



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

**Audit of Pars Arvin Construction, Inc.  
Contract No. 1910030/4400007224**

**CA 21-1285**

**May 19, 2021**



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

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*Inspector General*

May 19, 2021

Ms. Judith Reece, Chief Procurement Officer  
Procurement Services Division  
Los Angeles Unified School District  
333 S. Beaudry Ave., 28th Floor  
Los Angeles, CA 90017

RE: Pars Arvin Construction, Inc. - Contract No. 1910030/4400007224

Dear Ms. Reece:

This is the final report on our audit of Pars Arvin Construction, Inc. - Contract No. 1910030/4400007224.

Please contact our office if you have any questions.

Sincerely,

***Austin E. Onwualu***

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Austin Onwualu, CPA, CIG  
Deputy Inspector General, Audits

***William Stern***

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William Stern, MBA, CIG, QIAL, CPP, CFE  
Inspector General

Attachment

c: Richard Lui  
Cheri Thomas

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## **Audit of Pars Arvin Construction, Inc. Contract No. 1910030/4400007224**

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### **Introduction**

The Office of the Inspector General (OIG) audited contract number 1910030/4400007224 (contract) awarded by the Los Angeles Unified School District (District) to Pars Arvin Construction, Inc. (Pars Arvin) for construction services performed at Narbonne High School. The contract's scope of work included the following modifications/installations for American with Disabilities Act (ADA) compliance and program accessibility improvements: (i) modifications to ramps, pathways, drinking fountains, restrooms, and parking areas; (ii) upgrades to lockers, doors and hardware, sinks, counters, and cabinets; and (iii) installation of signages in classrooms and offices. The contract was awarded for a fixed-price amount of \$2,983,000 and had a start date of December 26, 2018. The contract amount was increased to \$3,958,250 due to the award of \$975,250 in change orders. The project was accepted by the District as completed on September 30, 2020, and Pars Arvin submitted the final pay application on April 23, 2021.

### **Scope and Objectives**

The objectives of our examination were to determine the following:

- i. whether the amounts billed were based on work completed and the contract's schedule of values
- ii. whether subcontractors were paid as specified on Pars Arvin's pay applications and in accordance with the California Public Contract Code (PCC) Section 10262

Our examination covered all progress payments submitted for the performance period from December 26, 2018 through August 15, 2020.

### **Methodology**

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

- Interviewed Facilities Services Division's (FSD) Project Execution Branch and Access Compliance Unit (ACU) to obtain an understanding of the District's internal controls and processes
- Inquired with Pars Arvin's management about their internal controls and business operations
- Compared and reconciled the District's progress payments against Pars Arvin's records
- Reviewed the scheduled of values and the percentage of completion and amount billed for each description of work per each pay application submitted to the District



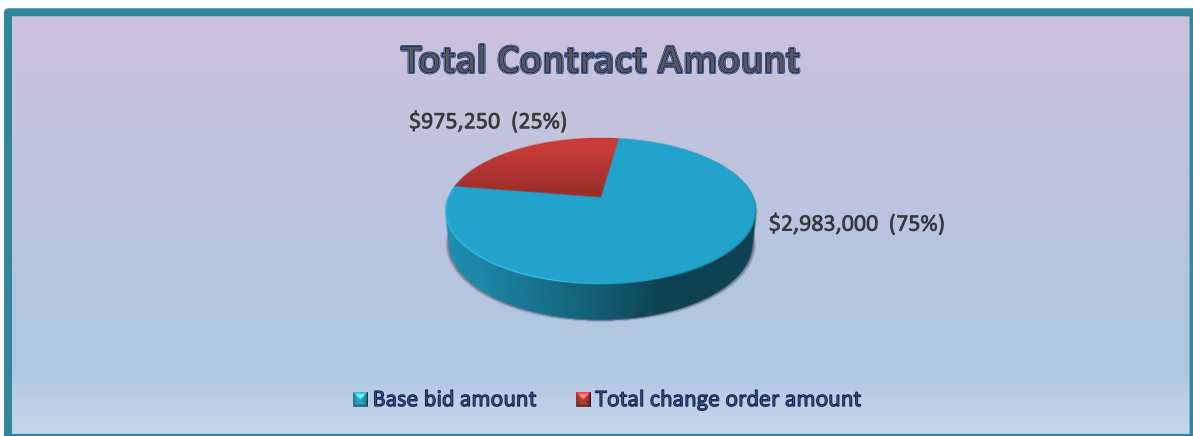
## Audit of Pars Arvin Construction, Inc. Contract No. 1910030/4400007224

