



LOS ANGELES COMMUNITY COLLEGE PROPOSITION A/AA BOND PROGRAM

**BOND PROGRAM
PERFORMANCE AUDIT**
Fiscal Year Ended June 30, 2008

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February 9, 2009

Mr. Larry Eisenberg
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Subject: Proposition A/AA Bond Program Performance Audit Report

Dear Mr. Eisenberg:

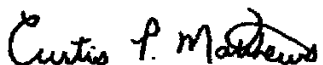
This report summarizes the results of our engagement to provide Proposition A and Proposition AA performance audit services as required by California Proposition 39 for the fiscal year ending June 30, 2008. This performance audit evaluated the Los Angeles Community College District's (District) compliance 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 over the use of school construction bond proceeds to comply with Proposition A/AA requirements. Total Bond Program fund expenditures were \$499,072,010¹ from July 1, 2007, through June 30, 2008, as recorded on the District's books and records. The performance audit evaluated Bond Program internal controls and Proposition A and AA expenditures between July 1, 2007, and June 30, 2008 totalling \$204,615,230 (41.0%) 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 Funds Use	(877,119,374)
July 2007 – June 2008 Expenditures	<u>(499,072,010)</u> ¹
Remaining Funds as of July 2008 (not including investment income from Bond proceeds)	<u>\$ 848,808,616</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. Policies and Procedures were developed by the District and Program Manager to implement and govern consistent application of good construction practices as addressed in the good practices observations in this report.

This report reflects procedural changes and actions taken through June 30, 2008 by the Program Manager, the College Project Managers, and the District since the Performance Audit conducted in the prior fiscal year by Moss Adams.

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



Summary of Key Good Practices

- BuildLACCD implemented a document control system (Webdoc) containing information related to contracts (including contract documents, invoices, Board authorizations, etc.). This was available at construction sites for preparation of Board-related documents. The Webdoc system was also available to the District.
- Codes were updated to facilitate reconciliation and match between BuildLACCD expenditures and the District's SAP system.
- BuildLACCD developed a universal inquiry interface (UII) system as a bridge between Proliance and Costpoint. The system integrated information from Proliance, Costpoint and Primavera Project Planner (P3). The system was used by accounting and program controls, and was the source of current data for invoice payment, funding determination, and other decision making.
- A major accounting effort was undertaken at BuildLACCD in Fiscal Year (FY) 2008 to ensure all contract information (such as budget and expenditures) was entered in Costpoint.
- SAP integration was implemented at the start of FY 2009.
- BuildLACCD developed prequalification lists for design-build services, contractors, and professional services.
- Contract language continued to evolve and be strengthened. For example, there was a significant change in the indemnity clause for professional contracts.
- Improvements to the safety program were made, including a Spanish translation of the field guidebook, as well as an orientation video and safety briefing cards.



Summary of Key Opportunities for Improvement

- The Program Management Team (PMT) burn rate analysis indicated that the PMT had overspent its fee and could be expected to exhaust available funds before campus construction project completion unless remedial action occurs. To address this situation, the District should revise the PMT contract to include a cash flow analysis and burn rate cap by month.
- Duplicate accrual entries totalling \$1,099,578 were identified during testing of journal entries. This resulted in a significant overstatement of Bond fund expenditures and indicated a control weakness existed in the level of review performed prior to entering journal entries. The PMT should adjust FY 2008 expenditures to remove duplicated transactions. Controls over journal entries should be improved so adequate review is performed to ensure the entry is not a duplicate. These controls should include additional review of proposed journal entries to ensure journal entries do not duplicate previous entries or invoiced amounts.
- Two issues related to recording of expenditures by fiscal year were identified during the testing of invoices as follows:
 - Lease expenditures totalling \$111,006.50 related to FY 2009 were incorrectly recorded as FY 2008 expenditures.
 - An invoice in the amount of \$55,404 was recorded as a FY 2008 expenditure and then voided in FY 2009 shortly after the fiscal year end. The void was recorded as a credit to FY 2009 expenditures when it should have been credited to FY 2008 expenditures. This resulted in an overstatement of FY 2008 expenditures.

These issues indicated that additional controls should be implemented to ensure expenditures related to invoices are recorded in the correct fiscal year.

