



LOS ANGELES UNIFIED SCHOOL DISTRICT OFFICE OF THE INSPECTOR GENERAL

Annual Work Plan Fiscal Year 2019



Ken Bramlett
Inspector General

OFFICE OF THE INSPECTOR GENERAL
Annual Work Plan for Fiscal Year 2019

INTRODUCTION

Attached is the Office of the Inspector General's (OIG) Annual Work Plan for Fiscal Year 2019 (FY 2019). This Work Plan describes the work that the OIG plans to undertake in the upcoming fiscal year. It includes an audit plan and a description of the ongoing and future work of the Investigations Unit. The OIG conducts its auditing work through the Audit Unit that focuses on contracts and activities primarily funded by school bond measures as well as District-wide programs, processes and systems. OIG audits are performed pursuant to Government Auditing Standards.

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

The OIG is dedicated to providing valuable services that encourage continuous improvement and positive change as well as effective decision-making. Through our work, we strive to promote the culture necessary to deliver a high quality education for every student of the Los Angeles Unified School District.

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AUDIT UNIT

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

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

The audit plan identifies audits and activities for several divisions within the District. The audit plan for FY 2019 includes **50** projects with a total contract value of \$473 million. The following are descriptions of the types of audits that will be performed as part of the FY 2019 Work Plan.

1. Incurred Cost Audits (24)

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

2. Special Reviews (10)

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

3. Performance Audits (8)

This type of audit is an objective and systematic examination of evidence for the purpose of

providing an independent assessment of the performance of an organization, program, activity, or function in order to determine if it is performing efficiently and effectively and in compliance with policies, procedures, laws and regulations.

4. Technical Evaluations (6)

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

5. Change Order Audits (1)

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

6. Pre-Award Audits (1)

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

A complete list and description of the **50** projects is attached as Exhibit A to this document.

INVESTIGATIONS UNIT

For FY 2019, in addition to responding to allegations of District employee misconduct and policy violations, we will continue to proactively focus on certain strategic areas and activities that we believe will provide the District with added protection of public resources.

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

1. The OIG Hotline

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

2. Proactive Initiative Leveraging Data Analytics

Employees' misuse of the District-issued procurement credit card (p-card) continues to be an area of concern for the District. As a proactive measure, the OIG will leverage data analytics to identify (i) indicators of potential fraud, abuse, and misuse of the p-card, (ii) significant non-compliance with the use of p-cards as promulgated by the Procurement Manual issued by the Procurement Services Division (PSD), and (iii) substantial weaknesses in the operating effectiveness of internal controls within the p-card program. The issues or potential issues identified will be considered for further OIG work, including but not limited to special reviews, preliminary investigations, investigations, and/or audits. As deemed necessary, the Inspector General will also refer specific issues to District Management for immediate corrective action.

3. Employee Integrity

Employee malfeasance and misfeasance investigations will continue to be a focus area due to the number of reports received through the OIG Hotline and to the office directly. These investigations focus on allegations related to conflicts of interest, misappropriation of funds,

embezzlement, payroll fraud, falsification of documents, property and equipment misuse, theft of property, misuse of District-issued computers and tele-communication equipment, nepotism, forgery, misconduct, and ethics violations.

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

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

4. Whistleblower Allegations

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

5. School Construction and Modernization Program

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

6. Due Diligence and Background Investigations

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

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

7. Charter Schools

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

8. Workers' Compensation and Benefits Fraud

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

OTHER OIG ACTIVITIES

Fraud Alerts

Fraud Alerts are an important tool for deterring the continuation of fraudulent activities that have been identified by the OIG. Fraud Alerts serve as a means of informing District management of issues of concern and as a means of leveraging OIG findings of individual acts to a broader District audience.

