss to the District of \$2.4 million. The remaining uncashed stolen checks had a stop payment placed on them and were later re-issued to the proper recipients.

According to information received from LACOE, \$1.7 million of the \$2.4 million loss amount (or 70.6%) was later recovered from the banks that had cashed the stolen checks, which equates to an approximate \$716,000 loss to the District.

The OIG worked with the United States Postal Inspection Services in the investigation. Three individuals connected to criminal gangs pled guilty and were sentenced in Federal Court.

Other Closed Investigations

Case No. 1 Misconduct by District administrator

The OIG determined that a particular branch of the District had entered into two After-the-Fact (AFT) contracts in 2019 and 2020 totaling \$24,527. District staff acknowledged there had been a history of ATFs within the Branch and reported that it was caused by a lack of communication. The District initiated practices to reduce ATFs. The OIG recommended that the District eliminate ATF contracts or, in the alternative, implement a policy for an exception process.

Case No. 17 Misappropriation of public funds

An OIG investigation determined that a Principal improperly purchased graduation stoles using \$20,197 of Cultural Arts Passport (CAP) Program funds in violation of the Cultural Arts Passport Guidelines for 2022-2024.

The Region’s Director provided guidance and counseling to the administrator regarding the proper use of programmatic funds.

To avoid similar incidents, new protocols were put into place for schools receiving CAP funds. The new procedures will ensure accurate accounting, tracking, and reporting of activity throughout the year.

Case No. 19 Unauthorized school fundraising

The OIG received a complaint alleging that a principal was operating an unauthorized student store and selling unhealthy foods to students. It was further alleged that the principal was leaving school to buy additional food to sell, and that there was a lack of accountability of the funds that were collected from the sales. The OIG investigation determined that the principal and an office manager operated an unofficial student store on campus. The matter was subsequently referred to the regional office for appropriate action.

Case No. 24 Providing fraudulent invoices

The OIG and District Management conducted a joint investigation involving a COVID-19 testing vendor that did not have a contract with the District. Athletic staff at the school allowed the vendor onto campus to test student athletes to ensure their eligibility to participate in sporting events. The vendor collected medical insurance information from the students to procure payment from their insurance for the testing cost. The joint investigation resulted in administrative counseling for the coaches and school staff.

Case No. 28 Violation of District policy

The OIG received a complaint alleging that a management level employee misused illness and Family Medical Leave Act (FMLA) protected leave to work at a non-profit organization during absences from the District. However, these allegations were unsubstantiated. Our investigation determined that the employee’s absences were initially protected under FMLA until the FMLA eligibility was exhausted. The employee also exhausted protections under their parent’s FMLA, which ran concurrently with the employee’s. Despite not having FMLA protections, the employee continued to be absent for several weeks at a time throughout 2022 and 2023 and accumulated more than 64 days of unprotected absences, which violated the Attendance Policy. The employee’s excessive absences are being addressed by District management.

Case No. 29 Misapplication of program funds

The OIG received a complaint alleging that a charter school intended to use public funds to convert to a private school. The investigation determined that the charter school did convert to a private school. However, the conversion did not involve public funds since the charter school held a significant negative net asset balance at the time of the conversion. Six months later, the school permanently closed.

Case No. 41 Violation of Contractor Code of Conduct

An OIG investigation determined that a per diem employee violated the terms of the Master Contract between the District and Non-Public Agencies when the employee failed to disclose concurrent employment with an independent contractor for the District. The employee subsequently resigned from the District and from their position with the independent contractor.

Case No. 42 Fraudulent and inflated invoices

An OIG investigation determined that a landscaping contractor overbilled the District in two separate purchase orders (POs). The contractor completed the scope of work as listed on the approved POs, but charged for materials not used on the job, and charged an incorrect rate for 159 hours of work. The Maintenance and Operations Branch will negotiate any remaining payments and/or adjustments with the contractor.

Case No. 46 Payroll fraud and excessive absences

An OIG investigation determined that an employee had excessive absences. The employee received a 20-day suspension. The employee had received a 15-day suspension for the same violation in 2022.

Case No. 49 Mismanagement of student body funds

An OIG investigation determined that a teacher at a high school organized an unsanctioned graduation night event. The teacher improperly obtained \$21,995 from 83 graduating seniors but made no attempt to schedule the event. Instead, the teacher spent the money for personal use. The teacher subsequently refunded the students' money after they graduated. The teacher's contract was not renewed, and they are no longer with the District.

OTHER OIG ACTIVITIES

Due Diligence and Background Investigations

The OIG provides due diligence services for the District before the District enters into contracts and agreements to assess whether contractors, vendors, or consultants are free from issues such as criminal history, bankruptcies, or other matters that may impact the District's decision to enter into contracts or agreements with the entity or its principals. Similarly, the OIG performs due diligence reviews of independent charter school operators, which may include governing board members and school administrators.

The OIG also conducts background investigations on prospective District senior management officials before they enter into employment contracts with the District.

This year, we issued 60 due diligence reports and completed 24 background investigations related to facilities' contract and procurement matters, independent charter school operators, and prospective senior management contracts.

Technical Evaluations

The OIG has a Technical Evaluation team that evaluates construction projects to ascertain whether contracted construction work and projects were completed in accordance with contract documents, including Division of the State Architect (DSA) approved drawings, specifications, and directives. The team also makes recommendations based on construction and architectural best practices to help strengthen the District's management of construction projects. During FY 2024, the OIG completed four technical evaluations (see Appendix 2, Table 9).

