



# Los Angeles Unified School District Office of the Inspector General

---

**Scott M. Schmerelson, President**  
**Dr. Rocío Rivas, Vice President**  
**Sherlett Hendy Newbill**  
**Nick Melvoin**  
**Karla Griego**  
**Kelly Gonez**  
**Tanya Ortiz Franklin**  
*Members of the Board*

**Andres Chait**  
*Acting Superintendent*

**Michael A. McLean**  
*Interim Inspector General*

April 10, 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: Pinner Construction Co., Inc. - Audit of Change Order No. T-508 (Contract No. 4400010197)

Dear Mr. Friedman:

Enclosed is the final report on the audit of Change Order No. T-508 under Contract No. 4400010197 awarded to Pinner Construction Co., Inc.

Please contact our office if you have any questions.

Sincerely,

**Josh Margraf**  
Digitally signed by Josh Margraf  
DN: cn=Josh Margraf, o=LAUSD, ou=Office of the Inspector  
General, email=joshua.margraf@lausd.net, c=US  
Date: 2026.04.08 07:09:43 -0700

Josh Margraf, CIA, CISA, CFE  
Assistant Inspector General, Audits

  
Digitally signed by MICHAEL A.  
MCLEAN  
Date: 2026.04.08 10:43:47  
-0700

Michael A. McLean  
Interim Inspector General

c. Jorge Ballardo, Cheri Thomas, Dana Greer, Lisette Pacheco, Krisztina Tokes, Andrea Reyes,  
Elizabeth Li, Ed Cadena

Attachment

Los Angeles Unified School District  
Office of the Inspector General

Change Order Audit  
Pinner Construction Co., Inc.  
Change Order No. T-508  
Contract No. 4400010197

**CONSTRUCTION  
CHANGE ORDER**

PROJECT: \_\_\_\_\_

DATE: \_\_\_\_\_

CA 25-1474  
April 10, 2026

Michael A. McLean  
Interim Inspector General





**Los Angeles Unified School District**  
**Change Order Examination Report**  
**Pinner Construction Co., Inc.**  
**Change Order No. T-508, Contract No. 4400010197**  
***With Independent Accountant's Report***

**Los Angeles Unified School District  
Change Order Examination Report**

**Change Order No. T-508, Contract No. 4400010197 with Pinner Construction Co., Inc.**

**Table of Contents**

---

	<u>PAGE</u>
Introduction	1
Scope and Objectives	2
Methodology	2
Results of the Examination	4
Examination Engagement Team	11
Independent Accountant's Report	12
Attachment I – Response from LAUSD's Facilities Services Division	14



## INTRODUCTION

On December 4, 2020, the Board of Education approved the proposed comprehensive modernization project at Lincoln High School. Lincoln High School is located on an 18.6-acre site. The site consists of 10 permanent buildings and 10 relocatable classrooms, built between 1937 and 1980. Five permanent buildings require upgrades to address critical physical conditions and safety issues. The Los Angeles Unified School District (LAUSD or the District) proposed that this could be achieved by modernizing, repairing, reconfiguring, and/or replacing buildings, constructing new buildings, and upgrading deteriorated and outdated site infrastructure.

The Lincoln High School Comprehensive Modernization Project includes, but is not limited to, the following:

- The retrofit, modernization, or replacement of the Administrative Building, Shop Building, Auditorium Building, Home Economics Building, and Physical Education Building to improve seismic safety and support the educational program.
- The removal and replacement of classrooms in relocatable buildings with new permanent classrooms.
- The repair, upgrade, or replacement of the remaining permanent buildings to address the failing or broken building systems, infrastructure, or components.
- Improvements to the interior conditions of classroom buildings, such as painting, flooring, and window treatments.
- Upgrades to the site infrastructure, including sanitary sewer, water, and electrical utility.
- Site-wide upgrades to remove identified and prioritized barriers to program accessibility.
- Improvements to landscape, hardscape, and exterior paint.

On April 11, 2022, the District entered into Design-Build Contract No. 4400010197 with Pinner Construction Co., Inc. (Pinner or the Contractor) for the Lincoln High School Comprehensive Modernization Project. The contract price was \$219,978,797, including a design fee of \$23,078,240.

