



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

**Audit Report of AECOM Technical Services, Inc.
Contract No. 4400002644**

CA 20-1254

September 15, 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 Melvoin
Kelly Gonez
Members of the Board

Austin Beutner
Superintendent of Schools

William Stern
Inspector General

September 15, 2020

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: Audit of AECOM Technical Services, Inc. (AECOM)
Contract No. 4400002644

Dear Ms. Reece:

This is the report on our audit of AECOM Technical Services, Inc. (AECOM) of Contract No. 4400002644 awarded to AECOM for providing staff augmentation services in the areas of project management, design management, construction management and related services.

Please contact our office if you have any questions.

Sincerely,

Austin E. Onwualu

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

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 AECOM Technical Services, Inc. (AECOM) under contract number 4400002644 (Contract) for the period from April 1, 2015 through March 31, 2019, and AECOM's compliance with certain terms of the Contract. AECOM's management is responsible for the amounts billed and for complying with the aforementioned 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 AECOM'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 AECOM's compliance with the specified requirements.

Our examination found that AECOM did not maintain supporting documentation of verifying contract professional's (CP) qualification. This non-compliance issue is further described in this report as finding 1. In addition, a CP did not complete OSHA training on a timely basis as per the Contract. This non-compliance issue is further described in this report as finding 2.

In our opinion, except for the non-compliance with findings 1 and 2 mentioned above, the amounts billed by AECOM under the Contract were adequately supported and allowable in accordance with the Contract terms and conditions, and AECOM complied with the specified requirements of the Contract, from April 1, 2015 through March 31, 2019, in all material respects.

Austin E. Onwualu

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

February 4, 2020



**Audit of AECOM Technical Services, Inc.
Contract No. 4400002644**

Introduction

The Office of the Inspector General (OIG) audited Contract Number 4400002644 (Contract) awarded by the Los Angeles Unified School District (District) to AECOM Technical Services, Inc. (AECOM) to provide staff augmentation services in the areas of project management, design management, construction management and related services. The Contract specified fully burdened hourly rates for various job positions. The Contract term was from November 18, 2014 through November 30, 2019.

Scope and Objectives

During the period from April 1, 2015 through March 31, 2019, AECOM submitted 48 invoices and was paid a total \$37,150,536 for staff augmentation services provided under the Contract. The objectives of this audit were to determine whether:

- (i) the amounts billed by AECOM were adequately supported and allowable in accordance with the terms and conditions of the contract; and
- (ii) AECOM was in compliance with the contract terms and conditions.

Methodology

We interviewed Procurement Service Division personnel and AECOM staff, reviewed District timesheets, invoices, subcontracting firms (subs) invoices billed to AECOM. Furthermore, we reviewed agreements between AECOM and their subs, payroll records, District payment records, staff criminal history clearance records, qualifications and OSHA training records.

Results of Audit

1. Determine Whether Amounts Billed by AECOM Were Adequately Supported and Allowable In Accordance With The Terms And Conditions Of The Contract

To determine whether the amounts billed by AECOM were adequately supported and allowable in accordance with the terms and conditions of the Contract, we statistically selected a testing sample of 10 out of the 48, or 21%, invoices billed by AECOM. In compliance with the Contract, we were provided the supporting documentation for the 10 invoices selected for testing. The following procedures were performed:

- Compared the District timesheets to vendor timesheets and payroll records for any possible variances in the number of hours billed.



**Audit of AECOM Technical Services, Inc.
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- Compared the billed positions to the contract authorized positions and the hourly rates billed to the respective contract authorized fully-burdened rates.
- Reviewed invoices and ensured any overtime were paid at the regular fully-burdened hourly rates.
- Reviewed timesheets and ensured there were prior written approvals for any hours billed during District's holidays and shutdown period, and any hours billed in excess of the maximum 40 hours per week and 8 hours per day allowed.
- Reviewed the hourly rates AECOM paid to the subs for the staff provided and ensure any markup is within the 10% allowed range.
- Reviewed the agreements between AECOM and the subs and ensured only a first-tier sub was utilized.
- Reviewed payroll records and ensured the paid CPs were direct employees of AECOM or subs and not independent contractors.