Similar to the OIG's audit activities noted above, the summaries of these complex technical evaluations may omit details or nuances in the interest of brevity. Therefore, we encourage a review of the full technical evaluation reports, which are linked to each technical evaluation summary below.

23-173-TE Morillo Construction, Inc. (Morillo) - Balboa Boulevard Mental Health Center

The OIG found that Morillo completed most of the project in accordance with the contract and that the District's project staff and its consultants complied with the policies, procedures, and requirements of the District. We identified issues and made recommendations in the following areas.

- Morillo did not complete the Substantial Completion Punch List (SCPL) in a timely manner.

- Morillo overcharged the District \$2,739 by overstating the bond rate.
- Change Order (CO) T-562 was unnecessary and should be voided.
- CO T-562 was generated due to design deficiencies in the construction documents, and Morillo should bear the \$669 cost of correcting those design deficiencies.
- Morillo, at the request of the Gas Company, did not install an enclosure for the gas meter assembly and the earthquake valve in accordance with the construction documents.
- Morillo should reimburse the District for the cost of the enclosure (\$2,000 to \$3,000).

Recommendations to Morillo:

1. Morillo should exercise more oversight over its design professional by reviewing the status of the record drawings on a weekly basis to ensure timely delivery of record drawings.
2. Morillo should reimburse the District \$2,394.62 for the overstated bond rate.
3. Morillo should reimburse the District \$669.16 for installing the fire alarm terminal cabinet, paid through CO T-562.
4. Morillo should reimburse the District for the cost of the uninstalled enclosure.

Recommendations to FSD:

1. FSD should ensure that the project Owner Authorized Representative (OAR) works with the project inspector to resolve the closeout document issue sooner.
2. FSD should train OARs to ensure contractors apply the actual bond rate, not the maximum allowable bond rate.
3. FSD should void CO T-562 and recover \$669.16 from Morillo.
4. FSD should recover from Morillo the cost of the descope enclosure.

Response:

The District agreed with all of the findings and recommendations. Morillo disagreed with some of our findings and recommendations.

Implementation of Recommendations:

Partially implemented.

The OIG found a total of \$5,063 of the questioned costs in this technical evaluation:

1. Overstated bond cost: \$2,394
2. Unnecessary Change Order: \$669
3. Credit for the descope gas meter enclosure: \$2,000

On May 30, 2024, Morillo reimbursed \$5,063 to the District.

23-195-TE Hensel Phelps Construction (HP) - Venice High School Comprehensive Modernization Project

The OIG found that most of the main building elements were completed on time. However, the Venice HS project experienced several deficiencies in the planning and design phases of the project by both HP and the District's responsible personnel.

The OIG found:

- The main buildings were completed on time, but the overall project was not completed on time per contract requirements.
- The project experienced a 13.82% cost increase from COs.
- Although most of the work was completed, several planning and design issues remained unresolved.
- Issues related to the Non-Conformance Items Lists (NCIL) have delayed Substantial Completion of the Project
- The OIG found several deficiencies in the planning and design of the work.
- Issues with site survey and site utilities investigation
- Issues with coordination of project requirements and specifications.

Recommendations to HP:

1. HP and their design team partners assume better risk control and coordination in the planning and design of sports facilities by engaging specialized consultants and/or vendors in those facilities.
2. HP should establish rigorous design quality control measures to prevent site planning and sports facilities' design issues. This includes using experienced sports facilities design and industry specialists to prevent errors.
3. HP should promptly correct and/or plan for the correction of any portions of defective or incomplete work upon receipt of notice.

Recommendations to FSD:

1. FSD should provide an analysis of the project time delay per the requirements of General Conditions to ascertain responsibility for the causes of the project delay.
2. FSD should reduce the risk of COs due to unforeseen conditions and for owner changes and/or additions to the scope of work.
3. FSD should solicit a long-term maintenance plan and warranty period for feature landscape elements on future projects.
4. The FSD Project Execution branch should partner with the Inspection Department to take preventive measures to close out any significantly aged non-conformance items.
5. The FSD Asset Management (AM) branch should provide an additional level of review on the coordination of all sports facilities. AM also should update the LAUSD School Design guidelines with specific information on the lessons learned from the sports facilities design issues.

6. The FSD AM branch responsible personnel should plan and review the coordination of the survey work with the FSD civil engineers in charge of hiring the surveyor consultant. FSD should also perform potholing exploratory work on critical underground utility connection points.
7. FSD AM branch should conduct a review and walk the project site to assess the potential scope of work with responsible personnel from the LAUSD Information Technology Services (ITS) Department to observe and determine basic user functionality requirements on future projects.

Response:

FSD agreed with four recommendations (Nos. 2, 4, 5, and 7) and partially agreed with three recommendations (Nos. 1, 3, and 6). HP did not agree with some of our findings and recommendations.

Implementation of Recommendations:

In progress

23-471-TE Prime Axis General Builder, Inc. (Prime Axis) - Nature Explore Classroom Project at Vaughn Early Education Center

The OIG determined that Prime Axis completed most of the project's statement of work in accordance with the contract. However, our evaluation revealed some issues.

The OIG found:

- Two COs were unnecessary and should be voided. The work in these two COs was already included in the contract documents.
- Prime Axis did not complete work for a CO.
- The main entrance gate landing did not comply with the California Building Code (CBC).
- The slope of the path of travel (POT) did not comply with the CBC.
- 11 Substantial Completion Punch List (SCPL) items remained unresolved.
- Prime Axis did not meet expectations for quality of work, subcontractor management, and client satisfaction.
- There were Inadequate inspections. The Project Inspector accepted non-conforming work and unresolved deficiencies.
- The OIG identified errors and omissions in construction documents.