On December 16, 2022, the District initiated Change Order No. T-508 (COT-508) for \$1,998,580 for additional improvements to the Lincoln High School Athletic Field, requested by the District. As of the latest payment application approved on March 11, 2025, the scope of work associated with COT-508 was 99% complete.

The COT-508 covers the following improvements or portions thereof:

- Upgrading the natural grass field with new natural grass.
- Resurfacing the running track with decomposed granite.
- New scoreboard with the school building.
- New football goal posts.
- New public announcement (PA) speakers/system.
- New water fountains with bottle fillers.



## **SCOPE AND OBJECTIVES**

As part of its oversight function, the District Office of Inspector General (OIG) has engaged Vasquez & Company, LLP (Vasquez) to perform an examination engagement with the following objectives:

- Determine whether (a) the change order amount was adequately supported, fair, and reasonable; (b) the change order was executed according to the District's Facilities Services Division's Change Order Procedures; and, (c) the scope of work was completed.
- Conduct the examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in the "Performance Requirements for the Contractor Examination Engagement" by the District.
- Provide the OIG with a report addressing the examination conducted and any findings and recommendations to Pinner and the District.

## **METHODOLOGY**

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

### **Objective 1: The Change Order Amount Was Adequately Supported, Fair, and Reasonable.**

- Obtained and reviewed the change order package and verified that the package contained the following:
  - The Change Order form.
  - The Justification for Contract Modification form.
  - Record of Negotiation form.
  - Owner Fair Cost Estimate (FCE).
  - Change Order Proposal.
- Reviewed the change order amounts proposed by Pinner for the scope of work to be performed.
  - Verified that the costs are allowable in accordance with the general conditions of the contract.
  - Recalculated the markups for overhead and profits, and the sales tax for applicable costs.
  - Documented the reasons/explanations for the variance between the proposed costs and FCE.
- Reviewed the Record of Negotiation form to verify that the discussions and negotiations of the cost and/or schedule impacts of the change order to the existing contract were documented. Verified that the Record of Negotiation form was signed off by the Owner Authorized Representative (OAR).



## **METHODOLOGY (CONTINUED)**

### **Objective 1: The Change Order Amount Was Adequately Supported, Fair, and Reasonable. (Continued)**

- Reviewed the bond costs and performed the following procedures:
  - Reviewed the initial contract amount awarded.
  - Reviewed the bond documents and the amount paid for bond premium costs.
  - Calculated the bond rate (bond premiums/contract amount awarded).
  - Compared the calculated bond rate against the bond rate applied per the change order and determined the reasonableness of the rate applied per the change order.

### **Objective 2: The Change Order Was Executed According to the Facilities Services Division's (FSD) Change Order Procedures.**

- Gained an understanding of the review and approval process of an end-user request to make changes during construction.
- Ensured that the end-user request and approval process adhered to the District's policy and procedures.
- Verified that the change order was properly authorized in accordance with the FSD's Change Order Procedures.
- Assessed whether the reason for the contract modification (based on scope changes, unforeseen conditions, end user-initiated change, etc.), is aligned with the Change Order Procedures.

### **Objective 3: The Scope of Work Was Completed**

- Interviewed the District staff/management (OAR/Senior Project Manager/Inspector of Record) to:
  - Obtain an understanding of the change order and scope of work to be completed.
  - Inquire about the status/progress of the work under this specific change order.
  - Inquire about the issues/concerns the District may have.
- Conducted a site visit and obtained support documentation to verify that the scope of work of the change order was completed.



## **RESULTS OF THE EXAMINATION**

### **1. The Change Order Amount Was Adequately Supported, Fair, and Reasonable.**

We obtained the change order package, which included the following documents:

