



Los Angeles Community College
Proposition A/AA Bond Program

Bond Program Performance Audit

Fiscal Year Ended June 30, 2006

MOSS-ADAMS LLP

December 27, 2006

Mr. Larry Eisenberg
Executive Director
Facilities Planning and Development
Los Angeles Community College District
770 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90017

Dear Mr. Eisenberg:

This report summarizes the results of our engagement to provide Proposition A and Proposition AA performance audit services as required by California Proposition 39 for the fiscal year ending June 30, 2006. This performance audit evaluated the Los Angeles Community College District's (District) compliance with Proposition A and AA Bond Program requirements, and the processes and controls needed to achieve construction program cost, scope and schedule goals. Amounts presented in this report are from the District books and records and have not been audited. Good practices and improvement opportunities identified during the performance audit are included in this report.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants as outlined in our engagement letter dated July 28, 2005. The scope of this engagement is outlined in the body of our report. Our report was developed based on information from our interviews with District employees and our testing and analysis of Proposition A and AA Bond Program documentation.

This report is intended solely for the use of District Administration, the Bond Citizens' Oversight Committee and the District Board of Trustees (Board). Moss Adams LLP (Moss Adams) does not accept any responsibility to any other party (Third Party) to whom this report may be shown or into whose hands it may come.

We would like to express our appreciation to you and all members of your staff for your cooperation throughout this performance audit.

Sincerely,



Curtis Matthews, Partner
for Moss Adams LLP

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EXECUTIVE SUMMARY

The District has implemented and continues to improve controls for the use of school construction bond proceeds to comply with Proposition A/AA requirements. Total Bond Program fund expenditures were \$221,816,753¹ from July 1, 2005 through June 30, 2006 and are recorded on the District's books and records. Our performance audit evaluated overall Bond program internal controls and Proposition A and AA expenditures between July 1, 2005 and June 30, 2006 totalling \$115,699,115 (52%) and found no exceptions with the use of Bond Program funds for approved Proposition A/AA purposes.

Proposition A bond funds	\$ 1,245,000,000
Proposition AA bond funds	\$ <u>980,000,000</u>
Total bond funds	\$ 2,225,000,000
Prior Year Expenditures	\$ <315,183,043>
July 2005 – June 2006 Expenditures	\$ <221,816,753> ¹
Remaining funds as of July 2006 (not including investment income from bond proceeds)	\$ <u>1,688,000,204</u>

The District's plans for prudent use of Bond Program funds properly considers the students' need for information, and a safe and secure learning environment. The scope of the Bond Program is currently being defined and communicated to District and College stakeholders through the Proposition A/AA Facilities Master Plan (Master Plan) for each College. Facilities planning documents, used in developing the Master Plan, consider classroom space requirements, future growth, and technology needs. A Program Management Plan has been developed by the District and Program Manager to implement and govern consistent application of good construction practices as noted in our good practices observations in this report.

This report reflects procedural changes and actions taken through June 30, 2006 by the Program Manager, the College Project Managers, and the District since the Performance Audit conducted in the prior fiscal year by Moss Adams.

Summary of Key Good Practices

- A Memorandum of Understanding exists between the District and the Division of State Architects (DSA), which is intended to improve the cycle time for drawing approvals.
- On-call reviewers are being used to ensure quality control for drawings prior to submittal to DSA.
- User approvals and sign-offs on design may prevent late changes by the end-users and thus reduce high-cost impacts to the Bond Program.

¹ Expenditures reviewed in this report are from the Bond Program books and records maintained by the DMJM/JGM Program Management Team and are subject to any external financial statement audit adjustments that may occur.

- A new monthly “Dash Board” Report addresses project issues, schedule and budget information including progress against schedule and budget, as well as projected budget variances. This report provides data in a timely fashion that allows for prompt decision-making and adjustments necessary to keep projects on track.
- The CPM Roundtable is used as a venue for sharing lessons learned. There are similarities among campuses, in that many College Master Plans include a Child Development Center (CDC), gym, library, infrastructure work, and parking structures. Campuses that have projects in design thus have the opportunity to learn from campuses that have completed the design process and are in construction on similar projects.
- The District is using earned interest from Bond funds and income from property disposition to supplement Bond funding.
- Certain campuses (such as Los Angeles Trade Technical College) are integrating on-campus construction activities with on-campus education, which includes investigating the possibility of having on-campus “construction training laboratories” and identifying grant funding for these educational programs.

Summary of Key Opportunities for Improvement

- The increased construction cost and schedule delays caused by reprioritization and changes to campus Master Plans should be adequately communicated to the campuses and the end-users.
- Retention in design agreements should be strictly enforced, and the final 10% payment held as a performance guaranty until all necessary design documents and DSA approval are received. College project schedules could be severely delayed if the architects do not provide drawings according to the scheduled milestone dates.
- The Program Management Plan (PMP) procedures are designed to govern the contracting process for large projects and do not provide a mechanism for small or immediate needs. As a result, some campuses are paying for small Bond-related items and then pursuing reimbursement, instead of following the PMP. We recommend that the District investigate alternate contracting methods, such as job order contracting or task orders, for miscellaneous services.
- The District should be aggressive about College Project Manager (CPM) staffing levels as design progresses to construction. The soft cost budgets and CPM burn rate analyses as of May 30, 2006 indicate that most CPMs will have exhausted their 6% fee before all construction on the campus is completed, unless remedial action is taken.
- Modification of architect contracts should be considered to backcharge architects for on-call reviewer fees for work to prevent DSA issues. These services are being procured as an effort to provide a stopgap for QA/QC and ensure the architects’ performance, thus protecting the memorandum of understanding between DSA and the District.

- Change order limits are affecting the timeliness of change order submittal and approval, because the CPMs often bundle change orders, using several change orders to offset each other and keep the net change as close to \$0 as possible. This prevents visibility of change, and may cause schedule delay. The District should implement procedures to govern the timely submittal and approval of change orders.

OBJECTIVES AND SCOPE

This performance audit evaluated the Los Angeles Community College District's compliance with Proposition A and AA Bond Program requirements and controls established to assure efficiency and effectiveness of the construction Program. We evaluated whether an appropriate control structure was developed for implementation of the Proposition A/AA Construction Bond Program. We also tested expenditures during the period July 1, 2005 through June 30, 2006 for compliance with Bond Program objectives. Expenditures listed in this report are from District books and records and have not been audited.

Our performance audit team validated construction program expenditures against Bond Program requirements and contract terms and conditions and analyzed program level controls. We reviewed key program documentation including draft copies of the College Facilities Master Plans, District Board Rules and Administrative Regulations, and the Program Management Plan. We also evaluated policies and procedures against construction industry good practices as put in practice by the District, the DMJM/JGM Program Management Team, and the College Project Managers. We conducted over eighty interviews with District, Colleges and Program Manager staff, including all College Presidents, College Project Managers and College Facilities Managers.

A sampling of other Bond Program documents reviewed includes:

- Voter materials and Bond documents
- Facilities planning documentation
- Procurement bid and award documentation
- Contracts
- Payment applications and invoices
- Relevant financial records and transaction support
- Board of Trustees and District Citizens' Oversight Committee (DCOC) reports
- Board of Trustees agenda packets and minutes
- Staffing plans

BACKGROUND INFORMATION

The Proposition A Community College Facilities Construction and Repair Bond Program was approved by voters in 2001 to provide \$1.245 billion in improvements to Los Angeles Community College District facilities. The Proposition AA Bond was approved by voters in 2003 to provide \$980 million in improvements to Los Angeles Community College District facilities. The total base Proposition A and AA dollars are \$2.225 billion.

The Bond funds are to be used for the renovation, repair and replacement of aging educational facilities and the construction of new facilities. Bond Programs of this size and complexity require appropriate financial processes and operational controls to ensure compliance, effectiveness, program cost, schedule, quality and efficiency goals are achieved.

In August 2001, the District Board of Trustees approved an award of the contract for program management services to Daniel, Mann, Johnson & Mendenhall / Jenkins/Gales & Martinez, Inc. (known as DMJM/JGM, or the Program Manager). Those services are currently being re-competed, with a decision and program management firm selection anticipated in early 2007.

Moss Adams was engaged to provide the required annual Bond Program performance audits for three years, beginning with fiscal year ending June 30, 2005.

EXPENDITURE TESTING RESULTS

Our performance audit evaluated Proposition A and AA expenditures between July 1, 2005 and June 30, 2006 totalling \$115,699,115 (52%) and found no exceptions with the use of Bond Program funds for approved Proposition A/AA purposes.

PREVIOUS AUDIT RECOMMENDATIONS FOLLOW-UP

We reviewed the previous year’s Bond Program audit report by Moss Adams, and open issues from previous Bond Program audits. We interviewed District and Program Management personnel to determine the status on resolving open audit issues. Through inquiry and review of documents, we confirmed that 94 of the 104 issues from past audits have been resolved, and ten issues are in progress and are being resolved

LACCD Audit Resolution Status

Source	Issues Identified	Closed Items	Solutions Being Implemented *	Open Issues	Issues Remaining to Audit
Moss Adams 2005	47	40	7	0	0
Hickling 2005	5	5	0	0	0
KPMG 2004	20	18	2	0	0
KPMG 2003	17	17	0	0	0
KPMG 2002	15	14	1	0	0
Total	104	94	10	0	0

* Many of the solutions being implemented are related to the Proliance software transition

The open issues, and management response for those issues, are as follows:

- Completion of Americans with Disabilities Act (ADA) transition plans or ADA compliant designs for every College by the appropriate designers is urgently needed to be compliant with the DSA process and avoid additional delays (Moss Adams 2005).
 - Management Response: Each College was asked to commission a comprehensive ADA self-evaluation and transition plan. An assessment is presently underway to determine where the Colleges stand on their completion of these reports. If no transition plans have been developed, this request will be renewed to assure that all Colleges develop such a plan to meet the requirements of the Americans with Disabilities Act.
- The Facilities Master Plan and Environmental Impact Report (EIR) need to be approved for Los Angeles Mission College (Moss Adams 2005).
 - Management Response: The Mission Master Plan is slated for adoption in January of 2007. A draft EIR for public comment was released on October 17, 2006. The public hearing of the Board of Trustees was held on December 13, 2006.
- The Program Manager needs to implement its draft Internal Quality Assurance and Quality Control (QA/QC) audit procedures (Moss Adams 2005).

