



**Office of the Inspector General  
Los Angeles Unified School District**

**Audit Report of Sandy Pringle Associates, Inc.  
Contract No. 1890011/4400006365**

**CA 21-1299**

**July 13, 2021**



## Los Angeles Unified School District Office of the Inspector General

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Inspector General

July 13, 2021

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: Sandy Pringle Associates, Inc. - Contract No. 1890011/4400006365

Dear Ms. Reece,

This is the final report on our audit of Sandy Pringle Associates, Inc. – Contract No. 1890011/4400006365.

Please contact our office if you have any questions.

Sincerely,

***Austin E. Onwualu***

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Austin Onwualu, CPA, CIG  
Deputy Inspector General, Audits

***William Stern***

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

c: Richard Lui  
Cheri Thomas

## **TABLE OF CONTENTS**

Introduction.....	1
Scope and Objectives.....	1
Methodology.....	1
Results of Audit.....	2
Audit Team.....	7
Independent Auditor’s Report.....	8
Appendix A – PSD’s Response to Draft Audit Report.....	9
Appendix B – SPAI’s Response to Draft Audit Report.....	10



## **Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365**

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### **Introduction**

The Office of the Inspector General (OIG) audited Contract Number 1890011 (Contract) awarded by the Los Angeles Unified School District (District) to Sandy Pringle Associates, Inc. (SPAI) to provide construction inspection services for the Facilities Services Division related to the repair, rehabilitation, modernization, and new construction of schools.

The original contract amount was not-to-exceed \$500,000 and was increased to \$5,400,000 through amendments. The contract began on May 8, 2018 and expired on April 30, 2019 with 4 one-year option periods. The District exercised 2 of the option periods which extended the agreement expiration date to April 30, 2021. As of December 31, 2020, Sandy Pringle billed and LAUSD has paid \$3,410,512.50.

### **Scope and Objectives**

The objectives of this audit were to determine whether (i) the billed amount was allowable and adequately supported in accordance with the terms and conditions of the contract and contract amendments; (ii) SPAI's contract professionals had the qualification to perform the services; and (iii) SPAI's contract professionals provided construction inspection services for the Facilities Services Division's projects related to repair, rehabilitation, modernization and new construction of schools per contract terms.

### **Methodology**

To accomplish our audit objectives, we (i) reviewed the contract and contract amendments and obtained an understanding of the contract's requirements; (ii) interviewed the District's Facilities Service Division and Inspection Department's management to obtain an understanding of the District's requirements; (iii) interviewed SPAI's management regarding its internal controls and business operations; (iv) selected sample invoices and compared the billed contract professionals' classification, and hourly rates, with the authorized listing of the contract professionals, positions, hourly rates; (v) traced the billed hours to contract professionals' LAUSD timecards, and the hours on vendors/independent contractors' invoice to SPAI; (vi) verified the contract professionals OSHA training certificates, DSA classification, and selected sample of contract professionals to review their daily report, Semi-monthly reports; (vii) analyzed contract professionals' performance evaluations to determine if the services were provided per contract terms.



## Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365

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### Results of Audit

#### **I. Determination of whether the billed amount is allowable and adequately supported in accordance with the terms of the contract and contract amendments.**

This was a staff augmentation contract requiring the contractor to provide staff to augment the District Inspection Department. The District agreed to pay for the services and materials to SPAI according to contract professional's DSA classification. The contract specified the hourly rates for each classification. From July 2018 to December 31, 2020, SPAI billed 29 invoices totaling \$3,410,512.50.

To determine if the billed amount was allowable and adequately supported, we judgmentally selected 14 invoices as our sample to perform the substantive tests. The total sample amount of \$1,749,486.50 represented 51.3% of the total invoice amount \$3,410,512.50.

We verified that the billed contract professionals were approved by the District, traced the billed hours to each contract professional's LAUSD's timecards, agreed the billing hourly rates with the rates in the Contract and Contract Amendments, verified that the billed premium overtime, and/or holidays hours were pre-approved by the contract professional's immediate supervisor and branch director. We also compared the hours in SPAI's invoices to the District with the hours in SPAI's vendors(s)/independent contractor(s) invoices to see if there were any differences.