- Verified that change orders were properly authorized by District representatives, the proposed amounts were adequately supported by the District's fair cost estimate and contractor's cost break-down estimates, and that the final negotiated costs were reasonably justified based on the required scope of work
- Reviewed the minutes of the weekly project status meetings
- Reviewed inspection reports to substantiate that specific phases of work were completed and properly passed inspections
- Validated payments to Par Arvin's subcontractors against subcontractor's invoices and cancelled checks
- Conducted a site visit to verify that completed work was in accordance with the ADA accessibility requirements
- Confirmed with the Owner's Authorized Representative (OAR), Project Inspector, and ACU Specialist that the project was completed as required by the scope of work

### Results of Audit

#### 1. Determine whether the amounts billed were based on work completed and the contract's schedule of values.

Pars Arvin submitted twenty pay applications totaling \$3,958,250 for work performed under this contract from December 26, 2018 through August 15, 2020. The amount was comprised of the base bid amount of \$2,983,000 and change orders totaling \$975,250.





## Audit of Pars Arvin Construction, Inc. Contract No. 1910030/4400007224

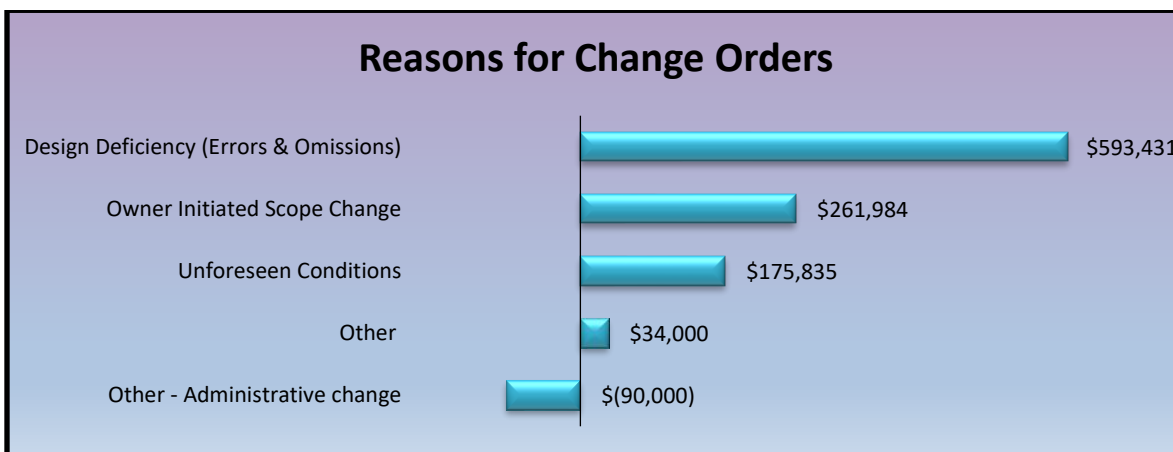
### *Review of base bid amount billed*

The contract awarded to Pars Arvin stipulated that the base bid amount of \$2,983,000 would provide for all the labor, materials, equipment, services, and incidentals that are necessary for the completion of the ADA barrier removal at Narbonne High School within 300 calendar days from the start date. For each calendar month that payment was requested, Pars Arvin submitted a pay application reporting the percentage of work completed during the preceding month and the amount requested for each description of work per the approved schedule of values.

We reviewed the pay applications Pars Arvin submitted for the contract's original scope of work and performed the following procedures: (i) verified that all pay applications were certified by Pars Arvin and properly reviewed and approved by the OAR prior to processing for payment, (ii) compared the percentage and amount requested for each description of work completed to ensure that the requested amount did not exceed the approved schedule of values, and (iii) verified the billed/approved percentage of completion of the various phases/milestones by reviewing the weekly project status meeting minutes and inspection reports. Based on our review, we concluded that the amount billed for the contract's original scope of work was completed and progress billings were submitted properly based on the contract's schedule of values.

### *Review of change orders*

Pars Arvin billed the District for 120 change orders totaling \$975,250. Sixty-seven change orders totaling \$593,431 were issued due to deficiencies in the original contract drawings (the architect's errors and omissions). The remaining fifty-three change orders totaling \$381,819 were issued to change the contract amount for unforeseen conditions, owner-initiated scope changes, and un-used allowance. A break-down of the reasons for the change orders that were issued under this contract are presented in the following chart.