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- Management Response: The Quality Assurance/Quality Control procedures have been finalized and various departments have conducted field examinations at the CPM firm trailers. The District and Program Manager also believe that a large scale internal examination of some type is still of value, although large scale audits have been deferred to a later date. We will continue to conduct regular visitations/audits at the College campuses to test compliance with specific program procedures as deemed necessary.
- The contract close-out process should be amended in the Program Management Plan to include a notation in the contract file that the contract is closed, all documents have been received, and final payment has been made (Moss Adams 2005).
 - Management Response: The District and Program Manager concur with the recommendation and began a series of meetings to examine and implement improvements to the entire close-out process. Contract Close-out involves many Program Management team departments, the District, the CPM firms and a tremendous amount of documents. The Program Manager is still in the process of finalizing the complete approach and process.
- Detailed review of DMJM/JGM invoices for Program Management services is not being performed by the District (Moss Adams 2005).
 - Management Response: Vasquez and Associates has been hired through an RFP process to review the monthly DMJM/JGM invoices.
- The Bond reporting effectiveness should be reviewed by the Program Manager, once the Proliance system is fully implemented (Moss Adams 2005).
 - Management Response: Immediately following the full implementation of Proliance the District and Program Manager will continually examine program reporting effectiveness. The Program Manager has developed a reports design committee that also includes CPM firm representatives. This team is charged with continual assessment of the program's reporting needs.
- The Bond procedures effectiveness and internal controls should be reviewed by the Program Manager, once the re-engineered Program Management Plan is fully implemented (Moss Adams 2005).
 - Management Response: As part of the Proliance planning and design, the District and Program Manager have already considered existing internal controls and ways to strengthen standard internal accounting controls. The program team also strived to incorporate good business system controls designed to increase efficiencies and reduce risk of errors and omissions. Once Proliance is fully implemented, management will periodically assess the effectiveness of the program's overall internal controls.
- Determine whether the use of District forms for budget transfers should be enforced (KPMG 2004).

- Management Response: The majority of budget transfers will now be performed in the Proliance system by the CPM firms. There are certain special transfers that will require a hard copy (e.g., interest transfers). The Proliance system has a built-in archiving and audit trail for any individual processing a document in the system.
- Finalize PMP Vol. III bidding procedures (KPMG 2004).
 - Management Response: The Program Management team has participated in an on-line bidding demo product; the District is still considering legal and other potential ramifications to this type of system. Volume III of the PMP was finalized. The existing procedure has been documented and the bidding procedures document has been finalized internally, but the PMP has not yet been approved and they're still looking into other options which will change the procedures.
- Initiate web-based reporting for all campuses (KPMG 2002).
 - Management Response: As part of the Proliance implementation there are a series of financial as well as program controls reports that will be available to all campuses via the web. The Proliance application is a web-based tool that may be accessed by program team members through any computer's internet access.

KEY OBSERVATIONS

The following improvement opportunities have been ranked as high, medium, or low priority based upon our analysis and experience with respect to probability and potential impact on construction program cost, schedule, and scope. Improvement opportunity prioritization is based on the need to address those items that most strongly align with District construction program success drivers.

1. Compliance with Ballot, Bond, State and Other Funding Source Requirements

We evaluated Bond Program financial records and expenditure cost support to verify that funds were used for approved Bond Program purposes as set forth in the Ballot Measure and Bond Documents. In accomplishing this work, we reviewed Bond Program accounting records, contracts, purchase orders, invoices, payment records and other documentation of current expenditures as needed to determine if funds were being used for approved Bond Program purposes.

We performed a walkthrough of the Bond Expenditure Cycle and sampled supporting documentation for expenditures totalling \$115,699,115 (52%) of the total \$221,816,753 of Proposition A and AA funds expended between July 1, 2005 and June 30, 2006. Expenditures reviewed in this report are from the Bond Program books and records maintained by the DMJM/JGM Program Management Team and have not been audited.

See Appendix A for further information on sampled expenditures.

Good Practices:

- a) The District implemented expenditure management processes including pay application review and signature approval to comply with Bond Program requirements.
- b) The Bond Program Management Plan augments District use of the California Community Colleges Budget and Accounting Manual by providing District-specific written policies and procedures regarding expenditures for the construction program.
- c) The District uses the services of internal and external legal counsel to help ensure Bond fund spending compliance with such items as: public bidding law, Brown Act, Citizens' Oversight requirements, eminent domain, dispute/claims resolution, and insurance requirements.
- d) The District Citizens' Oversight Committee, College Citizens' Oversight Committees and College Shared Governance Committees represent a cross-section of the community and stakeholders. Their responsibilities include review of Bond construction status and expenditures.

- e) The District created a process map for Capital State Projects, with a summary sheet for funding requirements and milestone dates. These processes are in place to help ensure that the Colleges receive funding as intended.
- f) The District and DMJM/JGM have formulated and are currently refining a protocol for the handling of multi-funded projects. There is currently a monthly reconciliation between Bond and non-Bond funds to ensure that expenditures are allocated to the appropriate source.

Improvement Opportunities:

High Priority —

- a) Bond funds are currently being used to provide “local matching funds” for State-funded projects, a requirement for projects receiving State funding. As the available Bond funds decrease, the District should identify alternate funding sources for these matching funds, or risk losing State funds for construction projects.
 - ⇒ Management Response: The matching fund requirement imposed by the State does create constraints. When Proposition A/AA funds are exhausted at some point in the future, it is possible to use District operating funds, but given the short supply of operating funds, this is likely not a prudent choice for the College to make. Rather, the District will want to consider seeking additional Proposition 39 bond funds at some point in the future to continue to allow the College’s capital needs to be met.

2. Regulatory Compliance

We evaluated controls implemented to comply with selected Federal, State and local requirements as well as Proposition A/AA requirements as noted in the good practices. This included seeking evidence of regular communication with the California Community College Chancellor’s Office (CCCCO or State Chancellor’s Office), the DSA and the review of published policies, plans and procedures.

Good Practices:

- a) A Memorandum of Understanding exists between the District and the DSA, which is intended to improve the cycle time for drawing approvals.
- b) The Facilities Master Plan and EIR have been completed and approved for all Colleges, with the exception of Los Angeles Mission College (Mission). The Mission Master Plan is scheduled for adoption in January of 2007.
- c) The Program Manager has defined safety practices for the Bond Program, including a Program Health, Safety and Environmental Plan and a Field Safety Handbook. The College Project Managers have posted safety and emergency information in the construction trailers.

- d) The Labor Compliance Plan is defined as required by Assembly Bill 1506 and implemented by Padilla and Associates.
- e) The Bond Program applies the District Board of Trustees statement on sustainability and the energy efficiency amendment, which mandates Leadership in Energy and Environmental Design (LEED)-certified construction for new buildings and major renovations which meet certain budget or scope criteria.
- f) The Program Management team holds a “safety minute” at each meeting, schedules a weekly program wide safety conference call, and holds safety recognition activities at each active construction job site.

Improvement Opportunities:

Medium Priority —

- a) The District should develop a more specialized inspection program that assigns inspectors, based on their expertise, to Bond Program projects, based on the project’s specific needs. While DSA-approved inspectors with structural expertise are appropriate for many Bond Program construction projects, renovation projects have demonstrated a need for inspectors with specific expertise in mechanical, electrical, and plumbing (MEP).
 - ⇒ Management Response: The District has numerous inspection firms on contract to serve construction needs consistent with the Field Act. These firms have diverse capabilities and individuals with a range of general and specific skills. An effort will be made in the inspection assignment process to better pair firms and individuals chosen with the specific nature of the construction process to which they will be assigned.
- b) Construction safety programs should be strengthened and more closely monitored on every campus. We observed a number of “notices of safety non-compliance”, many of which represent the same issue on multiple campuses (e.g., lack of protective safety gear).
 - ⇒ Management Response: The District along with DMJM/JGM has already recognized the value of an enhanced approach to safety. Efforts are being made to enhance safety monitoring by expanding opportunities to discuss safety issues, have all individuals in the program accept personal responsibility for monitoring and enforcing safe performance, and expanding safety related activities including opportunities for recognition of safe performance.

3. Facilities Programming and Master Plan Approach

We evaluated the processes used to identify facility needs, programming and coordination to comprehensively address site requirements. Coordination with maintenance, user groups, key stakeholders, and Academic Affairs was considered in this analysis, along with the inclusion of appropriate personnel. The performance audit team reviewed site assessments, Master Plans, and relevant reports. We looked for a business justification and indicators of success for each project, including measurable anticipated benefits and the impact of the project on the District's operational performance. We evaluated the Facilities Master Plan activities for consideration of student needs and future receipt of maintenance funds in assessing the equitable and fair use of Bond Program funds.

Good Practices:

- a) The Facilities Master Plans for the Colleges provide a means to achieve equity of facilities among campuses, departments and programs. Population distribution, need for parking relief, use of surge space and temporary/permanent relocation of departments were considered when developing the College Facilities Master Plans.
- b) Prioritization of College projects is driven by need, timing, and available funding, with input from on-campus shared governance committees and building user groups.
- c) District and College administrative staff and faculty, student representatives, architects, inspectors, consultants and construction personnel are all included in the facilities planning process.
- d) Flexibility is incorporated in the Bond program at several Colleges. Lecture space can be used as needed for various departments. Some buildings have been specifically designed as dual-purpose spaces.
- e) Maintenance and operations staffing requirements for most College campuses have been evaluated, and additional staff needs identified, using the increased total square footage as the basis for analysis.
- f) Program-wide design and procurement efforts have been used to address maintenance costs, through the selection of maintenance-free materials, reduction in energy costs through sustainable design, and procurement agreements which include unlimited warranties for 15 years.

Improvement Opportunities:

High Priority —

- a) The increased construction cost and schedule delays caused by reprioritization and changes to campus Master Plans should be adequately communicated to the campuses and the end-users.

⇒ Management Response: The District recognizes the potential financial impacts to continually reprioritizing projects at the campuses. However, the general economic climate for construction will continue to drive some of these decisions. The program team as a whole is sensitive to this economic uncertainty and will continue to advise the College presidents how certain decisions may impact their program. The addition of the new Dashboard report from the Proliance system should help address this issue as well.

Medium Priority —

a) Given the existing and future challenges of available Bond funding, the District should reconsider the use of proto-typical designs to be used on all campuses. This could be highly effective in reducing design costs and DSA approval time, especially for parking structures and child development centers.