Our detail testing found that the billed hours, hourly rates, and the total billed amount were properly supported except for \$5,205 of the questioned costs relating to time charged by the contract professionals for worked overtime without pre-approval as required by the contract.

#### **Billing for Premium Overtime**

The contract terms for Payment of Overtime states that "Overtime must be authorized by the District in writing in advance in order to be paid". In addition, the District Inspection Department required contract professionals to report their premium overtime on its Inspector OT Log in google form.

Our sample testing uncovered 20 instances where contract professionals worked on premium overtime. We found that in 10 of those cases (50%), the required written pre-approval was not obtained. Instead, contract professionals acquired retroactive approvals. The following table illustrates the delay (in days) between the premium overtime worked and the "after the fact" approvals:



## Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365

Overtime Authorization	Case	Percentage
Delayed 1-5 Days	6	60%
Delayed 6 - 10 Days	2	20%
Delayed 12 - 28 Days	2	20%
Total	10	100%

According to the District Inspection Department's internal practice, all inspectors, including the District employees and contract professionals, were required to fill the "Inspector OT Log" in the google form for the detail information regarding the date of the overtime, hours, project name, OT description, etc. We further traced the 20 instances where contract professionals billed premium overtime to the "Inspector OT Log". We found that in 10 out of 20 cases (50%), the contract professionals did not follow the requirement to fill the "Inspector OT Log".

As a result, we questioned \$2,925 of the billed premium overtime for those contract professionals who did not obtain the pre-authorization and did not file the online "Inspector OT Log".

### **Billed on the District's Holiday & Shutdown Period**

Our sample test also included 14 instances that contract professionals billed on District holidays and/or shutdown period.

Per the contract and contract amendments, "District holidays will not be considered billable workdays. No billable hours will be allowed on these days without prior approval of the Request for Authorization to Work, signed and approved by immediate supervisors and department/branch directors". For the District's mandatory shutdown week, "Request and Authorization to Work, is required and must be approved by an authorized District personnel prior to commencing of work".

Based on our audit, we found that in 4 of those 14 cases (29%), the required written pre-approval was not obtained. Instead, contract professionals acquired approvals after the holidays and shutdown week. The number of days of delay were between 2 to 11 days.

We therefore questioned the billed amount of \$2,280 reflecting the amount charged for the contract professionals who did not obtain the pre-authorizations to work on District holidays and shutdown week.

### **Recommendations**

- We recommended that the District should seek a refund of \$5,205 for the billed premium overtime and the District's holiday and shutdown week without pre-authorization.



## **Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365**

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- SPAI and the District Inspection Department should enforce the contract term regarding obtaining pre-authorization for working overtime, working on District's holidays and shutdown week.

### **PSD's Response**

Procurement Services Division (PSD) agreed that the approval was not timely. Per the District Inspection Department, authorizations were not issued timely because the work was not scheduled timely. The Inspection Department will enforce the preapproval of overtime. Since the work was ordered and completed, PSD will not seek a refund.

### **SPAI's Response**

SPAI stated that the contract required inspectors to obtain written approval prior to working any overtime. However, they only received inspectors' timecards on a Semi-Monthly basis and were not aware of any overtime till after the fact. SPAI's CFO always made sure that inspectors had overtime approved. The after-the-fact approval was due to unavailability of the inspectors' supervisors or because of a last-minute request by the contractor. SPAI also stated that they were not aware of the District Inspection Department's overtime requirement on filling the Google OT Log form.

SPAI stated that they were not aware of the District's holidays. They requested that the District notify them of the holidays and shutdown periods at the beginning of each year and they would enforce inspector's compliance with the requirements.

### **OIG's Response**

We considered that the contract professionals did provide the services, and the authorizations were retroactively obtained from the District's Inspection Department. We agreed with PSD not to seek a refund.

## **II. Determination of whether SPAI's contract professionals had the qualification to perform the services.**

### **OSHA Training Certificate**

The contract terms states that "All classifications of Inspectors who will/may access jobsites must complete the 10-hour Occupational Safety & Health Administration (OSHA) construction course within 30 days of the date of hire by the District".