## **Audit of Pars Arvin Construction, Inc. Contract No. 1910030/4400007224**

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For each change order, we reviewed the following: (i) documentation initiating the change such as request for proposal, construction directive, and DSA-approved construction changes; (ii) District's fair cost estimate; (iii) the contractor's change order proposal and documents supporting the proposed amounts for labor, materials, equipment, and subcontractors' estimates; (iv) record of negotiation; and (v) proper authorization and approval from District's representatives. From our review, we noted that the final negotiated change order amounts of 101 change orders did not exceed the District's fair cost estimates for the change order work. For the 19 change orders with amounts that exceeded the District's fair cost estimates, the final negotiated amounts were approved by FSD management because the fair cost estimates did not account for the entire scope of the change work. Based on the work performed, we determined that the change orders issued under this contract were reasonable, adequately supported, and properly authorized.

### *Review of barrier removal for access compliance*

When upgrades and modifications to address accessibility are completed, the District's ACU Specialist performs inspections to verify compliance with the ADA. In conducting their inspections, the ACU Specialist follows the criteria outlined in the DSA's California Access Compliance Advisory Reference Manual (reference manual), which includes the ADA requirements that are unique to California.

We conducted a site visit to examine whether existing barriers associated with ramps, stairs, handrails, bathrooms, parking spaces, etc., were modified or upgraded to meet ADA accessibility requirements. During our site visit, we performed the following: (i) inspected the installed handrails, signages, and operable parts such as hardware on doors, and (ii) measured the ramps, stairs, bathroom, and parking spaces to validate whether the required minimum/maximum slopes, heights, widths, clearances, etc., were adhered to. Exhibit A lists the various requirements for which we tested and the test results. Based on our inspections and measurements, we determined that the various upgrades and modifications related to barrier removal were made in accordance with the ADA requirements. We also confirmed with the OAR, Project Inspector, and ACU Specialist that non-conformance items have been addressed, outstanding punch list items have been closed before the project's substantial completion date, and the completed work complied with all accessibility requirements. Furthermore, per our review of the final verified report filed by the contractor with the Division of the State Architect and FSD's notice of contract acceptance and completion, we determined that Pars Arvin satisfactorily completed the required scope of work. Photos of some of the completed works are presented in Exhibit B.





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### **2. Determine whether subcontractors were paid as specified on Pars Arvin's pay applications and in accordance with the California Public Contract Code Section 10262.**

The California Public Contract Code (PCC) Section 10262 requires that a contractor pay its subcontractors within seven days of receipt of each progress payment the respective amounts allowed the contractor on account of the work performed by its subcontractors to the extent of each subcontractor's interest therein.

A review of Par Arvin's subcontracted agreements and job cost report showed that subcontractor costs totaled \$1,781,536. To verify whether subcontractors were paid timely, we selected thirty-seven payments totaling \$1,239,632, or 70% of total subcontractor costs, from the job cost report for testing. For each selected payment, we performed the following procedures: (i) reviewed cancelled check to the subcontractor and determined the check issuance date, (ii) validated the performance period associated with the payment per the subcontractor's pay application or invoice, (iii) identified Par Arvin's progress payment receipt date for each performance period, (iv) compared Par Arvin's progress payment receipt date against the date of the cancelled check, and (v) determined if the payment to the subcontractor was made within seven days of Par's Arvin receipt of its progress payment from the District.

Our procedures found that all thirty-seven payments were paid within the required timeframe. Thirty-one payments totaling \$940,207 were remitted to subcontractors in advance of Pars Arvin's receipt of its progress payments from the District, and the remaining six payments totaling \$299,425 were remitted within seven days of Pars Arvin's receipt of its progress payments from the District. We concluded that subcontractors were paid timely in accordance with the PCC Section 10262.

### **Audit Team**

This audit was performed by the following auditors:

Stella Lai, Audit Manager  
Silas Awujo, Principal Auditor  
Joanna Vuong, Senior Auditor





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*Inspector General*

### **Independent Auditor's Report**

We have examined the amounts billed by Pars Arvin Construction, Inc. (Pars Arvin) under contract number 1910030/4400007224 (contract) for the period from December 26, 2018 through August 15, 2020 and Pars Arvin's compliance with the terms and conditions of the contract. Pars Arvin's 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 Pars Arvin'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.