Recommendations to Prime Axis:

1. Prime Axis should reimburse the District \$12,942.00 (T-512: \$3,674.00, T-535: \$9,268.00).

2. Prime Axis should either complete the work for CO T-527 by upgrading the gate screens to perforated steel panels for two gates or reimburse the District \$2,226.00 for the uncompleted CO T-527 work.
3. Prime Axis should correct the non-compliant running slope of the POT to comply with the CBC.
4. Prime Axis should correct 11 outstanding SCPL items.
5. Prime Axis should develop a comprehensive quality management plan and provide adequate and continuous oversight over both its own work and that of its subcontractors to comply with the requirements of the contract documents.

Recommendations to FSD:

1. FSD should void CO T-512 and CO T-535 and recover \$12,942.00 from Prime Axis.
2. FSD should either conduct an inspection to ensure that Prime Axis completes the CO work after Prime Axis upgrades the gate screen or recover \$2,226.00 from Prime Axis for the uncompleted CO T-527 work.
3. FSD should ensure that the gate landing is modified through either a new construction contract or an M&O force account to provide an accessible route to the main entrance.
4. FSD should inspect and ensure that the POT's running slope complies with the CBC.
5. FSD should ensure that the light gate metal inspector re-inspect to confirm the correction of the 11 items after Prime Axis corrects them.
6. FSD should implement a dual inspection system in which a senior inspector or a special inspector reviews critical areas to catch missed deviations.
7. FSD should ensure that architectural and engineering services firms incorporate better quality assurance and quality control procedures to capture deficiencies in the construction documents before construction. Additionally, the FSD design manager should conduct a general review to ensure compliance with District Standards.

Response:

FSD agreed with four recommendations (Nos. 1, 2, 3, and 5) and partially agreed with three recommendations (Nos. 4, 6, and 7). Prime Axis disagreed with some of our findings and recommendations.

Implementation of Recommendations:

In progress

24-244-TE Best Contracting Services, Inc. (Best) - Roofing and Water Damage Repairs Project at San Fernando Middle School

The OIG determined that this project experienced several challenges and deficiencies in its execution.

The OIG found:

- The project was not completed on time per contract requirements.
- The project's scope of work was not fully completed. Numerous punch list items remained incomplete.
- The contractor's performance was not satisfactory. The contractor did not manage the project properly, extending the schedule and delaying the completion of the project. Inspection procedures were not followed, and the construction schedule requirements were unmet.
- The project schedule was extended, and the project closeout was delayed.

Recommendations to Best:

1. Best should review and analyze the deficiencies in the planning and management of the project to complete the work on schedule. BEST should also comply with all contract schedule requirements to ensure that team members align their work with this schedule.
2. Best implement a quality control plan to address the timely completion of deficiencies in the scope of work. Best and FSD should plan and direct the execution of incomplete work not identified in the SCPL.
3. Best should implement a quality control plan to address the planning and execution of the work and promptly plan to correct any portions of defective or incomplete work upon receipt of notice.

Recommendations to FSD:

1. FSD Maintenance and Operations Execution unit (MOX) responsible personnel should ensure that the procurement of critical material items aligns with the construction schedule.
2. MOX should enforce contract requirements, which require the Contractor to provide a submittal schedule, documentary evidence of order placement, and scheduled delivery dates for critical project components.
3. MOX should enforce all construction schedule requirements throughout the duration of the project.
4. MOX should coordinate the start of critical repair construction projects on an expedited timeline once approval is received from the Board of Education. MOX should issue the Substantial Completion Punch List of the project within five days of the award of Substantial Completion on any current and future projects.

Response:

FSD agreed with three recommendations (Nos. 1, 2, and 3) and partially agreed with one recommendation (No. 4). Best agreed with most of our findings and recommendations.

Implementation of Recommendations:

In Progress

MONETARY BENEFITS

The OIG is committed to identifying and reducing fraud, waste, and abuse and to identifying opportunities for achieving greater economy, efficiency, and effectiveness that may result in the saving or recovery of funds that can be used toward student-centered goals. The OIG classifies monetary benefits into the following major categories: restitution, settlements, funds put to better use, and questioned costs.

- *Restitution* is the voluntary or court-ordered repayment of funds obtained through unlawful means.²¹
- *Settlements* are formal legal agreements resolving damage claims with repayment.²²
- *Funds put to better use* incorporate recommendations that may result in more efficient use of District funds.
- *Questioned costs* are costs that are disallowed or unsupported and are primarily incurred on contracts, grants, and other forms of cooperative agreements.

OIG investigative activities may also result in monetary benefits such as fines, recoveries, and forfeiture that can include non-District funds identified as a result of our investigative efforts. The OIG helps recover any restitution or forfeiture owed to the District.

Quantifying the monetary value of OIG services for any one year often means assigning value for efforts that often span several years. During FY 2024, the OIG identified approximately \$3.7 million in potential monetary benefits through its audits, investigations, and technical evaluations.



²¹ There was one restitution order resulting from investigative activities.

²² There was one settlement executed resulting from prior year audit activities.

