



LOS ANGELES UNIFIED SCHOOL DISTRICT
All Youth Achieving

Office of the Inspector General



Annual Report to the Board of Education

Fiscal Year 2014

LOS ANGELES UNIFIED SCHOOL DISTRICT

Office of the Inspector General

VISION

To be a proactive agency striving for excellence and continuous positive change in the management and programs of the Los Angeles Unified School District.

MISSION

To promote a culture of accountability, transparency, collaboration and integrity through the performance of audit and investigative services designed to drive continuous improvement, support effective decision making and detect and deter waste, fraud and abuse.

CORE VALUES

Accountability

Efficiency

Integrity





Los Angeles Unified School District

Office of the Inspector General

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Mónica Ratliff
Steve Zimmer
Members of the Board

John E. Deasy, Ph.D.
Superintendent of Schools

Ken Bramlett, MPA, CIG
Inspector General

July 31, 2014

Board of Education:

I am pleased to submit the Office of the Inspector General's (OIG) Annual Report. This report is required by the OIG's Charter and contains our accomplishments for the period July 1, 2013 through June 30, 2014.

The OIG conducts audits, contract audits, investigations, and special reviews of the Los Angeles Unified School District's (District) programs and operations to detect and prevent waste, fraud, and abuse, and to identify opportunities for improving efficiency and effectiveness. Our goal is to enhance the public's confidence in the District by assisting District management with making continuous improvements in its programs and operations, and fostering integrity in its personnel.

During FY 2014, the OIG issued 97 reports which collectively identified over \$2.9 million in monetary benefits. Our reports described actions that District management could take to strengthen controls, improve operations, manage risks and oversee contract activities more effectively. We also issued 94 due diligence reports to help District management with employment and contract evaluations.

On behalf of all OIG staff, I would like to thank the Board for its continued support of the Office of the Inspector General.

Ken Bramlett
Inspector General

About the Office of the Inspector General

The Board of Education of the Los Angeles Unified School District created the Office of the Inspector General in 1998, and the State legislature granted it certain statutory authorities and powers in 2000 and in 2002.

The OIG reports directly to the Board of Education. We conduct independent audits, reviews and investigations of District operations, contracts and vendors in order to:

- ✓ Find ways to improve processes, programs, functions and activities
- ✓ Provide information that supports effective decision making
- ✓ Identify real or potential misuse of District resources
- ✓ Prevent and detect waste, fraud and abuse within the District

Through our work, we strive to encourage a culture of accountability, transparency, collaboration and excellence and to assist the Board of Education and the Superintendent in their efforts to provide a high quality education for the students and parents of the Los Angeles Unified School District.

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A. HIGHLIGHTS OF WORK PERFORMED AND BENEFITS PROVIDED

INTERNAL AUDIT ACTIVITIES

In FY 2014, the OIG covered a variety of areas with some significant Board requested reviews being completed this year. Also, two significant projects were initiated at the request of the Inspector General that will ultimately provide more insight into how well the District is performing its asset management and security responsibilities over portable computer devices. These two projects combined involved visits to over 100 schools as well as to the District's Soto Street Warehouse. The results of these projects will be released in the first quarter of FY 2015. Finally, during this year, the OIG prepared a **Trend Analysis Report** that summarized the results of limited school reviews that were done in FY 2011 and FY 2012. This trend analysis report was designed to help Principals understand how to better manage and oversee transactions occurring in their imprest, student body and purchasing card accounts. The OIG worked closely with the Office of the Chief Financial Officer to ensure that the information in the report showed the importance of schools' adherence to applicable policies and procedures from both a management perspective and from an audit perspective.

There were various audits that addressed key areas of importance this year. For example, our audit of **School Crisis Teams** was focused on determining whether District schools were creating and maintaining school crisis teams as required by both District policy and by federal and state regulations. School crisis teams are important to ensure that schools are prepared to deal with various kinds of unexpected emergency situations. As part of this audit, 35 schools were visited covering all seven board districts. In general, we found that the schools visited created school crises teams for their campuses. However, we also noticed that many of the schools were not following policies and procedures relating to these teams. We encouraged schools to take the steps needed to make sure that school crisis team members knew what was expected of them. This area is of such importance that a similar audit was added to the FY 2015 annual work plan expanding the scope of the project to include charter schools.

During this fiscal year, we examined the prices of goods commonly purchased by schools. Specifically, the Board was interested in knowing how District prices for commonly purchased items compared to prices charged by outside retailers. The **Procurement of Common Goods at School Sites** audit was designed to be a benchmarking study. We selected a variety of goods that are commonly purchased by schools, researched what the District charges schools for these items based on Master Contracts and the District warehouse, and compared these prices to the average prices charged by outside retailers that schools often buy from. We found that through the District's general stores system, the District is able to realize economies of scale through volume purchases and is able to pass these savings on to schools in the form of competitive prices for regular supplies and equipment. We also noted that the District needed to do more to market and promote its merchandise to schools. This is particularly important since schools have the discretion to purchase many commodities from outside retailers.

In a similar area of interest, the Board expressed a desire for more information on how prices for computer equipment purchased through master contracts compared to the prices for computer equipment purchased directly through outside vendors. Again, schools have the discretion to purchase computer equipment through outside vendors, even though the District has master contracts for the purchase of Dell, Hewlett Packard, Lenovo and Apple computers. In the audit **Price Comparison of Computers and Deliverables**, we conducted research to determine if purchasing computers from outside vendors was less expensive than purchasing the computers through master contracts. We discovered that certain computer equipment could be obtained at a lower price from outside vendors. However, the price differential was offset because computer equipment purchased through master contracts enjoy superior warranty protections as well as pre-loaded Bios resident tracking software that facilitates the physical tracking of equipment. Also, equipment purchased through master contracts have repair and replacement protections that equipment purchased from outside vendors do not have, and have more support for initial set-up and installation. Overall, we determined that purchasing computer equipment through master contracts was more cost effective in the long term. We recommended that the District needed to monitor more effectively the volume of computer equipment purchased by schools from outside vendors using p-cards and low-value purchase orders. We also recommended that the District do more to communicate the benefits of purchasing computer equipment through master contracts to schools and offices.

In the **Random Metal Detector Searches at School Sites** audit, we explained the importance of dealing with the risk of violence on school campuses and how critical it is for schools to follow District policies and procedures relating to this area. District policy relating to random metal detector searches requires two main things: (i) the performance of random metal detector searches, and (ii) the maintenance of documentation to show that these searches were done. We noted that the District had taken the steps needed to create and disseminate policies concerning this important area. However, for various reasons, some schools were not consistently following the prescribed policies and procedures. For example, some schools did not have signs posted on the campus alerting everyone that all persons on school premises were subject to search for weapons by metal detectors. Also, some schools did not maintain the required number of metal detector wands. And finally, some schools did not ensure that metal detector searches were conducted on a daily basis. Although the majority of the schools we visited were following the prescribed policies and procedures, corrective actions were needed in order to be consistent with the District's "zero-tolerance" policy with regard to weapons on school campuses. We recommended to School Operations that Principals should be reminded about the importance of adhering to policy, and that Principals should be tasked, along with the search team members at their school locations, with reviewing the proper procedures for conducting random metal detector searches.