- Change Order form. This form was electronically signed by the District officials and a Pinner officer.
- Justification for Contract Modification form. This form showed that it was last modified by the District's Associate Project Engineer II on February 2, 2023. As stated in the form, this is an owner-initiated change.
- Record of Negotiation form. This unsigned form showed that the original price proposal was \$2,502,500. On March 25, 2022, the proposal price was first reduced by the Contractor to \$2,155,734. On April 12, 2022, after further negotiation and scope clarification, the Contractor updated the price proposal to \$1,998,580. On December 5, 2022, negotiations concluded, with a final price of \$1,998,580. There was no mention of any impact on the construction schedule of the existing contract as a result of the change order.
- Owner Fair Cost Estimate (FCE). The Change Order Checklist showed that no FCE was included in the change order package. According to the District's Senior Project Manager, the change order's scope of work was competitively bid as part of Pinner's original proposal, but could not be executed alongside the rest of the contract due to pending action by the Board of Education. After the initial contract was awarded on April 11, 2022, the Board of Education approved the change order's scope of work through a Board Action Report dated November 15, 2022. The Change Order served as the mechanism to formally execute this add-alternate work based on a negotiated amount between the District's Asset Management and Pinner. At that time, the District's Project Execution team was not involved in the negotiations, and, therefore, no fair cost estimate was prepared.
- Change Order Proposal. This form was prepared and signed by Pinner's Senior Project Manager on December 21, 2022. However, we noted that this form was not properly filled out by Pinner. Information such as unit price work, construction equipment owned, construction equipment rented, material, field labor straight time and overtime, non-feeable labor cost, subcontract amount, contractor fee – overhead and profit on materials and field labor, contractor fee – overhead and profit on rented equipment, general/prime contractor fee on subcontractor work, contractor fee – overhead and profit for compensable delay costs, sales tax, and premiums for additional bonds were left blank. If the required information does not apply, it should be indicated on the form.

Due to the absence of the FCE, we were not able to:

- Compare the FCE amount against the final approved Change Order and Change Order Proposal amounts.
- Verify that the costs are allowable in accordance with the general conditions of the contract.
- Recalculate the mark-ups for overhead and profits, and the sales tax for applicable costs.
- Document the reasons/explanations for the variance between the proposed costs and FCE.



## **RESULTS OF THE EXAMINATION (CONTINUED)**

### **1. The Change Order Amount Was Adequately Supported, Fair, and Reasonable. (Continued)**

The contract amount of \$196,900,557 stated in the Payment Bond and Performance Bond documents agrees with the initial contract amount awarded. As per the Performance Bond document, the Contractor paid \$2,206,306 for a bond rate of 1.12%. Due to the absence of an FCE or cost detail proposal specific to the change order, we are unable to determine whether the calculated bond rate was applied to this proposal.

Although required, an FCE was not included as noted above. Lack of FCE represents a deviation from established controls and can limit assurance regarding the reasonableness of costs. Other documentation, including the competitively bid scope, provided mitigating evidence supporting our conclusion that the negotiated amount appears reasonable.

### **Recommendations**

The District FSD reviewers and approvers should ensure that:

- All documents required in the Change Order Checklist are attached in the Change Order Package.
- All Change Order forms are completely signed off by appropriate personnel.
- All information required in the Change Order forms should be correctly filled out, and if it is not applicable, it should be stated in the form.
- Contractors are told to complete the forms properly.

### **Response from LAUSD's FSD**

FSD agrees that all documents required in the Change Order checklist must be attached to the Change Order Package. The Owner's Authorized Representative (OAR) has the action item in their processing to implement/verify. This is considered a requisite step already incumbent upon the OAR. It will be reiterated in the CY 2026 Change Order Training module.

On the 2<sup>nd</sup> recommendation, FSD agrees with the recommendation and believes FSD is in compliance with this procedure. The Change Order form is populated for the signature with either the staff member's name or the phrase "last modified by [staff name entered]". The COLIN system automatically enters the staff name either at the conclusion of the staff's filling out initially or updating the Record of Negotiation due to subsequent staff review of the Change Order Package.

On the 3<sup>rd</sup> recommendation, FSD agrees with the recommendation that the contractors should correctly fill out the forms. As it relates to the recommendation to have the contractor state "not applicable" where the information is not applicable, it is offered that the existence of a blank field is conventionally understood to be "not applicable".

On the 4<sup>th</sup> recommendation, FSD agrees with the recommendation as essentially an extension of the 3<sup>rd</sup> recommendation above.



## **RESULTS OF THE EXAMINATION (CONTINUED)**

### **2. The Change Order Was Executed According to FSD's Change Order Procedures.**

This change order was part of the original proposal for the Comprehensive Modernization Project of Lincoln High School. Due to a lack of funds, the track and field improvements change order project was deferred until the City of Los Angeles (City) approved funding for this \$2,000,000 project.

