

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

**Incurred Cost Audit  
Fredrick Towers, Inc.  
Contract No. 4400011626**

**26-1023**

**December 4, 2025**

**Sue Stengel  
Inspector General**





# Los Angeles Unified School District Office of the Inspector General

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December 4, 2025

Mr. Matthew Friedman, Chief Procurement Officer  
Procurement Services Division  
Los Angeles Unified School District  
333 S. Beaudry Avenue, 19th Floor, Los Angeles, CA 90017

RE: Audit of Fredrick Towers, Inc. – Contract No. 4400011626

Dear Mr. Friedman:

Enclosed is the final report on our audit of Contract No. 4400011626 awarded to Fredrick Towers, Inc.

Please feel free to contact our office if you have any questions or need additional information.

Sincerely,

*Mark H. Pearson*  
Digitally signed by Mark H. Pearson  
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Mark H. Pearson, CPA, CFE, CIGA  
Assistant Inspector General

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Sue Stengel, Esq., CIG  
Inspector General

c: Krisztina Tokes, Chief Facilities Executive  
Andrea Reyes, Special Assistant to Chief Facilities Executive  
Daphne Congdon, Director of IT, Finance, and Administration  
Jenelle Yapleen-Chow, Principal Administrative Analyst  
Jorge Ballardo, Deputy Chief Procurement Officer  
Courtney Pettus, Contract Administration Manager  
Gayane Stepanyan, Assistant Contract Administration Manager  
Lissette Pacheco, Principal Administrative Analyst  
Cheri Thomas, Principal Administrative Analyst  
Elizabeth Li, Administrative Analyst

Attachment

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# Audit of Fredrick Towers, Inc. Contract No. 4400011626

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## EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) audited the Job Order Contract (JOC)<sup>1</sup> Number 4400011626 (Contract)<sup>2</sup> awarded by the Los Angeles Unified School District (District) to Fredrick Towers, Inc. (Fredrick) to provide general contracting services at various District sites. The audit assessed Fredrick's invoiced costs, the completion of the job order<sup>3</sup> scope of work, and the District's administration of change orders,<sup>4</sup> with the goal of supporting transparency, compliance, and accountability in contract execution.

### Key Conclusions

- 12 job orders were issued under the Contract. The scope of work was completed, properly approved, and adequately documented in all material respects.
- Fredrick invoiced a total of \$4,122,511 under the Contract, which represented 100% of all approved job orders and change orders. The billed amounts were supported and in accordance with contract terms and conditions in all material respects.
- The District issued 29 change orders, related to nine job orders, with a combined value of \$1,059,082. All change orders were reviewed and found to be properly approved.

## INTRODUCTION

On June 9, 2023, the District awarded a Job Order Contract, Contract No. 4400011626, to Fredrick Towers, Inc., to provide general contracting services at various District sites. The contract was initially established with a not-to-exceed capacity of \$350,000 and was subsequently increased to a total not-to-exceed capacity of \$5,350,000 through four contract amendments. The contract term was 365 days, covering the period from June 9, 2023, through June 8, 2024.

A total of 12 job orders were issued under the contract, including six job orders for Public Address (PA) System upgrade projects, and six job orders for campus reconfiguration, campus upgrade, and various construction work at school sites. All 12 job orders have been completed, and the total payments were \$4,122,511. See Exhibit A for a list of all 12 job orders issued.

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<sup>1</sup> A Job Order Contract is a competitively bid contract between the District and a licensed, bonded, and general liability insured contractor in which the contractor agrees to a fixed period, fixed unit price, and indefinite quantity contract that provides for the use of job orders for public works or maintenance projects.

<sup>2</sup> [https://www.lausd.org/cms/lib/CA01000043/Centricity/Domain/184/4400011626\\_Bid\\_and\\_Acceptance.pdf](https://www.lausd.org/cms/lib/CA01000043/Centricity/Domain/184/4400011626_Bid_and_Acceptance.pdf)

<sup>3</sup> A Job Order is a firm fixed priced, lump-sum order issued by the District to a job order contractor for a definite project scope of work as compiled from the catalog of construction tasks to be performed pursuant to a job order contract.

<sup>4</sup> A JOC Change Order is a job order issued when it is necessary to "modify" an original job order scope of work and/or add contract duration in order to complete that original scope of work, and when the modification is due to unforeseen conditions or work not contemplated at the time the original job order was awarded.

**Audit of Fredrick Towers, Inc.**  
**Contract No. 4400011626**

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**SCOPE AND OBJECTIVES**

The objectives of our examination were to determine whether:

1. the completion of the scope of work was approved by the District and documented.
2. the billed amounts were supported and in accordance with contract terms and conditions.
3. JOC change orders were properly approved and documented.