TABLE 1

AUDITS				
Report No.	Report Title	Funds Put to Better Use	Questioned Costs	Unsupported Costs
CA 23-1407	Pinner Construction, Inc. (Contract # 1910008 CO T-558) - Grant HS		\$52,500	
CA 23-1407	Pinner Construction, Inc. (Contract # 1910008 CO T-558) - Grant HS		\$2,161	
CA 23-1398	Morillo Construction, Inc. (Contract No. 4400006296)		\$4,157	
CA 24-1417	Pinner Construction Co. Inc. (Contract No 2110011 CO T-767 - San Pedro HS Comprehensive Modernization		\$37,937	
CA 23-1418	Thomasville Construction, Inc. (Contract No. 4400008527)		\$29,060	
CA 23-1422	Infosys Limited (Contract No. 4400004603)		\$425,563	
CA 24-1421	Byrom-Davey Inc. (Contract # 4400010853 CO T-501, Roosevelt HS – Comprehensive Modernization)		\$2,107	
CA 24-1005	Vector Resources, Inc., dba Vector USA (Contract No. 4400009991)		\$2,616	
CA 24-1427	Pars Arvin Construction, Inc. (Contract No. 4400009162)		\$20,899	
CA 24-1430	Bernards Bros, Inc. (Contract # 4400006492)		\$636,735	
CA 24-1430	Bernards Bros, Inc. (Contract # 4400006492)		\$46,103	
	SUBTOTAL		\$1,259,837	

INVESTIGATIONS				
Case No.	Case Title			
17	Misappropriation of public funds	\$20,197		
35	Theft and unauthorized removal of District Property	\$2,441,921		
42	Fraudulent and inflated invoices	\$3,210		
49	Mismanagement of Student Body funds	\$21,995		
	SUBTOTAL	\$2,487,323		

TECHNICAL EVALUATIONS				
Report No.	Report Title			
23-0471-TE	Prime Axis General Builder, Inc.	\$15,168		
23-0173-TE	Morillo Construction, Inc.	\$5,063		
	SUBTOTAL	\$20,231		

TOTAL POTENTIAL MONETARY BENEFITS	\$2,507,554	\$1,259,837		
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AUDIT ACTIVITIES

FY 2024 Summary of Audit Activities

The OIG issued 26 reports that resulted in 69 recommendations, which are listed under each respective audit summary along with their implementation status as last reported to the OIG. This year, our audit activities identified \$1.2 million in questioned costs. TABLE 2 is a summary of the audit activities for the period ending June 30, 2024:

TABLE 2 - Type of Audit Activities

Type of Activity	Completed
Incurring Cost Audits	11
Performance Audits	7
Change Order Audits	6
Special Review	1
Rate Review	1
TOTAL	26

In FY 2024, a Deputy Inspector General managed the staff and work of the Audit Unit and served as the principal advisor to the Inspector General on audit matters.



A primary function of the Audit Unit is to evaluate the adequacy of the District's procurement system, recommend improvements in controls, measure compliance with policies and procedures, contractual obligations, and State and Federal laws. These examinations include the assessment of procurement contracts, and various District programs. Also, periodically, the District requests the OIG to conduct audits of large change orders in support of the District's construction and modernization program.

The Audit Unit conducts audits of contracts to ensure that District vendors and contractors fulfill contractual obligations and to safeguard the District's funds with integrity and accountability.

Furthermore, the Audit Unit conducts performance audits of various District programs, processes, and functions to assess efficiency and effectiveness, ensure adequate internal controls, and to verify that the reviewed areas are in compliance with applicable laws, regulations, and District policies and procedures.

Annual Risk Assessment Process

The OIG’s comprehensive risk assessment process serves as the foundation for the Annual Work Plan. This process involves the definition, identification, and categorization of risks applicable to the District. It also includes the organization of District operations into auditable areas, developing risk factors, and assessing the likelihood and impact of those risk factors relative to each auditable area. The OIG also surveys key LAUSD stakeholders, including members of the Board of Education, District management, the Bond Oversight Committee, and the public at large, to consider risks and opportunities from multiple perspectives. These surveys inform our risk assessment and provide an opportunity to engage our employees, students, and families in this important process.

Annual Work Plan

The Audit Unit performs its work primarily in accordance with Government Auditing Standards that mandate that audit units operate pursuant to an annual work plan that identifies the specific areas of focus for an upcoming fiscal year. The annual work plan is a “working” document that is modified throughout the year as circumstances, priorities, and resource availability dictate. Our work plan is approved by the Board of Education and published on our website. The new FY 2025 work plan is available via this link: [FY 2025 Work Plan](#)

The work plan provides a description of the audit and investigative areas we plan to focus on during the fiscal year. In developing the annual work plan, we factor in the results of our risk assessment surveys to help us deliver products that are relevant and deemed valuable by our stakeholders.

Audit Process

The following graphic provides a general overview of the OIG’s audit process. Audits are assigned primarily from the Annual Work Plan or in response to special requests from District management. This process may vary depending on whether there are any audit findings.



INVESTIGATIVE ACTIVITIES

FY 2024 Summary of Investigative Activities

Tables 3 and 4 summarize the accomplishments from our FY 2024 investigative work:

TABLE 3 - Investigative Activities

Cases Opened	62
Cases Closed	54
Cases Referred for Criminal Prosecution	0
Criminal Actions Taken²³	4
Cases Referred for Personnel Action	4
Personnel Actions Taken²⁴	4
Subpoenas Issued	3
Restitution, Forfeiture, Awards	\$750,470
District Loss or Waste Identified	\$2,487,323

TABLE 4 - Due Diligence and Background Reports

Charter School Due Diligence	2
Contractor/Vendor Due Diligence	58
Background Investigations	24
Reports Completed	84

The Investigations Unit investigates allegations of improper or illegal activities by District employees, contractors or other entities doing business with the District. The focus is financial in nature. The Investigations Unit also performs a variety of other services that are described in this section. Most of the investigative workload results from the receipt of allegations of improper activity. The Investigations Unit also receives referrals from the Audit Unit and District management. The remaining workload consists of proactive projects designed to prevent fraud, waste, and abuse.