In our opinion, the amounts billed by Pars Arvin under the contract for the period from December 26, 2018 through August 15, 2020 were adequately supported and allowable according to the contract terms and conditions in all material respects, and payments to subcontractors were remitted timely in accordance with the California Public Contract Code Section 10262.

**Austin Onwualu**

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Austin Onwualu, CPA, CIG  
Deputy Inspector General, Audits

May 6, 2021

Testing of Compliance with ADA Requirements					
Barrier Type	Location	ADA Requirement	Criteria per DSA's 2019 California Access Compliance Advisory Reference Manual	Results from Review	Requirement Met/Not Met
Ramp	Building B	Slope	11B-405.2 Slope. Ramp runs shall have a running slope not steeper than 1:12 (1-foot rise to 12 feet of horizontal run).	The slope of the ramp was 8.33 percent steep, which equated to 1:12 (1/12 x 100).	Met
		Width	1B-405.5 Clear width. The clear width of a ramp run shall be 48 inches (1219 mm) minimum.	The clear width was 51 inches, which exceeded the 48 inches minimum width.	Met
		Landings	11B-405.7.2.1 Top landings shall be 60 inches (1524 mm) wide minimum.	The top landing was 73.5 inches wide, which exceeded the 60 inches minimum landing width.	Met
Stairs	Outdoor Stage	Treads and Risers	1B-504.2 Treads and risers. All steps on a flight of stairs shall have uniform riser heights and uniform tread depths. Risers shall be 4 inches (102 mm) high minimum and 7 inches (178 mm) high maximum. Treads shall be 11 inches (279 mm) deep minimum.	The risers were 5.5 inches high and were within the 4-7 inches height range.  The treads were 12 inches deep (wide) which exceeded the 11 inches minimum depth.	Met
		Nosings	1B-504.5 Nosings. The radius of curvature at the leading edge of the tread shall be ½ inch (12.7 mm) maximum.	The radius of the nosings were .5 inches and do not exceed the maximum ½ inch maximum radius.	Met
Handrails	Various Locations throughout Campus	General	11B-505.2 Where required. Handrails shall be provided on both sides of stairs and ramps.	Handrails were provided on both sides of ramps and stairs throughout the school campus.	Met
	Bungalow H3	Continuity	11B-505.3 Continuity. Handrails shall be continuous within the full length of each stair flight or ramp run.	Handrails were continuous and within the full length of ramp.	Met
		Height	11B-505.4 Height. Top of gripping surfaces of handrails shall be 34 inches (864 mm) minimum and 38 inches (965 mm) maximum vertically above walking surfaces, stair nosings, and ramp surfaces.	Height from the gripping surface to the ramp surface was 36.5 inches, which was within the 34-38 inches required range.	Met
		Clearance	1B-505.5 Clearance. Clearance between handrail gripping surfaces and adjacent surfaces shall be 1½ inches (38 mm) minimum.	The clearance from wall (adjacent surface) to handrail was 1.5 inches, which was minimum clearance required.	Met

Testing of Compliance with ADA Requirements					
Barrier Type	Location	ADA Requirement	Criteria per DSA's 2019 California Access Compliance Advisory Reference Manual	Results from Review	Requirement Met/Not Met
Bathroom	Administration Office (Women's Restroom)	Seats	1B-604.4 Seats. The seat height of a water closet above the finish floor shall be 17 inches (432 mm) minimum and 19 inches (483 mm) maximum measured to the top of the seat.	The height from the floor to top of the seat was 18 inches, which was within the required range.	Met
		Maneuvering Space	11B-604.8.1.1.1 Maneuvering space with in-swinging door. In a wheelchair accessible compartment with an in-swinging door, a minimum 60 inches (1524 mm) wide by 36 inches (914 mm) deep maneuvering space shall be provided.	The door was in-swinging as required.  The maneuvering space was 60 inches wide and 44 inches deep.	Met
		Height - sinks	11B-606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (864 mm) maximum above the finish floor or ground.	The height from the floor to rim of the sink was 33.25 inches, which was lower than the 34 inches maximum height.	Met
Parking Spaces	Middle Campus Parking Lot	Minimum Number	11B-208.2 Minimum number. Where more than one parking facility is provided on a site, the number of accessible spaces provided on the site shall be calculated according to the number of spaces required for each parking facility.	For a facility with 76-100 parking spaces, a minimum of 4 accessible parking spaces are required.  There were 77 parking spaces and 6 of them were accessible parking spaces.	Met
		Vehicles Spaces	11B-502.2 Vehicle spaces. Car parking spaces shall be 108 inches (2743 mm) wide minimum and van parking spaces shall be 144 inches (3658 mm) wide minimum and shall have an adjacent access aisle.	The parking space for each car was 108 inches (9ft) wide, which met the 108 inches minimum width requirement.	Met
		Van Spaces - exception	Exception: Van parking spaces shall be permitted to be 108 inches (2743 mm) wide minimum where the access aisle is 96 inches (2438 mm) wide minimum.	The parking space for each van space is 108 inches (9ft) wide, and the adjacent access aisle is 96 inches (8ft) wide.	Met