Finally, in FY 2014 the OIG completed a significant audit entitled **Charter Schools Division (CSD) – Review of Oversight Practices**. The main objectives of this audit were to determine if the CSD (i) provided effective oversight and monitoring of a selection of District authorized charter schools and (ii) had an effective review process

for a selection of charter school renewal petitions. We also assessed the extent to which the CSD had adopted the essential practices for a charter school authorizer as listed in the 2011 NACSA Index of Essential Practices.

We concluded that the CSD was organizationally well positioned at the time of our audit to effectively oversee the District's charter schools with sufficient staffing, clear reporting lines, and adequate policies and procedures which were in the process of being updated. We also noted that the CSD did a commendable job of incorporating NACSA's index of essential practices into its foundational policies, procedures and practices by having adopted 11 out of the 12 essential practices as articulated by NACSA guidelines.

Concerning CSD's effectiveness in the areas of oversight, monitoring, and effectiveness over the renewal process over the charter schools that were reviewed as part of the audit, we noted process gaps and management decisions that raised concerns about whether the CSD had provided the most effective level of oversight, monitoring, and charter renewal review for these schools. We provided the CSD with numerous recommendations that we believe will significantly enhance its oversight capabilities. The CSD generally agreed with the recommendations, but asserted that the OIG recommended actions "affirmed CSD practices in place." However, most of the enhanced oversight practices the CSD referred to in its response to the audit reflected information that was communicated to CSD during the audit. Therefore, we commended CSD management for making or planning improvements that incorporated much of the information provided as part of our audit.

Internal auditing activities identified over \$35,000 in potential monetary benefits for the District. This amount consisted of potential cost savings and questioned costs identified in various audits.

In FY 2014, District staff agreed with over **90%** of all Internal Audit recommendations.

CONTRACT AUDIT ACTIVITIES

During FY 2014, the OIG conducted audits on contracts with a total value of \$582 million and issued 45 reports. The audit reports identified \$558,273 in questioned costs and \$2.3 million in construction cost savings. In addition, the Board approved a \$900,000 settlement with a vendor that the OIG audited in FY 2012.

The OIG is confident that contract audit activities have served as a deterrent factor to contractors and to employees who would otherwise attempt to circumvent policies, procedures and the law. The following are some contract audits that supported the District's procurement efforts and School Construction, Repair & Modernization Programs during FY 2014.

Supporting School Construction, Repair & Modernization

The District entered into a development and construction contract with **Turner Construction Company** (Turner) for the construction of *Central Region High School No. 16*. The final approved price, including change orders and contingency/allowance disbursements, amounted to \$98,096,125. Our audit identified \$191,771 of questioned costs related to the inclusion of general condition costs in the buyout savings calculation. The Assistant General Counsel indicated that Turner agreed to resolve the audit issues by refunding the District \$190,000.

The District executed an agreement with **Innovative Construction Solutions, Inc.** (ICS) for environmental remediation at *South Region High School No. 9*. Our audit found that ICS overbilled \$43,478 for material handling and bond cost. FSD's management agreed with the audit findings and will request a refund from ICS for the questioned amount.

The District entered into a development and construction contract with **Tilden Coil Constructors** (Tilden Coil) for the construction of *South Region Span K-8 No. 1*. The final approved price, including change orders and contingency/allowance disbursements, amounted to \$39,155,535. Our audit found that Tilden Coil did not credit \$4,144 of bond cost savings to the District as required by the contract. The FSD concurred with the \$4,144 of questioned bond costs and indicated that it will issue a credit change order to transfer \$4,144 to the District controlled contingency fund.

The District entered into a development and construction agreement with **Sinanian Development, Inc.** (Sinanian) to develop and build the *Central Region MacArthur Elementary School* addition on District-owned land located at 2300 W. 7th Street, Los Angeles. The scope of work included the development and construction of classrooms, a library, multipurpose room, food service and lunch shelter, playfields, and underground parking. Our report disclosed cost savings to the District in the amount of \$323,770.

The District entered into a development and construction agreement with **Swinerton Builders** (Swinerton) for the construction of *Central Region Glassell Park EEC* at 3003 N. Carlyle Street, Los Angeles. We performed an audit of this contract to determine whether (i) the amounts billed represented costs that were allowable and adequately supported, (ii) contract change orders were justifiable, properly approved and adequately documented, (iii) the terms and conditions on the use of allowance and contingency funds were adhered to and adequately documented, (iv) the scope of work was completed in compliance with the terms of the Development and Construction Agreement, and (v) to calculate the balance of cost savings between Swinerton and the District. The results of the audit disclosed questioned costs in the amount of \$33,782 and cost savings to the District in the amount of \$119,651.

The District entered into a development and construction agreement with **Turner Construction Company** (Turner) for the construction of school improvements at *Valley Region High School No. 5*. We performed an audit to determine whether (i) the amounts billed under the contract were allowable, adequately supported and in accordance with

the terms and conditions of the Contract; (ii) the terms and conditions on the use of allowance and contingency funds were fully adhered to and adequately documented; (iii) determine whether the Contractor performed the work as required by the Contract; and to calculate the balance of cost savings between Turner and the District. The results of our audit disclosed questioned costs in the amount of \$182,562 and cost savings to the District in the amount of \$358,596.

Supporting Facilities and Bond Related Programs

We performed a **Construction Management Rate Study** to determine the market rates and salaries for 40 construction management positions per the request of the Facilities Services Division (FSD). The results of the rate study will assist FSD in determining hourly rates for new construction management contracts.

We conducted a **Contract Professionals Conflict of Interest Review** to determine if there were any conflicts of interest in the FSD's school construction, modernization and repair program as a result of retaining contract professionals to provide construction management services. Our review found that the Deputy Director of Project Execution approved change orders and contingency/allowance disbursements to his firm while he was a contract professional and during the 12-month cooling period after becoming a District employee. We also found that two contract professionals appointed to the positions of Senior Development Team Manager and Development Team Manager of Real Estate participated in pre-construction activities of two projects which their firms subsequently provided the construction services. In order to avoid any future conflicts of interest, we recommended that the FSD should limit the contract professional firms to having only one type of contract with the District: either (i) construction, (ii) construction management or (iii) architect/engineering services.

We conducted a **Timekeeping Review** of OEHS Contract Professionals at the request of the Office of Environmental Health & Safety (OEHS). The OEHS retained eight contract professionals in 2013 to work in the District's Beaudry headquarters to oversee the work performed by OEHS master service agreement contractors. The purpose of the review was to determine (i) if the contract professionals were signing in and out their actual arrival and departure time, (ii) how much of the time billed by the contract professionals was for time spent outside of the Beaudry Building, and to recommend time reporting policies and procedures, if applicable. Our review found that (i) most of the contract professionals were not noting their actual arrival and departure times on the timecards, and (ii) most of the contract professionals were billing for more time than they spent in the building because either they had field work or they were allowed to leave early or work at home. We recommended that OEHS management should establish written policies and procedures to improve the accountability of the time billed by the contract professionals.