⇒ Management Response: While this philosophy does have merit, the practical application of this practice can be challenging in the current organizational environment. Each College campus is subject (in part) to multiple user groups and decision-makers. This autonomous culture significantly impacts the District's ability to leverage proto-typical designs across multiple campuses. Further, efforts are being made to provide a consistent look and feel to the architecture at each College. Repetitive design would detract from this goal.

4. Communication and Fulfilment of Site Expectations

We reviewed and evaluated the various tools used by the District to communicate Bond Program plans with stakeholders, especially the students, faculty, and the surrounding community. We interviewed all College presidents, all College project managers and most facility managers to better understand the specific types of communication that are occurring on campus and in surrounding communities. This evaluation included assessment of whether or not a constant and adequate level of communication was maintained regarding the projects and program.

The methods to communicate renovation plans for each site and new construction plans were reviewed and compared to good practices. This included the review of published plans and evidence of presentations to College shared governance committees, building user groups, College Citizen's Oversight Committees, District Citizen's Oversight Committee members, faculty, students, the community, District personnel, Program Manager personnel, College Project Managers' personnel, and the Board of Trustees. Responsibility and accountability for site communication of project performance and coordination of site activities was reviewed.

Good Practices:

a) The community is kept informed about the Bond program through the District Citizen's Oversight Committee meetings, on-campus meetings, presentations to professional societies and community organizations and Program Manager newsletters.

- b) The Colleges communicate through newsletters, e-mail blasts, local Citizens' Oversight Committee meetings, College shared governance committees, building user groups, and town hall meetings on campus. Colleges and College Project Managers have issued "Construction Alerts" to the community to alert them of disruptions.
- c) The Proposition A/AA Bond program website provides a means for communication of Bond program plans to the community and stakeholders. Contracting and e-7 internship information, project status and financial reporting, Bond details, LEED information, and Construction Alerts are available on the Bond website.
- d) Meetings to communicate small business outreach are held on the District College Campuses.
- e) An e-7 Studios "fly-through" or other computer-generated graphic presentation is provided for projects that are LEED certified or are valued at over \$7.5 million. This more clearly communicates the project to stakeholders, and provides visual clarification to end-users who are often not well versed in design or construction.
- f) Communication of the Owner Controlled Insurance Program (OCIP) is done through workshops, OCIP manual, and wallet cards.
- g) A crisis communications plan has been developed and distributed to the District and every College.
- h) The CPM Roundtable is used as a venue for sharing lessons learned. There are similarities among campuses, in that many College Master Plans include a Child Development Center (CDC), gym, library, infrastructure work, and parking structures. Campuses that have projects in design thus have the opportunity to learn from campuses that have completed the design process and are in construction on similar projects.

Improvement Opportunities:

Medium Priority —

- a) The Bond Program is benefiting from the placement of District Facilities representatives on the campuses. At the current time, Facilities representatives report to the CPM, but are ultimately overseen by the District, and are thus answering to two distinctly different authorities. The reporting structure, chain of command, accountability and authority for these positions should be more clearly defined and communicated.
 - ⇒ Management Response: With any change in process, there is a period of adjustment. Roles and responsibilities are being continually reviewed and adjusted to create a seamless capital project delivery capability. The role of the District project manager as part of the CPM team is being defined on a real time basis, and will continue to be refined to assure that program participants have an accurate perception of roles and responsibilities.

5. Cost, Schedule and Budgetary Management and Reporting

We reviewed Bond Program reporting to provide current, accurate and complete cost, schedule and budgetary information to Program stakeholders. Based on the interviews and information gathered, we evaluated executive oversight and involvement in each of the audited projects. This evaluation included review of cost, schedule and budgetary management and reporting methodologies.

Good Practices:

- a) The District is using earned interest from Bond funds and income from property disposition to supplement Bond funding.
- b) On-call reviewers are being used to ensure quality control for drawings before submittal to DSA.
- c) A new monthly “Dash Board” Report addresses project issues, schedule and budget information including progress against schedule and progress against budget, as well as projected budget variances. This report provides data in a timely fashion that allows for prompt decision-making and adjustments necessary to keep projects on track.
- d) The Bond Program has defined program performance reporting requirements. Bond Program reporting provides for executive-level review of project status and expenditures.
- e) Various communication forums are used each month to manage the Bond Program. These meetings provide for discussion and review of project status, budget reports, change orders and payment application approvals.
- f) The Program Manager is using independent Third Party estimators to provide design phase cost estimates, estimate checks, composite estimates, cost benchmarking against District averages, evaluation of cost escalation issues, and continuous improvement efforts in cost estimating.
- g) Program management software (Proliance) has been chosen as the tool to increase controls and communication, replacing the old Prolog system. The Program Manager is completing implementation of Proliance and required training.
- h) The Program Management Plan includes procedures for the review and acceptance of contractor payment applications. The District, the Program Manager, and the College Project Managers review and approve contractor costs for each signed contract. Invoices have been held for payment until the contract documentation is complete and the purchase order issued. On all College campuses, payment applications are reviewed in the field with the architect, inspector of record, College Project Manager, and contractor prior to payment application submission at the end of the month.
- i) Value engineering is required for projects valued at over \$10 million. Constructability review and peer review provides early identification of design issues, and yields cost savings through the avoidance of late detection design issues.

- j) LEED-certified design is used to address lifecycle costs for Bond program construction.

Improvement Opportunities:

High Priority —

- a) The District should be aggressive about CPM staffing levels as design progresses to construction. The soft cost budgets and CPM burn rate analyses as of May 30, 2006 indicate that most CPMs will have exhausted their 6% fee before all construction on the campus is completed, unless remedial action is taken.
- ⇒ Management Response: The District has a policy that each CPM firm is to provide staffing plans on a monthly basis to the program management team. These plans are to disclose the strategy for fulfilling the contract obligations within the specified rates. As College priorities change, each firm is to provide a recovery strategy to deliver the program at the specified rate. The District and program management team will periodically review these plans to ensure that the firms are within the targeted rates (goals).
- b) At this time, the District does not have the ability to adequately report detailed actual data, and thus reporting of hard and soft cost data for District-managed projects is inconsistent. We recommend that the District utilize appropriate software and cost codes, so as to properly report data for capital expenditures on District projects.
- ⇒ Management Response: The District currently has various reporting capabilities for all financial activities related to capital expenditures. The District will examine whether there are specific capabilities in place to accurately report on hard and soft costs as well.

Medium Priority —

- a) Modification of architect contracts should be considered to back charge architects for on-call reviewer fees for work to prevent DSA issues. We recommend that the District investigate this possibility, in conjunction with the legal department and contracts staff. These services are being procured as an effort to provide a stopgap for QA/QC and ensure the architects' performance, thus protecting the memorandum of understanding between DSA and the District.
- ⇒ Management Response: The new concept of a pre-submission code review is in an experimental stage. A pilot is presently underway to determine if this will review the quality of drawings from a code compliance standpoint, and thus reduce the amount of time drawings are in the DSA review process. As an experimental procedure, it is premature to commit to a specific funding mechanism until the viability of this procedure is determined.

6. Change Management and Control

We evaluated District policies, procedures and practices to manage change orders and related costs. Procurement and project controls were evaluated for evidence of change management processes that help prevent excessive expenditures.

Good Practices:

- a) The Program Management Plan includes defined control processes to identify change order causes and to evaluate change order costs. Change order cost estimates are performed by an independent third party or the College Project Managers, prior to executing change orders. Approvals are required for change order processing and adoption.
- b) The District, in conjunction with the Program Manager, has developed and implemented a formal budget management policy as part of the Program Management Plan. The Bond Program has defined controls for budget modification.
- c) The District applies the California Uniform Public Construction Cost Accounting Act (CUPCCAA) requirement that total changes to a contract cannot exceed an absolute value of ten percent.
- d) The Program Management Plan includes change control processes which address amendments to the Facilities Master Plans and their impact on the prior certified EIR, and which also require review by legal counsel and approval by the Colleges prior to adoption of any Facilities Master Plan amendments by the District Board of Trustees.
- e) User approvals and sign-off on design increases input in early stages of a project and may prevent late changes by the end-users, thus reducing late stage, high-cost impacts to the Bond Program.

Improvement Opportunities:

High Priority —

- a) Change order limits are affecting the timeliness of change order submittal and approval. Various College Project Managers have unofficially adopted the practice of bundling change orders, using several change orders to offset each other and keep the net change as close to \$0 as possible. This prevents timely visibility of change for approval purposes, and may cause schedule delays. The District should implement procedures to govern the timely submittal and approval of change orders.

⇒ Management Response: The District recently adopted a new change order procedure designed to reduce processing times and vendor payment timelines for the program. The District has implemented the practice of allowing for 10% change order approval above the original Board-approved contract, which will expedite change order implementation in the field. The District will require a reconciliation of costs upon project completion and Board approval of the final contract value.

7. Procurement Controls and Contract Administration

We reviewed District procurement controls for consistency, adherence to District Purchasing Policies and application of competitive and fair subcontracting practices.

Good Practices:

- a) The Program Management Plan includes competitive bidding processes that address construction project bidder prerequisites and selection criteria. The competitive bidding procedures provide for verification of bidder compliance and comparison of bidder qualifications and pricing.
- b) Contract approval is limited to a list of authorized individuals. Detailed approval procedures are described in the organization charts and flow sheets in the Program Management Plan.
- c) Each purchase order contains an account string which specifically identifies the College campus and Bond project, and a description which provides language that identifies the items or services relating to Bond projects.
- d) Contracts and contract change orders have been applied to work performed, and include a schedule of fees and scope of services.
- e) Standardized contracts with explicit terms and conditions are used, were developed by legal counsel, and are reviewed on an annual basis.
- f) Liquidated damages were included in contracts to protect against schedule overruns.
- g) An Owner-Controlled Insurance Program (OCIP) was developed for the Bond Program to yield savings based on economies of scale, contractor's markup, and overhead for insurance management.

Improvement Opportunities:

High Priority —

- a) The PMP procedures are designed to govern the contracting process for large projects, and does not provide a mechanism for small and immediate needs. As a result, some campuses are paying for small Bond-related items and then pursuing reimbursement, instead of following the PMP. We recommend that the District investigate the use of alternative contracting strategies, such as job order contracting or task orders, for miscellaneous services.
 - ⇒ Management Response: The District has previously adopted a mechanism for just such purposes. Each campus is allowed to contract for services with a value of \$10,000 and below. The program team will investigate ways to ensure that each campus is taking full advantage of this mechanism when appropriate. In addition, educational efforts continue across the program to assure that all participants have a clear understanding of steps necessary, or not necessary, to contract for services and construction.