Testing of Compliance with ADA Requirements					
Barrier Type	Location	ADA Requirement	Criteria per DSA's 2019 California Access Compliance Advisory Reference Manual	Results from Review	Requirement Met/Not Met
Doors	Various Classrooms, Cafeteria, Gyms	Hardware	11B-404.2.7 Door and gate hardware. Handles, pulls, latches, locks, and other operable parts on doors and gates shall comply with Section 11B-309.4 (Operable parts shall be operable with one hand and shall not require tight grasping, pinching, or twisting of the wrist.)	The lever handle-type and panic hardware were installed on doors where required.	Met
Signages	Various Locations throughout Campus	Directional and Informational	11B-216.3 Directional and informational signs. Signs that provide direction to or information about interior and exterior spaces and facilities of the site.	The required signs were installed throughout the school campus (e.g., "Access Door at West Door", "Accessible Door Entrance/Exit at South Door", "Service Area", etc.)	Met
	Middle Campus Parking Lot	Identification - parking	11B-502.6 Identification. Parking space identification signs shall include the International Symbol of Accessibility in white on a blue background. Signs shall be 60 inches (1524 mm) minimum above the finish floor or ground surface measured to the bottom of the sign.	The parking space sign included the symbol for accessibility and measured 80 inches to the ground surface, which exceeded the 60 inches minimum requirement.	Met
	Administration Building Parking Lot	Minimum Fine - parking	11B-502.6.2 Minimum fine. Additional language or an additional sign below the International Symbol of Accessibility shall state "Minimum Fine \$250".	The additional sign "Minimum Fine \$250" was installed as required.	Met
	Classrooms & Bathrooms throughout Campus	General	11B-703.1 General. Where both visual and tactile characters are required, either one sign with both visual and tactile characters, or two separate signs, one with visual, and one with tactile characters, shall be provided.	Two separate signs (visual and tactile characters with Braille translation) were provided where required.	Met
	Various Locations throughout Campus	Men's & Women's Restrooms	11B-703.7.2.6.1 Men's toilet and bathing facilities. A triangle symbol shall be located at entrances to men's toilet and bathing facilities.  1B-703.7.2.6.2 Women's toilet and bathing facilities. A circle symbol shall be located at entrances to women's toilet and bathing facilities.	Signs with appropriate symbols were provided as required for all restrooms that were toured.	Met