We performed an audit of the contract awarded to **Morlin Asset Management, L.P.** (Morlin) to provide (i) full-service management to the District's Beaudry Headquarters, (ii) management oversight services to 42 properties owned and/or leased by the District, and (iii) move management services for moves between any District-owned or

leased facility. Our audit found that, except for a minor overbilling of \$782, the billed amounts were allowable and adequately supported and that Morlin performed annual inspections of each managed property as required by the contract. Morlin agreed to credit the District \$782 in its next invoice.

We audited two contracts awarded to **Advanced Technology Laboratories (ATL)** for testing the drinking water sampled from District schools for lead. Our audit found that ATL overbilled the District \$1,174. The FSD indicated that ATL agreed to reimburse the District the questioned cost.

We conducted a technical evaluation of **SolarCity Corporation** (SolarCity) in support of the District's *Photovoltaic (PV) Solar Energy Program*. The PV Solar Energy Program is part of the District's ongoing efforts to reduce greenhouse gas emissions and lower energy bills. This bond-funded program had a goal of generating 20.7 mW of solar power District-wide. In order to assess whether this goal had been achieved, we conducted technical evaluations of each of the five vendors contracted to perform this work. Our technical evaluation of SolarCity included contracts for 27 school sites. We reviewed SolarCity's compliance with the contract documents, including workmanship, job site administration and schedule maintenance. Most importantly, we compared the data showing the amount of energy produced during the "proving" (test) period against the guaranteed energy production in the contracts. We found that SolarCity's PV installations met or exceeded the guaranteed production at all of the schools. We also found that, except for not promptly affixing safety signage at one school, SolarCity performed exceptionally on all the contracts reviewed.

We conducted a technical evaluation of the District's **Sustainability Initiative for New Schools**. In 2001, the Board of Education unanimously adopted a resolution calling for the District to work with the Collaborative for High Performance Schools (CHPS) to develop criteria for energy efficient and sustainable schools. In 2003, the Board resolved to continue this initiative by requiring all new construction and modernizations to achieve a minimum level of high performance design. We conducted a technical evaluation of this initiative to determine whether the goals had been achieved, at a time when the District had just concluded its largest construction program of new schools. We found that although the new schools were built with all the potential for meeting these goals, data showed that the District has so far fallen short of realizing the energy cost savings and operational efficiencies originally projected. Among the recommendations we made were that the re-commissioning of equipment should be a top priority and that District personnel should be properly trained. We also recommended that conservation awareness should be emphasized and that a full-time director for the District's Sustainability Initiatives Unit be retained.

INVESTIGATIVE ACTIVITIES

The OIG Fraud Hotline exists so that anyone can easily report allegations of fraud, waste, and abuse. Due to technical difficulties, the OIG fraud hotline was not operational for the latter half of FY 2014 resulting in a decreased number of allegations received. Nonetheless, during FY 2014, the Investigations Unit received 218 hotline reports, most of which required some level of follow-up. Allegations received from concerned employees, vendors, and the public, are either investigated by the OIG or referred to District administrators for investigation and disposition or to an outside agency better suited to handle the matter.

In FY 2014, the Investigations Unit issued 10 **Reports of Investigation** and 17 **Case Memorandums**. There were 29 other investigative matters that were still in progress at the end of the fiscal year. Case Memorandums are issued during a preliminary examination when it is determined that the facts of the case do not warrant a full investigation.

The Investigations Unit also issued a total of 94 **Due Diligence Reports** related to charter schools, executive level employment, and contract and procurement matters. Due Diligence Reports are public record investigations requested by various District offices and divisions. Due diligence reports help to reduce the risks of doing business with outside entities, improve contract and employment decisions, help to avoid costly liability situations, and promote greater accountability and effectiveness.

During the fiscal year, three referrals were made to the Public Integrity Division of the Los Angeles County District Attorney's Office that resulted in criminal investigations being initiated against several District employees who misappropriated District funds.

The Investigations Unit issued 10 subpoenas in FY 2014. The Inspector General is authorized by state statute to subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of all information that reasonably relates to an inquiry or investigation undertaken by the OIG.

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B. BACKGROUND OF THE OIG

In August 1998, the Board of Education of the Los Angeles Unified School District began the process of establishing a department within the District whose mission would be to detect and prevent waste, fraud, and abuse in District operations and programs. Those efforts resulted in combining the District's auditors and investigators to form an Internal Audit and Investigations Department. In January 1999, the Board appointed the Department's first Director, and in February 2000, the Board adopted the name, Office of the Inspector General and changed the Director's title to Inspector General. The Board resolution which took this action stated:

"The Board wishes to instill a culture of excellence and professionalism in all aspects of the mission of the Los Angeles Unified School District and finds that an Inspector General approach to detecting and preventing waste, fraud and abuse in all District programs and operations enhances this culture of excellence."

Following the Board's action, the District secured legislative support for the OIG during the 2000 legislative session with the introduction of Senate Bill (SB) 1360 and its enactment on September 26, 2000, which granted the OIG statutory authority to conduct investigations. The legislature again addressed the issue in 2002 with Assembly Bill (AB) 2425 which amended Education Code Sections 35400 and 35401 and authorized the Inspector General to conduct audits, granted confidentiality to all investigative files and work-product, and extended the original sunset provision to January 1, 2015.

Extension of the OIG's Enabling Legislation

Education Code Sections 35400 and 35401 grant the OIG statutory authority to perform some of its most critical functions. The current OIG legislation:

- Establishes the OIG's authority to (i) conduct audits and investigations and (ii) report matters to the local district attorney or the Attorney General for further action.
- Grants the OIG power to (i) subpoena witnesses, (ii) administer oaths or affirmations, (iii) take testimony, and (iii) compel the production of all information and documentary evidence deemed material and relevant to an inquiry or investigation undertaken by the inspector general.
- Provides confidentiality of (i) every investigation, including, but not limited to, all investigative files and work-product and (ii) the identity of the individual or individuals involved.
- Imposes penalties for (i) any disclosure of information by the inspector general or that office that was acquired pursuant to a subpoena, and (ii) any

person that, after the administration of an oath or affirmation, states or affirms as true any material matter that he/she knows to be false.

The Association of Inspectors General, a standard setting body for Inspectors General, believes that the preferable way for an OIG to be established is by statute. This is the manner in which the District chose to give authority and credibility to its OIG.

On February 19, 2014, Assembly member Adrin Nazarian (D-Sherman Oaks) introduced Assembly Bill (AB) 1825 to extend the current sunset provision of Education Code Sections 35400 and 35401 to January 1, 2025.