²³ Criminal actions include arrests, charges, convictions, pleas/agreements/negotiations, sentencing, and search warrants.

²⁴ Personnel actions include suspensions, reassignments, notices of unsatisfactory service, and separations.

In FY 2024, the Deputy Inspector General, Investigations (DIGI) managed the staff and the work of the Investigations Unit and served as the principal advisor to the Inspector General on investigative matters.

The Inspector General is authorized by statute to subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of all information that reasonably relates to an inquiry or investigation undertaken by the OIG. During FY 2024, the OIG issued three subpoenas for business or financial records relevant to ongoing investigations.

As of the end of FY 2024, the OIG was actively engaged in 67 investigations. Allegations include violations of District policies and civil and criminal acts of fraud, waste, and abuse. Once completed, they will either be closed or presented for criminal prosecution, civil recovery, and/or personnel action (discipline).

OIG Hotline

The OIG manages the fraud, waste, and abuse hotline for the entire District, which generates hundreds of complaints, allegations of criminal misconduct, and District policy violations from internal and external sources each year. According to studies conducted by PwC²⁵ and the Association of Certified Fraud Examiners,²⁶ corporate and occupational fraud is detected most often by whistleblowers or tipsters, rather than internal controls or law enforcement activities. As a result, they recommend that companies have robust reporting mechanisms, such as a hotline.

With this in mind, last year the OIG expanded our outreach to raise awareness about the hotline by initiating our social media accounts and redesigning our website. In FY 2024, we continued our presence on social media, and we made presentations about our work to approximately 700 District employees, including principals, regional directors, and employees of the Procurement Services Division.

In addition to responding to allegations of fraud, waste, and abuse, we ensure other matters from the hotline are referred to District departments and are adequately addressed and responded to promptly.

The OIG received 421 complaints/allegations throughout the year, most of which required some level of investigative follow-up. Tables 5 and 6 summarize the hotline calls received in FY 2024.

²⁵https://www.ohchr.org/sites/default/files/lib-docs/HRBodies/UPR/Documents/session9/US/NWC_NationalWhistleblowersCenter_Annex2.pdf, accessed May 1, 2023.

²⁶ <https://acfp-public.s3.us-west-2.amazonaws.com/2022+Report+to+the+Nations.pdf>, accessed May 2, 2023.

TABLE 5 - FY 2024 Hotline Calls by Disposition

	No. of Calls
Referred to District Management or other agency ²⁷	207
No Action Taken ²⁸	135
Other Action Taken ²⁹	17
Investigation	62
Total Hotline Calls	421

TABLE 6 - FY 2024 Hotline Calls by Allegation

	No. of Calls
Violation of Policy	203
Health and Safety	99
Unethical Conduct	48
Fraud/Theft	35
Non-LAUSD Related	17
Misapplication of Funds	10
Whistleblower Complaints	5
False Certification	2
Sexual Harassment	2
Total Hotline Calls	421

District employees, students, families, other stakeholders, and members of the public are encouraged to report fraud, waste, and abuse at:

<https://www.lausd.org/oig>
Phone: (213) 241-7778
Toll-free: (866) 528-7364
Inspector.General@lausd.net



²⁷ Complaints were referred to (i) District administrators for review and/or appropriate action or (ii) to an outside agency based on the nature of the allegations.

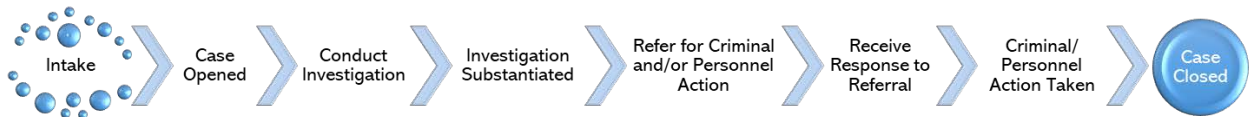
²⁸ Complaints that were determined to be (i) too broad or general in their content such that reasonable suspicion of an offense was deemed lacking.

²⁹ Complaints that required some level of OIG activity and/or research prior to being closed.



Investigative Process

The following graphic provides a general overview of the OIG's investigative process. This process may vary depending on the nature of each investigation and whether it is substantiated.



PROFESSIONAL STANDARDS

The OIG operates in accordance with the Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General (AIG). The principles and standards represent generally accepted principles, quality standards, and best practices applicable to federal, state, and local Offices of Inspectors General.

The OIG conducts its investigations in accordance with the AIG principles and standards' Quality Standards for Investigations. The Education Code requires that every investigation, including all investigative files and work product, be kept confidential.

The AIG principles and standards recommend that OIGs perform audits pursuant to either Government Auditing Standards issued by the Comptroller General of the United States, or Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The OIG performs its audit work primarily in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Each audit report includes a statement describing the professional standards used for the engagement.

External Peer Reviews

Every three years, the OIG is subject to an external peer review to assess whether our work adheres to relevant standards. In FY 2023, the AIG assessed the OIG's audit and investigative work for compliance with the AIG Principles and Standards for Offices of Inspector General, the Quality of Standards for Investigations, and the United States GAO Government Auditing Standards. The peer review team concluded that the OIG met all relevant AIG and GAO standards for the period under review.

