

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

**Incurred Cost Audit  
Infosys Limited  
Contract No. 440004603**

**CA 23-1422  
May 28, 2024**

**Sue Stengel  
Inspector General**





**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 28, 2024

Mr. Christopher Mount, Chief Procurement Officer  
Procurement Services Division  
Los Angeles Unified School District  
333 S. Beaudry Avenue, 28th Floor  
Los Angeles, CA 90017

RE: Audit of Infosys Limited  
Contract No. 4400004603

Dear Mr. Mount:

Enclosed is the final report on our audit of Contract No. 4400004603 awarded to Infosys Limited.

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  
Danda Greer  
Lissette Pacheco

Attachment



**Audit of Infosys Limited  
Contract No. 4400004603**

---

**TABLE OF CONTENTS**

Introduction	1
Scope and Objectives, and Methodology	2
Results of Audit	3
Recommendation	5
Audit Team	10
Appendix A – Summary of Authorized and Billed Amount per Statement of Work	11
Independent Auditor’s Report	12
Attachment I – Response from Procurement Services Division	13
Attachment II – Response from Infosys	14



## Audit of Infosys Limited Contract No. 4400004603

### Introduction

The Office of the Inspector General (OIG) audited Contract Number 4400004603 (Contract) awarded by the Los Angeles Unified School District (District) to Infosys Limited (Infosys/Contractor) to provide software development services, rapid response support services, and applications managed services for the District's My Integrated Student Information System (MiSiS) project.<sup>1</sup> The Contract was selected for review to assess Infosys' contract performance.

The contract period was initially from March 9, 2016 through March 8, 2019, and was extended through March 31, 2021, through two one-year extensions. During the contract period, one Work Order (WO No. 1)<sup>2</sup> was issued to provide an executive summary-level overview and description of the type of services required. Six Statements of Work (SOW)<sup>3</sup> were issued to provide more details for specific services and deliverables based on specified periods. Each SOW specified detailed services, listed deliverables to be provided, and authorized the billable amounts for the requested services and deliverables. Also, 16 Change Orders<sup>4</sup> were issued against WO No. 1 and SOWs. These Change Orders modified the scope of work, extended the completion date of WO No. 1 to March 31, 2021, and increased the total value of the WO from an initial amount of \$1,850,000 to \$46,493,398.<sup>5</sup> Infosys billed the District, and the District paid Infosys a total of \$46,493,398 for services provided.

The Contract further required Infosys to (i) provide a volume-based discount if the aggregated annual billed amount exceeded the contract-specified thresholds; the discount was to be computed at the end of each contract year and credited back to the District via credit note; (ii) invest one percent (1%) of fees paid by the District for the services provided by Infosys under the Contract towards initiatives that help advance innovation in Information Technology (IT) service delivery of MiSiS or other related applications; (iii) offer Work-Based Learning Programs to District students; and (iv) provide periodic training on established and new IT delivery processes, tools, and techniques to District personnel.

---

<sup>1</sup> My Integrated Student Information System (MiSiS) is a modernized all-in-one student information solution that provides teachers, counselors, administrators, and other authorized persons access to student information in a singular location.

<sup>2</sup> A Work Order (WO) is a written agreement between the District and the contractor implementing specific services and identifying certain deliverables to be provided by the contractor under the terms of the contract.

<sup>3</sup> Statement of Work (SOW) is a document prepared and executed by both the District and contractor under a Work Order. SOW includes a detailed scope of work, deliverables, and acceptance criteria, key contractor personnel, permitted charges, etc.

<sup>4</sup> Change Order (CO) – A written instrument confirming a change or adjustment to the contract amount, milestones and/or contract time, and/or an addition, deletion, or revision of the work.