Our examination covered all payments made by the District to Fredrick under the Contract.

**METHODOLOGY**

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

- Reviewed District policies and procedures for managing JOC contracts and job orders.
- Interviewed District staff to obtain an understanding of the District's internal controls and processes for managing JOC contracts and job orders.
- Interviewed Fredrick's management about their internal controls and business operations.
- Reviewed key completion and acceptance documents, including JOC Certificates of Substantial Completion,<sup>5</sup> Final Punch Lists, PA System Test and Acceptance forms, Notices of Project Completion & Acceptance, and Contractor Performance Evaluations.
- Validated billing accuracy by tracing billed amounts to approved job orders, authorized change orders, and by confirming percent-completion claims using supporting inspection and acceptance records.
- Validated Bid Adjustment Factor (BAF)<sup>6</sup> used in Cost Proposals against the authorized contract coefficients.
- Reviewed approval authority and documentation completeness for all original job orders and change orders, ensuring required approvals and supporting documents (Request for Proposal

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<sup>5</sup> Substantial Completion is the stage in the progress of the work when all requirements of the job order are completed except minor corrective items or non-conformance list items, receipt of all final warranties, guaranties, and record documents.

<sup>6</sup> The Bid Adjustment Factor is the job order contractor's competitively bid adjustment to the District's prices as published in the Construction Task Catalog.

**Audit of Fredrick Towers, Inc.**  
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(RFP), Construction Directive,<sup>7</sup> Detailed Scope of Work, Fair Cost Estimate (FCE),<sup>8</sup> and Cost Proposal) were present.

- Confirmed that the total of each job order amount, including change order amount, did not exceed the applicable statutory limit of \$1,673,000.<sup>9</sup>
- Conducted site visits for two job orders and observed the work completed at those school sites.

**RESULTS OF AUDIT**

**Objective 1 – Determine whether the completion of the scope of work was approved by the District and adequately documented.**

All 12 job orders issued under the Contract were completed and accepted by the District. To assess whether the completion of the scope of work was approved by the District and adequately documented, we selected a sample of seven job orders, 58% of the total issued job orders, and performed the following audit procedures:

- ✓ Reviewed **JOC Certificate of Substantial Completion (CSC) and Recommendation to File a Notice of Project Completion & Acceptance** – signed by the Owner Authorized Representative (OAR)<sup>10</sup> and Regional Director - certifying that the work was substantially completed.
- ✓ Reviewed **Final Substantial Completion Punch List / Final Quality Assurance Punch List** – signed by inspectors from the FSD Inspection Department and Network Engineers from ITS Design and Quality Assurance Branch (DQAB) - certifying that the punch list items were completed.
- ✓ Reviewed **Schools PA System Test and Acceptance** – signed by Network Engineers from ITS DQAB - certifying the PA system was successfully installed and is fully operational.
- ✓ Reviewed **Notice of Project Completion & Acceptance (NPCA)**– signed by the Assistant Contract Administration Analyst - after confirming that all the required documents were

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<sup>7</sup> A written directive issued by the Owner Authorized Representative, on or after the effective date of the job order, directing the contractor to proceed regarding an issue of dispute, or requiring the contractor to take a specified action regarding the work, project, and/or contract. A construction directive may result in an addition, deletion, and/or revision in the work of a job order and may serve as a basis for issuing a change order and/or subsequent job orders.

<sup>8</sup> A Fair Cost Estimate is an estimate of the construction costs for a specific Detailed Scope of Work prepared by the District (i.e., OAR, Estimator, etc.) and independent from the Contractor's submitted Cost Proposal.

<sup>9</sup> California Public Contract Code §20919.25 sets the Job Order maximum at \$1,000,000 as of January 1, 2004, with annual adjustments based on the California Consumer Price Index (CPI). The cumulative CPI increase from February 2004 through December 2022 is approximately 67.3%, resulting in an adjusted Job Order limit of \$1,673,000.

<sup>10</sup> The Owner Authorized Representative (OAR) is the designated authorized representative of the owner who administers the job order.

**Audit of Fredrick Towers, Inc.**  
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submitted and the District accepted the work for administrative purposes.<sup>11</sup>

- ✓ Reviewed **Performance Evaluations** completed by the OAR, Inspector, and School Principal.
- ✓ Conducted **Site Visits** for two job orders and observed that the completed work aligned with the approved scope of work. (See Exhibit B for site visit pictures)
- ✓ Interviewed a sample of OARs, JOC Specialists,<sup>12</sup> and School Principals.

Based on the audit procedures performed, we found that the completion of the scope of work was approved by the District and documented.