Except for the missing FCE and the unsigned Record of Negotiation form, the change order procedures and the review and approval process were complied with as evidenced by the fully signed Change Order and Design-Build Directive – Design forms.

### **3. The Scope of Work Was Completed.**

We reviewed the change order package document and the scope of work required in this project. As reported in the Contractor's accomplishment report dated March 2025, this change order project was 99% completed. A 5% retention was withheld by the District from the payment to the Contractor.

On August 8, 2025, we conducted a site visit to physically check the track and field improvements under this change order project. Listed below are our observations:

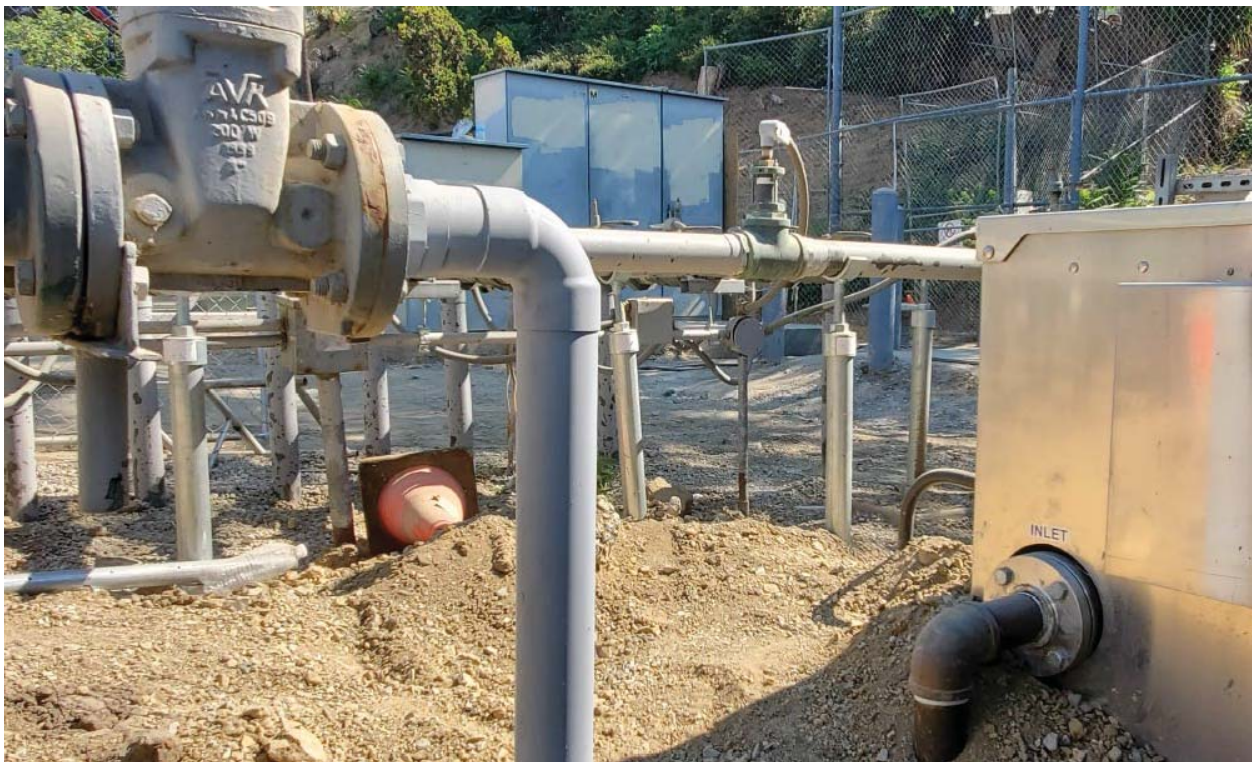
- One of the two water fountains was accessible and photographed. The second water fountain was temporarily unavailable for inspection due to caution tape restricting access. Both fountains were tested and approved prior to turnover to LAUSD. However, water service is temporarily disconnected as it is tied to the gym building, which remains under active construction.
- The Public Announcement (PA) system infrastructure has been installed, but the speakers have not yet been mounted. This is due to overlapping construction phases associated with a separate contract for the gym building renovation. The phased nature of the project requires certain elements to be deferred until subsequent phases commence. Construction logistics are further complicated by the need to maintain facility operations for ongoing classes, which limits access and sequencing flexibility.

