



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

**Audit of
The Dickler Corporation dba Chefs' Toys
Contract No. 4400005809**

CA 21-1260

October 13, 2020



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

Dr. Richard A. Vladovic, Ed.D., President
Jackie Goldberg
Dr. George J. McKenna III
Mónica García
Scott M. Schmerelson
Nick Melvoín
Kelly Gonez
Members of the Board

Austin Beutner
Superintendent of Schools

William Stern
Inspector General

October 13, 2020

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

RE: The Dickler Corporation dba Chefs' Toys
Contract No. 4400005809

Dear Ms. Reece,

This is the report on our audit of Contract No. 4400005809 awarded to The Diskler Corporation dba Chefs' Toys for providing various kitchen equipment for Phase 2 of the District's school modernization program.

Please contact our office if you have any questions.

Sincerely,

Austin E. Onwualu

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

William Stern

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 by The Dickler Corporation dba Chefs' Toys (Chefs' Toys) under contract number 4400005809 (contract) for the period from September 1, 2017 through June 30, 2020 and Chefs' Toys compliance with the terms and conditions of the contract. Chefs' Toys' 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 Chefs' Toys' 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 amounts billed by Chefs' Toys under the contract for the period from September 1, 2017 through June 30, 2020 were adequately supported and allowable according to the contract terms and conditions in all material respects, the District received the equipment purchased, and the equipment was of the same make and model as specified by the contract.

Austin E. Onwualu

Austin Onwualu, CPA, CGMA, CIG
Deputy Inspector General

September 3, 2020



Audit of The Dickler Corporation dba Chefs' Toys Contract No. 4400005809

Introduction

The Office of the Inspector General (OIG) audited contract number 4400005809 (contract) awarded by the Los Angeles Unified School District (District) to The Dickler Corporation dba Chefs' Toys (Chefs' Toys) to provide various kitchen equipment for Phase 2 of the modernization program, which includes updating the kitchen equipment at 487 school sites. The contract amount was \$6,580,000. The initial contract period was for 36 months commencing on September 1, 2017 through August 31, 2020. On July 20, 2018, the District extended the contract period through August 31, 2021.

Scope and Objectives

The objectives of our examination was to determine whether (i) the amounts billed were adequately supported and allowable according to the contract terms and conditions, (ii) the purchased equipment were received by the District, and (iii) the received equipment was of the same make and model as specified by the contract.

Methodology

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

- We interviewed District staff in the Food Services Division and Material Management Branch to obtain an understanding of the District's internal control and processes.
- We inquired Chefs' Toys' management regarding their internal controls and business operations.
- We validated the billed quantities and unit rates against the contract, purchase orders, and/or goods receipt information logged into SAP by District receiving staff.
- We verified that the correct tax rate was charged and that a delivery fee or freight was not charged.
- We verified the mathematical accuracy of the billed invoices.
- We reviewed the delivery documents (e.g., bill of lading and packing slip) for a sample of equipment to verify that the District's receiving inspector signed the document and captured the correct serial number in SAP.
- We inspected a sample of 30 pieces of purchased equipment that have been installed at school sites to verify that the make and model of the installed equipment matched the equipment specifications in the contract.



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dba Chefs' Toys
Contract No. 4400005809**

Results of Audit

1. Determine whether the billed amount were adequately supported and complied with the terms and conditions of the contract

Chefs' Toys billed the District 62 invoices totaling \$5,903,614 from September 1, 2017 through June 30, 2020. We reviewed all 62 invoices and determined that the amounts billed were adequately supported and allowable according to the contract terms and conditions.

2. Determine whether the equipment were received by the District

We selected a sample of 30 pieces of equipment purchased by the District and verified that the District receiving inspectors' signatures are on the bills of lading/packing slips. We also agreed the quantities, amounts, and serial numbers for the equipment billed on all 62 invoices to goods receipt information logged into SAP by District receiving staff.

3. Determine whether the received equipment was of the same make and model as detailed in the contract specifications

We visited 11 school sites to inspect a sample of 30 pieces of equipment purchased by the District and found that the purchased equipment matched the contract specifications.

Audit Team

This audit was performed by the following auditors:

Stella Lai, Audit Manager
Armando Ng, Principal Auditor

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Tell us about it.

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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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