THE OIG CHARTER

The OIG Charter outlines its authority and responsibilities and also provides that the Board expects and encourages the OIG to be an independent voice that expresses its views without censorship by District management. Education Code Section 35400 which authorizes the OIG to conduct audits and investigations is embodied in the Charter. The Education Code also authorizes the OIG to subpoena witnesses, administer oaths or affirmations, take testimony and compel the production of information. Some of the key Charter provisions authorize the Inspector General to:

- ❑ Audit and investigate any and all functions within the District, as well as private entities that do business with the District.
- ❑ Have full, free and unrestricted access to all District records, reports, audits, reviews, plans, projections, documents, files, contracts, memoranda, correspondence, data, media or information on audio/video/computer/tape/disk, or other materials of the District.
- ❑ Subpoena witnesses, administer oaths or affirmations, take testimony and compel the production of such books, papers, records and documents as may be deemed relevant to any inquiry or investigation undertaken.
- ❑ Hire staff or employ contract services within the scope of the budget authorized by the Board.

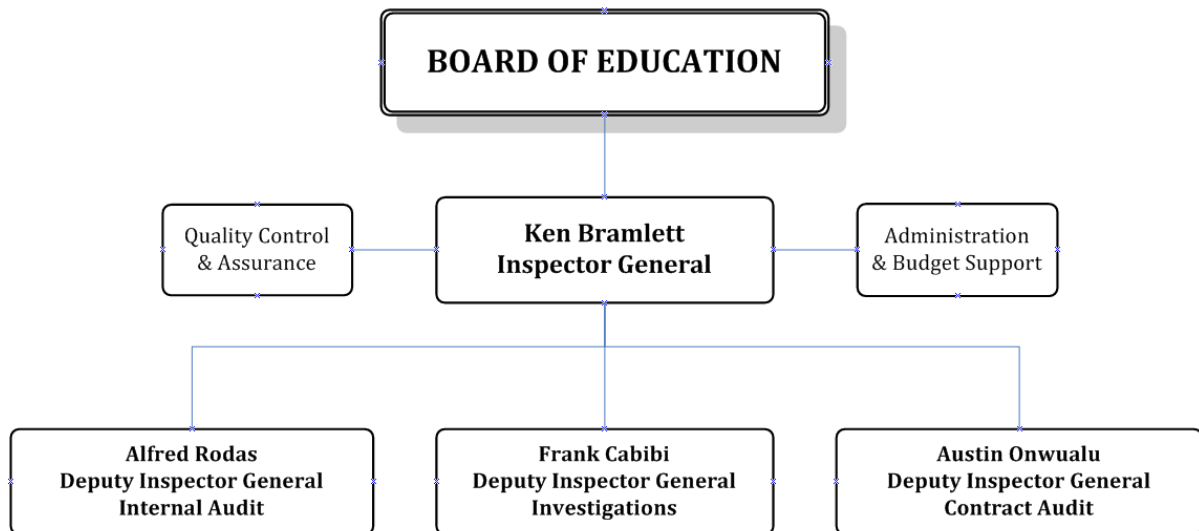
ORGANIZATIONAL STRUCTURE

The OIG reports directly to the Board to provide it with the necessary independence from District managers and staff who may attempt to protect the programs they administer or who may also be implicated. Accordingly, the responsibility for auditing and investigating is assigned to individuals following professional standards with clear independence from District management.

The OIG is comprised of auditors and investigators who have the authority to examine any and all functions within the District and those of private entities that do business with the District. The Internal Audit and Contract Audit Units, conduct performance audits and contract audits that cover a wide range of programs, processes, functions, areas and topics. The Investigations Unit conducts due diligence investigations and investigations of malfeasance by individuals. Due diligence investigations are

conducted in support of the District's ongoing efforts to assess senior management applicant backgrounds as well as those of new charter school applicants. Malfeasance investigations, which often result from Hotline allegations, sort out the truth about allegations of misconduct by District employees and contractors.

The Inspector General manages the OIG, and is appointed by the Board for specified terms that may be renewed at the Board's discretion at the conclusion of the assigned term. The Inspector General manages the OIG with the assistance of three Deputies. The basic organizational structure is set forth below.



BUDGET AND STAFF

The Inspector General is charged with managing the OIG. During FY 2014, the OIG had 52 authorized positions and a budget of \$3.9 million in general funds, \$3 million in bond funds, and \$162,000 in workers compensation funds. The Inspector General is assisted in managing the OIG by three Deputy Inspectors General who oversee audit and investigation activities. The OIG is supported by administrative staff and internal quality control staff tasked with ensuring that all work performed adheres to professional standards.

The OIG is a highly educated professional staff where nearly all have at least a four-year degree, and most have either advanced degrees or one or more professional certifications in their areas of expertise. The staff also has a diligent work ethic and is committed to providing quality service to all elements of the District. Additionally, the ethnic diversity of the OIG is reflective of every major ethnic group present in the District.

In all of our work, the OIG seeks to provide the Board and District staff with independent and objective information about the operations of the District and of those who do business with it. The OIG's Vision and Mission statements guide our efforts as

we seek to meet the objectives set forth in the OIG Charter that was created by the Board and to support the District in the achievement of its core mission.

AUDIT ACTIVITIES AND ORGANIZATION

The OIG is comprised of two audit units, an Internal Audit Unit and a Contract Audit Unit. The organization and activities of these audit units are described in more detail below.

Internal Audit Unit

The Internal Audit Unit conducts performance audits on District programs, processes and functions for efficiency and effectiveness to ensure that adequate internal controls are in place and to verify that the reviewed areas are in compliance with laws, regulations and District policies and procedures. Internal Audit also performs limited school reviews that provide information about best practices for school operations.

The Deputy Inspector General for Internal Audit manages the Internal Audit Unit with the assistance of Audit Managers who manage the audit staff assigned to internal audit projects. Audit Managers are key “strategic thinkers” and “subject matter experts” within the OIG. They serve as “issue area managers” or “program managers”, who during the development of the annual work plan provide key information about areas that are susceptible to waste, fraud or abuse, as well as opportunities for improving efficiency and effectiveness. They are also the main contacts with District staff, particularly senior management. They also track recommendations and ensure that follow-up audits are conducted when needed.

The Internal Audit Unit also includes Principal Auditors who are responsible for conducting, individually or with the assistance of other auditors, performance audits of critical and complex processes, programs and functions within the Facilities Services Division.

Contract Audit Unit

The Contract Audit Unit conducts audits of the District’s procurement system which include procurement contracts for goods and services as well as contracts for the construction and modernization program. The Unit is responsible for conducting pre-award and post-award audits of all contracts and also provides support to District procurement officials in areas such as conducting rate surveys, claims and litigation support. The Unit conducts audits of contracts to ensure that District vendors and contractors comply with the requirements of their contracts and that contracted funds, especially bond funds are expended as intended and that the District received what it paid for. Contract Audit activities also help to ensure that all District programs and Units using or managing bond funds have adequate internal controls in place.

The Deputy Inspector General for Contract Audit heads the Contract Audit Unit and directly reports to the Inspector General. The Deputy manages the Contract Audit Unit with the assistance of a professional audit staff, an architect and administrative support staff.