- BuildLACCD did not record receivables for expected State reimbursements and did not track actual State reimbursements against expected reimbursements. As a result, the monthly categorization of Bond fund expenditures was incorrect because expenditure reporting was not adjusted for differences between expected and actual State reimbursements. At the end of the fiscal year, Bond fund expenditure reporting was adjusted to reflect actual State reimbursements. Although the reporting at the end of the year was correct, the monthly reporting was not correct due to this issue. BuildLACCD should develop a system of tracking State reimbursements on a monthly basis and should adjust Bond fund expenditure reporting accordingly.
- Review of a sample of invoices approved by Campus Project Managers (CPMs) indicated that, in several instances, adequate review and/or documentation was not performed as follows:
 - The supporting detail for one invoice was less than the amount invoiced. There was no indication of why the invoice was paid for the full amount even though the detail did not support the invoiced amount.

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- The CPM approved payment on four invoices even though the architect disagreed with the contractor's claimed percentage of completion. The documentation provided was not sufficient to explain why the invoices were approved.

These examples indicate that the CPMs were not consistently performing a sufficient review of the invoices sent to BuildLACCD for payment.

- One sampled contract included a clause that indicated the construction project was not subject to Bond Program requirements. The text appeared to have been included in the contract by mistake. Additional controls should be implemented to ensure contract language is thoroughly reviewed prior to approval, and only District standardized contracts are used.
- Twelve invoices were found to have an approval date on the invoice payment checklist that was significantly later than the date on the check. This was due to the back dating of checks to June 30 when checks were actually issued in subsequent months. The date on the check should be the actual date the check was created. BuildLACCD should accrue at year end for unpaid items, and not backdate checks after year end.



OBJECTIVES AND SCOPE

This performance audit evaluated 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, 2007 through June 30, 2008 for compliance with Bond Program objectives. Expenditures listed in this report are from District books and records and have not been audited for State-required financial reporting purposes.

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 Build-LACCD Bond Program Management Team, and the College Project Managers. We conducted over thirty interviews with District, College and Program Manager Team members, 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
- Minutes from Bond Steering Committee, Facilities Legal Committee, Infrastructure Committee, PMT meetings, and other meetings
- 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 an additional \$980 million in improvements, and the Proposition J Bond was approved by voters in November 2008 to provide an additional \$3.5 billion in improvements. The total base Bond fund dollars are \$5.725 billion.

The Bond funds are to be used for the renovation, repair and replacement of aging educational facilities and for 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). At the end of that contract, the program management services were re-competed and awarded to URS (Program Management Team or BuildLACCD) in March 2007.

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

EXPENDITURE TESTING RESULTS

Our performance audit evaluated Proposition A and AA expenditures between July 1, 2007, and June 30, 2008, totalling \$204,615,230 (41.0%) and found no exceptions with the use of Bond Program funds for approved Proposition A/AA purposes.

Details for expenditure testing are provided in Appendix A.



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 132 of 136 issues from past audits have been resolved, and four issues are in progress and are being resolved.

Details for all past audit issues are included within Appendix B.

Source	Issues Identified	Closed Items	Solutions Being Implemented	Open Issues
Moss Adams 2007	18	16	2	0
Moss Adams 2006	14	13	1	0
Moss Adams 2005	47	46	1	0
Hickling 2005	5	5	0	0
KPMG 2004	20	20	0	0
KPMG 2003	17	17	0	0
KPMG 2002	<u>15</u>	<u>15</u>	<u>0</u>	<u>0</u>
Total	<u>136</u>	<u>132</u>	<u>4</u>	<u>0</u>

The open past audit issues, and Management response for those issues, are as follows:

- 07.MA.4.b The Bond Program receives additional funding, including interest income, State, and Federal monies. The Bond Program procedures should enable tracking and reconciliation of State income (vs. approved amount for reimbursement of capital expenditures), Federal funding and timing, and allocation of interest income. More frequent interaction with District Finance is needed.
 - Current Status: Some progress has been made toward the resolution of this open issue. The PMT is working more closely with District Finance. The PMT runs a State expense report monthly that shows all expenses coded to State reimbursement funds, and provides copies of invoices and checks to the District for reimbursement processing. As noted in this year’s performance audit, more frequent reconciliation is needed for State funding expenditures and reimbursements.
- 07.MA.8.b No projects have been closed in the past six months since the PMT contract was reissued. Performance metrics should be developed for the PMT and CPMS which include timely close-out of projects.