The next OIG peer review is scheduled for Fall 2025.

Internal Quality Control and Assurance Program

An internal Quality Control and Assurance Specialist (QC&A Specialist) conducts independent reviews to ensure that audits and investigations are performed in compliance with professional and departmental standards. The recommendations from these reviews help strengthen OIG compliance of ongoing and future OIG activities. The QC&A Specialist also serves as the OIG's main point of contact with external peer review teams and coordinates all aspects of the peer review process.

External Assistance

Government Auditing Standards and Quality Standards for Offices of Inspector General require that staff collectively possess the professional proficiency to accomplish the OIG mission. If staff lacks the proficiency or capacity to accomplish the OIG mission, then support service contractors or outside consultants may be used.

The OIG maintains a “bench” of firms with additional expertise, or that can augment our capacity to perform our work. The following bench firms were retained to perform audit and investigative services:

- BCA Watson Rice LLP provided auditing services.³⁰
- Risk Solutions & Investigations, Inc. provided due diligence and background services.³¹

³⁰ OA 24-1413 MISIS and CA 24-1426 Verizon Wireless

³¹ Due diligence and background reports contain confidential information and are not shared publicly.

APPENDIX 1

OIG AUTHORITY

In August 1998, the Board of Education (Board) of the Los Angeles Unified School District began the process of establishing a department within the District whose mission would be to detect and prevent fraud, waste, and abuse in District operations and programs. Those efforts resulted in combining the District’s auditors and investigators to form an Internal Audit and Investigations Department. In January 1999, the Board appointed the Department’s first Director, and in February 2000, the Board adopted the name, **Office of the Inspector General** and changed the Director’s title to Inspector General. The Board resolution which took this action stated:

“The Board wishes to instill a culture of excellence and professionalism in all aspects of the mission of the Los Angeles Unified School District and finds that an Inspector General approach to detecting and preventing waste, fraud and abuse in all District programs and operations enhances this culture of excellence.”

Following the Board’s action, the District secured support for the OIG from the California state legislature during the 2000 legislative session with the introduction of Senate Bill (SB) 1360 and its enactment on September 26, 2000, which granted the OIG statutory authority to conduct investigations. The legislature again addressed the issue in 2002 with Assembly Bill (AB) 2425 that amended Education Code Sections 35400 and 35401. AB 2425 authorized the Inspector General to conduct audits, granted confidentiality to all investigative files and work-product, and extended the original sunset provision to January 1, 2015. In 2014, AB 1825 further extended the sunset provision of Education Code Sections 35400 and 35401 to January 1, 2025.

On January 31, 2024, Senator Lena A. Gonzalez (D-Long Beach) introduced Senate Bill (SB) 991. SB 991 would remove the sunset provision of January 1, 2025, and instead authorize the OIG to exist permanently, require the Inspector General be appointed by the LAUSD Board of Education for a three-year term, and require OIG audits and investigations to conform to the Principles and Standards for Offices of Inspector General published by the Association of Inspectors General. SB 991 is currently moving through the legislative process.

Education Code Sections 35400 and 35401 grant the OIG statutory authority to perform some of our most critical functions:

- Conduct audits and investigations and report matters to the local district attorney or the Attorney General for further action.
- Subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of all information and



documentary evidence deemed material and relevant to an inquiry or investigation undertaken by the Inspector General.

- Maintain confidentiality of every investigation, including, but not limited to, all investigative files and work product, and the identity of the individual or individuals involved.
- Penalizes any disclosure of information by the Inspector General or that office that was acquired pursuant to a subpoena, and any person that, after the administration of an oath or affirmation, states or affirms as true any material matter that he/she knows to be false.

The Association of Inspectors General, a standard setting body for Inspectors General, believes that the preferable way for an OIG to be established is by statute. This is the manner in which the District chose to give authority and credibility to its OIG.

The OIG Charter

The OIG Charter outlines the OIG’s authority and responsibilities and provides that the Board expects and encourages the OIG to be an independent voice that expresses its views without censorship by District management. Education Code Section 35400, which authorizes the OIG to conduct audits and investigations, is embodied in the Charter.



Some of the key Charter provisions authorize the Inspector General to:

- ☑ Audit and investigate any and all functions within the District as well as charter schools, charter school management organizations, and private entities that do business with the District.
- ☑ Have full, free, and unrestricted access to all District records, reports, audits, reviews, plans, projections, documents, files, contracts, memoranda, correspondence, data or information on hardcopy or electronic media, or other materials of the District.
- ☑ Subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of such books, papers, records, and documents as may be deemed relevant to any audit, inquiry, or investigation undertaken.
- ☑ Hire staff or employ contract services within the scope of the budget authorized by the Board of Education, and within employment and public procurement requirements.