Auditing Standards

The OIG audit units do their work primarily in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Internal Audit Unit also uses the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The Contract Audit Unit also uses the Statement on Standards for Attestation Engagements and the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

Annual Risk Assessment Process

The OIG performs a global risk assessment in the spring of every year that is the foundation for the Work Plan that guides the OIG in deciding which projects to undertake the following year. In addition, the OIG performs periodic risk assessments throughout the fiscal year to ascertain what issues are the greatest risks to the District.

Annual Work Plan

The OIG audit units perform their work primarily in accordance with *Government Auditing Standards* that mandate that audit units operate pursuant to an annual work plan that identifies the specific areas of focus for an upcoming fiscal year and which must be approved by the Board. The annual work plan is a “working” document that is modified throughout the year as circumstances, priorities, and resource availability dictate. The work plan is available on our website.

Effective planning in the District requires extensive knowledge of the District’s mission and the programs and activities that implement that mission. Accordingly, the OIG instituted issue area monitoring to strengthen our internal coordination and overall planning process. Audit Managers play a key role in our planning process.

The work plan describes the work of the Internal Audit Unit, the Contract Audit Unit, and the Investigations Unit, respectively. Due to the differences in the type of work performed, each unit follows a format that is best suited for presenting their work in the work plan.

Auditor Credentials and Qualifications

All auditors have four-year degrees from accredited colleges or universities, and auditors assigned as contract auditors have a minimum of 3 years contract audit

experience as Senior Auditors. Many of our auditors hold advanced degrees, licenses and certifications.¹

Additionally, members of the Internal Audit and Contract Audit Units are also active in professional organizations, such as the American Institute of Certified Public Accountants, Institute of Internal Auditors, Association of Certified Fraud Specialists, Association of Government Accountants, Association of Local Government Auditors, Association of Certified Fraud Examiners, and Information Systems Audit and Control Association. Staff of the Contract Audit Unit is also active in professional organizations such as the National Association of Construction Auditors.

External Assistance

Government Auditing Standards require that the staff assigned to conduct audits should collectively possess adequate professional proficiency for the tasks required. If the staff lacks that proficiency, the standards provide that an organization may need to employ personnel or hire outside consultants knowledgeable in such areas as accounting, statistics, law, engineering, etc. During FY 2014, we retained the outside firm Protiviti to provide audit services.

INVESTIGATIVE ACTIVITIES AND ORGANIZATION

The Investigations Unit investigates allegations of improper or illegal activities by District employees, contractors or other entities doing business with the District. The Investigations Unit also performs a variety of other services which are described in this section. Most of the investigative workload results from the receipt of allegations of improper activity. The Investigations Unit also receives referrals from the OIG audit sections. The remaining workload consists of proactive projects designed to prevent waste, fraud, and abuse.

The Deputy Inspector General for Investigations currently supervises the staff and work of the Investigations Unit.

Fraud Hotline - The OIG receives allegations of waste, fraud, and abuse from various sources, including mail, in person, email, by referral from other District departments and outside agencies, and the District's Fraud Hotline. The OIG Charter mandates that the Investigations Unit manage the District's Fraud Hotline. All reports received by the Fraud Hotline are reviewed and matters that warrant action are opened as investigations or referred to the proper District department for appropriate remediation. The OIG Fraud Hotline numbers are (213) 241-7778 and (866) LAUSD-OIG.

¹ Certified Internal Auditor; Certified Fraud Examiner; Certified Public Accountant; Certified Government Financial Manager; Certified Government Auditing Professional; Certified Financial Services Auditor; Master in Business Administration; Master in Information Systems; Master in Accountancy.

General Investigations - Reports of Investigation are issued upon completion of an investigation and summarize the evidence disclosed during the investigation. Some investigations are concluded by a Case Memorandum when it is determined that the facts of the case do not warrant a full investigation. The Education Code requires that every investigation, including all investigative files and work product, be kept confidential. The OIG is precluded from investigating allegations that involve crimes against children. Allegations involving crimes against children are referred to the appropriate law enforcement agency.

Due Diligence Reports - The OIG has taken a proactive role to ensure the District contracts with responsible vendors and approves responsible charter school operators. Investigative staff performs public record investigations, commonly referred to as due diligence reports. These reports are requested by various District offices and divisions. Due diligence reports help to reduce the risks of doing business, improve contract and employment decisions, and promote greater accountability and effectiveness.

Subpoenas - Education Code Sections 35400 and 35401 grant the OIG the authority to conduct investigations, subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of all information deemed material, reasonable, and relevant to any OIG inquiry or investigation.

Whistleblower Protection Policy - The OIG investigates Whistleblower Protection Policy complaints. The Board of Education approved the Whistleblower Protection Policy on February 12, 2002. The Whistleblower Protection Policy protects District employees who make allegations of improper governmental activity from retaliation or reprisal from the District. To assure the reporting of any activity that threatens the efficient administration of the District, reports that disclose improper governmental activities shall be kept confidential.

Investigating Standards

The Investigations Unit conducts its investigations according to the *Principles and Standards for Offices of Inspectors General*. The Association of Inspectors General drafted these principles and standards based on the quality standards for Federal Inspectors General issued by the President's Council on Integrity and Efficiency. The principles and standards represent generally accepted principles, quality standards, and best practices applicable to federal, state, and local offices of Inspectors General.

Investigator Credentials and Qualifications

The staff of the Investigations Unit possesses a variety of investigative backgrounds and skills. The majority of investigators have four-year degrees from accredited colleges or universities, and many also hold advanced degrees, as well as professional certifications and accreditations, such as Certified Public Accountant (CPA) and Certified Fraud Examiner (CFE). The staff includes former employees of investigative or regulatory agencies such as the U.S. Department of Justice Office of the Inspector General (DOJ-OIG), U.S. Environmental Protection Agency (EPA), Internal Revenue Service Criminal

Investigations Division (IRS-CID), U.S. Federal Probations, Los Angeles Police Department, Los Angeles County Sheriff's Department, and private and corporate firms performing Private Investigations, Loss Prevention Fraud Investigations, and Public Accountancy (CPA) functions.

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C. ANALYSIS OF WORK PRODUCTION

FISCAL YEAR-END 2014					
	Projects Planned*	Projects Completed	In Progress **	Carried Over to FY 2015***	Canceled
Internal Audit	47	25	7	14	1
Contract Audit	69	45	12	6	6
Investigations	160	131	29	-	-

* *Projects Planned* include additional project requests received by the OIG during the fiscal year.

** *In progress* includes projects that were started in FY 2014 and were near completion at the end of the fiscal year.

****Carried Over to FY 2015* may include (i) projects that were planned but not started in FY 2014 and (ii) projects that were started but not completed in FY 2014.

The following sections provide additional analysis of the work produced by each operational unit of the OIG.

Internal Audit Work Analysis

The Internal Audit Unit began the fiscal year with 19 planned projects that were listed in the FY 2014 annual work plan. In addition to these projects, there were 14 projects carried into FY 2014 from previous years that were in various stages of completion. Also during FY 2014, 14 projects were added based upon requests from key stakeholders including the Board, District management and Principals. A total of 25 projects were completed during FY 2014.

