Office of the Inspector General
Los Angeles Unified School District

Audit Report of CSDA Design Group
Contract No. 1420026/4400002565

CA 20-1239
February 5, 2020
February 5, 2020

Ms. Judith Reece, Chief Procurement Officer
Procurement Services Division
Los Angeles Unified School District
333 S. Beaudry Avenue, 28th Floor
Los Angeles, CA 90017

RE: Audit of CSDA Design Group
Contract No. 1420026/4400002565

Dear Ms. Reece:

This is the report on our audit of Contract No. 1420026/4400002565 awarded to CSDA Design Group for providing architectural and engineering services for Olive Vista Middle School Seismic Modernization Project.

Please contact our office if you have any questions.

Sincerely,

[Signature]

Austin Onwualu, CPA, CIG, CGMA
Deputy Inspector General, Audits

[Signature]

William Stern, MBA, CIG, CISM, CPP, CFE
Inspector General

c: Richard Lui
Cheri Thomas
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Independent Auditor’s Report

We have examined the amounts billed and work completed by CSDA Design Group (CSDA) under contract number 1420026/4400002565 (contract) during the period from January 9, 2014 through August 31, 2019. CSDA’s management was responsible for the amounts billed and for complying with the requirements of the contract. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting CSDA’s compliance with the contract requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on CSDA’s compliance with the specified requirements.

In our opinion, the amounts billed by CSDA under the contract were allowable and adequately supported and CSDA completed the work it billed for during the period from January 9, 2014 through August 31, 2019 in accordance with the terms of the contract in all material respects.

Austin Onwualu, CPA, CIG, CGMA
Deputy Inspector General, Audits

January 6, 2020

CSDA Design Group
Contract No. 1420026/4400002565
Introduction

The Office of the Inspector General audited Contract Number 1420026/4400002565 awarded by the Los Angeles Unified School District (District) to CSDA Design Group (CSDA). The contract was for CSDA to provide architectural and engineering services during various phases, including site analysis and preliminary schematic design phase, final schematic design phase, design development phase, construction document phase, bidding/proposal and award phase, and construction phase, of the seismic modernization project in Olive Vista Middle School (Project). The required services are detailed in Exhibit A, Scope of Services, of the contract.

The contract was executed on January 9, 2014. The original contract amount was $2,298,184, one contract amendment was issued for $167,991 and ten extra services were authorized during the contract period for $350,770, increasing the total contract amount to $2,816,945. The contract term was from January 9, 2014 through the completion of the Project close-out.

Scope and Objectives

CSDA billed the District a total of $2,699,489 for work completed during the audit period: $2,183,275 was for architectural and engineering services provided under the original scope of work, $167,991 and $284,149 were for additional work completed under contract amendment and seven extra services respectively, and $64,074 was billed for reimbursable project related fees.

The objectives of this audit were to determine whether: (i) the amounts billed by CSDA were allowable and adequately supported in accordance with the terms of the contract in all material respects; and (ii) the work was completed as contracted.

Methodology

We interviewed District’s and CSDA’s personnel and obtained an understanding of the contract terms, compensation requirements, the scope of work, the billing and review process, and other matters relevant to this audit. We reviewed the billings, supporting documents and CSDA’s cost proposal details for extra service fees to determine if the billed amount was allowable and adequately supported. We reviewed District’s approval notices, CSDA’s transmittals record, weekly construction meeting minutes, and District’s performance evaluation. We interviewed the District’s personnel to determine if the billed work was completed.
Results of Audit

1. Determination of whether the amounts billed by CSDA were allowable and adequately supported in accordance with the terms of the contract in all material respects.

The original contract amount, $2,298,184, was awarded as a lump sum amount and CSDA was to be paid in installments during the course of the contract. Exhibit B, Fee and Payment Schedule, of the contract specifies the percentage of the total contract amount payable to CSDA at the completion of each phase. Exhibit B also specifies that the fee for extra service can either be negotiated as a fixed amount or calculated on a time and material basis using contract approved billing rates included in Exhibit F, Approved Hourly Billing Rates, and an agreed level of effort; however, CSDA’s mark-up of subcontractor fee shall not exceed five percent (5%). The fees for the ten extra services approved under this contract were all negotiated as fixed fee. Exhibit B further allows CSDA to be compensated for project-related expenses not already included in original contract amount at actual cost without a markup.

CSDA billed the District a total of $2,699,489 for work completed during the period from January 9, 2014 through August 31, 2019: $2,183,275 was for architectural and engineering services provided under the original scope of work, $167,991 and $284,149 were for additional work completed under contract amendment and seven extra services respectively, and $64,074 was billed for reimbursable project-related fees.

We reviewed the billings against the original contract, contract amendment and extra service approval memoranda and determined that the billed amounts were consistent with the authorized contract amount and allowable percentage for the completed phases and approved extra service fees. We reviewed CSDA’s cost proposal for extra services and determined that the hourly rates used were consistent with the contract approved hourly billing rates. The mark up on subcontractors’ fee did not exceed 5% as required by the contract. We also reviewed the supporting documents for the billed reimbursable fees and determined that the billed amounts were allowable and adequately supported.

2. Determination of whether the billed work was completed.

CSDA bills the District every month based on the percentage of completion of each phase.

We obtained and reviewed District’s approval notices, CSDA’s transmittals records, weekly construction meeting minutes and District’s performance evaluation for the work completed and additional meetings attended. We also interviewed District Asset Management’s Design Manager and Deputy Director of Facilities, Planning and Development and validated the actual percentage of completion for the work still in progress and additional site visits conducted. Based on the test performed, we determined that CSDA completed the scope of work for the billed amounts.
Audit Team

This audit was performed by the following auditors:

Mindy Qu, Audit Manager
Shelly Guo, Principal Auditor
Lurlene Garrett, Senior Auditor
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Whistleblower Protection

The Board approved the Whistleblower Protection Policy on February 12, 2002. This policy protects LAUSD employees who make allegations of improper governmental activity from retaliation or reprisal. To assure the reporting of any activity that threatens the efficient administration of the LAUSD, reports that disclose improper governmental activities shall be kept confidential.

General Contact Information

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