

**LOS ANGELES UNIFIED SCHOOL DISTRICT
OFFICE OF THE INSPECTOR GENERAL**

**ANNUAL WORK PLAN
FISCAL YEAR 2023**



**SAL RANDAZZO
INTERIM INSPECTOR GENERAL**

OFFICE OF THE INSPECTOR GENERAL

Annual Work Plan for Fiscal Year 2023

INTRODUCTION

This is the Office of the Inspector General's (OIG) Annual Work Plan for Fiscal Year 2023 (FY 2023). Our Work Plan presents the OIG activities we plan to undertake in the upcoming fiscal year. The OIG's audit work focuses on contracts and activities predominantly funded by school bond measures as well as District-wide programs, processes and systems. A significant portion of our investigative work focuses on allegations of District employee misconduct and policy violations. The OIG also identifies proactive and strategic activities that we believe will provide the District with added protection of public resources. This coming year, we plan to continue our independent oversight activities related to COVID relief funding and the associated Path to Recovery efforts. We commend the Board of Education for investing into oversight activities that will help further garner the trust and confidence of the LAUSD community.

Our Work Plan is intended to provide a slate of specific work, but also be dynamic and flexible, so that we are able to respond to emerging risks and changing priorities. Board of Education requests, Senior Management interests and unforeseen events such as the ongoing COVID-19 pandemic may require that we perform activities not listed in this Work Plan, or that projects listed in this Work Plan be deferred or not performed at all, based on new information received during the year and the availability of resources.

The OIG remains dedicated to providing valuable services that promote continuous improvement and positive change for the LAUSD students, families, employees, vendors, and public.

Sal Randazzo
Interim Inspector General

AUDIT ACTIVITIES



Audit activities are performed primarily to (i) evaluate the efficiency and effectiveness of District operations, (ii) determine if activities are being carried out in accordance with District policies, applicable laws and regulations, and (iii) ensure that District vendors and contractors comply with the requirements of their contracts and that contracted funds, especially bond funds, are expended as intended.

The OIG developed its work plan by means of a comprehensive risk assessment process (see Exhibit A). This systematic process involved the definition, identification, and categorization of risks applicable to the District. It also organized District operations into auditable areas, developing risk factors and assessing the likelihood and impact of those risk factors relative to each auditable area. The OIG also surveyed LAUSD stakeholders and District management to consider risks and opportunities from multiple perspectives. Exhibit B provides a general summary of our stakeholder survey responses.

The work plan identifies audits and activities for several divisions within the District. The FY 2023 work plan includes 45 projects with a total contract value of \$432 million. The following are descriptions of the types of audit activities that will be performed as part of the FY 2023 Work Plan as well as descriptions of other planned oversight work that we expect to perform on an *ad hoc* basis.

1. Incurred Cost Audits (27)

These audits examine the actual costs incurred by the contractor to determine whether the costs were allowable, allocable and reasonable in accordance with the Federal Acquisition Regulation (FAR) and contract terms.

2. Performance Audits (16)

These audits are an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, activity, or function in order to determine if it is performing efficiently and effectively and in compliance with policies, procedures, laws and regulations.

3. Special Reviews (1)

Special reviews are conducted as a result of special requests from the Board of Education, District Management, findings identified in the course of an audit, or concerns reported to the OIG. The reviews are limited in scope and address the specified concerns only. These types of reviews are NOT conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

4. Change Order Audits (1)

These audits examine contract change orders for allowability, allocability and reasonableness of the proposed or claimed change order costs. These include changes due to added or deleted work, equitable adjustments for delay, disruption, inefficiencies, contract terminations and other claims. We will perform audits of construction change orders based on management requests.

5. Rate Reviews (TBD)

These types of reviews determine an existing contractor's actual direct labor and overhead rates in order to assist Procurement officials with determining the reasonableness of provisional billing rates. These reports are not published.

A complete list and description of the 45 audit projects planned for FY 2023 is attached as Exhibit C to this document.

INVESTIGATIVE ACTIVITIES



For FY 2023, in addition to responding to allegations of District employee misconduct and policy violations, we will continue to proactively focus on certain strategic areas and investigative activities that we believe will provide the District with added protection of public resources.

The OIG will continue to concentrate on the high-risk areas that have the greatest potential for exposing the District to fraud, waste, and abuse. Where practical, we will work collaboratively with federal, state and local law enforcement agencies in more complex criminal matters through the Education Fraud Working Group.