Medium Priority —

- a) As publicly funded construction projects progress Statewide, it is anticipated that many nonperformance and low-bidder issues will surface, and the State will devise a contracting solution in public contract code for contractor nonperformance. We recommend that the District prequalify contractors, and carefully and meticulously document nonperformance issues with existing contractors.
 - ⇒ Management Response: State law with respect to public works bidding practices does not allow Community Colleges to disqualify contractors prior to bidding without going through a formal pre-qualification process. It is the District belief that formal pre-qualification would help weed out problematic contractors, but it would also discourage broad bidding on major projects and likely result in higher costs. The District will enhance its documentation practice of poor contractor performance to help with earlier intervention when repeat bidding and award takes place. Careful assertive management of contractors is also being implemented to achieve success and maintain the competitive posture of the District.

8. Program Staffing

Through interviews of key operational personnel, review of program work flows, analysis of relevant expenditures, and observation of position and work requirements, we have assessed the assumptions and the basis for Bond Program staffing plans. Bond program management needs were compared to staffing required to meet those needs. Our experience with reviewing staffing at other academic capital programs as well as our assessment of factors unique to the District formed the basis of this analysis.

Good Practices:

- a) Internship opportunities through the e-7 program for District students provide both additional staff for the Bond program and work experience for students.
- b) The College Project Managers are using sub-consultants and home office resources to address temporary staffing and expertise needs.

Improvement Opportunities:

High Priority —

- a) With continued turnover of staff members at all College Project Managers, loss of institutional knowledge is a real and tangible risk. Turnover is occurring at College campuses, and is a universal problem due to the Los Angeles construction climate and high demand for skilled staff. The District should continue to develop and refine processes to ensure that responsibilities and project history are documented and that information transfer occurs as part of the exit process.
 - ⇒ Management Response: The program management team has been developing an orientation manual over the past several months. This tool is expected to provide a uniform guide as a tool for the firm to transition new staff members to the program in a seamless manner with minimal resources. The internal operations team has already begun site visits to train the firms on critical processes and has reduced certain procedures to “quick reference” booklets for permanent reference at the trailers.

9. Contractor Liens, Claims and Other Close-out Issues

We evaluated the District’s policies, procedures and practices to obtain lien releases, prevent claims and address project close-out issues. This review included analysis of checklists, procedures, retention policies, and contract terms and conditions. The performance audit team looked for implementation of procedures to clearly identify the parameters for contractor performance, and compared the District’s close-out procedures to good practices. This included review of the criteria for all relevant parties to determine whether a project is complete. The team also evaluated the processes to verify there is full and complete release of contractor liens and other claims prior to final payment.

Good Practices:

- a) Detailed Dispute and Claims Management procedures are included in the Program Management Plan.
- b) The shared governance process enables input from faculty, staff, facilities, students, College president and others during the planning, design and construction phases.

- c) A formal project close-out procedure is included in the Program Management Plan, which incorporates specified submittals requirements, LEED-specific commissioning procedures, walkthroughs, videotaped systems training, DSA close-out, performance evaluations, and lessons learned documentation. The process includes a final inspection acceptance and notice of completion, which releases retention monies due and enables final payment.
- d) A formal dispute and claims management process is included in the Program Management Plan, incorporating claims avoidance, mediation, and the establishment of a Meet and Confer Conference Panel.
- e) The District is currently redefining the close-out procedures for projects and contracts, and is developing an internal close-out checklist.

Improvement Opportunities:

Low Priority —

- a) Some campuses lack the capability to videotape systems training, which is required by the PMP. The District should arrange for sharing of equipment between campuses, purchase of additional equipment, or another solution.
 - ⇒ Management Response: Although sharing of equipment may be helpful, the time and effort to transport and track shared equipment may prove difficult and somewhat expensive. Given the cost of video equipment today, it is probably more logical that each College acquire the necessary equipment to facilitate staff training needs. Most of the Colleges will be acquiring this type of equipment in the near future as part of the various projects that are entering the construction phase.

Los Angeles Community College District
Proposition A/AA Bond Program Performance Audit Report – Fiscal Year Ended June 30, 2006

APPENDIX A – Bond Program Expenditure Testing

Of the \$221,816,753 expended under the Proposition A and AA Bond Fund Program from July 1, 2005 through June 30, 2006, we evaluated \$115,699,115 (52%).

A summary of the fiscal year ended June 30, 2006 expenditures and dollars tested in our performance audit follows:

Propositions A and AA Expenditures for Fiscal Year Ended June 30, 2006
Summary of Audit Results

	Expenditures			Audit Results	
	Proposition A	Proposition AA	Total	Costs Questioned	Costs Unsupported
Total Expenditures - 7/1/2005 through 6/30/2006	\$ 149,855,526	\$ 71,961,227	\$ 221,816,753		
<u>Audited:</u>					
Stratified/Judgment High Dollar Samples	\$ 34,946,398	\$ 15,883,832	\$ 50,830,230		
Random Sample	3,741,678	1,925,145	5,666,822	\$ 5,775	
Journal Entries	32,523,880	25,023,470	57,547,350		
DMJM Program Management Services Fees	969,496	685,217	1,654,713		
Total Audited	\$ 72,181,452	\$ 43,517,663	\$ 115,699,115	\$ 5,775	\$ -
Percentage Audited	48%	60%	52%		
Total Expenditures - Inception to 6/30/2006	\$ 406,008,527	\$ 130,991,269	\$ 536,999,796		

Methodology

We traced the total claimed expenditures for fiscal year 2006 to DMJM/JGM’s Project Non-Labor Detail Report and reconciled the expenditures to the Project Status Report. Individual items selected for review were traced to the Project Non-Labor Status Report.

Our sample selection for testing was determined by stratifying the LACCD/DMJM/JGM General Ledger and making a judgmental selection of high dollar checks (over \$400,000) paid for Program expenditures. We conducted a random sample of the remaining Program expenditures (excluding immaterial dollar amounts under \$1,000). Additionally, we reviewed large dollar journal entries (over \$100,000, excluding accrual and reversing entries) and sampled one monthly payment made to DMJM/JGM for program management services fees. We obtained a total sample of 58 expenditures for testing of fiscal year 2006 Proposition A and AA expenditures.

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We traced the sampled items to vendor/payee accounts payable files and examined supporting data, such as:

- Contracts and/or Purchase Orders
- LACCD's Board of Trustees minutes of Facilities Planning and Development actions regarding contract authorizations and ratifications
- Contractor Payment Requests
- Contractor Payment Certification
- Detailed Schedule of Values
- Release of Claims (Conditional and Unconditional, as applicable)
- Vendor invoices
- Schedules of contract approved billing rates and/or Prevailing Wages (as applicable)
- Invoice Payment Checklists
- Invoice Payment Approval
- Journal Entries
- and other supporting data

The sampled transactions were verified for the following:

- Expenditure compliance with contracts and Bond requirements
- Proper completion of the Payment Checklists and other forms required by contractors/vendors for submission of payment requests
- Evidence of approval for contract/purchase order by Board of Trustees
- Evidence of review/approval by General Counsel (where applicable)
- Evidence of approval for payment by the College Project Manager (CPM), Inspector, Design Consultant (Architect), Program Director (DMJM/JGM), and District representative
- Evidence that the contract/purchase order was the result of competitive bidding, or proper justification if not based on competition.

Additionally, we tested the contractor's audit procedure for the review of Certified Payroll submitted by construction contractors and their subcontractors. We visited construction sites at four College campuses and performed tests of Payment Requests prepared and submitted to DMJM/JGM for approval by the CPM.

**Los Angeles Community College District
Proposition A/AA Bond Program Performance Audit Report – Fiscal Year Ended June 30, 2006**