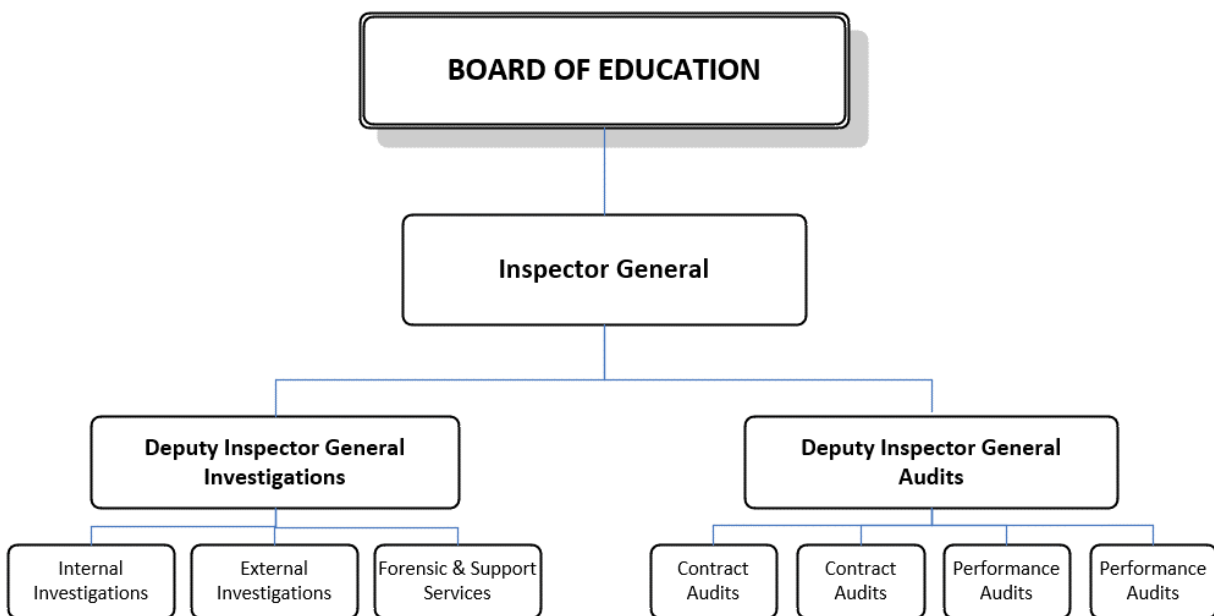
Organizational Structure

The OIG reports directly to the Board to ensure the necessary independence from District managers and staff who may attempt to protect the programs they administer or who may also be implicated. Accordingly, the responsibility for auditing and investigating is assigned to

individuals who adhere to professional standards with clear independence from District management.

The OIG is comprised of auditors, investigators, and specialists who have the authority to examine any and all functions within the District and those of private entities that do business with the District. The Audit Unit conducts audits and evaluations that cover a wide range of programs, processes, function areas, and topics. The Investigations Unit conducts investigations of crimes and/or misconduct by individuals, due diligence reviews, and background investigations. Due diligence reviews are conducted in support of the District's ongoing efforts to minimize risk through competent review of information related to senior managers, charter school petitioners, and District vendors and contractors.

The Inspector General is appointed by the Board of Education. The Inspector General manages the OIG with the assistance of two Deputy Inspectors General. The basic organizational structure in FY 2024 was as follows.



OIG Professional Certifications and Credentials

The OIG has a highly educated professional staff. Most have advanced degrees and/or professional certifications³² in their areas of expertise. The staff also has a diligent work ethic

³² Certified Inspector General, Certified Inspector General Auditor, Certified Inspector General Investigator, Certified Inspector General Inspector/Evaluator, Certified Public Accountant, Certified Fraud Examiner, Certified Internal Auditor, Certified Information Systems Auditor, Certified Protection Professional, and Certified Information Systems Manager.

and is committed to providing quality service to all elements of the District. Additionally, the OIG benefits from a diverse workforce reflective of the District it oversees.

The OIG is committed to maintaining a high professional standard with respect to our oversight mission. Our staff is active in professional organizations, such as the Association of Inspectors General, American Institute of Certified Public Accountants, Institute of Internal Auditors, Association of Certified Fraud Examiners, and the California State Bar.

Budget and Staff

In FY 2024, the OIG had 55 authorized positions and a total budget of \$11 million (made up of approximately \$5.6 million in general funds and \$5.4 million in bond funds). The OIG is also supported by administrative and internal quality assurance staff tasked with ensuring that all work performed adheres to District rules, regulations, and governing professional standards. In all of our work, the OIG seeks to provide the Board and District staff with independent and objective information about the operations of the District and those with whom it does business.