I. The OIG Hotline

The OIG manages the District's OIG Hotline, which generates complaints, allegations of misconduct, and District policy violations from a myriad of internal and external sources each year. The OIG has expanded the operational value of the Hotline to not only respond to allegations of fraud, waste and abuse, but also to ensure that matters referred to other departments within the District are adequately addressed and responded to promptly. The OIG will continue to promote awareness of the OIG's Hotline and webpage among District personnel at the Community of Schools (CoS) as well as via public platforms such as Board of Education and Bond Oversight Committee meetings.

2. Proactive Investigations Leveraging Data Analytics

The OIG will utilize data analytics to proactively identify potential abuse and efficiently perform audit and investigative work. This includes the use of specialized equipment and software that allow for robust analysis of District enterprise and function specific systems such as SAP, MiSiS and COLIN. These efforts will also assist with a stronger focus on the procurement processes and contracts that have an increased vulnerability to fraud, waste, or abuse.

3. Employee Integrity

Employee misconduct investigations will continue to be a focus area due to the number of allegations received. These investigations largely center on conflicts of interest, misappropriation of funds, embezzlement, payroll fraud, falsification of documents, property and equipment misuse, theft of property, misuse of District-issued computers and tele-communication equipment, nepotism, forgery, misconduct, and ethics violations.

The OIG will also continue its oversight efforts with investigative activity relevant District contractors, consultants, and vendors. Allegations of theft, misappropriation of public funds, and bid-rigging are among the more common complaints.

To enhance District-wide awareness of employee integrity issues, we will further engage and include relevant District management and staff into the various types of fraud awareness training that we secure throughout the year and encourage the use of deterrent products such as the Inspector General Fraud Warning currently included in LAUSD procurement packages.

4. Whistleblower Allegations

Persons who report improper governmental activity involving the District are protected against retaliation, interference, intimidation, threats or similar acts. The OIG has the authority to investigate violations of the Whistleblower Protection Policy. The OIG will endeavor to thoroughly investigate any and all credible complaints of violations of the District's Whistleblower Protection Policy.

5. School Construction and Modernization Program

The OIG will concentrate on deterring and detecting corruption in bond related activities by focusing on allegations of conflicts of interest, impropriety, and employee and consultant malfeasance. The increased use of contracts awarded through the Job Order Contracting (JOC) process will also require more District and OIG oversight to mitigate the risks of improper conduct. To assist with these efforts, the OIG will continue investing in fraud and awareness training and reporting mechanisms for referring suspected fraud, waste, and abuse to the OIG.

6. Due Diligence and Background Investigations

The OIG's due diligence services and background investigations support the District in its efforts to identify potential problems before entering into contracts and agreements. The OIG will continue to support the District by providing relevant information to the District on companies and individuals involved with the District's school construction and modernization program, its charter schools, and senior management.

7. Workers' Compensation and Benefits Fraud

As a self-insured organization, costs associated with fraudulent workers' compensation claims impact the District's budget directly. Similarly, the District pays the cost of unemployment insurance, so ineligible unemployment claims also negatively impact the District's budget. To mitigate the fraud risk in this area, the OIG will coordinate comprehensive efforts with the Division of Risk Management and Insurance Services to uncover and deter employee duplicitous and fraudulent claim filings.