We reviewed OSHA certificates for all the 18 contract professionals who worked for the District. We found that all of them followed the OSHA training requirement except for 1



## **Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365**

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contract professional who did not obtain the OSHA training certificate, and the 3 contract professionals who obtained the OSHA training more than 30 days of the date of hire by the District.

### **DSA Classification**

The contract terms on Fee and Payment Schedule designated DSA Class 1, Class 2, and Class 3 as Inspectors' categories. Contract professionals' hourly rates were established by the Classification held by each contract professionals.

We traced the billed contract professionals' classification to the Division of the State Architect (DSA) website to verify that contract professionals had their updated DSA certification.

Based on our verification, we found that all the contract professionals had the updated DSA certificates which met their billing classifications.

### **Recommendation**

SPAI and Facilities Contracts should ensure that all contract professionals comply with the contract requirement to obtain the OSHA training certificates within 30 days of the date of hiring by the District.

### **PSD's Response**

PSD agreed with the recommendation. For current contract professionals, FSD had required that all CM firms, including SPAI must ensure that all new hires complete the OSHA training within 30 days of hiring without exceptions.

### **SPAI's Response**

SPAI stated that the only inspector who did not obtain the OSHA training certificate had worked less than 30 days for the District. Going forward, they would insist on the completion of the training prior to starting work at LAUSD to ensure the OSHA training requirement was complied with and in a timely manner.

### **III. SPAI's contract professionals provided construction inspection services for Facilities Services Division's projects related to repair, rehabilitation, modernization, and new construction of schools per contract terms.**

The contract terms on Scope of Services specified that contract professionals should perform all inspection as required by the Project Inspector in Title 24 of the California Code of Regulations and the project documents.



## **Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365**

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To verify if the contract professionals provided the scope of services per contract terms, we reviewed contract professionals' daily reports, semi-monthly reports, and the District Inspection Department's Inspector Review for SPAI's contract professionals' performance.

### **Daily Reports**

According to the District Inspection Department, all Daily Reports were due the next day following a weekend or holiday but were due the same day if you were taking the following day off.

Our detail testing of 6 contract professionals' 35 Daily Reports under 7 projects found that 20 or 57% of the daily reports were submitted to the District Inspection Department's Cloud late. Only 15 or 43% of the Daily Reports were submitted either on the same date or the next date following a weekend or holiday. Our review showed that the daily reports were completed except for 3, which were missing information, such as weather, time in and time out, contract number and OAR's name. We also found that one of the projects did not have any daily report. We further traced the District's timecard and found that contract professionals charged time to the project but did not complete any daily report.

### **Semi-Monthly Reports**

Per the contract Scope of Services, contract professionals were required to complete Semi-Monthly Reports and upload them within 2 days of the close of the reporting period to the District Inspection Department's Cloud.

Our detail testing of 45 Semi-Monthly Reports from 5 contract professionals' 6 projects found that 33 out of 45, or 73% were uploaded to the District's Inspection Department's Cloud on time. Twelve out of 45, or 27% of the Semi-Monthly reports were submitted late to the Inspection Department Cloud.

We also found that all of the Semi-Monthly Reports were completed.

### **Inspector Review**

The District Inspection Department evaluates contract professional's performance based on 5 aspects with specific score, including Timekeeping (4), Daily Reports in Cloud (8), Semi-Monthly Report (SMR) in Cloud (10), Non-Conformance Items List (NCIL) (10), and Job File in the Cloud (8). Each score is weighted by the importance of the services and the total score of 40 represents excellence.

We analyzed 65 Inspector Reviews performed by the immediate supervisors for 8 contract professionals. We found that all the contract professionals were scored over 28 except for one



## **Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365**

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who only scored 22.7 out of 40, or 57%. The Supervisor comments included missing daily report, NCIL, SMR, and poor performance.

We discussed the issues with SPAI management. SPAI management requested that the District Inspection Department release the Inspector Performance Review to SPAI. SPAI management stated that they would like to support the District to improve contract professionals' performance.