APPENDIX 2

AUDITS, CLOSED INVESTIGATIONS, TECHNICAL EVALUATIONS

TABLE 7 – Audits Completed in FY 2024

CA 23-1405	7/24/2023	tBP/Architecture (Contract No. 4400008970 RFQ 20014)
OA 23-1406	7/25/2023	Marquez Senior High Social Justice – Payroll Special Review
CA 23-1407	8/9/2023	Pinner Construction, Inc. (Contract No. 1910008 CO T-558)
CA 23-1409	8/31/2023	ACC Environmental Consultants, Inc. (Contract No. 4400005405)
OA 22-1412	9/14/2023	Utility Accounts
CA 23-1398	9/26/2023	Morillo Construction, Inc. (Contract No. 4400006296)
OA 23-1411	10/16/2023	Project Execution - Cycle Time of Owner Authorized Representatives
OA 24-1413	10/18/2023	MISIS
OA 23-1408	10/31/2023	M&O Service Requests
CA 23-1415	11/28/2023	STV Construction (Contract No. 4400007492)
CA 24-1414	11/29/2023	Kemp Bros Construction, Inc. (Contract No. 4400009034 CO T-1210)
CA 24-1416	1/4/2024	Swinerton Builders (Contract No. 440005885 CO T-735)
CA 24-1417	1/11/2024	Pinner Construction Co., Inc. (Contract No. 2110011 CO T-767)
CA 23-1418	1/31/2024	Thomasville Construction, Inc. (Contract No. 4400008527)
OA 23-1410	3/8/2024	Charter Schools Receipts
OA 23-1423	5/14/2024	HelpDesk Operations
OA 23-1419	5/15/2024	Personnel Commission Hiring Process formerly known as Selection Process (Overall Hiring Process)
CA 23-1422	5/28/2024	Infosys Limited (Contract No. 4400004603)
CA 24-1420	6/3/2024	AAA Solar Electric, Inc. dba AAA Network Solutions, Inc. (Contract No. 4400005794)
CA 24-1421	6/3/2024	Byrom-Davey Inc. (Contract No. 4400010853 CO T-501)
CA 24-1425	6/5/2024	Hensel Phelps Construction Co. (Contract No. 4400008306 CO T-590)
CA 24-1005	6/5/2024	Vector Resources, Inc., dba Vector USA (Contract No. 4400009991)
CA 24-1427	6/17/2024	Pars Arvin Construction, Inc. (Contract No. 4400009162)
CA 24-1426	6/24/2024	Cellco Partnership dba Verizon Wireless (Contract No. 4400007482)
CA 24-1428	6/27/2024	R Brothers (Contract No. 4400009840)
CA 24-1430	6/27/2024	Bernards Bros, Inc. (Contract No. 4400006492)

TABLE 8 - Investigations Closed in FY 2024³³

1	7/10/2023	Misconduct by District administrator
2	7/10/2023	Violation of District vehicle use
3	7/19/2023	Misconduct by District administrator

³³ As stated in the initial complaint.

4	8/18/2023	Misconduct by District employee
5	8/21/2023	Mismanagement of funds and misconduct by a charitable Organization
6	8/23/2023	Falsification and sale of official documents
7	8/28/2023	P-Card and Payroll fraud
8	9/12/2023	Misconduct by Division Administrator
9	9/13/2023	Theft of goods and funds donated
10	9/18/2023	Manipulation of vendor invoices
11	9/18/2023	Misappropriation of school funds
12	9/22/2023	Unauthorized fundraising and misapplication of funds
13	9/25/2023	Nepotism
14	10/9/2023	Falsification and sale of official documents
15	10/16/2023	Bribery and falsifying documents
16	10/17/2023	Payroll fraud
17	11/2/2023	Misappropriation of public funds
18	11/13/2023	Mismanagement of program funds
19	11/20/2023	Unauthorized school fundraising
20	11/22/2023	Falsification and sale of official documents
21	11/29/2023	Contractor providing fraudulent invoices
22	12/4/2023	Unemployment Insurance Benefit Fraud
23	12/13/2023	Embezzlement of public funds
24	1/9/2024	Providing Fraudulent invoices
25	1/10/2024	Insurance fraud
26	1/19/2024	Conflict of Interest and Procurement Fraud
27	1/19/2024	Mismanagement of funds and misconduct by a charitable organization
28	1/26/2024	Violation of District Policy
29	1/30/2024	Misapplication of program funds
30	2/2/2024	Unemployment Insurance Benefit Fraud
31	2/2/2024	Unemployment Insurance Benefit Fraud
32	2/5/2024	Unemployment Insurance Benefit Fraud
33	2/5/2024	Unemployment Insurance Benefit Fraud
34	2/5/2024	Unemployment Insurance Benefit Fraud
35	2/12/2024	Theft and unauthorized removal of District property
36	2/21/2024	Mismanagement of donation funds
37	2/22/2024	Mismanagement of fundraising money
38	2/23/2024	Unemployment Insurance Benefit Fraud
39	3/1/2024	Theft and unauthorized removal of District property
40	3/8/2024	Violation of District Procurement Policies
41	3/25/2024	Violation of Contractor Code of Conduct

42	4/1/2024	Fraudulent and inflated invoices
43	4/9/2024	Harassment and Intimidation by District employee
44	4/12/2024	Retaliation and Payroll Fraud
45	5/7/2024	Misconduct by Division Administrators
46	5/9/2024	Payroll fraud and excessive absences
47	5/14/2024	Providing Fraudulent invoices
48	5/14/2024	Misappropriation of booster club funds
49	5/21/2024	Mismanagement of Student Body funds
50	5/29/2024	Misappropriation of Funds
51	5/31/2024	Violation of Safety Codes at Multiple School locations
52	5/31/2024	Violation of Safety Codes at Multiple School locations
53	6/10/2024	Falsification of official documents
54	6/17/2024	Mismanagement of Imprest funds and donations

TABLE 9 - Technical Evaluations Completed in FY 2024

23-0173-TE	12/12/2023	Morillo Construction, Inc.
23-0195-TE	4/17/2024	Hensel Phelps Construction, Inc
23-0471-TE	5/9/2024	Prime Axis General Builder, Inc.
24-0244-TE	6/28/2024	Best Contracting Services, Inc.

APPENDIX 3

DISTRIBUTION LIST

Board of Education
Bond Oversight Committee
Executive Officer of the Board
Superintendent
General Counsel

FRAUD, WASTE, AND ABUSE HOTLINE

Office of the Inspector General "Independent and Objective Oversight"

REPORT FRAUD, WASTE AND ABUSE

 (213) 241-7778 or (866) 528-7364

 inspector.general@lausd.net

 <https://www.lausd.org/oig>

- Misuse of LAUSD funds and resources
- Retaliation for reporting misconduct
- Anyone can make a report
- Reports are confidential - you may remain anonymous if you wish

English



Español

