



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

**Audit Report
of
The "G" Crew
Contract No. 4400006369**

CA 23-1394

May 26, 2023



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

Jackie Goldberg, President
Dr. George J. McKenna III
Dr. Rocio Rivas
Scott M. Schmerelson
Nick Melvoin
Kelly Gonez
Tanya Ortiz Franklin
Members of the Board

Alberto M. Carvalho
Superintendent

Sue Stengel
Inspector General

May 26, 2023

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: The "G" Crew
Contract No. 4400006369

Dear Ms. Reece:

This is the final report on our audit of The "G" Crew for Contract No. 4400006369.

Please contact our office if you have any questions.

Sincerely,

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

Sue Stengel, Esq., CIG
Inspector General

c: Cheri Thomas
Ivory King



Audit of The “G” Crew Contract No. 4400006369

TABLE OF CONTENTS

Introduction, Scope and Objectives, Methodology	1
Results of Audit	2
Audit Team	5
Independent Auditor’s Report	6
Appendix I: The “G” Crew’s Response to the Draft Audit Report	7
Appendix II: Procurement Services Division’s Response to the Draft Audit Report	9



Audit of The “G” Crew Contract No. 4400006369

Introduction

The Office of the Inspector General (OIG) audited Contract Number 4400006369 (Contract), awarded by the Los Angeles Unified School District (District) to The “G” Crew (TGC) for construction inspection services. The Contract was for TGC to provide qualified Division of the State Architect¹ (DSA) certified inspectors to augment the District’s Inspection Department staff. The inspectors were to provide construction inspection services to ensure the District’s construction projects conform to the California Building Standards Code and project specifications.

The contract term was initially from May 10, 2018, through April 30, 2019, with four one-year options. The District exercised all four options and extended the contract term through April 30, 2023. The fee for the inspection services provided was based on hourly rates with a not-to-exceed total amount. The Contract stipulated different hourly billing rates for different inspection classifications. The not-to-exceed contract amount was originally set at \$500,000 and was increased to \$4,000,000 through contract amendments, including four contract extensions. As of December 31, 2022, TGC billed, and the District paid, \$3,361,599 for services provided from the inception of the Contract through October 2022. Inspection services were a high-risk area based on the OIG annual risk assessment and were selected for audit within the FY 2023 Audit Plan.

Scope and Objectives

The objectives of our examination were to determine whether:

- (i) The amounts billed were allowable and adequately supported in accordance with the contract terms and conditions.
- (ii) The services were provided as required by the Contract.
- (iii) TGC provided the work-based learning opportunities as stated in their proposal.

Our examination covered the invoices billed for the services provided from the inception of the contract, May 10, 2018 through October 2022.

Methodology

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

- Interviewed District and TGC personnel to obtain an understanding of the contract requirements and the related internal controls.
- Traced the billed number of hours to the District approved timesheets.
- Selected a sample of invoices and reviewed TGC’s payroll records, subcontractors’ invoices, and payment records.
- Validated the billed hourly rates against the Contract authorized billing rates.
- Searched Certified Project Inspector List maintained on the DSA website and validated the

¹ Division of the State Architect is a California state government agency that provides design and construction oversight for K-12 schools, community colleges, and various other state-owned and leased facilities.



Audit of The “G” Crew Contract No. 4400006369

billed inspectors’ DSA certifications.

- Reviewed tracking documents for a selected sample of inspection days and validated the number of billed hours and identified the corresponding projects.
- Reviewed required inspection reports prepared by the inspectors for a sample of periods during which inspection services were billed.
- Reviewed supervisors’ performance evaluation records regarding the billed inspectors’ performance.
- Inquired with TGC and the District regarding whether TGC provided the work-based learning opportunities as proposed.

Results of Audit

1. Determine whether the amounts billed were allowable and adequately supported in accordance with contract terms and conditions.

The District paid TGC \$3,361,599, through 52 invoices, for services provided during the period from May 10, 2018 through October 2022.

To determine whether the amounts billed were allowable and adequately supported in accordance with the contract terms and conditions, we performed the following:

- a. For all 52 invoices billed to and paid by the District:
 - i. Traced the billed number of hours to District approved timesheets.
 - ii. Verified the billed hourly rates and validated them against the Contract authorized hourly billing rates.
- b. Selected 13 invoices, and reviewed:
 - i. Payroll registers for the actual number of hours paid to inspectors.
 - ii. Time reports documenting employees’ absences.
 - iii. Subcontractors’ invoices for the number of hours billed by the subcontractors.
 - iv. TGC’s payment records.
- c. Reviewed the District’s overtime pre-approval documentation for overtime hours billed.
- d. Selected a sample of 45 days during which inspection services were billed, and reviewed the inspectors’ Field Force Manager² (FFM) GPS and Stop Report to verify that the billed number of hours and billed construction projects were consistent with the time and location records captured by FFM.
- e. Searched Certified Project Inspector List maintained on the DSA website and validated the billed inspectors’ DSA certification.

