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## **FOR IMMEDIATE RELEASE**

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## **Independent Review Finds Inconsistencies in Appointment of LACCD Inspector, Greuel Says**

LOS ANGELES – Los Angeles City Controller Wendy Greuel announced that her office completed an independent review of the LACCD's hiring of its Inspector General and revealed that the evaluation process for the selection was flawed. Greuel was asked by the Los Angeles Community College District Board to investigate the District's selection process for the newly created Office of Inspector General after a previous audit was conducted by State Controller John Chiang.

"Some of the District's actions are very troubling," said Greuel. "Everyone needs to play by the rules and clearly deviations from the procedures hampered the competitive bidding process. Our community college system is a valuable asset to Los Angeles and an essential part of educating our city's future workforce. LACCD must ensure that taxpayer funds are spent effectively and that proper procedures for contractor selection are adhered to."

In 2010, LACCD's Board of Trustees authorized the establishment of an Office of Inspector General to oversee the District's \$5.75 billion bond-funded construction program following a series of audits and investigations. More than 10 bids were submitted for the April 2010 RFP, and in October of 2010, Policy Masters, Inc was selected for the contract, despite not having experience in directing audits and investigations or a work history as a firm, as required by the Request for Proposal.

Initial reviews conducted by State Controller John Chiang found that LACCD ignored its internal procurement rules and guidelines in the selection of the Inspector General. Greuel's review had similar conclusions and determined that the original RFP was vaguely worded, which led to significant confusion among applicants about the deliverables expected for the project. In one instance, the District issued a directive to bidders that they would be expected to provide a full-time consultant to serve as Inspector General. The directive was issued just three business days before the proposals were due, resulting in insufficient time for a bidder to arrange for a full-time senior level consultant with sufficient experience and qualifications to serve in the role.

Additionally, the firm that received the highest score on its initial proposal was not even chosen as one of the finalists to advance to the interview stage of the process.

"I am grateful to Controller Greuel for accepting my request to audit the hiring process for LACCD's Inspector General, in order to address the concerns raised by the State Controller's audit of the District's building program," said LACCD Trustee Miguel Santiago. "It's clear that District officials mismanaged this effort. The board has taken aggressive steps to tighten up policies and procedures used in all of our RFP processes to ensure this never happens again. The Board will consider any further actions after more thoroughly reviewing the Controller's audit."

Greuel's review found numerous other irregularities in the interview process, including:

- The District failed to actively vet potential conflicts of interest.
- The applications were not evaluated in a consistent or methodological manner.
- The Deputy Chancellor chose different panelists for the proposal review process and the interview process; as a result, those conducting the interviews did not have full information about all bidders and how the four finalists compared to other bidders.
- The two finalists made significant changes to their proposals between the first and second round of interviews, without clear evidence of permission from LACCD management.

Greuel urged the LACCD Board of Trustees to take a series of steps, including revising its policies and procedures, to help prevent the district from entering into another flawed RFP processes.

Controller Greuel has conducted more than 60 audits and uncovered nearly \$130 million that the City has lost to wasteful spending, fraudulent activity and abuse of government resources over the last two years.

For more information, log on to the Website of Los Angeles Controller Wendy Greuel: <http://controller.lacity.org/index.htm>

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