OTHER OIG ACTIVITIES

Technical Evaluations

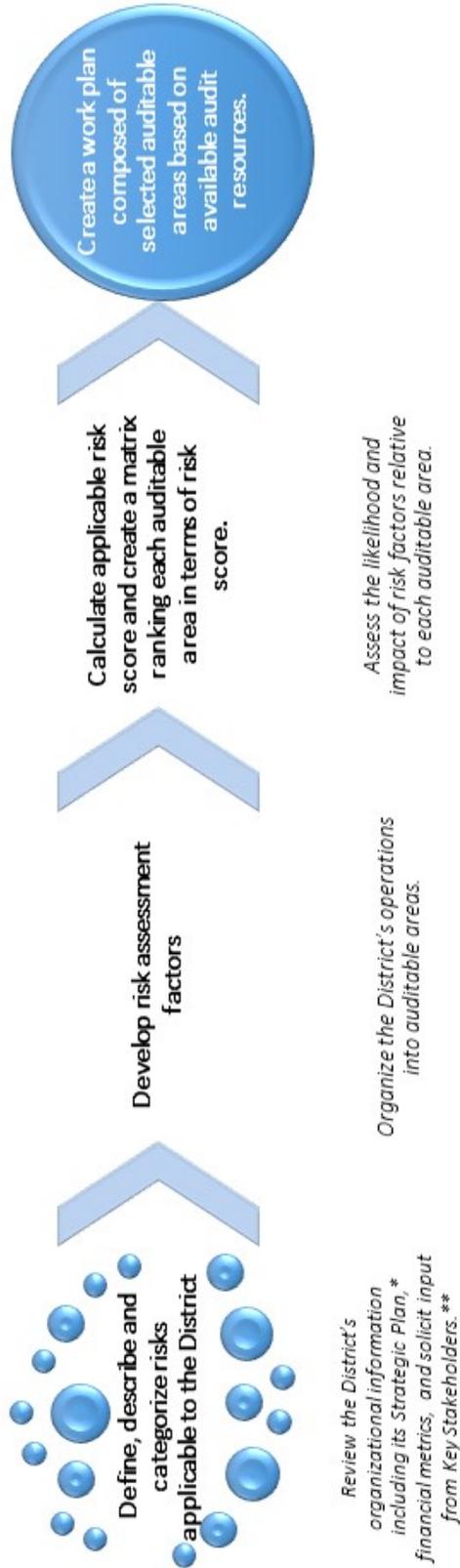
Technical Evaluations are tests or studies conducted to determine the technical suitability of a structure, equipment, material, product, process or system for the intended objectives. Completed projects will be evaluated to ensure compliance with contract documents, specifications, and State Code requirements.

The FY 2023 work plan includes (5) technical evaluations with a total contract value of \$155 million. A description of these projects is included in Exhibit C.