Special Reviews

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

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

AUDIT PLAN FOR FY 2018 - 2019						
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
1	4400003333	95 Percent Group, Inc.	Contract for professional development	\$4,300,078	Incurred Cost	Instruction
2	4400004767	A-Z Tech Elevator Company	Contract for the fabrication, transportation and installation of modular hydraulic passenger elevators	\$5,000,000	Incurred Cost	FSD-Project Exe
3	4400003346	Best Contracting Services, Inc.	Contract for roofing services district-wide	\$10,000,000	Incurred Cost	FSD - M&O
4	4400000833	Chevron Energy Solutions Co.	Contract to provide and install solar photovoltaic panels	\$23,262,943	Incurred Cost	FSD-Project Exe
5	4400002058	D&D Security Resources, Inc.	Contract for school and administrative furniture	\$7,475,000	Incurred Cost	PSD
6	4400001713	DataPlus Tech, Inc.	Contract for information technology services and support	\$9,063,229	Incurred Cost	ITD
7	4400002792	Educare Foundation	Contract to provide after school services	\$20,000,001	Incurred Cost	BTB
8	4400003920	Ferguson Enterprises, Inc.	Contract for various plumbing supplies for repair and maintenance projects district-wide	\$13,300,000	Incurred Cost	FSD - M&O
9	4400002311	First Fire Systems, Inc.	Contract for electrical WLAN/LAN construction services	\$7,000,000	Incurred Cost	FSD-Project Exe
10	4400002669	First Student	Contract for school buses with driver for pupil transportation services	\$16,380,000	Incurred Cost	TSD
11	4400001647	Intermountain Lock and Security	Contract to provide locks and hardware for various schools and offices	\$1,300,000	Incurred Cost	FSD - M&O
12	4400001318	Kamran and Co., Inc.	Contract to provide food services kitchen equipment	\$4,717,500	Incurred Cost	Food Services
13	4400004097	Mainline Information Systems	Contract to purchase data center hardware, software and related services	\$27,117,000	Incurred Cost	ITD
14	4400001062	NetXperts, Inc.	Contract to purchase Cisco LAN, WLAN, WAN and converged technology components devices and related services	\$30,141,709	Incurred Cost	ITD
15	4400003148	Ohno Construction Company	17406 contract for University HS Track and Field improvement	\$5,543,506	Incurred Cost	FSD-Project Exe
16	4400000826	Pinnacle Window Coverings, Inc.	Contract to provide aluminum and venetian blinds for purchase on an as-needed basis district-wide	\$3,999,680	Incurred Cost	FSD - M&O
17	4400000580	Pinner Construction Co., Inc.	17406 contract for Fremont HS Campus Modernization	\$64,758,272	Incurred Cost	FSD-Project Exe
18	4400003877	Johnson Controls	Contract to provide ESCO services at King Drew Medical magnet.	\$2,915,037	Incurred Cost	FSD
19	4400001349	Seasons - 4, Inc.	Contract to provide various sizes and types of replacement heating and air conditioning systems.	\$8,000,000	Incurred Cost	FSD - M&O
20	4400005873	Sinarian Development, Inc.	Design/build Contract for the Sherman Oaks Center for Enriched Studies Comprehensive Modernization Project	\$87,888,000	Incurred Cost	FSD-Project Exe
21	4400000835	Solarcity Corporation	Contract to provide and install solar photovoltaic panels	\$13,879,145	Incurred Cost	FSD - M&O
22	4400004577	Hewlett Packard Enterprise Coy.	Contract to provide disaster recovery	\$24,221,566	Incurred Cost	FSD
23	4400000370	Alliant Insurance Services	Contract to provide insurance brokerage services.	\$48,652,500	Incurred Cost	PSD
24	4400000956	Student Transportation of America	Contract to provide buses with drivers	\$23,475,200	Incurred Cost	TSD
25	N/A	FSD Best Value Procurement	Audit to determine whether FSD's best value procurement process is in accordance with the District's policies and procedures.	N/A	Performance Audit	FSD
26	N/A	Title I Administrative Costs	Audit to determine the adequacy of the allocation of Title I administrative/overhead costs.	N/A	Performance Audit	Fed. & State Education Pgm.
27	N/A	Student Health & Human Services A to G Diploma Program	This review will examine the work performed by the PSA Counselors over a 3 year period to determine if program guidelines are being complied with and if the program is having the desired outcomes.	N/A	Special Review	Student Health & Human Services
28	N/A	OEHS Construction Projects	This audit will determine whether the contractors performing construction work under OEHS are complying with the District's Project Stabilization Agreement (PSA).	N/A	Performance Audit	OEHS
29	N/A	Procurement Process	This audit will examine the efficiency and effectiveness of the procurement process.	N/A	Performance Audit	PSD