- Current Status: Some projects have been closed out, but a number of projects remain open even though the buildings are occupied and in use. The project close-out procedure was revisited and refreshed utilizing a detailed and lifecycle-based checklist. Department of State Architect (DSA) close-out support has been integrated into the program team. Archival procedures and vendors have been established to electronically enter the images of the close-out documents into the document record system.
- 06.MA.9 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.
 - Current Status: The CPMs have made some progress in reducing their burn rate, but this issue remains a concern with burn rates for both the CPMs and (as noted in this year's performance audit) the PMT. 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).
- 05.MA.7 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.
 - Current Status: Some progress has been made to resolve this issue. 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.



KEY FISCAL YEAR 2008 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 goals. 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 \$204,615,230 (41.0%) of the total \$499,072,010 of Proposition A and AA funds expended between July 1, 2007, and June 30, 2008. Expenditures reviewed in this report are from the Bond Program books and records maintained by the Program Management Team (PMT) and are subject to completion of the District's Financial Audit.

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 controls to comply with Bond Program requirements.
- b) The District used 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.
- c) The Labor Compliance Plan was defined and implemented as required by Assembly Bill 1506.
- d) The District Bond Steering Committee, Citizens' Oversight Committee, College Citizens' Oversight Committees and College Shared Governance Committees represented a cross-section of the community and stakeholders. Their responsibilities included review of Bond construction status and expenditures.



Improvement Opportunities

High Priority

- a) Three duplicate accruals were identified during FY (Fiscal Year) 2008 expenditure testing. These duplicate accruals resulted in an apparent overstatement of FY 2008 expenditures of \$1,099,578. The PMT should adjust FY 2008 expenditures to remove the duplicated transactions. The duplicated accruals were entered in the Costpoint System (the system of record) and were also included in the UII data warehouse. This data was utilized to prepare the CAFR. The Program Management Team (PMT) should implement controls to ensure duplicate accruals do not occur. These controls should include additional review of proposed journal entries to ensure journal entries do not duplicate previous entries or invoiced amounts.
 - o Management Response: Next fiscal closing will include an additional data analysis validation step, where all proposed accruals will be analyzed and checked for duplicates and data entry errors.
- b) One contract included a clause that indicated the construction project was not subject to Bond Program requirements. The clause appeared to have been included in the contract by mistake. The inclusion of this clause could have had negative consequences. In this case, it does not appear that it did. Additional controls should be implemented to ensure contract language is thoroughly reviewed prior to approval, and only District standardized contracts are used.
 - o Management Response: No change to contract language occurred. This finding refers to a check box feature in the District standard form contract. The check box, in this case, was mistakenly checked "no." All contract requirements were included and enforced. The PMT will request removal of this from District General counsel. Prior to contract issuance, a two-tier review process is required by the contracts group: contract administrator prepares the contract and contract manager provides a QA/QC review.
- c) There were 12 instances in the sample where the approval date on the invoice payment checklist was later than the check date. In most cases, this was due to back dating of checks as June 30 checks when they were actually issued in subsequent months. It appeared that the actual date when some checks were issued was up to 60 days after June 30. BuildLACCD indicated this was necessary for expenditures to be captured in the correct fiscal year. As a result, fundamental accounting controls do not appear to have been implemented to ensure the current and complete capture of check issuance and cash flow information. It also makes it more difficult to verify whether approvals are obtained prior to check preparation. BuildLACCD's accounting system does have the capability to accrue expenditures. This can be done using journal entries, as is evidenced by the significant amount of accrual journal entries that were entered for FY 2008. The Accounts Payable system may also allow for other methods of accruing expenditures. BuildLACCD should use one of the methods available for accruing these expenditures.