**Objective 2 – Determine whether the billed amounts were adequately supported, allowable, and in accordance with contract terms and conditions.**

The contractor bills the District for completed work by submitting a JOC Application for Payment. Each job order is billed separately. Depending on the project’s duration, the contractor may submit a single application for payment upon completion of the job order or multiple applications for payment over the course of the project to reflect progress and percent completion. The total amount paid for all 12 job orders was \$4,122,511.

To assess whether the billed amounts were supported, and in accordance with contract terms and conditions, we selected a sample of seven job orders, with a paid amount totaling \$3,554,477, 86% of the total amount paid under the Contract, and performed the following audit procedures:

- ✓ *Verified payment accuracy* – compared the District’s payment records to the approved JOC Application for Payment and confirmed that the contractor was paid only the authorized amount.
- ✓ *Validated the accuracy of the billed amount* – traced the billed original job order amount and change order amount on JOC Application for Payment to the approved original job order and approved JOC change orders.
- ✓ *Confirmed percent-completion claims* – reviewed the supporting inspection and acceptance documents and confirmed the percentage of completion claimed on the JOC Application for Payment.
- ✓ *Validated pricing coefficient* – the Bid Adjustment Factor used in the contractor’s cost proposal matched the contract-authorized Bid Adjustment Factor.

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<sup>11</sup> The documents required for the NPCA Package include, but are not limited to: CSC, Copy of Notice to Proceed (NTP), Copy of Amended NTP, Recommendation to File a Notice of Project Completion and Acceptance, Final Substantial Completion Punch List, Copies of Approved Change Orders, etc.

<sup>12</sup> A JOC Specialist is a technical specialist responsible for reviewing and validating a contractor’s cost proposal prior to issuance of the job order.

**Audit of Fredrick Towers, Inc.  
Contract No. 4400011626**

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- ✓ *Reviewed statutory job order limit* – the total of each job order amount, including change order amount, did not exceed the applicable statutory limit of \$1,673,000.

Based on the audit procedures performed, we found that the billed amounts were supported and in accordance with contract terms and conditions in all material respects.

**Objective 3 – Determine whether the JOC change orders were properly approved and adequately documented.**

A total of 29 change orders, including six change orders for time extension, and 23 change orders for modified scope of work, totaling \$1,059,082, were issued under nine job orders. To determine whether change orders were approved and documented, we reviewed all 29 change orders issued and performed the following audit procedures:

- ✓ *Verified approval authority* - each JOC change order was approved by the appropriate level of management.
- ✓ *Reviewed documentation completeness* – each JOC change order package included the required supporting documents, including but not limited to:
  - Approved Construction Directive
  - Detailed Scope of Work signed by both the OAR and the contractor
  - Request for Proposal issued by the District
  - Owner’s Fair Cost Estimate
  - Contractor’s Cost Proposal
- ✓ *Verified compliance with change order value limit* – each change order did not exceed 25 percent of the original job order amount.
- ✓ *Validated pricing coefficient* – the Bid Adjustment Factor used in the contractor’s cost proposal matched the contract-authorized factor.

Based on the procedures performed, we found that all job order change orders were approved and documented.

**Audit Team**

This audit was performed by the following auditors:

Stella Lai, Audit Manager  
Shelly Guo, Principal Auditor  
Vilma Baquir, Senior Auditor



# Los Angeles Unified School District Office of the Inspector General

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*Superintendent*

Sue Stengel  
*Inspector General*

## Independent Auditor's Report

We have examined the amounts billed by Fredrick Towers, Inc. (Fredrick) under contract number 4400011626 (Contract) for the period from June 9, 2023, through June 8, 2024. Our examination focused on whether the scope of work completed was approved by the District and adequately documented, and whether the amounts billed accurately reflected the scope of work completed, as required by the terms and conditions of the Contract. Additionally, we reviewed whether the change orders executed complied with the District's policies and procedures. Fredrick'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 Fredrick's compliance with the contract requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of Fredrick's compliance with the specified requirements.

In our opinion, the scope of work completed for the job orders issued was approved by the District and adequately documented, the amounts billed by Fredrick were adequately supported and allowable in accordance with the Contract's terms and conditions in all material respects, and the change orders were properly approved and adequately documented.