Fraud Alerts

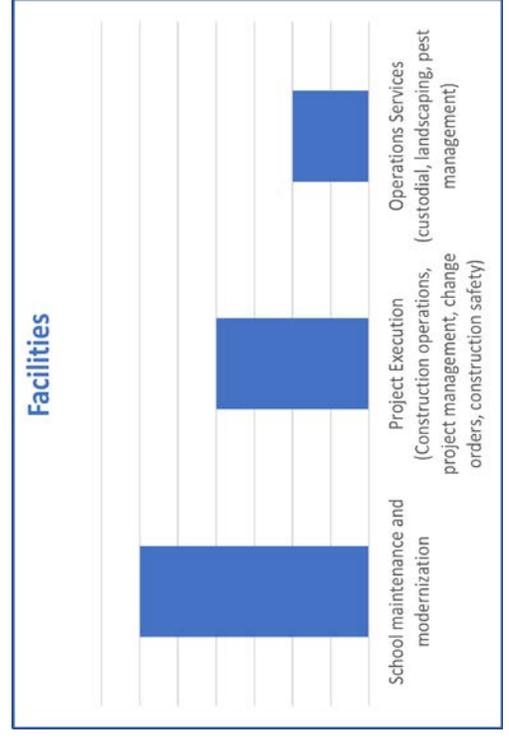
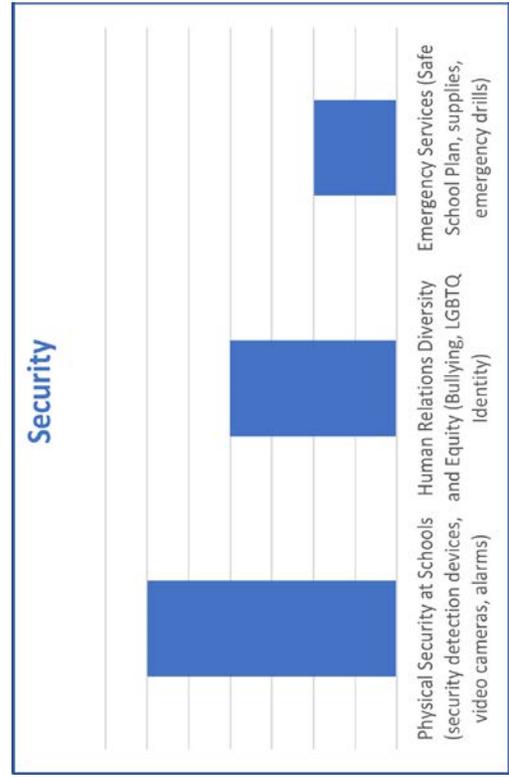
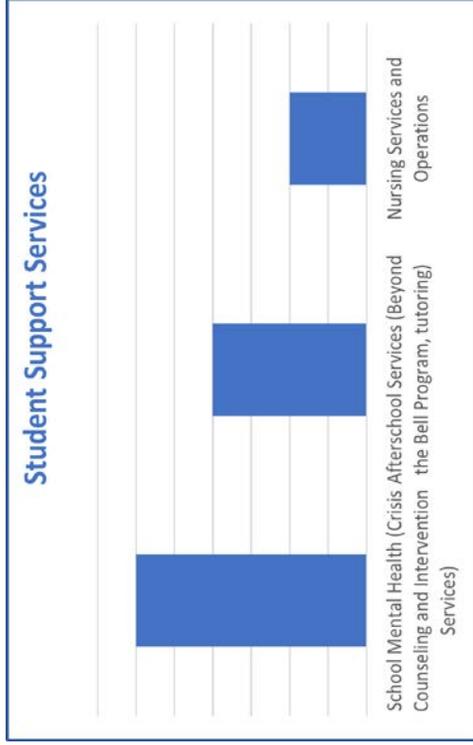
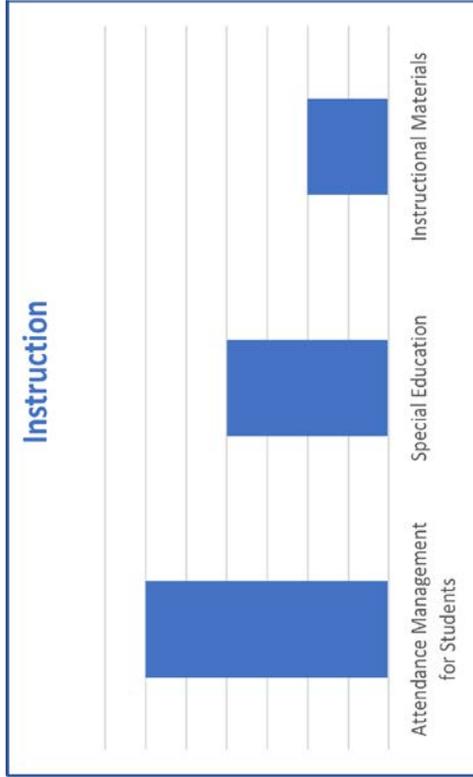
Fraud Alerts are an important tool for deterring the continuation of fraudulent activities that have been identified by the OIG. Fraud Alerts will be issued during the fiscal year as a means of informing District management of issues of concern and to leverage OIG findings of individual acts to a broader District audience.