APPENDIX B – Audit Resolution Log

LACCD Review Comments/Audit Resolution Log										
No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.1	Moss Adams 2006	Bond and Ballot Compliance	High	Bond funds are currently being used to provide "local matching funds" for State-funded projects, a requirement for projects receiving State funding.	As the available Bond funds decrease, the District should identify alternate funding sources for these matching funds, or risk losing State funds for construction projects.	The matching fund requirement imposed by the State does create constraints. When Prop A/AA funds are exhausted at some point in the future, it is possible to use District operating funds, but given the short supply of operating funds, this is likely not a prudent choice for the College to make. Rather, the District will want to consider seeking additional Proposition 39 bond funds at some point in the future to continue to allow the College's capital needs to be met.	LACCD / DMJM/JGM	Open		
06.MA.2	Moss Adams 2006	Regulatory Compliance	Medium	While DSA-approved inspectors with structural expertise are appropriate for many of the Bond Program construction projects, renovation projects have a demonstrated need for inspectors with specific expertise in mechanical, electrical, and plumbing (MEP).	The District should develop a more specialized inspection program, tailored to the specific need of the Bond Program projects.	The District has numerous inspection firms on contract to serve construction needs consistent with the Field Act. These firms have diverse capabilities and individuals with a range of general and specific skills. An effort will be made in the inspection assignment process to better pair firms and individuals chosen with the specific nature of the construction process to which they will be assigned.	LACCD / DMJM/JGM	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.3	Moss Adams 2006	Regulatory Compliance	Medium	We observed a number of “notices of safety non-compliance”, many of which represent the same issue on multiple campuses (e.g., - lack of protective safety gear).	Construction safety programs should be strengthened and more closely monitored on every campus.	The District along with DMJM/JGM has already recognized the value of an enhanced approach to safety. Efforts are being made to enhance safety monitoring by expanding opportunities to discuss safety issues, have all individuals in the program accept personal responsibility for monitoring and enforcing safe performance, and expanding safety related activities including opportunities for recognition of safe performance.	DMJM/JGM	Open		
06.MA.4	Moss Adams 2006	Communication	Medium	The Bond Program is benefiting from the placement of District facilities representatives on the campuses. At the current time, facilities representatives report to the CPM, but are ultimately overseen by the District, and are thus answering to two distinctly different authorities.	The reporting structure, chain of command, accountability and authority for these positions should be more clearly defined and communicated.	With any change in process, there is a period of adjustment. Roles and responsibilities are being continually reviewed and adjusted to create a seamless capital project delivery capability. The role of the District project manager as part of the CPM team is being defined on a real time basis, and will continue to be refined to assure that program participants have an accurate perception of roles and responsibilities.	LACCD	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.5	Moss Adams 2006	Facilities Planning	High	Projects continue to be reprioritized.	The increased construction cost and schedule delays caused by reprioritization and changes to campus Master Plans should be adequately communicated to the campuses and the end-users.	The District recognizes the potential financial impacts to continually reprioritizing projects at the campuses. However, the general economic climate for construction will continue to drive some of these decisions. The program team as a whole is sensitive to this economic uncertainty and will continue to advise the College presidents how certain decisions may impact their program. The addition of the new Dashboard report from the Proliance system should help address this issue as well.	LACCD	Open		
06.MA.6	Moss Adams 2006	Facilities Planning	Low	Prototypical designs could be highly effective in reducing design costs and DSA approval time, especially for parking structures and child development centers.	Given the existing and future challenges of available Bond funding, the District should reconsider the use of prototypical designs to be used on all campuses.	While this philosophy does have merit, the practical application of this practice can be challenging in the current organizational environment. Each College campus is subject (in part) to multiple user groups and decision-makers. This autonomous culture significantly impacts the District's ability to leverage proto-typical designs across multiple campuses. Further, efforts are being made to provide a consistent look and feel to the architecture at each College. Repetitive design would detract from this goal.	LACCD	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.7	Moss Adams 2006	Procurement Controls	High	The Program Management Plan procedures are designed to govern the contracting process for large projects, and do not provide a mechanism for small and immediate needs. As a result, some campuses are paying for small Bond-related items and then pursuing reimbursement, instead of following the PMP.	We recommend that the District investigate the use of alternative contracting strategies (such as job order contracting or task orders) for miscellaneous services.	The District has previously adopted a mechanism for just such purposes. Each campus is allowed to contract for services with a value of \$10,000 and below. The program team will investigate ways to ensure that each campus is taking full advantage of this mechanism when appropriate. In addition, educational efforts continue across the program to assure that all participants have a clear understanding of steps necessary, or not necessary, to contract for services and construction.	LACCD	Open		
06.MA.8	Moss Adams 2006	Close-out	Low	Some campuses lack the capability to videotape systems training, which is required by the PMP.	The District should arrange for sharing of equipment between campuses, purchase of additional equipment, or another solution.	Although sharing of equipment may be helpful. The time and effort to transport and track shared equipment may prove difficult and somewhat expensive. Given the cost of video equipment today, it is probably more logical that each College acquire the necessary equipment to facilitate staff training needs. Most of the Colleges will be acquiring this type of equipment in the near future as part of the various projects that are entering the construction phase.	LACCD	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.9	Moss Adams 2006	Cost and Schedule Management	High	The soft cost budgets and CPM burn rate analyses as of May 30, 2006 indicate that most CPMs will have exhausted their 6% fee before all construction on the campus is completed, unless remedial action is taken.	The District should be aggressive about CPM staffing levels as design progresses to construction.	The District has a policy that each CPM firm is to provide staffing plans on a monthly basis to the program management team. These plans are to disclose the strategy for fulfilling the contract obligations within the specified rates. As College priorities change, each firm is to provide a recovery strategy to deliver the program at the specified rate. The District and program management team will periodically review these plans to ensure that the firms are within the targeted rates (goals).	DMJM/JGM	Open		
06.MA.10	Moss Adams 2006	Cost and Schedule Management	High	At this time, the District does not have the ability to adequately report detailed actual data, and thus reporting of hard and soft cost data for District-managed projects is inconsistent.	We recommend that the District utilize appropriate software and cost codes, so as to properly report data for capital expenditures on District projects.	The District currently has various reporting capabilities for all financial activities related to capital expenditures. The District will examine whether there are specific capabilities in place to accurately report on hard and soft costs as well.	LACCD	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.11	Moss Adams 2006	Cost and Schedule Management	Medium	On-call reviewer services are being procured as an effort to provide a stopgap for QA/QC and ensure the architects' performance, thus protecting the memorandum of understanding between DSA and the District.	Modification of architect contracts should be considered to back charge architects for on-call reviewer fees for work to prevent DSA issues. We recommend that the District investigate this possibility, in conjunction with the legal department and contracts staff.	The new concept of a pre-submission code review is in an experimental stage. A pilot is presently underway to determine if this will review the quality of drawings from a code compliance standpoint, and thus reduce the amount of time drawings are in the DSA review process. As an experimental procedure, it is premature to commit to a specific funding mechanism until the viability of this procedure is determined.	LACCD	Open		
06.MA.12	Moss Adams 2006	Program Staffing	High	With continued high turnover of staff members at all College Project Managers, loss of institutional knowledge is a real and tangible risk. Turnover is occurring at College campuses, and is a universal problem due to the Los Angeles construction climate and high demand for skilled staff.	The District should continue to develop and refine processes to ensure that responsibilities and project history are documented and that information transfer occurs as part of the exit process.	The program management team has been developing an orientation manual over the past several months. This tool is expected to provide a uniform guide as a tool for the firm to transition new staff members to the program in a seamless manner with minimal resources. The internal operations team has already begun site visits to train the firms on critical processes and has reduced certain procedures to "quick reference" booklets for permanent reference at the trailers.	DMJM/JGM	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.13	Moss Adams 2006	Change Management	High	Change order limits are affecting the timeliness of change order submittal and approval. Various College Project Managers have unofficially adopted the practice of bundling change orders, using several change orders to offset each other and keep the net change as close to \$0 as possible. This prevents timely visibility of change for approval purposes, and may cause schedule delays.	The District should implement procedures to govern the timely submittal and approval of change orders.	The District recently adopted a new change order procedure designed to reduce processing times and vendor payment timelines for the program. The District has implemented the practice of allowing for 10% change order approval above the original Board-approved contract, which will expedite change order implementation in the field. The District will require a reconciliation of costs upon project completion and Board approval of the final contract value.	LACCD / DMJM/JGM	Open		

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.MA.14	Moss Adams 2006	Procurement Controls	Medium	As publicly funded construction projects progress Statewide, it is anticipated that many nonperformance and low-bidder issues will surface, and the State will devise a contracting solution in public contract code for contractor nonperformance.	We recommend that the District prequalify contractors, and carefully and meticulously document nonperformance issues with existing contractors.	State law with respect to public works bidding practices does not allow Community Colleges to disqualify contractors prior to bidding without going through a formal pre-qualification process. It is the District belief that formal pre-qualification would help weed out problematic contractors, but it would also discourage broad bidding on major projects and likely result in higher costs. The District will enhance its documentation practice of poor contractor performance to help with earlier intervention when repeat bidding and award takes place. Careful assertive management of contractors is also being implemented to achieve success and maintain the competitive posture of the District.	DMJM/JGM	Open		
05.MA.1	Moss Adams 2005	Procurement Controls	Medium	Payment of Invoices	Continued diligent payment review and follow up by the Program Manager is needed to prevent erroneous payments and to ensure that correct payments are made. There should be evidence in the file, such as a completed checklist.	The District and program management team will make additional efforts to refine payment request review processes. An internal study has shown improvement in timeliness of payment of invoices, averaging 22 days. We are hopeful that we can further reduce that number.	DMJM/JGM RLoving DWood	Closed	MA	Jul 2006
05.MA.2	Moss Adams 2005	Procurement Controls	Medium	Payment of Invoices	The District should ensure there is adequate supporting documentation for a detailed review of invoices against original and amended contract terms and conditions.	The District and program management team will make additional efforts to refine payment request review processes.	DMJM/JGM	Closed	MA	Mar 2006

Los Angeles Community College District
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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.3	Moss Adams 2005	Audit Issues Resolution	Medium	Audit resolution log	We recommend that audit issues be monitored by the Program Manager until all open items are resolved and that progress be reported to the Board at least quarterly.	The Program Team will continue to enhance the process to facilitate timely resolutions.	DMJM/JGM RLoving	Closed	MA	Sep 2006
05.MA.4	Moss Adams 2005	Bond and Ballot Compliance	High	Multi-Fund Reporting	Internal control and reporting procedures over projects with multiple funding sources need to be developed and implemented by the District, and incorporated into the Program Management Plan.	Priscilla Meckley has worked with DMJM/JGM staff and District staff to formulate a protocol for the handling of multi-funded projects. There is currently a monthly reimbursement underway between bond and non-bond funds to charge expenses to the appropriate source within a reasonable period of time.	LACCD PMeckley	Closed	MA	Nov 2006
05.MA.5	Moss Adams 2005	Regulatory Compliance	High	Safety	Implementation of construction safety programs should be audited and strengthened on every campus.	We will strive to enhance this as a learning tool for the CPM firms in an effort to continuously improve our outstanding safety record.	DMJM/JGM EAschoff	Closed	MA	Sep 2006
05.MA.6	Moss Adams 2005	Regulatory Compliance	High	Safety	Documentation of safety incidents by College Project Managers should be enforced, and all safety incident reports should be centrally recorded and monitored at the Program Management office.	We will strive to enhance this as a learning tool for the CPM firms in an effort to continuously improve our outstanding safety record.	DMJM/JGM EAschoff	Closed	MA	Sep 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.7	Moss Adams 2005	Regulatory Compliance	High	ADA compliance	Completion of Americans with Disabilities Act (ADA) transition plans or ADA compliant designs for every College by the appropriate designers is urgently needed to be compliant with the DSA process and avoid additional delays.	Each College was asked to commission a comprehensive ADA self-evaluation and transition plan. An assessment is presently underway to determine where the Colleges stand on their completion of these reports. If no transition plans have been developed, this request will be renewed to assure that all Colleges develop such a plan to meet the requirements of the Americans with Disabilities Act.	DMJM/JGM BDay	In Progress	MA	Nov 2006
05.MA.8	Moss Adams 2005	Regulatory Compliance	High	Facilities Master Plan	The Facilities Master Plan and Environmental Impact Report need to be approved for Los Angeles Mission College.	The Mission Master Plan is on schedule for adoption in January of 2007. A draft EIR for public comment was released on October 17. The public hearing of the Board of Trustees will be held on December 13th.	DMJM/JGM AKovara	In Progress	MA	Nov 2006
05.MA.9	Moss Adams 2005	Regulatory Compliance	High	DSA process	The District should continue to monitor the California Community Colleges Chancellor's Office progress with the State Architect on improving the DSA approval process for building projects (AB162).	The District has been participating actively on a statewide taskforce created to improve the relationship between DSA and the community Colleges.	DMJM/JGM FGans BDay	Closed	MA	Mar 2006
05.MA.10	Moss Adams 2005	Communication	High	Lessons Learned	Recording and sharing of lessons learned is performed with varying degrees of success by the College Project Managers. Centralized recording of lessons learned should also be done at the Program Management level.	At present, work is underway to document and evaluate lessons learned. Lessons learned are discussed with the CPM roundtable and semi-monthly meetings of the District Chancellor's Cabinet.	DMJM/JGM DWood GGarbellini	Closed	MA	Jul 2006