The Internal Audit Unit carried over 14 projects in various stages of completion as of June 30, 2014 into FY 2015. One project that had not yet been initiated during FY 2014 was cancelled due to timing issues.

Contract Audit Work Analysis

The Contract Audit Unit began the fiscal year with 46 projects that were authorized by the FY 2014 annual work plan. In addition, there were 14 projects that remained open from prior fiscal years.

As the fiscal year progressed, FSD and Procurement requested additional projects, both anticipated and not anticipated. By the end of the fiscal year, 69 projects were ultimately authorized consisting of 55 new projects and 14 ongoing projects from prior years.

The following is a summary of the Unit's fiscal year activity ending June 30, 2014:

FY 2014 Work Plan	Original Plan	Updated Plan*	Projects Completed	In Progress	Carryover to FY15	Canceled
Construction Contract	9	9	5	1	2	1
Prof Services Contract	10	11	5	4	1	1
Special Review	8	8	1	4	2	1
Technical Evaluation	5	8	4	2	0	2
Anticipated/As-Needed	3	8	7	0	0	1
Carryover Project	11	11	9	1	1	0
FY 2014 Subtotal	46	55	31	12	6	6
Prior Year Projects	14	14	14	0	0	0
FY 2014 Total	60	69	45	12	6	6

** The Updated Plan column includes the additional projects requested by FSD and Procurement throughout the year.*

During the annual risk assessment process for FY 2015, the OIG made an assessment of the projects that had not been initiated during FY 2014. Based on this assessment, 6 projects were carried over to the FY 2015 annual work plan. The remaining projects that were not identified as having the level of risk required to be carried over to FY 2015 will no longer be performed unless they are requested by the Board or District management and sufficient OIG resources are available.

During the year, we prioritized completing the audits that we received special requests for as well as completing the ongoing audits from prior years. As a result, we issued 45 reports.

Investigative Work Analysis

The tables below summarize the work efforts of the Investigations Unit for FY 2014.

FY 2014 Work Production by Project Type	
Type of Project	Completed/ Issued
Report of Investigation	10
Case Memorandum	17
Charter School Due Diligence	47
Contractor/Vendor Due Diligence	38
Executive Level Pre-Employment Due Diligence	9
Subpoena	10
Total Investigative Matters	131

FY 2014 Hotline Calls Summary	
Disposition	# of Calls
Referred	101
Not Referred	89
Preliminary Investigation	28
Investigation	0
Pending Evaluation	0
Total Hotline Calls	218

As of June 30, 2014, there were 29 open investigative and due diligence matters.

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D. ECONOMIC IMPACT

The OIG is committed to identifying and reducing waste, fraud, and abuse and to identifying opportunities for achieving greater economy, efficiency, and effectiveness that may result in the savings or recovery of funds that can be used toward student-related goals. The OIG classifies monetary benefits into the following major categories: restitution, settlements, funds put to better use, questioned costs and construction cost savings.

Restitution is the voluntary or court-ordered repayment of District funds that were obtained through fraudulent means. Settlements are formal legal agreements where funds are awarded to resolve damage claims. Funds put to better use incorporate recommendations that may result in more efficient use of District funds. Questioned costs are costs that are disallowed or unsupported and are primarily incurred on contracts, grants, and other forms of cooperative agreements. Construction cost savings are funds returned to the District from audits of 17406 contracts. These funds relate to savings from unused allowances and contingency funds imbedded in the contracts. OIG investigative activities may also result in monetary benefits such as fines and recoveries.

Quantifying the monetary value of OIG services for any one year often means assigning value in a given year for efforts that often span over several years. During FY 2014, the OIG identified over \$2.9 million in monetary benefits through its audits, investigations, and special reviews.

<u>Report Type</u>	<u>Monetary Benefits</u>
Internal Audit	\$35,038
Contract Audit	\$2,906,629
Investigation	*
<hr/>	
TOTAL	\$2,941,667

*During FY 2014, the Investigations Unit identified funds that were gained through improper or illegal means. However, unlike audit savings, these funds cannot be realized or estimated with any accuracy until the case has been adjudicated and restitution has been ordered. Restitution will be reported in the year it is ordered and received by the District.

* * * *

E. CONCLUSION

This report is intended to provide information that informs the reader about the OIG, who we are, how we are organized, what we accomplished in FY 2014, and what benefits we brought to the District. FY 2014 was a productive year in which the OIG demonstrated both a desire and ability to be highly proactive and responsive to stakeholder concerns. OIG staff takes pride in being an office that contributes, in a significant manner, to the quality of education provided by the Los Angeles Unified School District.

We thank the Board and the Superintendent and his staff for their support and cooperation, and we look forward to continuing this important work.

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APPENDIX 1

SIGNIFICANT REPORT SUMMARIES

This appendix includes summaries of significant audits and investigations that are not discussed in Section A of this report.

Internal Audits

ITD Expenditures Review – We compiled, summarized, and analyzed ITD expenditure and contract information for the five year period from July 1, 2007 to June 30, 2012. The results of this analysis were presented in a clear, organized manner that facilitated a high level understanding of the District’s ITD expenditures. Our report included a summary of ITD expenditures, salary and benefit information for all ITD-related positions, total expenditures incurred by each ITD cost center, source of funding for all ITD expenditures, and total E-Rate funding amounts. The report also included the total amount of all approved contracts for the 5-year period from 2007 to 2012, as well as a brief description of the services provided under each contract.

Effectiveness of Wireless Network Connectivity Upgrades – The focus of this audit was to assess the degree to which network connectivity upgrades at schools were working effectively. We found that network connectivity upgrades completed at 46 schools had provided the infrastructure and equipment needed for schools to have wireless network access in all classrooms and critical areas of the school campus. However, we also found that there were factors influencing the effectiveness of network connectivity and, as a result, not all 46 schools experienced the benefits of the new LAN upgrades. The OIG provided specific recommendations to provide an efficient solution to the recurring issues affecting all school networks.

Focused SAP Configurable Controls Review Phase II - Realization – The primary objective of this audit was to assess whether controls identified during a prior OIG audit had been implemented and configured as designed for the following business processes: Procure to Pay, Acquire to Retire, and Plan to Report. We found that out of the 53 control settings that the OIG recommended to the Information Technology Division, the District had configured 50 (or 94%) of the settings. The OIG recommended that the remaining three control settings be reviewed by the District for further evaluation.

Chemical Safety Coordinator Program - We audited the Chemical Safety Coordinator Program at middle schools and high schools with science or chemical laboratories. We found partial compliance with the program at the 28 selected school sites and also noted that Reference Guide 1553.2 was outdated. The OIG provided eight recommendations to OEHS. The OEHS agreed with all of the recommendations and stated that most of the recommendations were completed by April 30, 2014. In addition, the OEHS implemented the planned training in coordination with Educational Service Center (ESC) Operations personnel during a March 2014 meeting and will continue to do so in future Chemical Safety Coordinator trainings.

An audit group formed a few years ago within the Internal Audit Unit to do bond related facilities and information technology performance audits and special reviews continued its activities this fiscal year.