<sup>5</sup> SOW No. 1 was issued on 7/26/2016 and authorized \$1,850,000 for services to be provided between 7/29/2016 and 12/21/2016. CO No. 1 was issued on 10/28/2016 and authorized additional \$8,910,900 for services to be provided between 10/31/2016 and 6/30/2017. CO No. 2 and 3 were issued on 6/22/2017 and 5/22/2018 and authorized additional \$10,075,483 for services to be completed in year 2, 7/1/2017 and 6/30/2018. CO No. 7 was issued on 6/7/2018 and authorized additional \$11,244,163 for services to be provided in year 3, 7/1/2018 and 6/30/2019. CO No. 12 was issued on 6/25/2019 and authorized additional \$9,831,166 for services to be provided in year 4, 7/1/2019 through 6/30/2020. CO No. 13 and 14 were issued on 6/7/2020 and 2/23/2021 and authorized additional \$5,379,845 for services to be provided in year 5, 7/1/2020 through 3/31/2021. CO No. 16 was issued on 9/13/2021 and reduced the total contract amount by \$798,159 to reconcile the total authorized amount with the total paid amount under the contract. Reference Board Informatives dated March 8, 2016, Bd. of Ed Rpt. No. 263-15/16; September 20, 2016, Bd. of Ed Rpt. No. 025-16/17; June 13, 2017, Bd. of Ed Rpt. No. 490-16/17; May 8, 2018, Bd. of Ed Rpt. No. 367-17/18; and June 18, 2019, Bd. of Ed Rpt. No. 366-18/19.



## **Audit of Infosys Limited Contract No. 4400004603**

---

### **Scope and Objectives**

The objectives of our examination were to determine the following:

- (i) Whether the billed amounts were adequately supported, allowable, and in accordance with Contract terms and conditions.
- (ii) Whether the services and deliverables were provided as required by the Contract.
- (iii) Whether Infosys complied with specific Contract requirements.

The audit covered the complete Contract period from March 9, 2016 through March 31, 2021, and included the total amount billed.

### **Methodology**

To accomplish our objectives, we performed the following procedures:

- Interviewed District and Infosys personnel to obtain an understanding of the Contract requirements and the related internal controls.
- Reviewed the Contractor's billings to ensure that they were properly approved by District personnel.
- Verified that the billed services were authorized by the approved work orders.
- For fixed-price services, compared the total billed fixed price amount with the authorized amount to determine if the billed amount was consistent with the authorized fixed fee amount.
- For time and material services, validated the billed number of hours against the timesheet, and compared the billed hourly rate with the Contract-authorized hourly rates.
- Summarized the total billed amount for each year and calculated the volume-based discount due to the District during the years when the annual billed amount exceeded the Contract-specified threshold. Reviewed Infosys payment records related to the volume-based discount and determined if the volume-based discount was credited back to the District as required.
- Interviewed the District's Information Technology Services (ITS) management and reviewed supporting documentation to ensure all services and deliverables were provided.
- Reviewed supporting documentation to determine if the innovation fund was set up and utilized as required by the Contract.



## Audit of Infosys Limited Contract No. 4400004603

- Reviewed supporting documentation to determine if the required Work-Based Learning Program was provided.
- Reviewed supporting documentation to determine if the required District Personnel Training Program was provided.

### Results of Audit

#### **I. Determine whether the billed amounts were adequately supported, allowable, and in accordance with contract terms and conditions.**

##### Testing of Professional Services Billed

Annex C, Charges Framework, of WO No. 1 provided a general description of the charging framework for the services to be provided, charging models for different types of services, invoicing procedures, payment terms, and other financial terms and conditions.

There are two charging models per Annex C of WO No. 1:

- Time and Material (T&M) – T&M is a charging model in which the Contractor’s professional service fee is based on the actual hours worked and the Contract authorized hourly rates. Capped T&M is a variation of the T&M charging model, under which the contractor’s project service charges are calculated using the T&M charging model, but with a “cap” or “not to exceed amount” specified.
- Fixed Price – Fixed Price is a charging model under which the Contractor’s permitted charges for a project will be paid in a firm, fixed amount, regardless of effort and time, as indicated in the applicable document authorizing the project to be performed.

