

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

**Incurred Cost Audit
CNS Environmental, Inc.
Contract No.
2290037/4400010136**

**CA-25-1451
June 24, 2025**

**Sue Stengel
Inspector General**





Los Angeles Unified School District Office of the Inspector General

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Inspector General

June 24, 2025

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

RE: CNS Environmental, Inc.
Contract No. 2290037/4400010136

Dear Mr. Friedman:

This is the final report on our audit of CNS Environmental, Inc. - Contract No. 2290037/4400010136.

Please contact our office if you have any questions.

Sincerely,

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Mark H. Pearson, CPA, CFE, CIGA
Assistant Inspector General

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Inspector General

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Audit of CNS Environmental, Inc. Contract No. 2290037/4400010136

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) audited contract number 2290037/4400010136 (Contract) awarded by the Los Angeles Unified School District (District) to CNS Environmental, Inc. (CNS) for asbestos, lead-containing material, and hazardous materials consulting services.

This audit assessed whether CNS's billings were accurate and allowable, and whether the services were provided as required by task orders. Ensuring accurate billing and contract compliance protects public funds, promotes health and safety, and upholds the integrity of procurement processes across District schools and facilities

Audit Conclusions

- **Accurate Billing:** CNS's invoices were supported by documentation, billed at the approved contract rates, and complied with all contract requirements. Labor hours and laboratory costs were properly documented and allowable. No exceptions were identified in the sample tested.
- **Deliverables Met:** CNS provided the required services for task orders reviewed. Of the 28 task orders sampled, CNS completed the work in accordance with contract scope and submitted the necessary reports for 26 of the task orders. The remaining two task orders were cancelled and did not require deliverables.

INTRODUCTION

Contract No. 2290037/4400010136 was awarded to CNS Environmental, Inc. with an original not-to-exceed amount of \$2,000,000, effective March 1, 2022, through February 28, 2025. Between March 2022 and April 2024, the District executed six amendments, increasing the total not-to-exceed amount to \$7,900,000.

SCOPE AND OBJECTIVES

The objectives of this audit were to determine whether:

1. The amounts billed by CNS were adequately supported and allowable according to the Contract's terms and conditions.
2. CNS provided services as required by the task orders.

METHODOLOGY

To accomplish our examination objectives, we performed the following procedures:

- Interviewed District staff in the Facilities Environmental Technical Unit (FETU) to obtain an understanding of the District's internal controls and processes.



Audit of CNS Environmental, Inc. Contract No. 2290037/4400010136

- Inquired with CNS's management about their internal controls and business operations.
- Recalculated the mathematical accuracy of the billed invoices.
- Validated the number of direct labor hours billed against timesheets and payroll registers.
- Verified that authorized hourly rates were used to bill for services provided.
- Verified the certifications of staff assigned to work under the Contract.
- Reviewed documentation of pre-authorization for over-time billed.
- Validated the amounts of direct costs billed against supporting documents such as vendor invoices, canceled checks, laboratory reports/results, and proposals submitted to the District.
- Reviewed engineering assessments and close-out reports that were issued for the completed task orders.
- Confirmed with the FETU that services were delivered as required by the task orders.

RESULTS OF AUDIT

1. Testing of the Amounts Billed by CNS

The amounts billed by CNS were adequately supported and allowable according to the Contract's terms and conditions.

Between May 11, 2022, and January 31, 2025, CNS submitted 490 invoices totaling \$4,215,762. We selected a statistical sample of 45 invoices totaling \$1,362,032 (32% of the total billings) for detailed testing.

Of the \$1,362,032 tested:

- \$1,331,492 related to 2,391 hours of professional services
- \$30,840 related to laboratory and miscellaneous services.

Professional Services

CNS's employees reported the number of hours worked on weekly timesheets by project, staff type, and labor codes. We tested 2,391 direct labor hours billed across 45 invoices and found that CNS's charges were fully supported and billed in accordance with the Contract. Timesheets and payroll records substantiated the reported hours, and all labor hours fell within the task order



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performance periods.

Conclusion: Labor charges were properly documented, billed at the approved rates, and fully supported by timesheets and payroll records.

Laboratory and Miscellaneous Services

We reviewed \$30,840 in charges for laboratory testing and miscellaneous services. Supporting documentation—including vendor invoices, laboratory reports, and payment records—substantiated the amounts billed. Rates were consistent with the Contract’s Fee and Payment Schedule. External laboratory services were used appropriately and were billed at actual cost in accordance with contract terms.

Conclusion: Charges for laboratory and miscellaneous services were accurate, allowable, and properly supported. No exceptions were identified.

2. Completion and Submission of Deliverables

CNS completed the required scope of work and delivered the necessary reports and documentation for the completed task orders.

We reviewed documentation associated with 28 sampled invoices to determine whether CNS completed the required scope of work and submitted deliverables as specified in the task orders. Each task order could include one or more of the following phases:

- Phase I - project assessment and asbestos/lead material identification
- Phase II - project design for asbestos/lead material in-place management or abatement and/or
- Phase III - project monitoring of in-place management or abatement activities

Close-out reports were required for each task order.

Based on our review of the submitted reports and confirmation from District staff, CNS submitted the required deliverables for 26 of the 28 task orders reviewed. The remaining two task orders were cancelled and did not require deliverable submission.

Conclusion: CNS fulfilled contract requirements for completed task orders. No exceptions were noted.



Audit of CNS Environmental, Inc. Contract No. 2290037/4400010136

AUDIT TEAM

This audit was performed by:

Stella Lai, Audit Manager
Luceli Ceja, Principal Auditor
Jeanette Polynice, Senior Auditor



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Independent Auditor's Report

We have examined the amounts billed by CNS Environmental, Inc. (CNS) under contract number 4400010136 (Contract) for the period from March 1, 2022, through February 28, 2025, and CNS's compliance with the terms and conditions of the Contract. CNS 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 CNS'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 of CNS's compliance with the specified requirements.

In our opinion, the amounts billed by CNS against the Contract for the period from March 1, 2022, through February 28, 2025, were supported and allowable in accordance with the Contract's terms and conditions, in all material respects. The scope of work was completed and deliverables were submitted as required by the task orders.

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Mark H. Pearson, CPA, CFE, CIGA
Assistant Inspector General

May 21, 2025

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 ensure 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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