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- Management Response: The year-end accrual process is under review and areas of improvement will be identified. It is possible to report on the actual print date of the check from Costpoint and confirm that the check was indeed approved before printing. We are unable to confirm that this poses any legal risk to the District.
- d) Two significant invoices related to lease payments were recorded in the wrong fiscal year. The lease expenditure should have been recorded in FY 2009 but was recorded in FY 2008. This resulted in an apparent overstatement of expenditures of \$111,006.50 in FY 2008. BuildLACCD should ensure lease expenditures are recorded in the year that benefits from the lease, not the year when the lease expenditure is paid.
 - Management Response: In addition to the current multi-layered QA measures, an additional review will be required at the change of the fiscal year with regard to lease payments.
- e) One invoice in the sample had an invoice summary that did not agree to the supporting detail attached to the invoice. The total difference was \$17,000. The CPM should ensure the support attached to invoices matches the detail provided.
 - Management Response: A standardized electronic invoicing module (SEIM) is being developed in the Universal Inquiry Interface (UII).
- f) Four invoices under one construction contract were approved by the CPM even though the architect disagreed with the contractor's claimed percentage complete. The first invoice had a short annotation to indicate there was a disagreement; sufficient detail was not provided to explain why the contractor's claimed percentage was used. The remaining three invoices had no annotation to explain the situation. In any instance where the architect disagrees with the contractor's claimed percentage complete, the CPM should fully document any decision to process payment on the invoice without adjusting for the disagreement with regard to percentage complete.
 - Management Response: The CPM has contractual authority to override a disagreement with the design consultant, and detailed project correspondence and reports are kept in the field record prior to archiving at project completion. PMT considers CPM approval of an invoice which lacks design consultant approval as the override described above.
- g) An invoice payment in the amount of \$55,404 was later voided and a stop payment was issued. The expenditure was recorded in FY 2008 and the void occurred in FY 2009. An adjustment was not made to reduce FY 2008 expenditures. Therefore, FY 2008 expenditures were overstated by \$55,404. When possible, BuildLACCD should adjust the fiscal year where the expenditure was entered when the expenditure is later voided.
 - Management Response: In the future, any stop payment will have an additional validation to determine original fiscal year.



Medium Priority

- h) One check over \$50,000 in the sample had only one signature. This does not comply with the BuildLACCD dual signature requirement for checks over \$50,000. It appears that a control does not exist to ensure each and every check has two signatures for approval. While it is apparent that other checks in the sample had two signatures when appropriate, this does not prevent the need for a control to ensure the requirement is consistently met. BuildLACCD should implement an additional control to ensure that checks have two signatures when over the \$50,000 threshold. This would involve giving someone the responsibility for checking for the dual signature on the checks prior to mailing the checks.
- Management Response: The check signing process has been changed since this occurred with an additional post signing QA check.
- i) One check for \$893,051 was issued to the District for OCIP reimbursement without any approval on the invoice payment checklist other than the Accounts Payable (A/P) Department. Given the dollar value of the check, additional approvals should have been required per District policy. The fact that the check was issued to LACCD does not provide rationale for failure to obtain approvals. The current policy should be strengthened to require approval of individuals outside the A/P department for high dollar value checks. The OCIP reimbursement process has now been changed and no longer requires inter-account payments.
- Management Response: This check represents a reimbursement generated internally for the District, and was not a payment to any outside service or vendor. OCIP reimbursement is being handled differently, so these inter-account payments no longer occur.

Low Priority

- j) On the LACCDBuildsGreen website, some of the campus Citizens Oversight Committee (COC) member lists have not been updated since 2003. The District COC list listed Ken Ashford twice. The COC website should be updated and maintained, and District COC members' affiliations listed.
- Management Response: MWW Group (MWW) has been notified of this oversight.



2. 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 District was developing design guidelines, both District-wide and campus-specific.
- b) The District required architects to provide electronic documents with georeference.

Improvement Opportunities

Medium Priority

- a) The District expected that, due to recent legislative changes, future projects would use a design-build delivery method. The PMT and District should work together to teach end-users and shared governance groups about the new delivery method, and explain the timing of the process, expected participation, and the costs associated with change. While the performance audit was being conducted, the PMT and District began to address this issue.
 - o Management Response: PMT has conducted presentations to the campuses presenting the design build delivery process, the sequence of events, and the differences and similarities to traditional design/bid/build. In addition, a comprehensive presentation has been made to the DCOC (District Citizen's Oversight Committee) as well as the BOT (Board of Trustees) infrastructure committee.

3. 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 College presidents, College Project Managers and facilities 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) Successful implementation and use of videoconferencing by the District and PMT relieved team members of travel, and enabled greater participation in meetings.
- b) The website was redesigned and was simpler to navigate.
- c) BuildLACCD implemented a document control system (Webdoc) containing information related to contracts (including contracts documents, invoices, board authorizations, etc.). This was available in field on a limited basis for preparation of board-related documents. The Webdoc system was also available to the District.
- d) Improvements to the safety program included a Spanish translation of the field guidebook, as well as an orientation video and safety briefing cards.
- e) A high speed network was implemented for all campus construction projects and campuses.

