

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

**Change Order Audit
Kemp Bros. Construction, Inc.
Change Order No. T-1491
Contract No. 4400010465**



26-1034

March 26, 2026

**Michael A. McLean
Interim Inspector General**





Los Angeles Unified School District Office of the Inspector General

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March 26, 2026

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

RE: Kemp Bros. Construction, Inc.
Contract No. 4400010465

Dear Mr. Friedman:

This is the final audit report on the examination of Contract No. 4400010465 awarded to Kemp Bros. Construction, Inc.

Please contact our office if you have any questions.

Sincerely,

Josh Margraf Digitally signed by Josh Margraf
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Date: 2026.03.26 12:29:08 -0700

Joshua Margraf, CIA, CFE, CISA
Assistant Inspector General

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Michael A. McLean
Interim Inspector General

c: Krisztina Tokes, Chief Facilities Executive
Edward Cadena, Director of Facilities Project Execution
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Dana Greer, Deputy Chief Procurement Officer
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Contract No. 4400010465

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) audited Change Order No. T-1491 (change order) issued under Contract No. 4400010465 (Contract), which was awarded to Kemp Bros. Construction, Inc. (Kemp Bros.) for the alteration and modernization of an existing campus building and the addition of a new Lunch Shelter at Jefferson High School. The change order was issued specifically to address glazing issues after glass distortion was observed in 170 historic wood windows during an inspection, and subsequent reviews determined that the original glazing type was the cause.¹ The OIG conducted this change order audit to ensure transparency, compliance, and accountability in the execution of the Los Angeles Unified School District's (District) construction project. The key conclusions from our examination engagement are detailed below.

Key Conclusions:

- The OIG determined that the change order was processed in accordance with District procedures, with complete documentation, validated cost support, and proper approvals.
- As of December 31, 2025, Kemp Bros. invoiced \$669,493 for 53% of the change order work completed. The District issued payments totaling \$636,018, with \$33,475 held in retention and a remaining balance of \$594,731 to complete the change order scope of work.
- The OIG validated that Kemp Bros. billed for the percentage of work completed through document review, interviews with project personnel, and a site visit for confirmation of work progress and alignment with reported completion.² As of February 23, 2026, the District's project team confirmed that 89% of the change order work was completed.

INTRODUCTION

Jefferson High School is currently undergoing a comprehensive modernization project. On June 24, 2022, Kemp Bros. Construction was awarded contract 4400010465 valued at \$163,270,051. During construction, the District issued 1,139 change orders totaling \$13,851,571 increasing the contract value by 8.48% to \$177,121,622.³ The project includes new buildings and site improvements with 31 general and specialty classrooms.

On August 8, 2025, Change Order T-1491 totaling \$1,264,224 was issued for the alteration and

¹ Glazing is the glass material that is installed, as well as the process of installing, sealing, and securing the glass into a window frame, door, or other opening in a building.

² The validation that billings for the correct percentage of work completed did not constitute an assessment of the quality, performance, or workmanship of the completed work.

³ A Change Order is a written instrument confirming a change or adjustment to the contract amount, milestones, and/or contract time and/or addition, deletion, or revision in the work.

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modernization of Buildings A1, A2 and B. The change order addresses issues with glazing after the contractor installed approved glass in 170 historic wood windows. During a site walk by the District's Project Execution Branch on April 23, 2024, glass distortion was observed, and subsequent reviews determined that the original glazing type was the cause. The Architect of Record revised the specification to replace the tempered laminated glass with annealed glass to resolve the issue.

SCOPE AND OBJECTIVES

Our examination covered costs invoiced by Kemp Bros to the District under the Contract from its inception through December 31, 2025.

The objectives of our examination were to determine whether:

1. The change order amount was properly approved and adequately supported in accordance with the District's Facilities Services Division (FSD) Change Order Procedures.⁴
2. The percentage of completion billed for the change order work was completed by the contractor.

METHODOLOGY

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

- Interviewed the District's Owner Authorized Representative (OAR), the project team, and Kemp Bros.' staff/management to understand the justification for the change order.⁵
- Reviewed the Contract's General Conditions and the District's FSD Change Order Procedures.
- Reviewed the change order package to ensure the submitted forms were completed as required and that District approvals were obtained.
- Validated the Change Order Proposal (COP) amount by reviewing supporting documentation that substantiated the proposed costs.
- Reviewed the contractor's proposed cost in comparison to the District's Fair Cost Estimate (FCE) and the final negotiated amount.
- Recalculated the proposed amount for the change order plus the markups for overhead and profit.