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.11	Moss Adams 2005	Communication	High	Communication	As construction activity increases, every College should examine and increase its communication related to construction, safety and travel and parking alternatives.	MWW Group is spearheading the LACCD bond program information effort. This includes website, newsletter production, on campus posters describing construction scheduling/safety, as well as construction progress, television, radio and newspaper coverage and regular e-mail blasts. They have worked closely with the College presidents and program staff to make this possible.	LACCD & MWW	Closed	MA	Nov 2006
05.MA.12	Moss Adams 2005	Communication	High	Safety	Additional safety information that directly affects the community needs to be available at all of the construction sites on all College campuses, such as noise and hazard advisory and clearly visible emergency contact information	The Program Management safety team has been enhancing their efforts with a safety minute at each meeting, a weekly program-wide safety conference call, and an enhanced on site inspection program. Recent efforts have included safety recognition activities at each active construction job site.	DMJM/JGM EAschoff	Closed	MA	Nov 2006
05.MA.13	Moss Adams 2005	Communication	Low	Communication	There is no information about the Surety Bonding Program on the website at this time. That information should be added to the Bond Program website.	This information is being refined, and will appear on the website shortly.	DMJM/JGM DWood & MWW	Closed	MA	Feb 2006
05.MA.14	Moss Adams 2005	Communication	Low	Communication	Construction information is not current on all College websites and emergency and alternative route information is not always present.	DMJM and MWW group are working continuously to update the Prop A/AA websites with updated/current information. This effort is ongoing and is coordinated with each of the district College campuses.	MWW	Closed	MA	Nov 2006

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.15	Moss Adams 2005	Facilities Programming	Medium	Facilities Master Plan	A facilities use plan that integrates the facilities Master Plan and the education Master Plan should be developed to respond to changing education and enrollment conditions, based upon the District and Colleges' annual review of program growth projections.	Both the education Master Plans and facilities Master Plans are evolving as more and more information is acquired about the educational needs of the Los Angeles region.	LACCD	Closed	MA	Mar 2006
05.MA.16	Moss Adams 2005	Facilities Programming	Medium	Facilities Master Plan	The Colleges and the District should update its existing facilities condition assessment every three years based on walkthroughs and reviews by facilities engineers to ensure that, at a minimum, health, safety and code compliance requirements are met.	All work being done under the Bond program, and with other fund sources is designed to bring all LACCD Colleges and their respective facilities into complete compliance.	LACCD	Closed	MA	Mar 2006
05.MA.17	Moss Adams 2005	Facilities Programming	Medium	District Standards and Specifications	A common, district-wide set of building standards and specifications is a strategic opportunity for the District.	In a district with delegated decision-making and an active shared governance process, the establishment of specific district-wide standards is very difficult to implement.	DMJM/JGM BDay Donna G	Closed	MA	Mar 2006

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.18	Moss Adams 2005	Procurement Controls	High	Contractor Performance	Less experienced contractors should be more carefully managed in the field by the College Project Managers with oversight from the Program Manager.	Through an active lessons learned program, the CPM teams and the program management team are becoming better at managing the program contractors. The implementation of a two session pre-construction meeting has helped focus attention on administrative requirements and on actual work site and job progress issues. Quick involvement by the program management team in job progress issues has for the large part facilitated quicker and more effective resolution of job progress issues.	DMJM/JGM RThomas XOrtiz	Closed	MA	Nov 2006
05.MA.19	Moss Adams 2005	Procurement Controls	High	Online Bidding	An online bid advertisement program (E-bid) is being used successfully by one College Project Manager, to outreach to more contractors during the bidding process. We recommend that other College Project Managers investigate using a similar system.	Management is currently in the process of implementing a program wide system ("The Network") to facilitate the bidding outreach efforts of the program.	DMJM/JGM RLoving	Closed	MA	Feb 2006
05.MA.20	Moss Adams 2005	Procurement Controls	High	Contractor Prequalification	The Contractor Prequalification Policies and Procedures, part of the Program Management Plan Vol. II Sec. I should be completed and implemented by the Program Manager.	The District has developed a pre-qualification process that now includes a long form and a short form that can be used by a CPM for this purpose. The new pre-qualification rules were adopted by formal action of the Board of Trustees.	LACCD	Closed	MA	Nov 2006