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

2. Determine Whether AECOM Was In Compliance With The Contract Terms And Conditions

A) Contract Professionals' Qualifications

Finding No. 1 – AECOM Did Not Maintain Supporting Documentation Verifying CPs' Stated Education And Reference Checks, OSHA Training Completion, And The Requisite Resume Certification.

During the period from April 1, 2015 through March 31, 2019, AECOM provided 67 CPs to perform work at the District in 37 different positions. We utilized statistical sampling and selected 16 CP personnel files for testing.

The Contract requires AECOM and its subs to conduct due diligence on all candidates prior to interview by the District. AECOM is required to certify that the facts in the submitted resumes are true, the candidates meet the position requirements, and the candidates have received positive references. The Contract also required AECOM to maintain a complete file for each CP and to present these files to the District when requested.

Per our examination, we noted exceptions in AECOM's recordkeeping systems. AECOM was unable to locate the following records for our review:



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1. The supporting documentation confirming that the CPs' stated education and reference checks had been verified, were unavailable for our review for 3 CP's.
2. 1 CP's OSHA training record was not available for our review.
3. 2 CP's diploma substantiating the stated education.
4. 2 CP's resume.

According to AECOM management, the lack of documentation maybe due to the change in human resources during AECOM's acquisition of another firm. Nonetheless, the lack of supporting documentation indicates noncompliance with contract requirements which could lead to errors and irregularity.

Recommendation

AECOM should retain supporting documentation of contract professionals as required by the terms and conditions of the Contract.

Responses

AECOM takes no exception to the findings and has implemented electronic document archiving protocols to archive what previously was paper documentation for these efforts.

Procurement Services Division concurs with the recommendation.

The complete responses from AECOM and the District to the draft audit report are included herein as Appendices 1 and 2, respectively.

B) OSHA Certification

Finding No. 2 – A CP Did Not Complete OSHA Training Timely.

The contract stipulates that all CPs who will/may access jobsites must have completed a 10 hour OSHA training within 30 days of the date of hire by the District. AECOM is responsible for reviewing, managing and retaining copies of the OSHA certifications.

Per our examination of personnel files, we found that 1 CP had completed their training late (140 days after their original start date). The CP was an employee of a subcontractor. A CP not



**Audit of AECOM Technical Services, Inc.
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completing the required training on time could possibly lead to accidents at jobsites due to lack of training.

Recommendation

We recommend that AECOM should review and maintain supporting documentation verifying the OSHA training certificate was obtained by the CP within 30 days of the date of hire.

Responses

AECOM has implemented additional on-boarding protocols with subcontracted employees to ensure compliance with the timely completion of OSHA Certification.

Procurement Services Division concurs with the recommendation.

The complete responses from AECOM and the District to the draft audit report are included herein as Appendices 1 and 2, respectively.

C) Obtained Criminal Clearance For CPs

To ensure that AECOM complied with the Contract requirements related to obtaining criminal history clearances for the CPs performing work on-site at District schools, we reviewed CP personnel files substantiating that the requisite clearance had been obtained.

For the 16 CP personnel files we selected for examination, we reviewed the fingerprinting clearance documentation and the "*Fingerprinting Certification by Firm*" form we obtained from the respective District department, verifying that the fingerprinting and criminal background investigation requirements were met. Based on the test work performed, no exceptions were noted.

D) CPs Submitted The Policy Compliance Form

The Contract requires CPs to submit a signed "*Policy Compliance Form*" (Contract, Exhibit H), on or before the CP's assignment start date with the District, as well as to submit Form 700 "Statement of Economic Interest" annually. For the 16 CP personnel files we selected for testing, we reviewed the signed Policy Compliance Forms and the annually submitted Form 700 Statement of Economic Interest. Based on the test work performed, no exceptions were noted.