*Mark H. Pearson*

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

December 4, 2025

Fredrick Towers, Inc.  
Contract No. 4400011626

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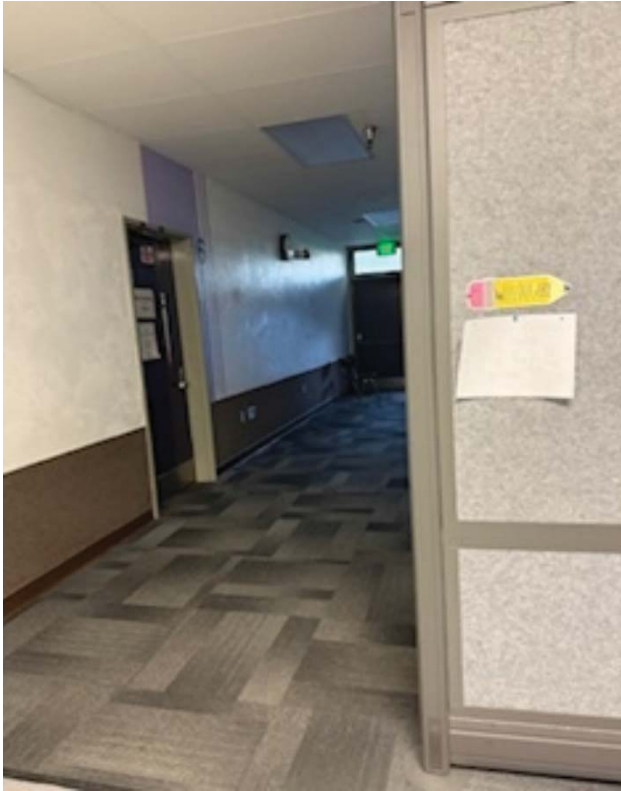
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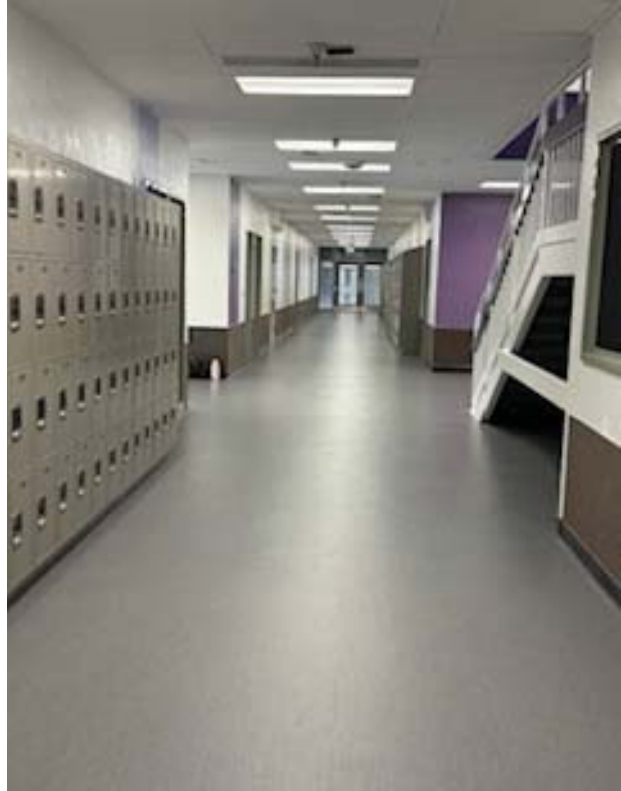
## Exhibit A – List of Job Orders Issued

No.	Job Order No.	Job Order Amount	School Site	Job Order Work Description
1	24-FRE-807300005596	\$ 66,772.98	Cohasset EL	PA System Upgrade
2	24-FRE-807300005608	63,819.48	Evergreen ES	PA System Upgrade
3	24-FRE-807300005612	65,494.33	Ford ES	PA System Upgrade
4	24-FRE-807300005664	81,290.79	Nightingale MS	PA System Upgrade
5	24-FRE-807300005691	79,911.22	Sepulveda MS	PA System Upgrade
6	24-FRE-807300005692	64,264.23	Sharp MS	PA System Upgrade
7	24-FRE-10372470	920,118.09	West Valley EEC	Reopening and Campus Upgrade
8	24-FRE-10372957	316,876.16	Sylvan Park ES	Main Play Yard Shade Structure
9	24-FRE-10373552	1,595,123.38	Girls Academic Leadership Academy (GALA)	Campus Reconfiguration
10	24-FRE-10373688	36,365.96	Gridley ES	Curb Ramp
11	24-FRE-10374408	537,929.55	Porter Ranch Community School	Paving
12	24-FRE-10373552	294,544.41	Girls Academic Leadership Academy - Westchester HS	Tenant Improvement
		<b>\$4,122,510.60</b>		

## Exhibit B – Pictures of Site Visits



GALA - Development Center – Hallway



GALA - Administrative Building – Hallway



GALA - Auditorium

**Exhibit B – Pictures of Site Visits**



Cohasset ES – PA System



Cohasset ES – Indoor Speaker



Cohasset ES – PA Marquee Sign

## FRAUD, WASTE, AND ABUSE HOTLINE

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