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LACCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.21	Moss Adams 2005	Procurement Controls	Medium	QA/QC	The Program Manager needs to implement its draft Internal Quality Assurance and Quality Control (QA/QC) audit procedures.	The internal audit procedures have been finalized and various departments have conducted field examinations at the CPM firm trailers. The district and Program Manager also believe that a large scale internal examination of some type is still of value, although large scale internal audits have been deferred to a later date. We will continue to conduct regular visitations/audits at the College campuses to test compliance with specific program procedures as deemed necessary.	DMJM/JGM GGarbellini	In Progress	MA	Nov 2006
05.MA.22	Moss Adams 2005	Procurement Controls	Medium	QA/QC	The College Project Managers should closely monitor and manage the performance of design consultants, as required by contractual agreement, in order to ensure the completeness and correctness of existing and future bid packages and specification books.	The College Project Managers are bound contractually to perform this function.	CPMs BDay	Closed	MA	Sep 2006
05.MA.23	Moss Adams 2005	Procurement Controls	Medium	Bulk purchasing	The District should continue to explore strategies for bulk purchasing.	Steel, Concrete and Carpet programs are being developed.	LACCD	Closed	MA	Jul 2006
05.MA.24	Moss Adams 2005	Procurement Controls	Low	e7 Jobs oversight	The success of at-risk individuals in the E-7 Jobs program should be evaluated by the Program Manager regarding individual on-the-job performance and the employee's need for additional supervision, as part of the apprenticeship program.	E7 staff does monitor performance and interacts with employers of all interns and at-risk hires to evaluate performance.	DMJM/JGM CLeon	Closed	MA	Mar 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.25	Moss Adams 2005	Procurement Controls	Low	Completeness of documentation	Program Manager documentation needs to be complete and correct for all contract files, especially insurance documentation and the Pre-Award Checklist.	The program management team will continue to strive to ensure that all applicable documentation is complete and appropriately filed.	DMJM/JGM	Closed	MA	Mar 2006
05.MA.26	Moss Adams 2005	Close-out	High	Quality of inspectors	The mechanism for the assignment of inspectors from a pool of available DSA-certified inspectors should be evaluated by the District and the Program Manager. Consistency of inspectors throughout the construction process is a recurring issue.	The District has evaluated the process for the assignment of inspectors and has found it to be consistent, unbiased and in conformance with the requirements of DSA.	DMJM/JGM GGarbellini	Closed	MA	Nov 2006
05.MA.27	Moss Adams 2005	Close-out	High	Shared Governance	Some Colleges could benefit by including the end-users in the final walkthrough and facility acceptance process.	Users are active participants in building design, construction, and occupancy issues. Planning is initiated at the start of construction for project move-in. CPM staff, move managers, and program management procurement staff are now working with users through the construction period to assure that move-in / occupancy issues are fully covered, and the process is as pleasant as it can be. We have also begun work on a standard Building User Manual that will be available for each new construction and major remodel projects and given to each user to orient them to their new space.	DMJM/JGM RThomas GGarbellini	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.28	Moss Adams 2005	Close-out	Medium	Close-out Files	A District facilities close-out checklist should be developed to facilitate user acceptance and close-out.	A standard checklist has been developed and is being used by the document control group and CPMs to assure that each project achieves complete close-out.	DMJM/JGM RThomas GGarbellini	Closed	MA	Nov 2006
05.MA.29	Moss Adams 2005	Close-out	Low	Completeness of documentation	The contract close-out process should be amended in the Program Management Plan to include a notation in the contract file that the contract is closed, all documents have been received, and final payment has been made.	The district and Program Manager concur with the recommendation and began a series of meetings to examine and implement improvements to the entire close-out process. Contract close-out involves many Program Management team departments, the District, the CPM firms and a tremendous amount of documents. The Program Manager is still in the process of finalizing the complete approach and process.	DMJM/JGM BGardner WWolf RLoving	In Progress	MA	Nov 2006
05.MA.30	Moss Adams 2005	Cost and Schedule Management	High	Trend and variance reporting	Close attention should be given, by the Program Manager and the District, to cost and schedule trend reporting, variance reporting and justification.	As of November 1, a new monthly "Dash Board" Report will be generated for every project for use by all stakeholders. The report will address project issues, schedule and budget information including progress against schedule and progress against budget, as well as projected budget variances. This data will be provided in a timely way that allows for decision making and adjustments necessary to keep projects on track.	DMJM/JGM RGutierrez DWood	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.31	Moss Adams 2005	Cost and Schedule Management	High	LACCD review of DMJM/JGM invoices	Detailed review of DMJM/JGM invoices for Program Management services is not being performed by the District.	Vasquez and Associates has been hired through an RFP process to review the monthly DMJM/JGM invoices.	LACCD	In Progress	MA	Nov 2006
05.MA.32	Moss Adams 2005	Cost and Schedule Management	High	Multi-Fund Reporting	State and other funding sources should be carefully managed, and the timeline for funding requests should be clearly defined and communicated. Critical dates should be added to the College Project Manager's construction schedule as milestones and aggregated at the District level.	District facilities project managers are present on the campuses and integrated with the Bond program team. The District has developed a series of project summaries and generic schedule reports to track the status of State funding and State funding deadlines.	DMJM/JGM BDay & LACCD PMeckley	Closed	MA	Sep 2006
05.MA.33	Moss Adams 2005	Cost and Schedule Management	High	Cost reconciliation	The College Project Manager's cost tracking and the Program Manager's cost tracking systems should be reconciled by the Program Manager on a periodic basis to ensure timely data entry and correctness, and to enable accurate real-time cost reporting.	It is expected that the full implementation of the Proliance software should facilitate this process, and make biweekly reconciliation possible.	DMJM/JGM	Closed	MA	Jul 2006
05.MA.34	Moss Adams 2005	Cost and Schedule Management	High	Cost reconciliation	Additional monthly reconciliation between the District general ledger and the Program Manager's Prolog/Proliance system should be performed on a monthly basis, to supplement the annual reconciliation that is already performed.	Reconciliation is being conducted on a periodic basis.	DMJM/JGM RLoving IBalac	Closed	MA	Jul 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.35	Moss Adams 2005	Cost and Schedule Management	High	Close-out Audits	The District or the Program Manager should conduct a close-out cost audit of all large contracts prior to release of retention.	All documentation is examined and scrutinized closely prior to the release of retention/final payment. This process is already in place and is performed for all contracts regardless of dollar value. We do not categorize this process as a formal audit rather we deem this an expectation as a part of normal operations.	DMJM/JGM RLoving KMcAvoy RGutierrez	Closed	MA	Nov 2006
05.MA.36	Moss Adams 2005	Cost and Schedule Management	High	System implementation	The capabilities of the Proliance system should be evaluated, during implementation of the system, regarding real-time reporting of cost and schedule data.	Program reporting effectiveness is continually evaluated, and the Proliance team is charged with identifying the program's reporting needs.	DMJM/JGM KMcAvoy DWoods RLoving	Closed	MA	Jul 2006
05.MA.37	Moss Adams 2005	Cost and Schedule Management	Medium	System implementation	The Bond reporting effectiveness should be reviewed by the Program Manager, once the Proliance system is fully implemented.	Immediately following the full implementation of Proliance we will continually examine program reporting effectiveness. The Program Manager has developed a reports design committee that also includes CPM firm representatives. This team is charged with continual assessment of the program's reporting needs.	DMJM/JGM	In Progress	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.38	Moss Adams 2005	Cost and Schedule Management	Medium	System implementation	The Bond procedures effectiveness and internal controls should be reviewed by the Program Manager, once the re-engineered Program Management Plan is fully implemented.	As part of the Proliance planning and design the district and Program manager already considered existing internal controls and ways to strengthen standard internal accounting controls. The program team also strived to incorporate good business system controls designed to increase efficiencies and reduce risk of errors and omissions. Once Proliance is fully implemented Management will periodically assess the effectiveness of the program's overall internal controls.	DMJM/JGM RLoving DWoods GGarbellini	In Progress	MA	Nov 2006
05.MA.39	Moss Adams 2005	Cost and Schedule Management	Medium	Cost reporting	Earned value analysis methodologies should be applied to program cost and schedule controls by the Program Manager.	EV is difficult to implement in an environment that uses primarily lump sum contracts.	DMJM/JGM RGutierrez	Closed	MA	Nov 2006
05.MA.40	Moss Adams 2005	Cost and Schedule Management	Medium	Schedule reporting	The program schedule has changed significantly since the rebaselined effort. A meaningful target should be established by the Program Manager for the program schedule against which progress can be measured and variances reported.	All schedules are the responsibility of the individual CPM firms in collaboration with the College leadership. Each campus has recently submitted new budgets and schedules that have been re-prioritized to reflect campus capital program needs. This latest data will be the information utilized to measure performance. The Program Manager will continue to assess and monitor monthly schedules submitted by the Colleges.	DMJM/JGM	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.41	Moss Adams 2005	Program Staffing	High	LACCD staff	As construction volume increases, District management level staffing in Facilities Planning and Development will be inadequate to oversee program management personnel and to respond to Bond program needs.	District facilities project managers are present on the campuses and integrated with the Bond program team.	LACCD	Closed	MA	Sep 2006
05.MA.42	Moss Adams 2005	Program Staffing	High	College staff	At each campus, one qualified College staff member should be designated as a single point of contact for program stakeholders and College Project Managers.	Staff have been identified at each College that are the primary contact with the bond program. In most cases, it is the VP of Administration, or another administrator.	LACCD	Closed	MA	Nov 2006
05.MA.43	Moss Adams 2005	Program Staffing	High	DMJM/JGM Staff	The Program Manager staffing levels appear to be inadequate in certain departments, such as project controls/scheduling and estimating.	Added two staff members to project controls.	DMJM/JGM RLoving	Closed	MA	Feb 2006
05.MA.44	Moss Adams 2005	Program Staffing	High	CPM staff	The College Project Managers and the Program Manager should take full advantage of the internship opportunities available to them.	Management makes best efforts to utilize interns when it is practicable within the confines of the fixed fee.	DMJM/JGM CLeon	Closed	MA	Mar 2006
05.MA.45	Moss Adams 2005	Program Staffing	Low	Institutional memory	When high turnover occurs, loss of institutional memory is a risk. Procedures should be established by the Program Manager to ensure that responsibilities and project history are documented.	The Program Manager has developed an orientation manual to be utilized as new team members (or entire firms) are hired for the program. This methodology has proved to be beneficial in ensuring of the transitioning of pertinent program information to new hires as they join the program.	DMJM/JGM RLoving KBouhier	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.MA.46	Moss Adams 2005	Change Management	High	Change Order approval	Change order approval should be performed and documented by the appropriate party in a timely fashion and completed before services are performed and invoices are received against the contract.	The Board of Trustees has delegated certain authority to the District Chancellor and his staff, namely the Executive Director of Facilities, Planning and Development, to authorize certain work to commence prior to full board action.	DMJM/JGM RThomas CPMs	Closed	MA	Mar 2006
05.MA.47	Moss Adams 2005	Change Management	High	Change management on LEED projects	Changes on LEED-certified projects must be carefully managed by the College Project Managers with oversight from the Program Manager, and controls and reporting processes should be developed.	The sustainable elements of a building are integral to the building design, and would be very difficult to eliminate at a latter stage of the process.	DMJM/JGM BPatel	Closed	MA	Mar 2006
05.Hickling.1	Hickling 2005	Schedule	N/A	Control of Construction Schedules	LACCD work closely with District staff, the program manager and College project managers to manage construction schedules. Eliminate unnecessary activities and information handling during transition to the next construction phase.	The construction schedules are managed by the CPMs, and are integrated into the master program schedule by DMJM/JGM.	CPMs	Closed	MA	Jan 2006
05.Hickling.2	Hickling 2005	Program Management	N/A	Program Management Processes	Eliminate unnecessarily complicated processes and forms. Decrease cycle time for completing required policies and procedures.	The district and Program Manager began the process of increasing efficiencies prior to the Hickling report and the Report's formal recommendations were implemented approximately 19 months ago. The district and Program Manager consider the process of increasing efficiencies an ongoing process and not simply a static one-time analysis. The team will continually look for implementing streamlined efficient processes.	DMJM/JGM	Closed	MA	Sep 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.Hickling.3	Hickling 2005	Program Management	N/A	Program Management Software	Identify and implement an electronic project information system to support on-demand information and instant reporting. The software should enable multiple levels of project collaboration, approvals, cost control and retention of project history.	Proliance software has been chosen to replace Prolog.	DMJM/JGM	Closed	MA	Sep 2006
05.Hickling.4	Hickling 2005	Cost	N/A	Hard Cost / Soft Cost Ratio	Track the value of hard cost vs. soft cost ratio changes against the initial project budgets for each project. Examine deviations in soft costs to determine if the expense contributes appropriate value to the program.	Hard and Soft Costs are being tracked and reported.	DMJM/JGM	Closed	MA	Mar 2006
05.Hickling.5	Hickling 2005	Program Management	N/A	Communication of Policies and Procedures	Ensure that policy and procedure communications are standardized, clear and concise. Enable flow of information and two-way communication, including feedback from campus personnel and CPMs.	The District and Program Management team continually stress effective communications and facilitate monthly CPM roundtable meetings. In addition, the Internal Operations Department began additional monthly meetings with the CPM teams to discuss new solutions to enhance procedures and communicate any changes to policy.	DMJM/JGM	Closed	MA	Sep 2006
04.KPMG.1	KPMG 2004	Cost	N/A	Land Acquisition Reporting	Restructure the budget to more consistently report land acquisition.	Land acquisition has been categorized as hard costs in all campus budgets.	LACCD	Closed	MA	Jul 2005
04.KPMG.2	KPMG 2004	Cost	N/A	Bond and Non-Bond Reporting	Develop a formal policy and reporting structure to more consistently report bond and non-bond expenditures.	All campus budgets reflect both bond and non-bond funding.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.3	KPMG 2004	Cost	N/A	Expenditure Reporting	Report a summary of costs expended to date.	Summary level and detail transaction level reporting is being done.	DMJM/JGM	Closed	MA	Jul 2005

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.KPMG.4	KPMG 2004	Program Management	N/A	Use of District Forms	Determine whether the use of District forms for budget transfers should be enforced.	The majority of budget transfers will now be performed in the Proliance system by the CPM firms. There are certain special transfers that will require a hard copy (e.g. interest transfers). The Proliance system has a built in archiving and audit trail for any individual processing a document in the system.	DMJM/JGM	In Progress	MA	Nov 2006
04.KPMG.5	KPMG 2004	Cost	N/A	Allocation of Hard and Soft Costs - LA Trade Technical College	Hard costs were misallocated as soft costs, and issue needs to be resolved.	Costs have been recategorized.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.6	KPMG 2004	Bond Compliance	N/A	Project Naming and Descriptions	The District should enforce a naming standard for all Bond projects.	Approvals are required for naming and name changes.	LACCD	Closed	MA	Jul 2005
04.KPMG.7	KPMG 2004	Program Management	N/A	Program Management Plan Finalization	Volume III of the PMP should be finalized and approved.	Volume III of the PMP has been finalized.	DMJM/JGM	Closed	MA	Nov 2006
04.KPMG.8	KPMG 2004	Program Management	N/A	Program Management Plan Changes	Updates should be posted to the website, and not sent by email so as to avoid version control issues.	Updates are posted to the website, and announcements also posted regarding available revisions.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.9	KPMG 2004	Program Management	N/A	Program Management Plan Hard Copies	A hard copy of the PMP should be provided to stakeholders on a semi-annual basis.	A hard copy of the PMP is provided to stakeholders at the start of each fiscal year.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.10	KPMG 2004	Program Management	N/A	EIR and Master Plan Version Control	Document retention plans should be developed for EIRs and Master Plans.	An archiving requirement has been implemented.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.11	KPMG 2004	Program Management	N/A	EIR and Master Plan Related Documentation	EIRs, Master Plans, and all related documentation should be maintained together in a central file archive	The information is filed by document control	DMJM/JGM	Closed	MA	Jul 2005