RISK ASSESSMENT PROCESS

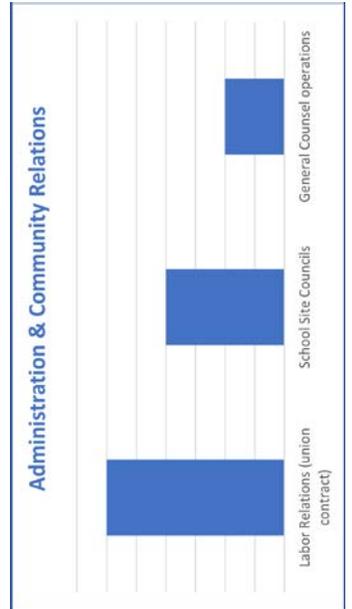
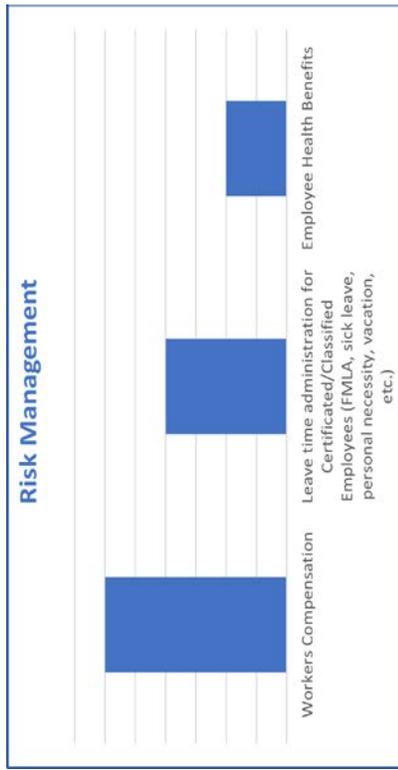
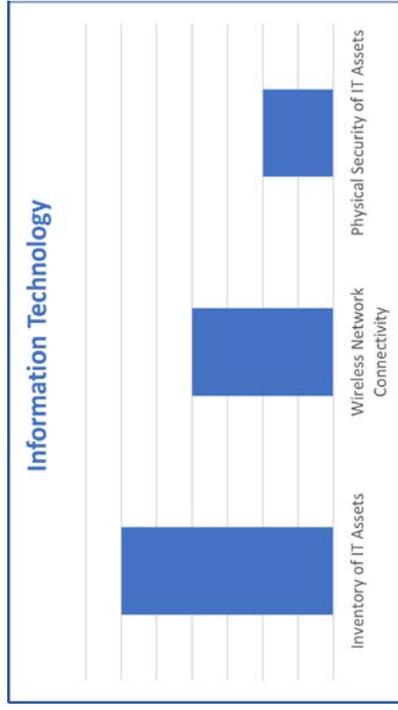
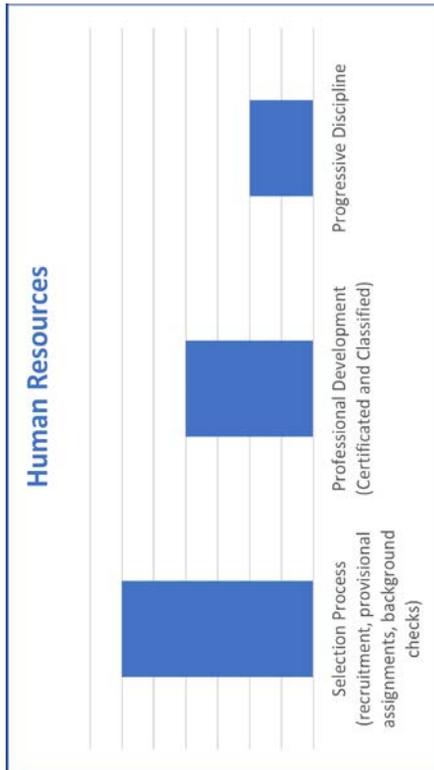
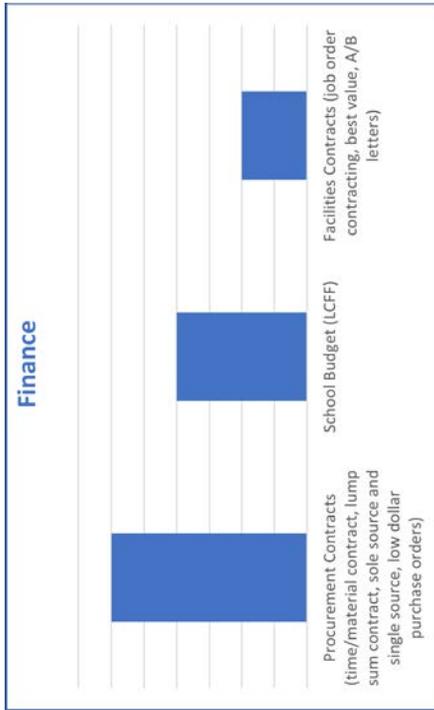


*Most recent Strategic Plan (2016-2019) utilized.
**The public, Board of Education, Bond Oversight Committee, and District Senior Management.