### **Recommendations**

1. The District Inspection Department should release the Inspector Performance Review to SPAI management.
2. SPAI should provide training to its contract professionals to improve their performance.

### **PSD's Response**

PSD's response did not address this recommendation.

### **SPAI's Response**

SPAI requested to have a copy of their inspectors' performance reviews to assist the District with the Performance Improvement Plan. SPAI also wanted to meet with the District Inspection Department Team to improve communication and properly train their inspectors.

### **Audit Team**

This audit was performed by the following auditors:

Rey Bejerano, Audit Manager  
Liqing Lin, Senior Auditor



**Audit of Sandy Pringle Associates, Inc.  
Contract No. 1890011/4400006365**

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**Independent Auditor's Report**

We have examined the amount billed by Sandy Pringle Associate, Inc. (SPAI) under Contract Number 1890011/4400006365 (Contract) for the period from July 1, 2018 through December 31, 2020. SPAI's management was responsible for the amounts billed and compliance with 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 SPAI's compliance with the contract requirements and performing such other procedures as we considered necessary in the circumstance. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on SPAI's compliance with the specified requirements.

In our opinion, the amounts billed were allowable and adequately supported in accordance with the terms of the Contract in all material respects. However, our examination found that SPAI billed \$5,205 of overtime and worked during the District's holidays and shutdown week without obtaining pre-authorization from the District. We also found that SPAI contract professionals did not fully comply with OSHA training requirement and missed or delayed providing their daily reports, Semi-Monthly reports, and other services. These findings are described in the Results of Audit section of this report.

***Austin E. Onwualu***

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Austin Onwualu, CPA, CIG  
Deputy Inspector General, Audits

May 27, 2021



**Audit of Sandy Pringle Associates, Inc.  
Contract No. 1890011/4400006365**

APPENDIX A

June 25, 2021

Mr. Austin Onwualu, Deputy Inspector General, Audits  
Los Angeles Unified School District  
Office of the Inspector General (OIG)  
333 S. Beaudry Avenue, 12<sup>th</sup> Floor  
Los Angeles, CA 90017

**RE: RESPONSE TO DRAFT AUDIT REPORT NO. CA 21-0000  
SANDY PRINGLE ASSOCIATES INSPECTION CONSULTANTS CONTRACT NO.  
1890011/4400006365**

Dear Mr. Onwualu,

Procurement Services Division (PSD) is in receipt of the above-referenced draft incurred cost audit report dated May 27, 2021. Below is an outline of our responses to the audit findings and recommendations.

**Recommendation #1:** Sandy Pringle Associates Inspection Consultants (SPAI) should refund the District \$5,205 for billed premium overtime and District's holiday and shutdown week without pre-authorization.

**Response:** PSD agrees that the approval was not timely. The time in question was worked and required when done. Per Chief Construction Inspector Anthony Bordighi, authorizations were not issued timely because the work was not scheduled timely in all likelihood. The Inspection Department will enforce the preapproval of overtime. Since the work was ordered and completed, PSD will not seek a refund.

**Recommendation #2:** SPAI should enforce compliance with the contract agreement to obtain OSHA training certificates within 30 days of the date of hiring by the District.

**Response:** Agree with the recommendation. For current Contract Professionals, FSD's Staffing Contracts Administration, transitioned to the new Construction Management contracts in December 2019, have required all CM firms, including SPAI, must ensure that all new hires required to complete the OSHA training must comply with the 30-day requirement, without exceptions

If you have any questions, please do not hesitate to contact me at [judith.reece@lausd.net](mailto:judith.reece@lausd.net)

Sincerely,

  
Digitally signed by Judith  
Reece  
Date: 2021.06.25 18:55:37  
-07'00'

Chief Procurement Officer

cc: A. Padi  
A. Bordighi  
J. Ballardo  
R. Kapoor

*PROCUREMENT SERVICES DIVISION  
333 S. Beaudry St., 28<sup>th</sup> Floor, Los Angeles, CA 90017  
Telephone (213) 241-3087 ♦ Fax (213) 241-8945*



## Audit of Sandy Pringle Associates, Inc. Contract No. 1890011/4400006365

APPENDIX B



Sandy Pringle Associates, Inc.  
1108 Sartori Ave., Suite 300  
Torrance, California 90501  
Tel: (310) 787-8811  
Fax: (310) 787-8833

June 24, 2021

Office of the Inspector General  
333 S. Beaudry Avenue, 12 Floor  
Los Angeles, CA 90017

Re: LAUSD Audit Response contract 1390011/4400006365

The following are Sandy Pringle Associates, Inc. (SPA) Responses to the findings of the recent LAUSD audit.