Each SOW describes the specific services to be provided and authorizes the corresponding charging model and charge limit for those services. In general, MiSiS support services are charged on a fixed price basis, and project-related services, such as MiSiS enhancement projects, are charged on a T&M basis. Appendix A shows the service period and authorized charges under each SOW.

- **Services Billed on Capped T&M Basis**

Section 4.3(g)(iv) of Annex C, Charges Framework, of WO No. 1 stated that each monthly T&M invoice will provide or be supplemented with time reports in a format acceptable to the District either weekly or monthly at the option of the District.

ITS developed a timekeeping application at the beginning of the Contract and required Infosys staff to record their working hours daily in the timekeeping application. ITS utilized the time report generated from the timekeeping application to validate the number of hours billed by





## Audit of Infosys Limited Contract No. 4400004603

Infosys.

To test the services billed on a time and material basis, we selected seven invoices totaling \$4,232,606 for detailed testing. We validated the billed staff members against a list of authorized Infosys employees provided by ITS. We obtained a time report for the hours recorded in the ITS timekeeping application for the seven months selected, compared the billed number of hours against the hours in the report and found no exceptions. In addition, we compared the billed rates against the authorized billing rates for these seven invoices and found no exceptions. We also reviewed the invoice package and found that all the selected invoices were appropriately approved by ITS management. We compared the billed amount with the authorized cap amount and found that the billed amount was within the authorized limit. Based on the audit procedures performed, we concluded that the billed amount for T&M work was allowable and adequately supported.

- **Services Billed on Fixed Price Basis**

Each SOW specified the monthly fixed price for the required services and deliverables.

To test the services billed on a fixed fee basis, we selected twelve invoices totaling \$2,676,333 for detailed testing. We reviewed the scope of work and the District's acceptance of the deliverables. We compared the billed amount with the authorized amount. Based on our audit work, we determined that the billed services were accepted by the District, and the billed amount was based on the authorized amount.

### **Testing of Volume-Based Discounts**

Schedule B of the Contract, Contractor's Rates, specifies that Infosys was to provide a volume-based discount. Specifically, "this discount shall be applied on the aggregate revenue corresponding to annual spend under the Master Services Agreement." The discount was to be computed at the end of every year and credited back to the District via a credit note. The applicable discount percentages are as follows:

<b>Annual Revenue</b>	<b>Applicable Discount (%)</b>
<b>Less than \$10 Million</b>	Nil
<b>\$10 Million to \$20 Million</b>	2%
<b>\$20 Million and above</b>	3%

### **Finding No. 1 – Infosys did not provide the required volume-based discount to the District.**

We summarized the total billed amount for each year, applied the applicable discount percentage per Contract, and calculated the volume-based discount due to the District. Our testing showed that the total volume-based discount due to the District was \$425,563. The table below



## Audit of Infosys Limited Contract No. 4400004603

summarizes the volume-based discount owed to the District by year.

Volume-Based Discount Due to the District by Contract Year

	<b>Period</b>	<b>Billed Amount</b>	<b>Applicable Discount Percentage</b>	<b>Volume-Based Discount due to the District</b>
Year 1	07/29/2016 – 08/31/2017	\$ 9,975,616	Nil	\$ 0
Year 2	07/01/2017 – 06/30/2018	10,824,948	2%	216,499
Year 3	07/01/2018 – 06/30/2019	10,453,204	2%	209,064
Year 4	07/01/2019 – 06/30/2020	9,634,551	Nil	0
Year 5	07/01/2020 – 03/31/2021	5,605,079	Nil	0
	<b>Total</b>	<b>\$ 46,493,398</b>		<b>\$ 425,563</b>

Infosys stated that its understanding of the Contract clause regarding volume-based discount was that the discount percentage should be applied only to the portion of the total revenue over the “Annual Revenue” limit, which it stated was \$10 million. Per Infosys, only in Year 2, fiscal year 2017-2018, did the aggregate revenue total exceed \$10 million, \$10,648,071 (see Attachment II), resulting in a volume-based discount of \$12,961.42 ( $\$648,071 * 2\%$ ). Infosys stated that it had not credited the District for any volume-based discount.

