



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

**Audit of TRC Solutions, Inc.
Contract No. 1790082/4400005518**

CA 21-1308

August 13, 2021



Los Angeles Unified School District
Office of the Inspector General

Kelly Gonez, President
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Scott M. Schmerelson
Nick Melvoin
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Tanya Ortiz Franklin
Members of the Board

Megan Reilly
Interim Superintendent of Schools

William Stern
Inspector General

August 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: TRC Solutions, Inc. - Contract No. 1790082/4400005518

Dear Ms. Reece,

This is the report on our audit of Contract No. 1790082/4400005518 awarded to TRC Solutions, Inc. for providing site assessments services to the Office of Environmental Health and Safety.

Please contact our office if you have any questions.

Sincerely,

Austin E. Onwualu

Austin Onwualu, CPA, CIG
Deputy Inspector General, Audits

William Stern

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

c: Richard Lui
Cheri Thomas

TABLE OF CONTENTS

Introduction, Scope and Objectives, Methodology	1
Results of Audit	2
Audit Team	3
Independent Auditor's Report	4



Audit of TRC Solutions, Inc. Contract No. 1790082/4400005518

Introduction

The Office of the Inspector General (OIG) audited contract number 1790082/4400005518 (contract) awarded by the Los Angeles Unified School District (District) to TRC Solutions, Inc. (TRC) to provide environmental site assessment services for District projects. All services were initiated and defined by work authorizations issued by the Office of Environmental Health & Safety (OEHS). The District paid TRC on a time and material basis as set forth in the fee schedule in Exhibit B of the contract. The contract had an original not-to-exceed amount of \$500,000 and the initial contract term was from April 1, 2017 through March 31, 2020. From May 9, 2019 through February 25, 2021, the District executed four contract amendments that increased the contract amount by \$3,000,000 and extended the contract period through March 31, 2022. As of February 16, 2021, the total amount billed by TRC was \$1,851,801.

Scope and Objectives

The objectives of our examination were to determine whether (i) the amounts billed were adequately supported and allowable according to the contract terms and conditions, and (ii) the services were provided as required by the work authorizations.

Our examination covered the invoices billed for the performance period from April 1, 2017 through December 31, 2020.

Methodology

To accomplish our examination objectives, we performed the following procedures:

- Reviewed the purchase orders and work authorizations
- Interviewed District staff in the Office of Environmental Health and Safety (OEHS) to obtain an understanding of the District's internal control and processes
- Inquired with TRC's management about their internal controls and business operations
- Recalculated the mathematical accuracy of the billed invoices
- Validated the number of direct labor hours billed against timesheets and payroll registers
- Verified that authorized hourly rates were used to bill for services provided
- Validated the amounts of subcontractor costs billed against supporting documents such as subcontractor/vendor invoices, cancelled checks, and proposals submitted to the District
- Reviewed certified payroll records and reports as proof that subcontractors paid workers based on prevailing wage rates for public works projects
- Reviewed site assessment technical reports that were issued for the completed work authorizations
- Inquired and confirmed with the OEHS whether services were provided as required by the work authorizations



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Results of Audit

1. Determine whether the amounts billed were adequately supported and allowable according to the contract terms and conditions.

As of February 16, 2021, TRC submitted 313 invoices totaling \$1,851,801 under the contract. We reviewed a statistical sample of 30 invoices and determined that the amounts billed were adequately supported and allowable according to the contract terms and conditions.

Testing of Professional Services Billed

TRC's employees reported the number of hours worked on weekly time sheets by project, staff type, labor codes, activity, etc. We validated 1,581 direct labor hours billed against individual time sheets and reviewed the related payroll registers. We also verified that the labor hours incurred were within the work authorization's period of performance. Our review found that the billed services were adequately supported.

Testing of Subcontractor Services Billed

TRC's invoices included subcontractor costs for sample collection, laboratory services, excavation & disposal services, geophysical surveys, and field services. For the subcontractor cost testing, we reviewed the work authorizations to determine if the subcontractors were pre-approved by OEHS and that the billed amount did not exceed the authorized amount. We also verified the amount billed per subcontractor invoices against cancelled checks. Based on the procedures performed, we did not note any exceptions.

Review of Prevailing Wage Requirements

The contract stipulated that TRC, and its subcontractors comply with the California Labor Code regarding prevailing wage requirements on public works projects and submit certified payroll records to the District Labor Compliance (LCP), if applicable.

Based on our review of invoices, we noted that some of the projects performed by TRC's subcontractors were subject to the prevailing wage requirements, but the required payroll records were never submitted to the LCP for review. At the time of our audit, TRC was able to provide copies of the subcontractors' payroll records as proof of compliance with the prevailing wage requirements and explained that they were in the process of preparing the Request for Access to LAUSD Online Tools as a prime contractor. Once set up, this would allow the subcontractors to gain access and directly upload their certified payroll reports for all applicable work conducted to date and new projects moving forward. TRC also explained that they would continue to work with their subcontractors to ensure compliance with all reporting requirements.



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Contract No. 1790082/4400005518**

Testing of Other Direct Costs Billed

Other direct costs billed included the costs for utilities, permits, equipment rental or supplies, and mileage expense. We validated the costs billed against supporting documentation such as receipts and invoices and did not note any exceptions.

2. Determine whether TRC provided the services as required by the work authorizations.

For the work authorizations issued under the contract, TRC was required to perform environmental site assessment services such as Phase I/01 4524 Sampling (Field investigations), Phase II/Preliminary Environmental Assessments/SSI including Work Plans and Oversight (RAW/RAP Implementation), etc.

For the 15 work authorizations billed on the invoices that were tested for objective no. 1, we reviewed the related work plans, technical memos, monitoring and study/assessment reports, and conducted an interview with the OEHS's representative regarding the deliverables. Our procedures found that 14 out of 15 projects were completed as of our examination date and that TRC provided the services in accordance with the work authorizations.

Audit Team

This audit was performed by the following auditors:

Rey Bejerano, Audit Manager
Rachel Chow, Senior Auditor



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Independent Auditor's Report

We have examined the amounts billed by TRC Solutions, Inc. (TRC) under contract number 1790082/4400005518 (contract) for the period from April 1, 2017 through March 31, 2022 and TRC's compliance with the terms and conditions of the contract. TRC's management is responsible for the amounts billed and for complying with the terms and conditions 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 TRC'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.

In our opinion, the amount billed by TRC under the contract for the period from April 1, 2017 through December 31, 2020 were adequately supported and allowable according to the contract terms and conditions in all material respects and services were provided as required by the work authorizations.

Austin E. Onwualu

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

August 2, 2021

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

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