The Audit Draft requested a response by June 21, 2021, Tracy Russel our CFO did respond to the audit in a letter dated April 27, 2021, although she had not received a copy of the Draft report that was sent after the April 27 letter. See copy of Tracy's letter attached Attachment 'A' to the accompanying email.

Below are our comments on the Draft Audit letter.

- **Management Team Notification:** The Audit draft report was sent only to [Sandy@pringleassociates.com](mailto:Sandy@pringleassociates.com) and was not copied to any of our other management team members. Unfortunately, Sandy receives several hundred emails daily and this one was misplaced. Going forward please copy our Management Team personnel that were part of this conversation including Jim Cohn, Tracy Russell, Richard Hak and David Azcaraga.
- **Overtime Approval:** Our contract with LAUSD says that our Inspectors will obtain written approval prior to working any overtime. We only receive our Inspectors time on a Semi-Monthly basis and are not aware of any overtime until after the fact. Tracy Russel our CFO always makes sure that whenever an Inspector has overtime, a signed approval sheets is obtained. On occasion these approval sheets were signed after the fact often due to the unavailability of the Inspector's LAUSD Supervisor or because of a last-minute request by the Contractor. Until recently we were not aware of this Google OT Log form and had no way of advising our LAUSD Inspector of the requirement to record OT requests in this log.
- **LAUSD District Holidays:** SPA was not made aware of these days until after the fact when we requested a list of these days. We have no issue with enforcing this requirement and only ask that the District inform us at the beginning of each year the Days and Dates of these District Holidays so we can make sure our Inspectors are aware of them and comply with the required notifications.
- **OSHA Certifications:** We believe that our only Inspector that did not obtain an OSHA training certificate had only worked less than 30 days for LAUSD. Going forward we will insist that this training is completed prior to the start of work at LAUSD to make sure this requirement is complied with in a timely manner.
- **Inspector's Performance Reviews:** As noted in this Draft Audit we request copies of all of our Inspector's Performance Reviews.

It is critical that LASUD keep SPA in the loop concerning Performance Evaluations of the Inspectors, particularly those Inspectors that are not deemed to be performing at LAUSD's

*Page 1 of 2*



**Audit of Sandy Pringle Associates, Inc.  
Contract No. 1890011/4400006365**

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*Sandy Pringle Associates | DSA Project Inspection Services*

acceptable standard. SPA cannot hold Sub-Contractor Inspectors accountable and cannot assist LAUSD with Performance Improvement Plans if SPA is not made aware that LAUSD is conducting Inspector's Performance Review on our Sub-Contractor Inspectors.

We are requesting a meeting with the LAUSD team to improve communication with the District and enable us to properly train our Inspectors.

We greatly appreciate that opportunity to work with LAUSD and look forward to continuing and improving our relationship.

Sincerely,

Sandy Pringle  
Principal  
Sandy Pringle Associates, Inc.

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*Page 2 of 2*

## **Know about fraud, waste or abuse?**

### **Tell us about it.**

Maybe you are a school district employee, a parent or just a concerned citizen. Regardless, you can make a difference!

Maybe you know something about fraud, 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 email or 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.

### **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**

Office of the Inspector General  
333 S. Beaudry Avenue, 12th Floor  
Los Angeles, CA 90017  
Phone: (213) 241-7700  
Fax: (213) 241-6826  
<https://achieve.lausd.net/oig>

**Fraud, Waste and Abuse Hotline**  
**(866) 528-7364 or (213) 241-7778**  
[inspector.general@lausd.net](mailto:inspector.general@lausd.net)