The Contract clearly states that this discount shall be applied to the **aggregated annual revenue**, the total billed amount in the Contract year.

### **Recommendation No. 1**

We recommend that the Procurement Services Division (PSD) seek payment of \$425,563 from Infosys for the volume-based discount due to the District.

### **PSD’s Response**

PSD agrees with the finding and recommendation. PSD will seek payment of \$425,563 from Infosys.

### **Infosys’ Response**

Infosys disagreed with the finding for two primary reasons:

- (1) Volume discount percentage should only be applied to the “eligible spend” rather than the entire “annual spend.”

Infosys clarified that Infosys’s view is that the parties mutually understood the volume-based discount to apply as a marginal percentage based on the aggregated “annual spend.” Infosys believes this is both the most reasonable interpretation of the volume discount clause and the parties’ actual mutual intent, and no language in the Contract necessitates a conflicting





## Audit of Infosys Limited Contract No. 4400004603

interpretation.

- (2) “Annual spend,” to be used to calculate the volume-based discount, should be based on amounts that were invoiced during the applicable measurement period rather than total SOW values per audit.

Infosys explained that their amounts were calculated based on the amount invoiced and billed during the applicable measurement period.

Infosys calculated the volume-based discount payable to the District based on the aforementioned assumptions. Its calculated total due to the District was \$12,961.42. See Attachment II for the details of Infosys’ response.

### **OIG’s Response**

We disagree with Infosys’ response:

- (1) Infosys’ response includes a statement that the volume-based discount should only apply to the “eligible spend,” however, the contract language did not limit the discount to an “eligible spend” amount. The contract states that the “discount shall be applied to the aggregate revenue corresponding to annual spend.”

Concerning Infosys’ position that the parties mutually understood the volume-based discounts were to be applied as marginal percentages, Infosys did not provide any supporting documents to sustain its view. No one within ITS affirmed Infosys’ understanding, and the contract language clearly stated that the discount shall be applied to the “aggregate revenue.”

Additionally, no contract language states that the volume-based discount is to be applied to incremental revenue above specific threshold amounts. Also, no contract language specifies that the volume-based discount applies to incremental business beyond \$10 million.

- (2) The audit did not use total SOW values as aggregate revenue to calculate volume-based discounts, as stated in Infosys’ response.

Revenue is typically recognized when a critical event has occurred, when a product or service has been delivered to a customer, and the dollar amount is easily measurable to the company. The audit included aggregate revenue produced during the “applicable measurement period,” regardless of when Infosys provided an invoice. This is consistent with generally accepted accounting principles (GAAP) and matches revenue to the period in which it is earned.

Infosys’ position that the annual spend or aggregate income, used for computing the volume-based discount, should be calculated based on when amounts were billed or invoiced is flawed because the timing of these events occurs at the sole discretion of Infosys.



## Audit of Infosys Limited Contract No. 4400004603

### **II. Determine whether the services and deliverables were provided as required by the Contract.**

Appendix A, Scope of Services, Schedule, Deliverables, and Milestones, of each SOW, includes details of the specific services and deliverables required. We selected 19 invoices and reviewed the applicable appendices for the selected periods to understand the required services and deliverables. We then reviewed ITS' acceptance documentation of the required milestones, deliverables, and copies of required monthly reports prepared by Infosys. We also asked ITS management about Infosys' performance. Based on the audit procedures performed, we determined that Infosys provided the services and deliverables as required by the Contract.