⁴ FSD Change Order Procedures – 14.16 Change Order Procedures, Pg 6.

⁵ The OAR is the designated authorized representative of the owner who administers the contract.

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- Reviewed daily logs, inspection reports, and other relevant documentation to substantiate the percentage of change order work completed and billed on the latest Payment Application (Pay App).
- Conducted an on-site visit to view the completed work at Jefferson High School and asked the project team about the current status of the change order work.

RESULTS

1. The change order amount was properly approved and adequately supported in accordance with the District's Facilities Services Division Change Order Procedures.

The District's FSD Change Order Procedures outline the policies and requirements for managing changes in construction projects. The OIG performed the following procedures and determined that the change order was processed and executed in compliance with District standards:

- Verified the completeness of the change order package by confirming that all required documentation was properly included. Specifically, the package contained the Change Order Form, Justification for Contract Modification, Record of Negotiation, the contractor's COP, and the District's FCE.
- Reviewed the change order package and determined that the change order cost was adequately supported based on the following detailed testing procedures:
 - ✓ Compared the COP amount to the FCE and reviewed the explanations and justifications for any variances between the contractor's proposed costs and the District's estimate.
 - ✓ Confirmed that the proposed costs, including markups for overhead, profit, and applicable sales tax, were allowable under the general conditions of the Contract.
 - ✓ Validated the proposed costs submitted by the contractor and subcontractors by reviewing supporting documentation such as detailed cost allocations, cost breakdowns, and third-party quotes, proposals, and estimates.
 - ✓ Recalculated the actual bond rate using the original contract amount awarded and the actual bond premium paid and compared it to the billed bond rate to assess alignment with the District's estimating policies and procedures.
- Assessed that the change order was reviewed and approved by authorized District personnel in accordance with established approval thresholds based on dollar amount and percentage.

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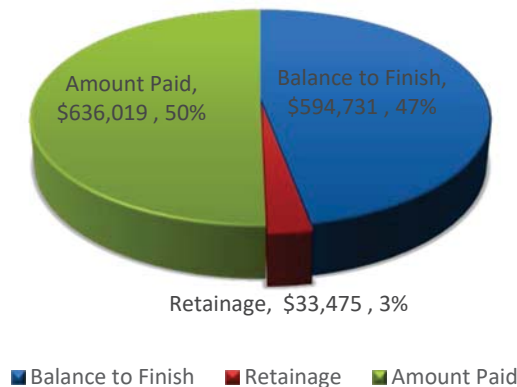
2. The percentage of completion billed for the change order work was completed by the contractor.

The change order was initiated because the originally approved and installed window glass began showing visible distortion after installation in 170 historic windows at Jefferson High School. Although the glass had been reviewed and approved beforehand, site inspections later confirmed that the specified glass type was causing the issue and did not meet the District’s expectations. To correct the problem, the architect revised the specification and directed that the original glass be replaced with a different type that would eliminate the distortion.

The District’s project team determined that the final negotiated change order amount of \$1,264,224 was fair and reasonable when compared to the FCE same amount of \$1,264,224.

The latest Pay App No. 4400010465-42 reflected that Kemp Bros. invoiced \$669,493 for 53% of the work completed as of December 31, 2025, and the District paid \$636,018 of the total change order amount, with \$33,475 held as retention and a balance to finish amount of \$594,731. The following graph illustrates the breakdown of the change order amount as of January 6, 2026.

**Change Order T-1491
Breakdown**



The OIG determined that Kemp Bros. completed the percentage of the change order work billed based on the following audit procedures:

- ✓ Reviewed a random sample of 10 site inspection reports and daily logs, and compared the documented progress against the percentage billed per the Pay App.

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- ✓ Interviewed the OAR and the project team to confirm their assessment of the actual work completed and inquired about any discrepancies between the billed percentages and documented progress.
- ✓ Inquired with Kemp Bros.' project manager regarding the progress and percentage of completion for the change order scope of work and confirmed whether this information aligned with assessments provided by the OAR, project team, and supporting documentation.
- ✓ Conducted a site visit to Thomas Jefferson High School on February 20, 2026, to understand the scope of the change order, assess the completed work, verify current status and progress, and document any issues or concerns raised by District staff. During the site visit, the OAR confirmed that the work was 89% complete.