**FISCAL YEAR 2022/2023 RISK ASSESSMENT STAKEHOLDER SURVEYS
TOP 3 CONCERNS BY AUDITABLE AREA**



**FISCAL YEAR 2022/2023 RISK ASSESSMENT STAKEHOLDER SURVEYS
TOP 3 CONCERNS BY AUDITABLE AREA**



FISCAL YEAR 2022-2023						
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	Bond Eligible
Contract Audits						
1	4400005814	Kemp Bros Construction, Inc.	Construction project for Cleveland HS	\$ 137,284,971	Incurred Cost	Yes
2	4400008527	Thomasville Construction, Inc.	JOC - Contract for Playground Safety Tile	\$ 3,850,000	Incurred Cost	Yes
3	4400007484	Arcadis Us, Inc.	Contract for construction management services	\$ 45,800,000	Incurred Cost	Yes
4	4400007492	STV Construction	Contract for construction management services	\$ 15,000,000	Incurred Cost	Yes
5	4400007621	Enterprise Construction, Inc.	Construction project for Verdugo Hills HS	\$ 10,451,314	Incurred Cost	Yes
6	4400006296	Morillo Construction, Inc.	Design-Build contract for MacLay MS Wellness Center	\$ 8,966,317	Incurred Cost	Yes
7	4400006570	Dave Bang Associates, Inc.	Contract for school and administrative furniture	\$ 3,037,477	Incurred Cost	Yes
8	4400004603	Infosys Limited	Contract for IT services for MISIS project	\$ 37,838,504	Incurred Cost	Yes
9	4400004883	Arey-Jones Educational	Contract for Lenovo computers and integration services	\$ 66,462,351	Incurred Cost	Yes
10	4400003950	KIS Computer Center	Contract for video and printing equipment	\$ 8,361,111	Incurred Cost	Yes
11	4400003919	McGrath Rent Corp	Contract for leasing/renting relocatable buildings	\$ 9,368,079	Incurred Cost	Yes
12	4400006369	The G Crew	Contract for construction inspection services	\$ 3,000,000	Incurred Cost	Yes
13	4400005418	Integrity Environmental	Contract for asbestos , lead and mold removal	\$ 1,250,000	Incurred Cost	Yes
14	4400005423	Tabarra Corporation	Contract for asbestos , lead and mold removal	\$ 1,180,000	Incurred Cost	Yes
15	4400007987	Ferguson Enterprises LLC	Contract for master plumbing supplies	\$ 9,375,000	Incurred Cost	Yes
16	4400004101	Wood Environment & Infrastructure	Contract for materials testing and inspection services	\$ 1,450,000	Incurred Cost	Yes
17	4400005405	ACC Environmental Consultants, Inc.	Contract for inspection services for hazardous materials (asbestos, lead, and mold)	\$ 2,700,000	Incurred Cost	Yes
18	4400004106	Koury Engineering & Testing Inc.	Contract for materials testing and inspection services	\$ 3,250,000	Incurred Cost	Yes
19	4400009443	Pinner Construction Co, Inc.	Contract for Comprehensive modernization of San Pedro HS - Change Order T-555	\$ 651,666	Change Order	Yes
20	4400004104	Group Delta Consultants, Inc.	Contract for materials testing and inspection services	\$ 1,700,000	Incurred Cost	Yes
21	4400007243	Waisman Construction, Inc.	Contract for Chatsworth HS, ADA barrier removal - phase 2	\$ 2,564,657	Incurred Cost	Yes
22	4400008787	Reyes Electrical Contractor, Inc.	Contract for Reseda Charter HS, demolition project	\$ 1,842,102	Incurred Cost	Yes
23	4400006362	Prodical Investment Group LLC	Contract for construction inspection services	\$ 5,400,000	Incurred Cost	Yes
24	4400006368	TYR, Inc.	Contract for construction inspection services	\$ 4,400,000	Incurred Cost	Yes
25	4400004297	Land Design Consultants, Inc.	Contract for architectural/engineering services	\$ 1,150,000	Incurred Cost	Yes
26	4400008122	Geotechnical Professionals, Inc.	Contract for geotechnical engineering services	\$ 3,700,000	Incurred Cost	Yes
27	4400006576	The Sheridan Group	Contract for school and administrative furniture	\$ 1,501,964	Incurred Cost	Yes
28	TBD	Verizon Wireless	Contract for hotspots, LTE devices and associated monthly services	\$ 40,567,015	Incurred Cost	No
29	TBD	Special Requests by Management	Conduct special reviews such as rate reviews, election invoices, etc.	TBD	Special Review	TBD