### **III. Determine whether Infosys complied with specific Contract Requirements**

#### **Innovation Fund**

Annex C3, Innovation Fund, of Contract WO No. 1, stated that the Contractor agreed to invest one percent of charges paid by the District, after the discount for services under the Work Order, towards initiatives that help advance innovation in IT service delivery of MiSiS or other related applications. Annex C3 specified that the Innovation Fund shall include 1% of the total billed amount for the first four Contract Years and 1% of 80% of the projected charges for the fifth Contract Year. The projects, funded by the Innovation Fund, were to "be provided in the form of equivalent effort towards software analysis, prototyping, development, and testing services delivered from offshore." Any unused Innovation Fund Credit shall expire on termination or expiration of Work Order No. 1.

Per ITS, its leadership team determined which projects suited the Innovation Fund. Infosys submitted proposals for the scope of work, effort, and timeline that fit the available funds.

Infosys provided a schedule with the Innovation Fund Credit calculation, three projects funded through the Innovation Fund Credits, and signed agreements for the three projects. ITS accepted the project deliverables.

We recalculated the available Innovation Fund based on the Contract requirements and compared it with the Infosys fund credit amount. We reviewed the agreements for the projects, validated the allocated fund amount for the projects, and confirmed the District's acceptance of those projects' deliverables. Based on the audit procedures performed, we determined that Infosys complied with the requirements related to the Innovation Fund.

#### **Work-Based Learning Program**

The Work-Based Learning Program (WBLP) provides opportunities for the District's secondary school students to receive a practical education about real-life work experience. In some solicitations for contract proposals, including the contract with Infosys, the District requested that contractors include a description of how they would support this program. This portion of



## Audit of Infosys Limited Contract No. 4400004603

---

the proposal was scored out of a possible 5 points (the total proposal was scored out of a possible 100) in the final evaluation score for awarding the contract. Annex C4, Work-Based Learning Program, of WO No. 1 of the Infosys Contract included two options for work-based learning to be conducted by Infosys.

1. The 'Catch Them Young' Program

This program offered two weeks of classroom training and project work for 40 high school students at Infosys' Newark Office and another two weeks of extended offline project work for the ten brightest students. This program aimed to introduce information technology as a career option for students. Certificates were to be issued upon successful completion of the program. The cost of travel to and from the Newark office and any other lodging and boarding expenses were to be borne by the District or the students. This program was projected to occur twice a year.

2. The 'Spark' Program

This program was a one-week residential immersive program at Infosys' Mysore (India) campus for 30 high school students. The topics to be covered would include an overview of information technology, the outsourcing industry, and Infosys corporate overview. The program would also provide exposure to India. The cost of travel to and from India had to be paid by the District or students. This program was projected to occur once a year.

### **Finding No. 2 – No Work-Based Learning Plan was Provided to District Students**

To test compliance with this requirement, we asked and were told that Infosys had not provided any work-based learning opportunities to District students. Per Infosys, the proposed WBLPs were not provided because the District could not find a way to pay for the travel and associated insurance. This was attributed to Infosys' proposed WBLP being ambitious, requiring international travel, passports, chaperones, and significant funding by the District and/or students.

The District's Linked Learning Office, which oversees the District's Work-Based Learning Program, also confirmed that they were unaware of any WBLPs provided by Infosys. No other work-based learning opportunity was provided by Infosys to the District or its students.

### **Recommendation No. 2**

1. We recommend that Infosys work with the District's Linked Learning Office to develop specific and suitable WBLPs tailored to the District's students and maintain relevant records and documentation of these WBLPs under its current contract.



## Audit of Infosys Limited Contract No. 4400004603

2. We recommend that ITS and PSD ensure that proposed WBLPs are practical, suitable, and feasible prior to the final approval of future contracts.<sup>6</sup>
3. 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 participate in the WBLP, initiate contact, and monitor the program from contract inception.<sup>7</sup>

### **PSD's Response**

PSD agrees with the findings and recommendations. PSD will follow the procedures outlined in SOP P-1072 to evaluate WBLP plans and inform the District's Linked Learning Office of new WBLPs.

### **Infosys' Response**

Infosys did not dispute the finding but disagreed with any characterization suggesting that this amounted to a failure on Infosys's part to meet its contractual commitments because the District was not able to provide what was needed for the proposed WBLP to be executed. Regardless, Infosys stated that it was ready and willing to partner with the District to work out a practical solution for WBLPs tailored to District students.