² Field Force Manager (FFM) is a mobile workforce management solution offered by Verizon. FFM provides real-time location tracking and other monitoring functions. The Contract required the contractor to provide the District with FFM administrative rights to monitor inspectors during authorized work hours.



Audit of The “G” Crew Contract No. 4400006369

Based on the audit procedures performed, we determined that the amounts billed were allowable and adequately supported in accordance with the contract terms and conditions in all material respects.

2. Determine whether the services were provided as required by the Contract.

The Contract required the inspectors to perform inspection services and complete and maintain inspection reports, including but not limited to; Project Inspector Daily Reports (required by the District for each project assigned), Project Inspector Semi-Monthly Reports (DSA 155, required by DSA for each project), and Project Inspector Verified Reports³ (DSA 6-PI, required by DSA).

We selected 45 days, during which inspection services were billed, and reviewed the Project Inspector Daily Reports, Project Inspector Semi-Monthly Reports, and Project Inspector Verified Reports for each project. We also reviewed the supervisors’ periodic performance evaluations of the inspectors to verify that the inspectors’ performances were meeting District expectations.

Based on the audit procedures performed, we determined that the services were provided as required by the Contract.

3. Determine whether TGC provided the Work-Based Learning Opportunities as proposed.

Work-Based Learning (WBL) is a core component of the District’s Career Technical Education (CTE) - Linked Learning initiative which provides students with opportunities to gain real-world work experience and exposure, with the prospect of developing relevant job skills while still in school. The District encourages prospective contractors to partner with the District and provide high-quality integrated work-based learning opportunities to District students. In some solicitations for contract proposals, including the contract with TGC, the District requested the prospective contractors to include in their proposals a work-based learning plan and describe how they would support this program. This portion of the proposal was given a weighted average of 2% and was factored into awarding the contract.

TGC proposed the following WBL Plan in its proposal:

- Provide guest speaker(s) once a year.
- Perform informational interviews and/or judge student competitions once a year.
- Participate in mock interviews and/or service-learning enterprises once a year.
- Provide internship at TGC’s office once a year.

Exhibit G - Work-Based Learning Plan/Linked Learning, of the Contract, requires the contractor to work with the District Linked Learning Office to provide a worked-based learning plan consistent with the Contractor’s Proposal.

³ DSA 6-PI Report is used to document the progress of construction projects and whether deviations exist from DSA-approved construction documents.



Audit of The “G” Crew Contract No. 4400006369

Finding No. 1: No Work-Based Learning Plans Were Provided to the District Students

To test compliance with this requirement, we inquired with TGC and found that it had not provided any work-based learning opportunities to District students. According to TGC, they thought the District would contact them if any of the proposed plans was needed, however, they were never contacted by the District. The District’s Linked Learning Office also confirmed that they were not aware of any work-based learning opportunities provided by TGC. The Linked Learning Office explained that their office did not know of the existence of this contract or TGC’s contractual obligation.

After submitting our audit inquiry, TGC immediately contacted the District’s Linked Learning Office and began coordinating multiple WBLP engagements between TGC inspectors and students from the District. Currently, TGC has an event scheduled at Santee High School in South Los Angeles on May 31st, during which a TGC inspector(s) will be providing students with an in-class inspection demonstration. A future date is being scheduled during which TGC inspectors will be facilitating a skills competition amongst participating students.

Recommendation:

1. We recommend TGC continue working with the District’s Linked Learning Office to provide District students with the needed work-based learning opportunities.
2. We recommend that the District’s Procurement Services Division (PSD) and the Linked Learning Office develop a process to identify contractors, with contractual obligations to provide work-based learning opportunities to District students, so that the Linked Learning Office can initiate contact and capture the work-based learning opportunities offered to District students.

PSD’s Response:

PSD agreed with the finding and recommendations. PSD will develop a process to identify contractors who have submitted a work-based learning program as part of their proposal and provide their contact information to the Linked-Learning Office upon contract award.

TGC’s Response:

TGC responded that they misunderstood the process of the Work-Based Learning Program. Once they understood, TGC immediately took action to remedy any obligation on their part, by scheduling with LAUSD’s Linked Learning / Work-Based Learning Program to have one of their inspectors provide a classroom meeting/demonstration with LAUSD students.