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04.KPMG.12	KPMG 2004	Staffing	N/A	90-day Staffing Plans	The District and Program Manager should enforce the preparation of 90-day staffing plans by the CPMs.	This action has been re-implemented.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.13	KPMG 2004	Staffing	N/A	Staffing Changes and Rate Adjustments	Policies should be updated to require approvals for staffing changes and rate adjustments.	Approvals are required on the 90-day staffing plans.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.14	KPMG 2004	Program Management	N/A	Team Communication	Program manager needs to communicate more openly with CPMs and LACCD.	Meetings and regularly scheduled roundtables have improved communication.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.15	KPMG 2004	Close-out	N/A	DSA Close-out	DSA close-out of old projects may cause schedule delays to the construction program.	Procedures have been implemented to prioritize DSA close-out of old projects.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.16	KPMG 2004	Program Management	N/A	DSA Communication	Create a central location for receipt and distribution of communication from DSA.	DSA maintains a central location for files and communicates project status via the website. DMJM/JGM also maintains files.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.17	KPMG 2004	Close-out	N/A	Close-out Files	Close-out construction files are stored in various locations between the CPM and program manager - recommend centralization.	The program manager has arranged for off-site storage.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.18	KPMG 2004	Purchasing and Contracting	N/A	Bidding Documentation	Documentation of the bidding process is incomplete.	The bidding process is defined by the PMP.	DMJM/JGM	Closed	MA	Jul 2005
04.KPMG.19	KPMG 2004	Purchasing and Contracting	N/A	Bidding Procedures	Finalize PMP Vol. III bidding procedures.	The Program Management team has participated in an on-line bidding demo product; the district is still considering legal and other potential ramifications to this type of system. Volume III of the PMP was finalized.	DMJM/JGM	In Progress	MA	Nov 2006
04.KPMG.20	KPMG 2004	Purchasing and Contracting	N/A	Payment of Invoices	Design a procedure to monitor the timely payment of invoices by CPMs.	The finance/accounting department tracks invoice aging.	DMJM/JGM	Closed	MA	Jul 2005

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03.KPMG.1	KPMG 2003	Program Management	N/A	Outreach Reporting	Standardize and improve the outreach reporting process, and compare outreach achievements to established goals.	Outreach achievements are measurable and exceed established goals.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.2	KPMG 2003	Program Management	N/A	Communication of Information	Improve the frequency and timeliness of information; investigate web-based communication tools.	The District and Program Management team continually stress effective communications and facilitate monthly CPM roundtable meetings. In addition, the Internal Operations Department holds additional monthly meetings with the CPM teams to discuss new solutions to enhance procedures and communicate any changes.	DMJM/JGM	Closed	MA	Nov 2006
03.KPMG.3	KPMG 2003	Program Management	N/A	Knowledge-sharing	Allow knowledge-sharing between CPMs, and improve document control so as to enable retrieval of information.	The CPM roundtable meetings encourage knowledge-sharing, and the filing structure (online and offline) has been established by the PMP	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.4	KPMG 2003	Purchasing and Contracting	N/A	Transparency in Contracting	Improve the transparency of contract negotiations by including CPMs in the process.	Negotiations are pretty much done at this point, contracts are boilerplate.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.5	KPMG 2003	Program Management	N/A	Program Management Tools	Implement a cross functional program management network, to enable indepartmental problem solving.	Proliance software has been chosen to replace Prolog; all files are stored on a centralized network.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.6	KPMG 2003	Program Management	N/A	Roundtable Meetings	Evolve the CPM roundtable meetings so that they become informative and action-driven.	Anecdotal information suggests that this has been achieved.	DMJM/JGM	Closed	MA	Jul 2005

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03.KPMG.7	KPMG 2003	Program Management	N/A	Progress Reporting	Improve progress reporting to include variances and more detailed narrative information regarding project progression.	CPM monthly reports include narrative and variance reporting. The DMJM/JGM quarterly report summarizes the variance information.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.8	KPMG 2003	Program Management	N/A	Multi-Fund Reporting	Implement policies and procedures for accounting and reporting on multi-funded projects.	All campus budgets reflect both bond and non-bond funding.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.9	KPMG 2003	Facilities Planning	N/A	EIRs and Facilities Master Plan Completion	Complete all EIRs and Facilities Master Plans.	All FMPs and EIRs are complete and approved with the exception of LA Mission College.	CPMs	Closed	MA	Jul 2006
03.KPMG.10	KPMG 2003	Program Management	N/A	Reporting to Senior Management	Make quarterly reports more user friendly, including cost and schedule variance reporting and multi-funded projects. Involve the Executive Director in meetings.	A standard reporting format has been agreed upon by the District and DMJM/JGM.	DMJM/JGM	Closed	KPMG	Jul 2004
03.KPMG.11	KPMG 2003	Purchasing and Contracting	N/A	Contracts for Multi-Funded Projects	Revise contracts to allow contracts for multi-funded projects.	If the project has 51% Bond funds, it is a bond project and we use our contract. If a project uses less than 51% bond money it is not a bond contract, and, thus, the District will contract for the work.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.12	KPMG 2003	Cost	N/A	Tracking of Soft Costs	Enable tracking of soft costs against established goals.	Senior management consciousness of soft costs should mitigate any issues. All campus budgets are monitored for soft cost goals and appropriate allocation.	DMJM/JGM	Closed	KPMG	Jul 2004
03.KPMG.13	KPMG 2003	Cost	N/A	Cost Tracking for Multi-Funded Projects	Re-establish budgets to enable cost tracking for multi-funded projects.	All campus budgets reflect both bond and non-bond funding.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.14	KPMG 2003	Cost	N/A	Budget Transfer Approvals	Increase the approval requirements for budget transfers.	The budget transfer process has been defined by the PMP.	DMJM/JGM	Closed	MA	Jul 2005

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03.KPMG.15	KPMG 2003	Cost	N/A	Benchmarking	Use benchmarking to evaluate District-wide costs.	A benchmarking study has been done, and DMJM/JGM estimating also tracks cost per s.. on a District-wide basis.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.16	KPMG 2003	Program Management	N/A	CPM Evaluation	Finalize policy and procedures regarding the CPM review process, and enforce annual CPM evaluations.	CPM evaluations are done monthly and annually, and are reviewed with the Colleges. Procedures have been established.	DMJM/JGM	Closed	MA	Jul 2005
03.KPMG.17	KPMG 2003	Program Management	N/A	User-Friendly Software	Evaluate software for user-friendly options and improvements, or improve training.	Proliance software has been chosen to replace Prolog.	DMJM/JGM	Closed	MA	Feb 2006
02.KPMG.1	KPMG 2002	LACCD Oversight	N/A	Chancellor's Bond Steering Committee	Seek to improve the effectiveness of the Committee by including College Presidents as members.	4 College Presidents are involved with the Committee.	LACCD	Closed	MA	Jul 2005
02.KPMG.2	KPMG 2002	Program Management	N/A	Contract Management	DMJM/JGM should hold monthly meetings with CPMs, regarding contracts and Requests for Contract. Create an RFC checklist, and prioritize contract tracking on the website.	The RFC process has been greatly improved, and is managed in Prolog. There is an RFC checklist.	DMJM/JGM	Closed	MA	Jul 2005
02.KPMG.3	KPMG 2002	Program Management	N/A	CPM Training	DMJM/JGM should hold CPM training on a quarterly basis.	Training used to be held quarterly, and is now held as needed, including training during the CPM roundtable sessions.	DMJM/JGM	Closed	MA	Jul 2005
02.KPMG.4	KPMG 2002	Program Management	N/A	Team Communication	DMJM/JGM should hold monthly meetings with CPMs and District Facilities Planning, regarding program status.	Quarterly meetings and regularly scheduled roundtable meetings have improved communication. Monthly CPM meetings have not been established.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.5	KPMG 2002	Program Management	N/A	Communication of Construction Status	Add a narrative section to the monthly report, as well as financial status information.	A standard reporting format has been agreed upon by the District and DMJM/JGM.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.6	KPMG 2002	Program Management	N/A	PLA Reporting	Provide detailed PLA and Outreach information.	Reporting in this area has been periodic.	DMJM/JGM	Closed	MA	Jul 2005

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02.KPMG.7	KPMG 2002	Program Management	N/A	DMJM/JGM Deliverables	An approved tracking form should be developed, which monitors the progress of all Program deliverables to the District.	Deliverables and progress are discussed every Monday at the Executive Breakfast Meeting. The only contractually required deliverables are the quarterly and annual reports.	DMJM/JGM	Closed	MA	Jul 2005
02.KPMG.8	KPMG 2002	Purchasing and Contracting	N/A	CPM Contracts	Complete and execute CPM contracts for all 9 campuses.	CPM contracts have been executed.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.9	KPMG 2002	Cost	N/A	Budgets	Complete, verify and execute budgets for all 9 campuses.	Budgets have been executed.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.10	KPMG 2002	Schedule	N/A	Schedules	Complete, verify and execute schedules for all 9 campuses, and master program schedule.	Schedules have been executed.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.11	KPMG 2002	Program Management	N/A	Website	Activate the public website	The website is live	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.12	KPMG 2002	Program Management	N/A	Web-Based Reporting	Initiate web-based reporting for all campuses.	As part of the Proliance implementation there are a series of financial as well as program controls reports that will be available to all campuses via the web. The Proliance application is a web-based tool that may be accessed by program team members through any computer's internet access.	DMJM/JGM	In Progress	MA	Nov 2006
02.KPMG.13	KPMG 2002	Program Management	N/A	Progress Reporting	Improve the timeliness and quality of progress reporting.	A standard reporting format has been agreed upon by the District and DMJM/JGM.	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.14	KPMG 2002	Purchasing and Contracting	N/A	EIR and Zoning Contracts	Execute EIR and zoning contracts for all 9 campuses.	Done	DMJM/JGM	Closed	KPMG	Jul 2004
02.KPMG.15	KPMG 2002	Close-out	N/A	DSA Inspectors	Resolve DSA inspector issues and lack of State-certified personnel.	The District has established contracts with seven approved DSA inspectors.	LACCD	Closed	KPMG	Jul 2004