4. Cost, Schedule and Budgetary Management and Reporting

We reviewed Bond Program reporting processes and controls capability 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) Codes were updated to facilitate reconciliation and match between BuildLACCD expenditures and the District's SAP system.
- b) BuildLACCD developed a universal inquiry interface (UII) system as a bridge between Proliance and Costpoint. The system integrated, in a data warehouse, information from Proliance, Costpoint and Primavera (P3). The system was used by Accounting and Program Controls, and was the source of current data for invoice payment, funding determination, and other decision making.
- c) A major accounting effort was undertaken at BuildLACCD in FY 2008 to ensure all contract information (such as budget and expenditures) was entered in Costpoint.



- d) SAP integration was implemented at the start of FY 2009. The system enabled the automatic uploading of costs on a project basis.

Improvement Opportunities

High Priority

- a) It appeared that BuildLACCD did not record a receivable for expected State reimbursements and did not record amounts received from the State against the receivable. The PMT also did not track, on a monthly basis, whether the State had reimbursed less than the expected amount. At the end of the year, BuildLACCD obtained information from the District regarding State reimbursements received and adjusted its records accordingly. BuildLACCD should develop a method of tracking state reimbursements and should make monthly adjustments to its records based on the actual reimbursements that are received.
- Management Response: The State Reimbursement process is being improved, with a closer level of communication between BuildLACCD and the District. A process to communicate both payments and rejected amounts is being developed. PMT has received a listing of all checks received and we are working to enter all reimbursements into Costpoint.

Medium Priority

- b) For FY 2008, BuildLACCD did not provide the District with project allocation of BuildLACCD expenditures. As a result, the District expensed these costs rather than capitalizing the costs. Providing this information would better enable LACCD to capitalize those costs in accordance with GASB 45. BuildLACCD and the District should work together to develop a method of allocation for program management costs.
- Management Response: All soft costs will be appropriately allocated to each project to create a comprehensive statement of value for each completed project. The methodology to achieve this change will be implemented in the current fiscal year.
- c) Because the District's fee schedule set architectural and other professional services Architect/Engineer (A/E) fees as a percentage of construction cost, and construction costs escalated over time since the development of the fee schedule, it was possible that A/E fees were overstated and the District was overpaying for A/E services. In the current environment, A/E fees are more competitive than in the past. The District should review the fee schedule for professional services, which was last revised in early 2006, and update it if necessary.
- Management Response: Previously deferred design responsibilities (deferred approval items) have been added to the basic services of the A/E agreement without an increase in the fee calculation. In addition, construction escalation has plateaued and declined in the last fiscal year resulting in a more proportional fee calculation under the fee guidelines.



5. 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) Build-LACCD and the District 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 applied the California Uniform Public Construction Cost Accounting Act (CUPCCAA) requirement that total changes to a contract cannot exceed an absolute value of ten percent.
- c) The Program Management Plan included change control processes which addressed amendments to the Facilities Master Plans and their impact on the prior certified environmental impact report (EIR), and which also required review by legal counsel and approval by the Colleges prior to adoption of any Facilities Master Plan amendments by the District Board of Trustees.

Improvement Opportunities

Medium Priority

- a) Additional controls were required in design and construction, to define the roles of key team members. As a result, the District is exposed to user groups' members circumventing the shared governance process and discussing potential changes directly with the CPM, the architect, and/or the contractor. The District should develop guidelines which set the expectations for user groups' participants, explaining their role in the process related to decision making, the design process, the construction process, and close-out. Additional guidelines drafted from the opposite perspective, for architects and contractors, may also help to define role limitations for the architects, engineers, and construction contractors. While the performance audit was being conducted, the PMT began to address this issue.
 - o Management Response: A comprehensive design process guideline has been developed and is in the final draft stage. This guideline addresses both the responsibilities of the design consultant as well as the appropriate involvement of the user groups at each specific design level.



6. 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) A/E and contractor performance issues were addressed proactively, which resulted in mitigation of risk related to the performance issues.
- b) BuildLACCD developed prequalification lists for design-build, contractors, and professional services.
- c) Contract language, including the indemnity clause for professional contracts continued to evolve and be strengthened.