### **District Personnel Training Program**

Annex C5, LAUSD Personnel Training Program, of Contract Work Order No. 1, requires Infosys to provide periodic training on established and new IT delivery processes, tools, and techniques to District personnel.

Infosys stated that it had conducted numerous sessions for knowledge training and discussion. Many of these sessions were conducted as developer meetings with the District's team. We reviewed a sample set of meeting invitations and the PowerPoint presentation materials that were presented during these meetings provided by Infosys. We also inquired with ITS and confirmed that Infosys had provided numerous training sessions to ITS personnel. Based on the work performed, we determined that Infosys had provided the required District Personnel Training Program.

---

<sup>6</sup> An early acknowledgment by PSD/ITS that Infosys' proposed WBLP was not feasible could have provided a timely opportunity to negotiate a more viable WBLP before the contract was executed. This action would have directly benefitted LAUSD students who could have participated in a work-based learning plan that was both viable and achievable.

<sup>7</sup> This finding has been identified in prior audits, and the same recommendation was forwarded to the PSD, who agreed with our finding and recommendation. PSD has affirmed in these prior audit reports that they would "develop a process to identify contractors who have submitted a work-based learning program as a part of their proposal and provide their contact information to the Linked-Learning Office upon contract award." The prior audits include CA 23-1415, STV Construction-Simpson and Simpson Joint Venture, Contract No. 4400007492, CA 23-1404, Prodigal Investment Group, LLC, Contract No. 4400006362, CA 23-1394, The "G" Crew, Contract No. 4400006369, and CA23-1393, Arcadis, U.S., Inc., Contract No. 4400007484.



## Audit of Infosys Limited Contract No. 4400004603

---

### Audit Team

This audit was performed by the following auditors:

Mark Pearson, Audit Manager  
Shelly Guo, Principal Auditor  
Ken Tsai, Senior Auditor



## Audit of Infosys Limited Contract No. 4400004603

### Appendix A

### Summary of Authorized and Billed Amount per SOW

Statement of Work No.	Service Period	Authorized Charge on Capped T&M Basis	<i>Billed Amount on Capped T&amp;M Basis</i>	Authorized Charge on Fixed Price Basis	<i>Billed Amount on Fixed Price Basis</i>	Total Authorized Charge	<i>Total Billed Amount</i>
<b>SOW #1</b>	07/29/16-12/31/16	\$ 963,020	\$ 814,898	\$ 885,000	\$ 885,000	\$ 1,848,020	\$ 1,699,898
<b>SOW #2</b>	07/29/16-08/31/17	7,813,650	7,178,468	1,097,250	1,097,250	8,910,900	8,275,718
<b>SOW #3</b>	07/01/17-06/30/18	10,066,127	10,034,148	790,800	790,800	10,856,927	10,824,948
<b>SOW #4</b>	07/01/18-06/30/19	3,730,661	2,939,702	7,513,502	7,513,502	11,244,163	10,453,204
<b>SOW #5</b>	07/01/19-06/30/20	5,415,721	5,219,106	4,415,445	4,415,445	9,831,166	9,634,551
<b>SOW #6</b>	07/01/20-03/31/21	2,639,049**	2,879,823	2,740,796**	2,725,256	5,379,845**	5,605,079
						(798,159)*	
	<b>Total</b>	<b>\$ 30,628,228</b>	<b>29,066,145</b>	<b>\$ 17,442,793</b>	<b>17,427,253</b>	<b>\$ 47,272,862</b>	<b>\$ 46,493,398</b>

\* Total authorized amount was decreased by \$798,159 at the close of the Work Order.

\*\* The authorized amount of \$5,379,845 was for services up to 3/8/2021. SOW #6 stated that the estimated total charges would be increased to \$6,619,165 if the project was extended through 6/30/2021. The Contract period was extended to 3/31/2021.