The photos included below reflect the current status of these components as observed during the site visit.



## Site Visit Photos of Completed Deliverables

Irrigation system





Natural Grass Field & Decomposed Granite Running Track

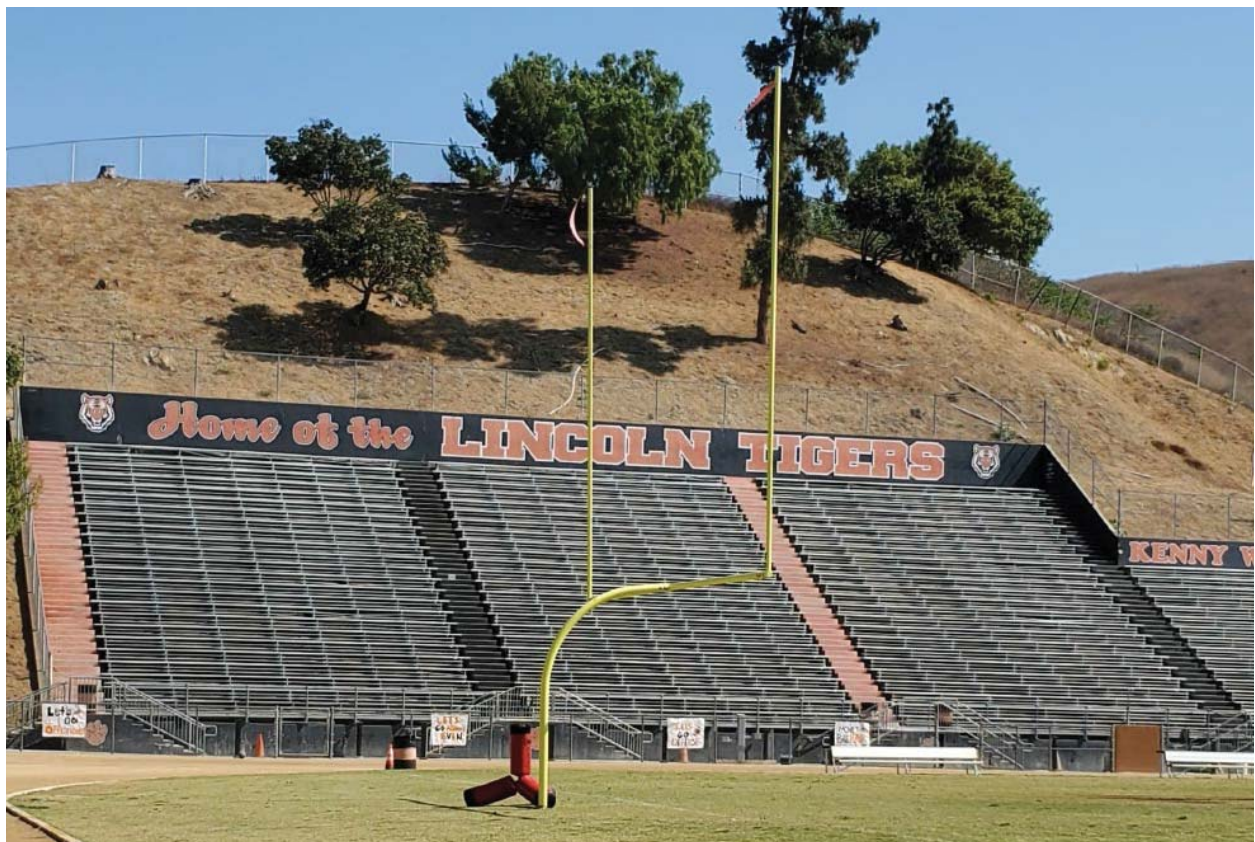


Scoreboard with School Branding





Football Goal Posts

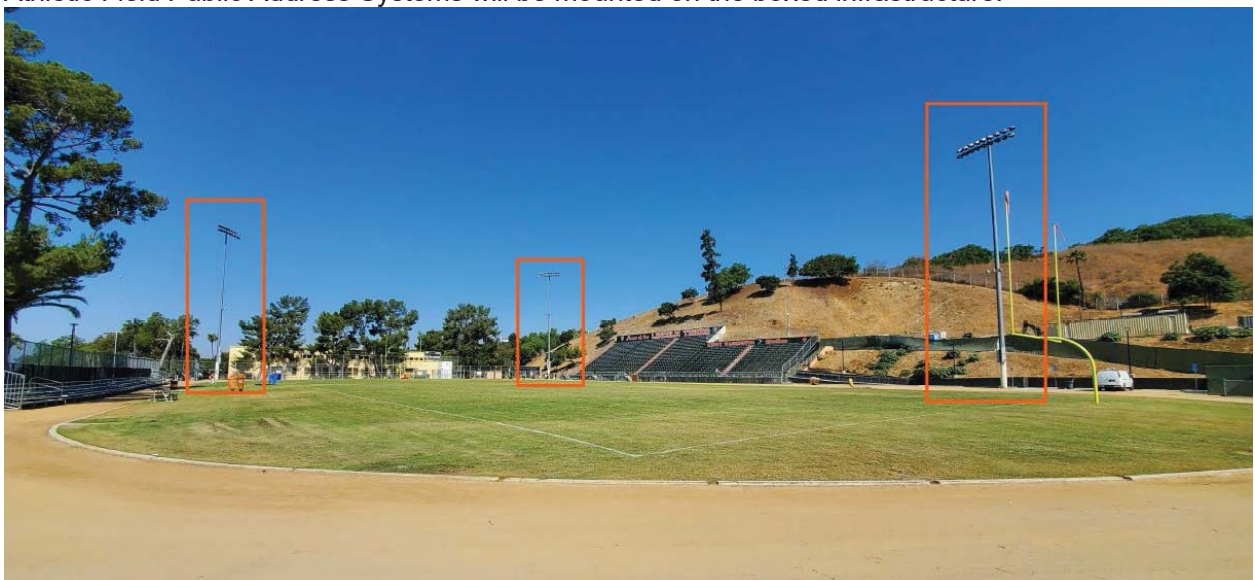




Exterior Water Fountain:



Athletic Field Public Address Systems will be mounted on the boxed infrastructure:





## **EXAMINATION TEAM**

The following auditors performed this examination:

Vasquez & Company

Roger A. Martinez, Audit Practice Leader

Isidro Conde, Audit Director

Melissa Ojeda, Audit Supervisor

Anthony Pudadera, Senior Auditor



**Report on Change Order Compliance For Change Order No. T-508,  
Contract No. 4400010197 between Los Angeles Unified School District  
and Pinner Construction Co., Inc. as Required  
by the Office of the Inspector General**

**Independent Accountant's Report**

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

We have examined Change Order No. T-508 under Contract No. 4400010197 entered between Los Angeles Unified School District (District) and Pinner Construction Co., Inc.'s (Pinner) and reviewed their compliance with the District's compliance with the Change Order Procedures, specifically that: (a) the change order amount was adequately supported, fair, and reasonable; (b) the change order was executed according to the District's Facilities Services Division's Change Order Procedures; and (c) the scope of work was completed (the change order requirements). The District's Facilities Services Division and Pinner's management are responsible for ensuring compliance with all the change order requirements. Our responsibility is to express an opinion on their compliance with the change order requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA); the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Change Order Requirements under the Examination Engagement" by the District. Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the District and Pinner complied, in all material respects, with the change order requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District and Pinner complied with the change order requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the change order requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable assurance for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's and Pinner's compliance with the change order requirements.



Our examination disclosed that the change order package did not include a fair cost estimate as required by the District's Change Order Procedures.

In our opinion, except as noted in the preceding paragraph, the District and Pinner complied, in all material respects, with the change order requirements referenced above for Change Order No. T-508.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the District's and Pinner's compliance with the change order requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the District's and Pinner's compliance with the change order requirements and not for the purpose of expressing an opinion on the internal control over the change order requirements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the attached Results of the Examination.

**Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the District and Pinner complied, in all material respects, with the change order requirements referenced above under Change Order No. T-508. Accordingly, this report is not suitable for any other purpose.