AUDIT PLAN FOR FY 2018 - 2019						
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
30	N/A	M&O Journeyman Tool Carrying Reimbursements	This audit will examine the efficiency and effectiveness of the tool reimbursement process for M&O Journeyman.	N/A	Performance Audit	M&O
31	TBD	Pre-Award Audits	Pre-award audits performed as requested by Facilities Contracts or Procurement. These audits are performed to determine the reasonableness of the rates that contractors/vendors are proposing for LAUSD projects. The audited rates are used to negotiate contracts for work to be performed for LAUSD.	TBD	Pre-Award	PSD/ FSD
32	TBD	Change Order Audits	Change order audits performed upon FSD requests for negotiated change orders over \$500,000 to determine if the negotiated amount is adequately supported and in accordance with the contract's provisions.	TBD	Change Order	FSD
33	N/A	Child Abuse Prevention	Review the District's child abuse prevention program and benchmark it against best practices from other school districts, federal/state agencies and non-profit organizations.	N/A	Special Review	Office of General Counsel
34	N/A	School Staffing	Examine current school staffing to determine how unrestricted and restricted funding sources affect the staffing of elementary schools, middle schools, and high schools. The examination will compare the staffing resources for K-12 schools and identify causes for variances in types and/or quantities of positions.	N/A	Special Review	Budget Services & Planning
35	N/A	Magnet Schools	Examine the admission process of students in magnet schools especially with regard to allocation of points and other admission criteria to ensure equity in student admissions including expanding access to students with special needs and English learners.	N/A	Special Review	Student Integration Services
36	N/A	Contract Compliance	Examine the contracting processes of other departments outside the Procurement Services Division (PSD) with the authority to create contracts to determine if they are in compliance with the District's contracting policies and procedures.	N/A	Performance Audit	Procurement Services Division
37	N/A	ITD Funding Sources	To determine whether program funds and other funds obtained by the Information Technology Division are expended as intended.	N/A	Special Review	Information Technology Division
38	N/A	Fuel Credit Cards	Examination to determine whether fuel card transactions are properly approved by approving officials, required reconciliations are performed and the supporting documentation are filed for all transactions.	N/A	Performance Audit	Procurement Services Division
39	N/A	Adult Occupational Centers	This audit will review the Career Technical Education (CTE) program to assess whether the District is providing a successful career oriented learning environment that addresses the individual needs of the adult students by providing alternative pathways for students whose needs cannot be met in a traditional school setting.	N/A	Special Review	Division of Adult and Career Education
40	N/A	Adult Occupational Centers Safety Concerns	The audit will review the safety issues at all adult occupational centers to determine whether all safety concerns are timely and adequately resolved and the campuses provide a safe learning and work environment for students, staff and visitors.	N/A	Special Review	Division of Adult and Career Education

AUDIT PLAN FOR FY 2018 - 2019						
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.
41	N/A	Early Childhood Education Program	This review will examine the Districts Early Childhood Education program to determine whether the program is achieving its objective of maximizing school readiness for students and to identify the reasons for the low transition rate of Early Education Program students to District schools.	N/A	Special Review	Early Childhood Education Division
42	N/A	District Warehouse – Comparative Study	This review will examine the costs/benefits of maintaining the District warehouse and also analyze whether it is beneficial for the schools to procure goods directly from independent vendors.	N/A	Special Review	PSD
43	N/A	Credits for Returned Vehicle Parts and Accessories	This audit will assess whether the District is receiving appropriate credits for all returned vehicle parts and accessories and that the credits are timely and accurately reflected in the District's accounting records.	N/A	Performance Audit	TSD
44	N/A	Teacher Absenteeism	An examination of teacher absenteeism to determine ways to minimize absenteeism in order to reduce substitute teacher employment costs. The examination will include a survey of other school districts for purposes of benchmarking.	N/A	Special Review	Instruction
45	N/A	Artificial Turf Joint Use Agreement	Technical Evaluation of the Artificial Turf Installed at Carver MS	N/A	Tech Eval	FSD
46	N/A	Transfer of Pro. Responsibility (TPR)	A technical evaluation of the process of the Transfer of Project Responsibility after DSA Approval.	N/A	Tech Eval	FSD
47	4400005908	Armond Baghramian	Technical Evaluation of the contract for HVAC Replacement at Maclay MS	\$7,920,000	Tech Eval	FSD-Project Exe
48	N/A	Project Inspection	Review of Project Inspectors' Performance in construction projects.	N/A	Tech Eval	FSD - M&O
49	N/A	Walk-in Freezer Upgrade Program	Technical Evaluation of the M&O Walk-in Freezer Upgrade Program	N/A	Tech Eval	FSD - M&O
50	4400002977	Taft Electric Company	Technical Evaluation of the contract for the provision of underground utilities at SRHS #8.	\$2,915,067	Tech Eval	FSD - Project Exe

Know about fraud, waste or abuse?

Tell us about it.

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

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

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

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

Call the hotline:

(213) 241-7778

Or

(866) LAUSD-OIG

(866) 528-7364

Write to us:

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

Website:

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