



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

**Audit of IBI Group, a California Partnership
Contract No. 1620145/4400004824**

CA 21-1264

February 1, 2021



Los Angeles Unified School District Office of the Inspector General

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February 1, 2021

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: IBI Group, a California Partnership
Contract No. 1620145/4400004824

Dear Ms. Reece:

This is the final report on our audit of IBI Group related to contract no. 1620145/4400004824. 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



Audit of IBI Group, A California Partnership Contract No. 1620145/4400004824

Introduction

The Office of the Inspector General audited contract number 1620145/4400004824 awarded by the Los Angeles Unified School District (District) to IBI Group, a California Partnership (IBI). The contract was for IBI to provide architectural-engineering services for the Grand High School comprehensive modernization project. The contract was executed on June 1, 2016 for a not-to-exceed value of \$6,059,507, which included an allowance of \$21,250 for reimbursable expenses. Subsequently, the contract's original scope of work was reduced and extra services were added, resulting in a net reduction in the contract amount of \$1,689,039. To date, amendments for a net reduction of \$95,988 have been executed, and additional amendments reducing the contract by \$1,593,050 will be processed, reducing the total contract amount to \$4,370,469. IBI billed the District a total of \$3,813,629 for work completed during the audit period from July 1, 2016 through July 31, 2020: \$3,233,366 was for architectural and engineering services provided under the original scope of work, \$574,013 was billed for completed extra services, and \$6,250 was billed for reimbursable project related fees.

Scope of Work	Original Amount	Amendments	Adjusted Amount	Invoiced Amount
ORIGINAL SCOPE OF WORK				
Site Analysis/Pre-Schematic Design	\$ 483,060.56		\$ 483,060.56	\$ 483,060.56
Final Schematic Design	422,677.99		422,677.99	422,677.99
Design Development	1,207,651.40		1,207,651.40	1,207,651.40
Construction Documents – 50% Completed	905,738.55		905,738.55	905,738.55
Construction Documents – 100% Completed	905,738.55	\$ (710,008.45)	195,730.10	195,730.10
DSA Approval Construction Phase	301,912.85	(283,405.59)	18,507.26	18,507.26
Bidding/Proposal Document	181,147.71	(176,958.32)	4,189.39	
Bid/Award	120,765.14	(120,765.14)		
Pre-Construction Administration	301,912.85	(301,912.85)		
Construction Administration	905,738.55	(905,738.55)		
100% Completion of Contract	301,912.85	(301,912.85)		
Subtotal	6,038,257.00		\$ 3,237,555.25	3,233,365.86
Allowance	21,250		21,250	6,250.00
Total	6,059,507.00	(2,800,701.75)	3,258,805.25	3,239,615.86
EXTRA SERVICES				
Prop ID		107,597.00	107,597.00	26,685.58
Interim Housing		130,723.00	130,723.00	130,723.00
DSA Packages		160,338.00	160,338.00	160,338.00
Criteria Architect		685,133.00	685,133.00	236,772.18
Tree Re-Evaluation		27,872.00	27,872.00	19,495.00
Total Extra Services		1,111,663.00	1,111,663.00	574,013.76
Total	\$ 6,059,507.00	\$ (1,689,038.75)	\$ 4,370,468.25	\$3,813,629.62



Audit of IBI Group, A California Partnership Contract No. 1620145/4400004824

Scope and Objectives

The objectives of this audit are to determine whether IBI provided the required services for the amount billed and billed any excessive mark-up on subcontractor cost related to the extra services.

Methodology

We interviewed District's and IBI'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 IBI's cost proposal details for extra service fees to determine if the billed amount was allowable and adequately supported. We reviewed the District's approval notices, IBI's submitted deliverables and transmittals record, and the District's performance evaluations. We also interviewed the District's personnel to determine if the billed scope of work was completed.

Results of Audit

1. Determination of whether the IBI Group provided the required services for the amount billed

IBI billed \$3,233,366 related to the contract's original scope of work and \$574,014 for extra services. We reviewed the billings against the contract and amendments and determined that the billed amounts were consistent with the authorized contract amounts. We reviewed the notices to proceed issued by the Facilities Services Division (FSD) for each phase of the work, IBI's submitted deliverables and transmittal records, and FSD's performance evaluations for the billed work. We also interviewed FSD Asset Management's Design Manager and Deputy Director of Facilities, Planning and Development and validated the actual percentage of completion for the work that was still in progress. Based on the procedures performed, we determined that IBI Group provided the required services and submitted the required deliverables for the original contract and the extra services billed.

2. Determination of whether IBI Group billed any excessive mark-up on subcontractor cost related to the performance of extra services

We reviewed the proposals submitted by IBI and its subcontractors for the extra services work and verified that the mark-up on subcontractor cost did not exceed 5%.



Audit of IBI Group, A California Partnership Contract No. 1620145/4400004824

Audit Team

This audit was performed by the following auditors:

Stella Lai, Audit Manager
Mindy Qu, Principal Auditor



Audit of IBI Group, A California Partnership Contract No. 1620140/4400004728

Independent Auditor's Report

We have examined the amounts billed by IBI Group, A California Partnership (IBI) under contract number 1620145/4400004824 (contract) for work completed during the period from July 1, 2016 through July 31, 2020 and IBI's compliance with the contract's requirements. IBI's management is 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 IBI'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 IBI's compliance with the specified requirements.

In our opinion, IBI provided the required services for the amount billed under the contract for the period from July 1, 2016 through July 31, 2020 and did not bill excessive mark-up on subcontractor costs related to the performance of the extra services.

Austin E. Onwualu

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

December 11, 2020

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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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