



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

**Audit Report of AP Construction Group Inc.  
dba Air Plus  
Contract No. 1910028/4400007222**

**CA 21-1276**

**March 29, 2021**



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

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*Inspector General*

March 29, 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: AP Construction Group Inc. dba Air Plus (AP) – Contract No. 1910028/4400007222

Dear Ms. Reece,

This is the final report on our audit of AP Construction Group Inc. dba Air Plus related to contract no. 1910028/4400007222.

Please contact our office if you have any questions.

Sincerely,

*KM for Austin Onwualu*

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

*William Stern*

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

C: Richard Lui  
Cheri Thomas

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**Audit of AP Construction Group, Inc.  
Contract No. 1910028/4400007222**

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**Introduction**

Contract number 1910028/4400007222 (Contract) was awarded by the Los Angeles Unified School District (District) to AP Construction Group, Inc., doing business as Air Plus (AP), on December 13, 2018 for building Americans with Disabilities Act (ADA) improvements at Dodson Middle School. The original Contract had a fixed lump sum amount of \$2,513,000. The final amount was \$3,704,117; this amount included 79 approved change orders amounting to \$1,191,117. The Contract work was completed and accepted by the District on October 16, 2020.

The base Contract scope of work was to build ADA compliance access ramps throughout the school site. The change orders were additional ADA compliance construction work for (i) the installation of a storm drain line underneath the bus lane to divert water away from flooding the gymnasium, (ii) the construction and renovation of classroom sinks, cabinets, counter tops, restrooms floors and walls, drinking fountains, and (iii) the installation of ADA compliant doors, access ramp footrails, and replacement of gym lockers.

Established in 1989, AP is a general contracting firm specializing in schools, retrofits, modernizations, tenant improvements, new construction, remodeling, and HVAC/fire alarm upgrades.

Dodson Middle School is located at 28014 Montereina Dr., Rancho Palos Verdes, California and resides within the boundaries of Local District South.

**Scope and Objectives**

The objectives of the audit were to determine whether: (i) the billed amounts were adequately supported and allowable in accordance with the terms and conditions of the Contract; (ii) the change order costs were adequately supported, fair and reasonable; and (iii) the scope of work was performed.

Since the inception of the Contract through January 27, 2021, AP submitted to the District 11 invoices amounting to \$3,704,117.

**Methodology**

To accomplish our examination objectives, we (i) interviewed the District's personnel and AP's personnel to obtain an understanding of the scope of work of the Contract and the change orders, the billing and change order proposal review process, and other matters relevant to this examination, (ii) reviewed the billings and supporting documents to determine if the billed amount



**Audit of AP Construction Group, Inc.  
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was allowable and adequately supported, (iii) reviewed the breakdown of the proposal cost and supporting documents, such as the fair cost estimate, and determined if those costs were adequately supported, (iv) verified that the Contract change orders were properly supported and allowable under relevant provisions of the Contract, and (v) reviewed the Notice of Contract Completion & Acceptance, visited the school site and interviewed District personnel to determine if the scope of work was performed.

**Results of Audit**

**1. Determination of whether the billed amounts were adequately supported and allowable in accordance with the terms and conditions of the Contract.**

AP billed \$2,513,000 related to the Contract's original scope of work and \$1,191,117 for additional construction work through 79 approved change orders. The final amount was \$3,704,117. We used statistical sampling software and randomly selected three invoices for review. We tested \$2,060,165, or approximately 56% of total amounts billed under the Contract.

We reviewed the invoice packages for the signature of the District's Owner Authorized Representative (OAR) to ascertain that the billed percentage of completion had been approved by the OAR. The billed amounts were based on the schedule of values, and subcontractors' costs were adequately supported by subcontractor invoices and corresponding payments.

Based on our testing, we determined that the amounts billed were adequately supported and allowable in accordance with the terms and conditions of the Contract.

**2. Determination of whether the change order costs were adequately supported, fair and reasonable.**

Based on the total approved change order costs of \$1,191,117, we randomly selected a sample of eight change orders amounting to \$466,308 (39% of the total approved change order costs) for testing. We reviewed the breakdown of the proposed amount and final negotiated amount and found that the proposed cost items and markup were allowable per the Contract's General Conditions. We reviewed AP's subcontractor change orders and the related payments to the subcontractors and found that AP's costs were adequately supported.

Based on our testing, we determined that the change order amounts were adequately supported, fair and reasonable.



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**3. Determination of whether the scope of work was performed.**

The District's Procurement Services Division issued a Notice of Contract Completion & Acceptance dated October 16, 2020, indicating that the project was completed and accepted by the District.

In addition, we performed an on-site inspection of the work completed by AP and interviewed the OARs who indicated that the construction work had been completed. Therefore, we concluded that AP performed the scope of work as required by the Contract. The following photographs were taken at Dodson Middle School.

ADA Compliance Access Ramps





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Bus Lane Storm Drain Line Installation (Underneath the New Asphalt)



Classroom Sink and Restroom Renovation



Drinking Fountain Renovation and Additional Ramp Footrails





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**Audit Team**

This audit was performed by the following auditors:

Rey Bejerano, Audit Manager  
Ken Tsai, Senior Auditor





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**Independent Auditor's Report**

We have examined the amounts billed by AP Construction Group, Inc. doing business as Air Plus (AP) under contract number 1910028/4400007222 (contract) for work completed during the period from December 13, 2018 through October 16, 2020 and AP's compliance with the terms and conditions. AP's management was 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 AP'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 amounts billed by AP were adequately supported and allowable in accordance with the terms and conditions of the contract, the change order costs were adequately supported, fair and reasonable, and AP has performed the work as required.

*KM for Austin Onwualu*

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

March 5, 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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**Fraud, Waste and Abuse Hotline**  
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[inspector.general@lausd.net](mailto:inspector.general@lausd.net)