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

---

**Jackie Goldberg, Present**  
**Dr. George J. McKenna III**  
**Dr. Rocio Rivas**  
**Scott M. Schmerelson**  
**Nick Melvoin**  
**Kelly Gonez, President**  
**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 amount billed by Infosys Limited (Infosys) under Contract Number 4400004603 (Contract) for the period from March 9, 2016, through March 31, 2021. Infosys' 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 Infosys' 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 Infosys' compliance with the specified requirements.

In our opinion, the amounts billed were allowable and adequately supported in accordance with the terms of the Contract in all material respects, and the required services and deliverables were provided as required by the contract. However, our examination found that Infosys did not provide the required volume-based discount, in the amount of \$425,563, to the District. We also found Infosys did not provide work-based learning plans to the District students as required by the Contract. The findings are described in the Results of Audit section of this report.

**Austin Onwualu**

Austin Onwualu, CPA, CIG  
Deputy Inspector General, Audits

January 10, 2024

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



# Audit of Infosys Limited Contract No. 4400004603


ATTACHMENT I

## Response from Procurement Services Division

DocuSign Envelope ID: 74524308-3A35-494E-B2B5-58F6EE09B708

### INTER-OFFICE CORRESPONDENCE LOS ANGELES UNIFIED SCHOOL DISTRICT

**TO:** Austin Onwualu, Deputy Inspector General  
Office of the Inspector General **Date:** April 2, 2024

**FROM:** Christopher Mount-Benites, Chief Procurement Officer  
Procurement Services Division 

**SUBJECT:** RESPONSE TO DRAFT AUDIT REPORT OF INFOSYS LIMITED -  
CONTRACT NO. 4400004603

The following is in response to the draft incurred cost audit report of Infosys Limited, Contract No. 4400004603. The results of the audit indicated the following:

**Recommendation No. 1: Page 5**

Report states: "We recommend that the Procurement Services Division (PSD) seek payment of \$425,563 from Infosys for the volume-based discount due to the District.

Response: PSD agrees with the finding and recommendation. We will seek payment of \$425,563 from Infosys.

**Recommendation No. 2 Page 7**

Report states:

1. We recommend that Infosys work with the District's Linked Learning Office to develop specific and suitable WBLPs tailored to the District's students and maintain relevant records and documentation of these WBLPs under its current contract.
2. We recommend that ITS and PSD ensure that proposed WBLPs are practical, suitable, and feasible prior to final approval of future contracts.
3. 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 participate in the WBLP, initiate contact, and monitor the program from contract inception.

Response: PSD agrees with the finding and recommendations. We will follow the procedures outlined in SOP P-1072 to evaluate WBLP plans, and inform the District's Linked Learning Office of new WBLPs.



# Audit of Infosys Limited Contract No. 4400004603

## ATTACHMENT II

### Response from Infosys



Los Angeles Unified School District  
333 S. Beaudry AVE.  
Los Angeles, CA 90017-1466

April 26, 2024

Re: Response to Draft Audit Report regarding Infosys Limited - Contract No. 4400004603

Dear LAUSD Team:

Infosys Limited ("Infosys") is in receipt of the draft report concerning Contract No. 4400004603 (the "Contract") between Los Angeles Unified School District (the "District") and Infosys, following the audit performed by the Office of the Inspector General. Based on our review of the report as well as follow-up discussions with representatives of your office, Infosys has the following response to two of the findings noted in the draft report.

#### Infosys Response to "Finding No. 1 – Infosys did not provide the required volume-based discount to the District"

The draft report states "Infosys did not provide the required volume-based discount, in the amount of \$425,563, to the District." We disagree with this finding for two primary reasons: first, we believe that the auditor was incorrect to apply a volume discount percentage to the entire annual spend for eligible periods, rather than applying it only to the eligible spend for such period. Second, we understand that the auditor calculated annual spend based on total SOW values, rather than on amounts billed during the applicable annual period.