**Audit of Kemp Bros. Construction, Inc.
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AUDIT TEAM

This audit was performed by the following auditors:

Maria Thomas, Audit Manager
Luceli Ceja, Principal Auditor
Damon Melfi, Senior Auditor



Los Angeles Unified School District Office of the Inspector General

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Dr. Rocio Rivas
Nick Melvoin
Karla Griego
Kelly Gonez
Tanya Ortiz Franklin
Members of the Board

Alberto M. Carvalho
Superintendent

Michael McLean
Interim Inspector General

Independent Auditor's Report

We have examined Change Order No. T-1491 (change order) awarded by the Los Angeles Unified School District (District) to Kemp Bros. Construction, Inc. (Kemp Bros.) under Contract No. 4400010465 (Contract). Kemp Bros.' management is responsible for the change order and for complying with the contract terms and conditions in preparing the change order proposal. 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 Kemp Bros.' 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 Kemp Bros.' compliance with specified requirements.

In our opinion, we determined that (a) the change order amount was properly approved and adequately supported in accordance with the FSD's change order procedures, and (b) the percentage of completion billed for the change order work was completed by Kemp Bros.

Josh Margraf

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Joshua Margraf, CIA, CFE, CISA
Assistant Inspector General

March 2, 2026

PHOTOS FROM SITE VISIT

A1 Building

Finished covered windows

Note: *Finished windows are covered during construction primarily to prevent damage from debris, scratches, paint overspray, and mortar.*



PHOTOS FROM SITE VISIT

A1 Building

Finished uncovered windows

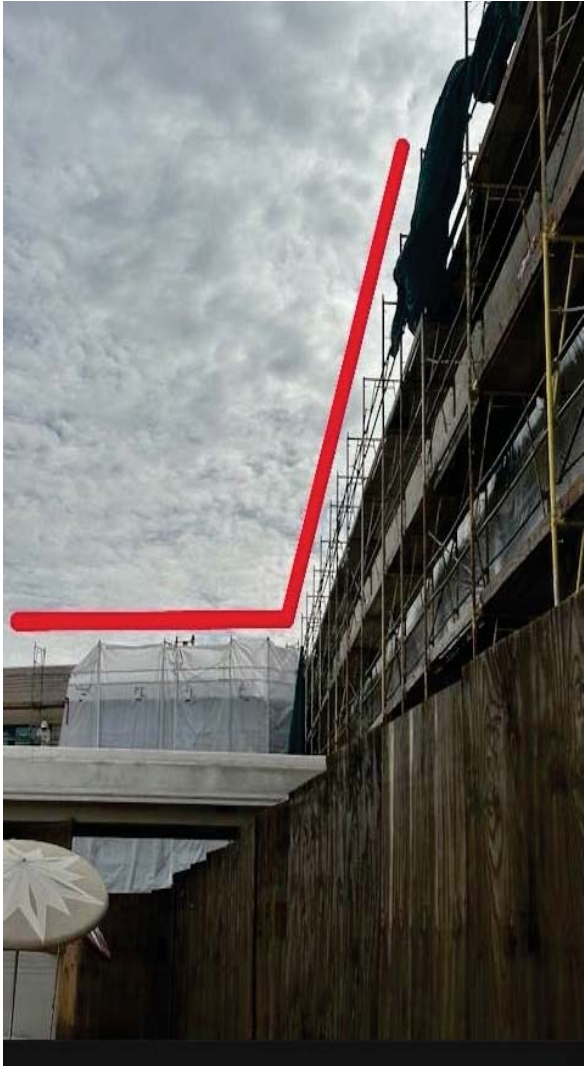


PHOTOS FROM SITE VISIT

A2 Building

Finished covered windows

Note: *Finished windows are covered during construction primarily to prevent damage from debris, scratches, paint overspray, and mortar.*



PHOTOS FROM SITE VISIT

B Building

Unfinished uncovered window
Note: *Shown from inside the building.*



PHOTOS FROM SITE VISIT

B Building

Unfinished uncovered windows
Note: Shown from outside the building.



*Office of the Inspector General
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