Use of District Credit Cards within the Facilities Services Division (FSD) – The focus of this audit was to determine whether the FSD had adequate internal controls over the use of District credit cards. Based on our testing, we found no exceptions for prohibited items in all three types of District credit cards and that controls were working as intended over record retention and the approval of transactions for Buyer Card transactions. However, we also found that internal controls could have been strengthened in the pre-approval process by the Approving Official, and the record-retention process for Fuel Card transactions. The OIG provided specific recommendations to strengthen controls over credit card usage within the FSD.

Contract Audits

H.A. Lewis, Inc. (H.A. Lewis) - The District executed a development and construction agreement with H.A. Lewis for fire damage repair to the *Pacoima Middle School* auditorium. The final approved price, including change orders and contingency/allowance disbursements, amounted to \$3,481,124. Our audit found that the amount billed by H.A. Lewis under the contract was adequately supported and allowable under the terms and conditions of the contract.

NSA Construction Group, Inc. (NSA) - The District executed development and a construction agreement with NSA in the amount of \$1,343,895 for the construction of the Northeast Community Clinic at *Gage Middle School*. We examined the invoices submitted by NSA and disclosed that NSA was in compliance with the contract terms and conditions.

Learn It Online, LLC (LION) – The District entered into a professional services agreement with LION to provide Supplemental Education Services (SES) to all eligible District students whose parents choose LION under the No Child Left Behind (NCLB) Act. We performed an audit of this contract to determine whether (i) the billed costs corresponding with the instructional services were adequately supported, (ii) the contractor obtained signed enrollment log sheets from the participating parents, and (iii) the contractor provided the required tutoring services and new computers. The results of this audit disclosed that LION was in compliance with the contract terms and conditions.

Turner Construction Co. (Turner) – The District entered into development and construction agreement with Turner for the construction of school improvements at *Central Region HS No. 13*. We performed an audit of this contract to determine whether (i) the amounts billed under the contract are allowable, adequately supported and in accordance with the terms and conditions of the contract; (ii) the terms and conditions on the use of allowance and contingency funds were fully adhered to and adequately documented; (iii) the contractor performed the work as required by the contract; and to calculate the balance of cost savings between Turner and the District. The results of the

audit disclosed that Turner was in compliance with the contract terms and conditions and cost savings to the District in the amount of \$621,854.

Edessa Construction, Inc. (Edessa) – We conducted a technical evaluation of the contract with Edessa because it was one of many, similar District contracts to upgrade the fire alarm systems of existing schools, in this case *Washington Preparatory High School* and *Ellington Continuation High School*. The breadth of the fire alarm program, its safety implications and the impact of construction on occupied school sites combined to make risk a crucial part of these undertakings. We inspected the construction site, interviewed both District and Edessa personnel, reviewed the contract documents and observed tests to the fire alarm system. We found that although the final fire alarm system was installed according to the contract and was compliant with regulatory requirements, the project suffered from inaccurate construction documents, delays, cost overruns and poor management. These had a negative impact on school operations and resulted in Edessa being awarded compensable delays of over \$380,000. We made recommendations that the errors and omissions clause be enforced to ensure that design-engineers provide accurate documents, that District project management staff exercise more oversight and that Edessa comply with its contractual obligations to properly supervise their job. Based on our review, we also recommended compensable delays for Edessa which were about 20% less than what was negotiated by the District.

Investigations

The Education Code requires that every investigation, including all investigative files and work product be kept “Confidential.”

Accounting Technician – An allegation was received that an Accounts Payable employee had violated District policy by installing unauthorized computer software and hardware on his District issued computer. The software is known to be used for hacking or the unauthorized use and access of other computers attached to the same server. A computer forensic analysis revealed that the computer’s hard-drive contained Cyber-Hacking software capable of capturing other District employees’ logon names and passwords for the purpose of accessing their accounts. The computer analysis failed to determine any criminal cybercrime violations. However, the investigation disclosed numerous District policy violations with regards to the District’s Acceptable Use Policy. The employee resigned from the District.

Whistleblower – An allegation was received from a whistleblower alleging that management at the Los Angeles School Police Department (LASPD) was retaliating against a police officer for requesting financial information regarding an LASPD sanctioned program. The OIG investigation was closed based on the confidential results of a LASPD Internal Affairs investigation involving the same complaint.

Whistleblower – An allegation was received from a whistleblower alleging retaliatory actions for reporting improper governmental activity regarding the misuse of grant money in association with the LASPD Police Athletic League (PAL) Program. The OIG

investigation was closed based on the confidential results of a LASPD Internal Affairs investigation involving the same complaint.

Wasteful Spending – An allegation was received from a food service employee regarding nepotism, conflict of interest, and wasteful procurement practices involving the District's Categorical Partner Program and its vendor. As a result of the complaints and related investigation, the vendor's contract was amended to remove a delivery fee of \$350 from the contract which was being charged to the District on each delivery.

Coercion – An allegation was received that an eligible candidate for a District position was coerced to remove himself from the eligibility list to allow the Division's manager to provisionally appoint someone not on the list. The investigation substantiated the allegation.

Misuse of Property - An allegation was received that a District employee used District equipment in her private business. The investigation concluded with an admission by the employee of using District equipment through her non-District business and receiving a fee, in violation of the District's Employee Code of Ethics and District Bulletin 953.1.

Payroll Fraud - An allegation was received that a "Housed" District employee was receiving pay from outside the District for work performed during "Housed" hours. The investigation substantiated the allegation and the matter was referred for prosecution.

Theft - An allegation was received that a District employee failed to secure Student Body Funds obtained through fundraising. The investigation substantiated the allegation and the matter was referred for prosecution.