To provide further clarity about Infosys's view: the table setting forth the volume discount percentages, located in Schedule B of the Contract, provides for the application of a discount of "Nil" to aggregate amounts below \$10M annually. Furthermore, our view is that the parties mutually understood the volume-based discount to apply as a marginal percentage based on the aggregated annual spend. We believe this is both the most reasonable interpretation of the volume discount clause and the parties' actual mutual intent, and no language in the Contract necessitates a conflicting interpretation.

Based on our calculations, the volume-based discount payable to the District totals **\$12,961.42**, not \$425,563; Infosys will promptly issue a refund to the District in this amount. Our calculation of the annual spend and the associated volume discount, which is different from your assumption, is shown in the table below, which sets forth the correct annual spend amounts and corresponding discount; these amounts were calculated based on amounts that were in fact invoiced during the applicable measurement period. (Please note, as well, that Infosys calculated discount eligibility based on billings alone, i.e., crediting the District for "annual spend" amounts even where the District had not yet paid such amounts).

Year	Billing Period	Billed Amount	Applicable Discount Percentage	Incremental volume above \$10m	Volume-Based Discount due to the District
Year 1	7/29/2016 - 6/30/2017	\$9,752,497.20	Nil	n/a	n/a
Year 2	7/1/2017 - 6/30/2018	\$10,648,071.13	2%	\$648,071.13	\$12,961.42
Year 3	7/1/2018 - 6/30/2019	\$8,618,624.39	Nil	n/a	n/a
Year 4	7/1/2019 - 6/30/2020	\$9,771,970.17	Nil	n/a	n/a

INFOSYS LIMITED  
One World Trade Center  
285 Fulton St AL 60532  
New York, NY 10006

Corporate Office  
CIN: L83110KA1981PLC013113  
44, Infosys Avenue  
Electronics City, Hosur Road  
Bangalore 560 100, India  
T: +91 80 2832 0261  
F: +91 80 2832 0362  
askus@infosys.com  
[www.infosys.com](http://www.infosys.com)



## Audit of Infosys Limited Contract No. 4400004603

Year 5	7/1/2020 - 3/31/2021	\$7,948,851.92	Nil	n/a	n/a
	<b>Total</b>	<b>\$46,740,014.81</b>			<b>\$12,961.42</b>

### Infosys Response to "Finding No. 2 – No Work-Based Learning Plan was Provided to District Students"

Although Infosys does not dispute the finding that no Work-Based Learning Plan ("WBLP") was provided to District students, it does not fully agree with the statement in the draft report that "Infosys did not provide work-based learning plans to the District students as required by the Contract." To clarify, the Contract sets forth an obligation for Infosys to provide WBLPs "in the manner represented in Contractor's Proposal." Infosys's proposal, as acknowledged in the draft audit report, included proposed WBLPs that included express dependencies on the District, which the District declined or was unable to meet. Thus, although the proposed WBLPs were never offered to District students, Infosys disagrees with any characterization suggesting that this amounts to a failure on Infosys's part to meet its contractual commitments, as Infosys cannot control or be held responsible for decisions within the District's sole control.

Regardless, Infosys remains ready and willing to partner with the District to identify and operationalize alternative proposals, and will work with Linked Learning Office to work out a practical solution for WBLPs tailored to the District's students.

Thank you for giving Infosys the opportunity to respond to the draft audit report. As always, please feel free to contact me if we can provide further information or assistance.

Yours sincerely,

*Roza Khademi*

Roza Khademi  
Infosys Limited, Client Partner

INFOSYS LIMITED  
One World Trade Center  
285 Fulton St AL 60532  
New York, NY 10006

Corporate Office  
CIN: L85110KA1981PLC013115  
44, Infosys Avenue  
Electronics City, Hosur Road  
Bangalore 560 100, India  
T: +91 80 2852 0261  
F: +91 80 2852 0362  
askus@infosys.com  
[www.infosys.com](http://www.infosys.com)

## **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, 12<sup>th</sup> 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](mailto:inspector.general@lausd.net)