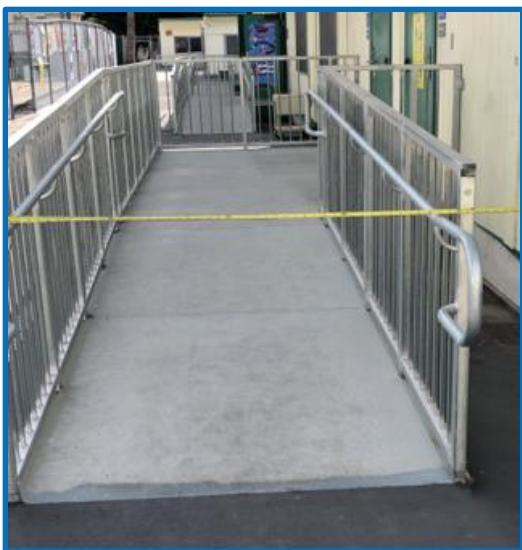


Exhibit B.1: Measured width of ramp

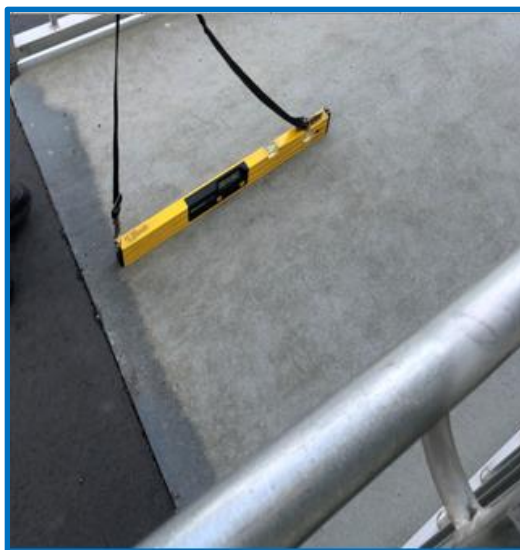


Exhibit B.2: Measured slope of ramp



Exhibit B.3: Measured height of handrails



Exhibit B.4: Measured height of toilet seat

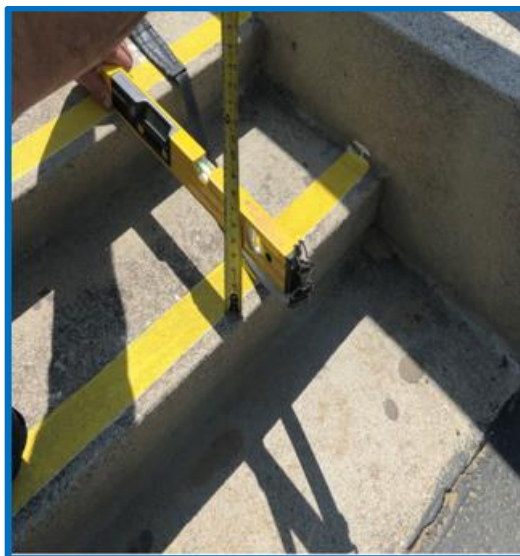


Exhibit B.5: Measured stair treads and risers



Exhibit B.6: Measured width of parking spaces



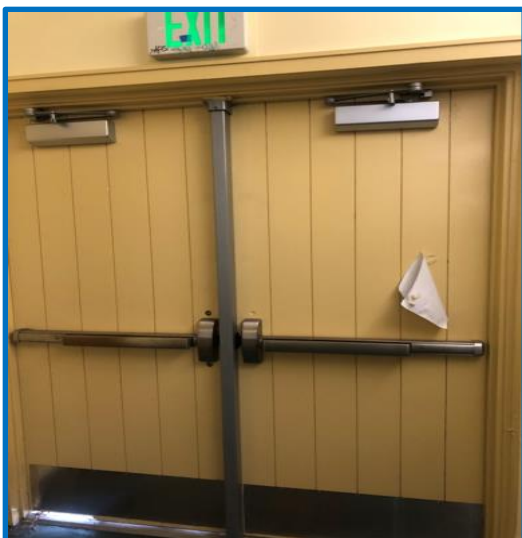


Exhibit B.7: Upgraded door closers and panic hardware



Exhibit B.8: Modified auditorium seating and arm rest

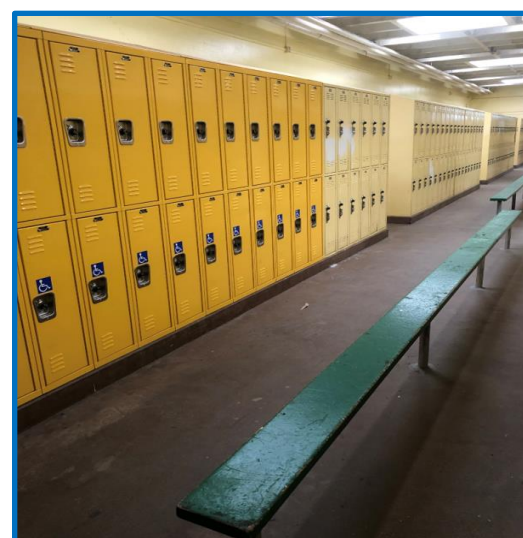


Exhibit B.9: Upgraded gym locker combinations and modified spacing of benches



Exhibit B.10: Installed informational and directional signages



Exhibit B.11: Installed restroom signages



Exhibit B.12: Installed visual and tactile signages

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Maybe you know something about fraud, waste, or some other type of abuse in the school district.

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If you wish, we will keep your identity confidential. You can remain anonymous, if you prefer. And you are protected by law from reprisal by your employer.

## **Whistleblower Protection**

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

## **General Contact Information**

Office of the Inspector General  
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## **Fraud, Waste and Abuse Hotline**

**(866) 528-7364 or (213) 241-7778**

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