APPENDIX 2

REPORTS ISSUED INDEX

<u>Report Date</u>	<u>Report Number</u>	<u>Report Title</u>
<i>Internal Audit Reports</i>		
08/08/13	LSR 13-059	Washington Preparatory High School
08/16/13	LSR 13-061	Latona Elementary School
08/19/13	LSR 13-060	Byrd Middle School
08/27/13	LSR 13-062	Daniel Pearl Magnet High School
09/20/13	OA 13-506	ITD Expenditure Review
09/23/13	LSR 13-063	93 rd Street Elementary School
09/24/13	OA 13-507	Effectiveness of Wireless Network Connectivity Upgrades
09/30/13	OA 13-509	Middle College High School: Student Body, Imprest Fund and P-Card Transactions
10/18/13	LSR 13-064	Mayberry Elementary School
10/18/13	LSR 13-065	Pinewood Elementary School
11/07/13	OA 13-508	Review of Internal Controls over Force Account
11/14/13	OA 13-510	School Crisis Teams
11/26/13	OA 13-511	Procurement of Common Goods
12/03/13	OA 13-512	Maintaining School Cleanliness and Safety
12/03/13	LSR 13-066	Stanford Primary Center
12/04/13	OA 13-513	Focused SAP Configuration Controls Review Phase II - Realization
12/13/13	OA 13-514	Use of District Credit Cards within Facilities Services Division
12/24/13	LSR 13-067	Sun Valley High School
02/12/14	LSR 14-068	Cortines School of Visual and Performing Arts
03/31/14	OA 14-518	Chemical Safety Coordinator Program
05/21/14	OA 14-516	Price Comparison of Computers and Deliverables
06/06/14	SSR 14-069	South Gate Middle School
06/13/14	OA 14-520	City of Los Angeles Election Invoice No. 14-06
06/20/14	OA 14-517	Random Metal Detector Searches at School Sites
06/27/14	OA 14-519	Charter Schools Division: Review of Oversight Practices
<i>Contract Audit Reports</i>		
07/17/13	CA 13-951	Swinerton Builders, Contract No. 1010139
07/17/13	CA 13-952	NTI Blackboard
08/13/13	TE-13-036	PermaCity Construction Corp., Contract No. 1290016
08/14/13	CA 12-953	Suffolk Construction, Contract No. 0910352
08/20/13	TE 13-037	Chevron Energy Solutions, Contract Nos. 1180016 & 1290017
08/29/13	TE 13-038	SolarCity Corp., Contract No. 1180017, 1290019 & 1290094
09/06/13	AUP 13-954	Woodcraft Rangers - Gompers MS, Contract No. 1000069
09/23/13	AUP 13-955	Woodcraft Rangers - Beachy EL, Contract No. 1000069
09/26/13	CA 12-957	Turner Construction, Contract No. 0810162
09/26/13	TE 14-039	SunPower, Contract Nos. 0980025 & 1180018

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09/26/13	TE 13-041	Komodo Enterprises/Solar Monkey, Contract No. 1290018
9/30/13	CA 13-958	Construction Management Survey
10/08/13	AUP 13-959	Woodcraft Rangers - San Antonio EL, Contract No. 1000069
10/08/13	AUP 13-960	Woodcraft Rangers - Elizabeth LC, Contract No. 1000069
10/14/13	CA 13-956	Sinannian Development, Inc., Contract No. 1010100
10/21/13	CA 14-961	Advanced Technology Laboratories, Contract No. 0990026
10/22/13	TE 13-042	Edessa Construction, Contract No. 0910271
10/26/13	CA 14-962	Consolidated Disposal Services, Inc., Contract No. 1290093
11/13/13	CA 13-963	Smith-Emery Company, Contract No.1190034
11/13/13	TE 14-040	Golden Sun Firm & Co., Inc., Contract No. 1210045
12/04/13	CA 14-964	IBM Corporation - RFP 2000000032
12/10/13	TE 14-043	AP Construction Group, Inc., Contract No. 1310015
12/13/13	CA 14-965	Johnson Controls - RFP 2000000032
12/13/13	CA 14-966	Hewlett-Packard - RFP 2000000032
12/19/13	AUP 13-967	Woodcraft Rangers - South East High School, Contract No. 1000069
01/17/14	CA 13-969	McCarthy Building Companies, Contract No. 1010119
01/17/14	TE 14-044	K-Son Construction Inc. - Canoga Park SH - Gymnasium Renovation, Contract No. 1310028
01/23/14	CA 14-970	Advanced Technology Laboratories, Contract No. 0990045
02/12/14	CA 13-971	Tilden-Coil, Contract No. 1010058
02/19/14	CA 11-968	Turner Construction Company, Contract No. 0810134
03/06/14	CA 14-974	H.A. Lewis, Contract No. 1210046
03/14/14	CA 14-975	The Penta Building Group, Contract No. 1210060
03/26/14	CA 14-976	SCS Engineering, Contract No. 1290049
04/02/14	CA 12-973	Turner Construction Company, Contract No. 0910019
04/02/14	CA 14-978	NSA Construction, Contract No. 1210018
04/10/14	CA 14-977	Swinerton Builders, Contract No. 1210005
04/16/14	CA 14-979	OEHS Contract Professional Timekeeping
04/23/14	AUP 14-981	Star Education, Contract No. 1000066
04/23/14	CA 14-982	Morlin Asset Management Corp., Contract No. 1190048
05/06/14	CA 14-980	FSD Conflict of Interest
05/28/14	CA 14-983	Turner Construction Company, Contract No. 1210044 CO T-755
06/09/14	CA 14-984	Learn It Online, Contract No. 1300148
06/13/14	CA 14-985	Innovative Construction Solutions, Contract No. 1210033
06/24/14	TE 14-045	Sustainability LEED
06/27/14	CA 14-986	#1 At-Home Tutoring, Contract No. 1300109

Investigative Reports

07/24/13	13-272	High School Principal; Violation of District Policy
07/25/13	13-220	M & O Contracts; Alleged Contract Fraud, Kickbacks
07/29/13	13-161	Transportation Services Division – Garage; Alleged Theft & Nepotism
08/01/13	13-107	Adult Alternative Education Program; District Policy Violations
08/01/13	14-008	Whistleblower complaint
08/08/13	14-007	Elementary School Principal; Misappropriation of Student Body Funds
09/23/13	13-056	Food Services Division; Violation of District Policy
10/11/13	14-054	High School Supervision Aide; Alleged Extortion
10/22/13	14-030	High School Permit Coordinator, Over Charging of Fees

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10/23/13	14-049	Maintenance & Operations; Illegal Hiring Practices
10/24/13	14-026	Outside vendor; Misrepresentation and Deceptive Practices
11/04/13	13-191	Whistleblower Complaint
11/04/13	13-197	Whistleblower Complaint
11/20/13	13-204	Elementary School Teacher; Misuse of Teaching Credentials
11/26/13	14-104	Food Service Worker; Alleged Theft of District Property
12/10/13	13-150	District Nursing Services; Violation of District Policy
12/16/13	14-135	Contractor/Vendor; Alleged Misappropriation of District Funds
12/18/13	14-017	Middle School Principal; Alleged Violation of District Policy
01/10/14	14-009	Whistleblower Complaint
02/06/14	14-006	Elementary and Secondary C D S; Alleged Violation of District Policy
02/13/14	14-110	High School teacher; Alleged Violation of District Policy
05/01/14	14-208	Beyond the Bell; Contract Dispute
05/23/14	14-083	High School employees; Alleged Theft
06/03/14	14-123	Accounts Payable Division; Alleged Violation of Acceptable Use Policy
06/06/14	14-174	High School teacher; Payroll Fraud and District Policy Violations
06/09/14	13-304	Elementary School SAA; Theft of Public Funds
06/24/14	14-178	High School Athletic Coach; Alleged Violation of District Policy

APPENDIX 3

DISTRIBUTION LIST

Board of Education
Bond Oversight Committee
Executive Officer of the Board
Superintendent
Senior Deputy Superintendent
General Counsel

Know about fraud, waste or abuse?

Tell us about it.

Maybe you are a School District Employee, or maybe you are a private citizen. Either way, you are a taxpayer.

Maybe you know something about fraud, or 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 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.

Call the hotline:

**(213) 241-7778
or
(866) LAUSD-OIG**

Write to us:

**Fraud Hotline Center
333 S. Beaudry Ave., 12th Floor
Los Angeles, CA 90017**