FISCAL YEAR 2022-2023							
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.	Bond Eligible
Performance Audits							
30	N/A	After School Services (Beyond the Bell)	This audit will determine whether the Beyond the Bell branch is providing all children and youth in LAUSD access to high quality, safe, and supervised academic, enrichment, and recreation programs.	N/A	Performance	Beyond the Bell	No
31	N/A	Project Execution - Cycle Time of Owner Authorized Representatives	Evaluate cycle time of Owner Authorized Representatives over the course of construction/modernization projects.	N/A	Performance	FSD	Yes
32	N/A	Operations Services - Custodial	Conduct inspections of school restrooms used by students to evaluate whether equipment is in good working order, have adequate supplies, and are in hygienic condition.	N/A	Performance	FSD - M&O	Yes
33	N/A	Injury Illness Prevention (Accident Prevention)	Evaluate whether employees are following safety and health principles and procedures in the daily use of equipment such as forklifts, hydraulic jacks, ladders, etc.	N/A	Performance	Office of Environmental Health and Safety (OEHS) and FSD-M&O	Yes
34	N/A	School Maintenance and Modernization	Examine how school improvement projects are determined to be bond-eligible, how projects are prioritized for completion, and conduct benchmarking.	N/A	Performance	FSD - M&O	Yes
35	N/A	Incident Reporting System (iSTAR)	Evaluate the effectiveness of iSTAR and determine whether offices are monitoring the data to identify similarities in incidents and develop strategies for addressing incidents.	N/A	Performance	Division of District Operations	No
36	N/A	Help Desk Operations	To examine the operational efficiency of the Information Technology Division's Help Desk.	N/A	Performance	ITD	Yes
37	N/A	Developer Fees	Developer fees are fees that are paid by property owners and developers to school districts to mitigate the impact created by new development within a school district's boundaries on school facilities. We will examine the Developer fee collection process for validity, accuracy, and timeliness.	N/A	Performance	Treasury/Capital Fund Compliance Office	No
38	N/A	Charter Schools Financial Management	To examine the fiscal operations currently in place at charter schools.	N/A	Performance	Charter Schools Division	No
39	N/A	Project Execution - Estimating Unit	Per District policy, an Owner Authorized Representative must prepare a separate, independent estimate of the cost of a proposed change order. We will evaluate the usage of services offered by the Estimating Unit.	N/A	Performance	FSD	Yes
40	N/A	Fuel Rebates and Tax Credits	The audit will verify whether the District was entitled to receive fuel rebates and tax credits, and such rebates and credits were received.	N/A	Performance	Transportation Services Division	Yes
41	N/A	Charter Schools Receipts	To examine the co-location fees owed to the District by the applicable charter schools.	N/A	Performance	Charter Schools Division	Yes

FISCAL YEAR 2022-2023							
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Audit	User Dept.	Bond Eligible
Performance Audits							
42	N/A	Access Compliance	To determine whether the projects performed under the Rapid Access Program were in compliance with District policy and completed within 90 days.	N/A	Performance	FSD	Yes
43	N/A	Selection Process (Overall Hiring Process)	To examine the efficiency, effectiveness, and timeliness of the current hiring process	N/A	Performance	Personnel Commission	Yes
44	N/A	M&O Service Requests	To verify whether the service requests are addressed and resolved within a reasonable timeframe.	N/A	Performance	FSD - M&O	Yes
45	N/A	Small Business Enterprise Program	The audit will determine the accuracy of the reported participation rate of small business enterprise contracts.	N/A	Performance	FSD	Yes
			TOTAL CONTRACT VALUE OF AUDIT ACTIVITIES	\$432,102,529			
Item No.	Contract No.	CONTRACTOR/PROJECT NAME	DESCRIPTION	Contract Amount	Type of Activity	User Dept.	Bond Eligible
Technical Evaluations							
1	4400005798	Hensel Phelps Construction, Inc.	Venice HS - Comprehensive Modernization	\$117,137,711	Technical Evaluation	FSD	Yes
2	4400006297	Morillo Construction, Inc.	Balboa Blvd Mental Health Center - School-Based Clinics and Wellness Center Project	\$ 6,944,384	Technical Evaluation	FSD	Yes
3	4400006771	S.J. Amoroso Construction Co., Inc.	Colfax Charter ES - Classroom Addition	\$ 23,627,000	Technical Evaluation	FSD-Project Execution	Yes
4	4400007310	AP Construction Group, Inc.	Plasencia ES - Seismic Retrofit and Interim Housing	\$ 6,476,000	Technical Evaluation	FSD-Project Execution	Yes
5	4400008789	Prime Axis General Builder, Inc.	Vaughn EEC - Nature Explore Classroom	\$ 1,136,400	Technical Evaluation	FSD-Project Execution	Yes
			TOTAL CONTRACT VALUE OF TECHNICAL EVALUATIONS	\$155,321,495			
TOTAL CONTRACT VALUE OF OIG ACTIVITIES				\$ 587,424,024			



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 available 24 hours a day, seven days a week. You can confidentially communicate with the LAUSD-OIG after submitting a report even if you select to remain anonymous.

If you wish, we will keep your identity confidential 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
<https://achieve.lausd.net/oig>

OIG HOTLINE
Report fraud, waste and abuse