**Audit of AECOM Technical Services, Inc.
Contract No. 4400002644**

Audit Team

This audit was performed by the following auditors:

Mindy Qu, Audit Manager
Ken Tsai, Senior Auditor

AECOM'S RESPONSE TO THE DRAFT AUDIT REPORT

AECOM

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300 South Grand Avenue
Los Angeles
CA, 90071
T: +1 (213) 593 8100

July 14, 2020

Austin Orwualu, CPA, CIG, CGMA
Los Angeles Unified School District
Office of the Inspector General
333 South Beaudry Avenue, 12th Floor
Los Angeles, CA 90017

Dear Mr. Orwualu,

This letter represents AECOM's written comments to findings in connection with your examination of the Los Angeles Unified School District's Contract No. 4400002644 awarded to AECOM Technical Services, Inc. (AECOM) for the period from April 1, 2015 to March 31, 2019. We understand that your opinion is that the amounts billed by AECOM under the Contract were adequately supported and allowable in accordance with the terms and conditions and that AECOM complied with the specified requirements of the contract.

With respect to the two administrative findings regarding providing support documentation verifying contract professional (CP) qualifications and completion of OSHA training, AECOM takes no exception to the findings and has implemented electronic document archiving protocols to archive what previously was paper documentation for these efforts. Hard copy record retention became an issue due to the acquisition by AECOM of URS and the transfer of legacy support documentation for those employees.

Regarding a subcontracted employee not having completed the OSHA Certification within 30 days of hire, AECOM does mandate this OSHA training requirement to subcontractors through our subcontract. We have since implemented additional on-boarding protocols with our subcontracted employees to ensure compliance with the timely completion of OSHA Certification.

Thank you for the opportunity to respond to the audit findings.

Sincerely,



Keith Kajjya, CCM
Vice President

aecom.com


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DISTRICT'S RESPONSE TO THE DRAFT AUDIT REPORT

INTER-OFFICE CORRESPONDENCE
LOS ANGELES UNIFIED SCHOOL DISTRICT

TO: Austin Onwualu
Deputy Inspector General, Audits

DATE: June 26, 2020

FROM: Judith Reece 
Chief Procurement Officer

SUBJECT: Response to Audit of AECOM Technical Services Inc. No. CA 00-000

Procurement Services Division (PSD) is in receipt of the OIG Draft Audit Report No. CA 00-0000, dated February 25, 2020 for AECOM Technical Services, Inc. (AECOM) in accordance with PSD's policies and procedures. The audit focused on amounts billed under contract number 4400002644 and compliance with the contract requirements and performing such other procedures as considered necessary in the circumstances. The following provides a synopsis of the audit findings and recommendations and our responses to each one:

Result #1: OIG stated that amounts billed by AECOM were adequately supported and allowable in accordance with the terms and conditions of the Contract.

Response: None required.

Result #2: OIG stated that AECOM was not in compliance with the contract terms and conditions.

Finding #1: OIG stated that AECOM did not maintain supporting documentation verifying CP's stated education and reference checks, OSHA training completion and requisite resume certification.

Response: Agree with the recommendation. Due diligence must be strictly performed by AECOM, making sure candidates submitted meet the minimum requirements prior to candidates' interviews. Consequently, verified files must be maintained by AECOM according to contract terms and conditions. In addition, AECOM must ensure that files of Contract Professionals, currently under their CM agreement, must have files updated and maintained. For current Contract Professionals, FSD's Staffing Contracts Administration, transitioned to the new Construction Management contracts in December 2019, have required all firms, including AECOM, to submit copies of OSHA certificates for classifications that require it.

Finding #2: OIG stated that a CP did not complete OSHA training timely.

Response: Agree with the recommendation. For current Contract Professionals, FSD's Staffing Contracts Administration, transitioned to the new Construction Management contracts in December 2019, have required all CM firms, including AECOM, must ensure that all new hires required to complete the OSHA training must comply with the 30-day requirement, without exceptions

No exceptions were found for CP's obtaining criminal clearance or submitting policy compliance forms.

If you have any further questions, please contact me.

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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