Audit of The “G” Crew Contract No. 4400006369

Audit Team

This audit was performed by the following auditors:

Mark Pearson, Audit Manager
Shelly Guo, Principal Auditor



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

Jackie Goldberg, President
Dr. George J. McKenna III
Dr. Rocio Rivas
Scott M. Schmerelson
Nick Melvoin
Kelly Gonez
Tanya Ortiz Franklin
Members of the Board

Alberto M. Carvalho
Superintendent of Schools

Sue Stengel
Inspector General

Independent Auditor's Report

We have examined the amounts billed by The "G" Crew (TGC) under Contract Number 4400006369 (Contract) for the period from May 10, 2018 through October 31, 2022. TGC'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 TGC'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 TGC's compliance with the specified requirements.

In our opinion, the amounts billed were allowable and adequately supported in accordance with the terms and conditions of the Contract in all material respects, and the inspection services were provided as required by the Contract. However, we found that TGC did not provide work-based learning opportunities to the District students as required by the Contract.

Austin Onwualu

Austin Onwualu, CPA, CIG
Deputy Inspector General, Audits

April 4, 2023

333 South Beaudry Avenue, 12th Floor, Los Angeles, California 90017
Telephone: (213) 241-7700 Fax: (213) 241-6826
Inspector.general@lausd.net



Audit of The "G" Crew Contract No. 4400006369

Appendix I: The "G" Crew's Response to the Draft Audit Report



May 24, 2023

RE: TGC RESPONSE TO DRAFT AUDIT REPORT, CONTRACT NO. 4400006369

Mark Pearson, CPA, CFE

Audit Manager

Los Angeles Unified School District, Office of the Inspector General, Audit Unit

333 South Beaudry Avenue, 12th Floor, Los Angeles, CA 90017

Dear Mr. Pearson:

We received your Draft Audit Report, and we have no objections to the Report. We would like to provide a follow-up note on Finding 1. Work-Based Learning Program.

We apologize for our misunderstanding of the process of the Work-Based Learning Program. Once we understood, we immediately took action to remedy any obligation on our part, by scheduling with LAUSD's Linked Learning / Work-Based Learning Program to have one of our inspectors provide a classroom meeting / demonstration with LAUSD students per our contract. We had planned and scheduled for April 2023, but due to unexpected events, the date was pushed towards late May, 2023.

Please see attached a confirmation of our meeting next week, Wednesday, May 31, 2023, 12:40 p.m. to 2:30 p.m. with LAUSD Santee High School under LAUSD Instructor, Troy Williams. In addition, we will provide handouts to the students about Employment and Work Opportunities in the Construction Industry.

After the event, we will email your office with documentation and follow up update on The "G" Crew's participation in the Linked Learning / Work-Based Learning Program.

Thank you.

Best Regards,

Genevieve Pacana, President



The "G" Crew (TGC)

Direct: 917.576.1906

Office: 818.240.4157

Fax: 818.240.8616

Email: genevieve@thegcrew.com

The "G" Crew (TGC) , 225 E. Broadway, Suite 313D, Glendale, CA 91205 • T: 818.240.4157 • E: info@thegcrew.com • www.thegcrew.com



Audit of The "G" Crew Contract No. 4400006369

Appendix II: Procurement Services Division's Response to the Draft Audit Report

DocuSign Envelope ID: 4CD83F79-0DF5-42F6-A11A-044822A50793

INTER-OFFICE CORRESPONDENCE Los Angeles Unified School District

TO: Austin Onwualu, Deputy Inspector General
Office of the Inspector General **Date:** May 5, 2023

FROM: Judith Reece, Chief Procurement Officer
Procurement Services Division

SUBJECT: RESPONSE TO DRAFT AUDIT REPORT OF THE "G" CREW –
CONTRACT NO. 4400006369

DocuSigned by:
Judith Reece
FT98964C6C074AE...

The following is in response to the draft incurred cost audit report of The "G" Crew, Contract No. 4400006369. The results of the audit indicated the following:

RECOMMENDATION: PAGE 4

REPORT STATES: *"We recommend TGC Continue working with the District's Linked Learning Office to provide District Students with the needed work-based learning opportunities."*

RESPONSE: Procurement Services Division (PSD) agree with the finding and recommendation.

RECOMMENDATION: PAGE 4

REPORT STATES: *"We recommend that District's Procurement Services Division (PSD) and the Linked-Learning Office develop a process to identify contractors, with contractual obligations to provide work-based learning opportunities to District students, so that the Linked Learning Office can initiate contact and capture the work-based learning opportunities offered to District students."*

RESPONSE: PSD agrees with the finding and recommendation. We will develop a process to identify contractors who have submitted a work-based learning program as part of their proposal and provide their contact information to the Linked-Learning Office upon contract award.

JR:db

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