Glendale, California  
April 2, 2026



**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
Facilities Services Division

**DATE:** March 04, 2026

**TO:** Michael A. McLean – Interim Inspector General  
Office of the Inspector General

Joshua Margraf, Assistant Inspector General  
Office of the Inspector General

**FROM:** Krisztina Tokes, Chief Facilities Executive  
Facilities Services Division

**Krisztina Tokes**  
Digitally signed by Krisztina Tokes  
DN: cn=Krisztina Tokes, o=Los Angeles Unified School  
District, ou=Chief Facilities Executive,  
email=krisztina.tokes@lausd.net, c=US  
Date: 2026.03.04 18:35:54 -08'00'

**SUBJECT: Pinner Construction Co., Inc. – Audit of Change Order No. T-508 (Contract No. 4400010197).**

Please find below Facilities Services Division's (FSD) response to recommendations provided in the Office of the Inspector General's (OIG) Draft Report of the Pinner Construction Co., Inc. – Audit of Change Order No. T-508 (Contract No. 4400010197), Lincoln High School Comprehensive Modernization Project.

**Objective 1:** Evaluate whether the change order amount was adequately supported, fair, and reasonable.

**Results for Objective No. 1**

The change order was adequately supported, fair, and reasonable.

**Recommendations for Objective No. 1**

OIG recommends that FSD's reviewers and approvers ensure that:

- a. All documents required in the Change Order Checklist are attached in the Change Order Package.
- b. All Change Order forms are completely signed off by appropriate personnel.
- c. All information required in the Change Order forms should be correctly filled out and if the information is not applicable, it should be stated in the form.
- d. Contractors are told to properly accomplish the forms.

**Facilities Response to Recommendation for Objective No. 1a:**

- i. **Response:** FSD agrees that all documents required in the Change Order checklist are to be attached in the Change Order Package.

Page 1 of 3

- ii. **Action:** The Owner's Authorized Representative (OAR) has the action item in their processing to implement/verify.
- iii. **Target:** This is considered as a requisite step already incumbent of the OAR. It will be reiterated in CY 2026 Change Order Training's module.

**Facilities Response to Recommendation for Finding No. 1b:**

- i. **Response:** FSD agrees with the recommendation and believes the audit should find FSD is complying with the examination conducted.
- ii. **Action:** OIG to consider acknowledging that the noted field is populated for the signature with either the staff member's name or the phrase "last modified by [staff name entered]". NOTE: COLIN automatically enters the staff name either at the conclusion of the staff's filling out initially or updating the Record of Negotiation due to subsequent staff review of the CO package.
- iii. **Target:** Upon review of the above.

**Facilities Response to Recommendation for Finding No. 1c:**

- i. **Response:** FSD agrees with the recommendation that the contractors should correctly fill out the forms. As it relates to the recommendation to have the contractor state "not applicable" where the information is not applicable, it is offered that the existence of a blank field is conventionally understood to be "not applicable".
- ii. **Action:** Continue to enforce the terms of the contract for the requisite detail.
- iii. **Target:** Ongoing.

**Facilities Response to Recommendation for Finding No. 1d:**

- i. **Response:** FSD agrees with the recommendation as essentially an extension of recommendation #3.
- ii. **Action:** Continue to enforce the terms of the contract for the requisite detail.
- iii. **Target:** Ongoing.

**Objective 2:** Evaluate whether the change order was executed according to FSD's change order procedures.

**Results for Objective No. 2**

The change order was executed according to FSD's Change Order Procedures.

**Objective 3:** Evaluate whether the scope of work was completed.

**Results for Objective No. 3**

OIG reviewed the change order package document and the scope of work required in this project. As reported in the contractor's accomplishment report in March 2025, this change order project was 99% completed. A 5% retention was withheld by the District from the payment to the Contractor.

C: Joanna Vuong  
Alix O'Brien  
Andrea Reyes  
Edward Cadena  
Matthew Friedman  
Jorge Ballardo  
Raj Kapoor  
Cheri Thomas  
Lisette Pacheco  
Elizabeth Li  
Gregory Mowbray  
Conde Cid  
Chris Alejo  
Rachel Chua

# OIG HOTLINE

*Office of the Inspector General  
"Independent and Objective Oversight"*

**REPORT FRAUD, WASTE, AND ABUSE**



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



[inspector.general@lausd.net](mailto:inspector.general@lausd.net)



<https://www.lausd.org/oig>

- Misuse of LAUSD funds and resources
- Retaliation for reporting misconduct
- Anyone can make a report
- You may remain anonymous

English



Español