Improvement Opportunities

High Priority

- a) PMT burn rate analyses indicated the PMT had overspent its fee and will likely exhaust its available funds before construction on the campuses is completed unless remedial action is taken. The District should revise the PMT contract to include a cash flow analysis and burn rate cap by month. While the performance audit was being conducted, the PMT and District began to address this issue. However, it will be very difficult for the PMT to reduce their staffing adequately to offset all prior over-expenditures.
 - o Management Response: The District approves a monthly staffing plan which includes not-to-exceed amounts for hours and dollars, and a burn rate projection that must align with the total contract value.

Medium Priority

- b) The Program Management Plan (PMP) developed by DMJM-JGM was no longer being utilized; instead, the procedures in practice have evolved as the Bond Program has matured. The PMT should document and issue key Bond Program procedures as practiced and officially retire the PMP. While the performance audit was being conducted, the PMT began to address this issue.
 - o Management Response: A current Program Manual is being compiled as an orientation and operations guide for program participants. Process modifications identified since the transition will be outlined and published inclusive of the recommendations of this and past audit.

Low Priority

- c) Invoices prepared by CPMs did not follow a standardized format. Invoice standardization will streamline the review and approval process for CPM



expenditures. While the performance audit was being conducted, the PMT began to address this issue.

- Management Response: A standardized electronic invoicing module (SEIM) is being developed in UII.
- d) The invoice payment approval form contained checkboxes for Procurement, Construction, Inspection, and Safety. The invoice payment approval form should be updated to reflect pertinent categories such as design and furniture, fixtures and equipment (FF&E). While the performance audit was being conducted, the PMT began to address this issue.
 - Management Response: A standardized electronic invoicing module (SEIM) is being developed in UII.

7. 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 e7 Studios program for District students provided both additional staff for the Bond Program and work experience for students.
- b) The College Project Managers and Program Management Team were using sub-consultants and home office resources to address temporary staffing and expertise needs.
- c) Program Management Team staffing was streamlined, which represents a reduction in both bureaucracy and fees.

8. 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) The process for notice of completions was streamlined. This decreased the time for processing the notice from an average of approximately two weeks to the current average of approximately four days.
- b) The shared governance process enabled input from faculty, staff, facilities, students, College president and others during the close-out phase.
- c) A formal project close-out procedure was developed by the District and BuildLACCD, which incorporated specified submittals requirements, LEED-specific commissioning procedures, walkthroughs, videotaped systems training, DSA close-out, performance evaluations, and lessons learned documentation. The process included a final inspection acceptance and notice of completion, for the release of retention monies due and final payment.
- d) A formal dispute and claims management process was developed by the District and BuildLACCD, incorporating claims avoidance, mediation, and the establishment of a Meet and Confer Conference Panel.

Improvement Opportunities

Medium Priority

- a) Several buildings were occupied, but the projects were not completely closed out or lacked documentation required for close-out. Gathering documentation as it is generated, at the start of the project and during construction, will assist in the timely close out of projects, resolution of punch lists, and DSA close-out documentation.
 - o Management Response: Close-out documentation requirements will be re-communicated to CPM staff; PMT will reserve the right to conduct periodic audits of documents at each campus.
- b) Commissioning agents lacked authority to effect change or enforce implementation of their recommendations. A management process should be implemented for resolution of commissioning agent comments, especially for mechanical/electrical/plumbing (MEP) and contractor issues. While the performance audit was being conducted, the PMT began to address this issue.
 - o Management Response: A commissioning process improvement has been identified and funded in Measure J. PMT is retaining the services of a specialist to address this issue at each campus.

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APPENDIX A – BOND PROGRAM EXPENDITURE TESTING

Of the \$499,072,010 expended under the Proposition A and AA Bond Fund Program from July 1, 2007, through June 30, 2008, we reviewed \$204,615,230 (41.0%). A summary of the fiscal year ended June 30, 2008, expenditures and dollars tested in our performance audit follows:

**Propositions A and AA Expenditures for Fiscal Year Ended June 30, 2008
 Summary of Audit Results**

	<u>Expenditures</u>			<u>Audit Results</u>
	<u>Proposition A</u>	<u>Proposition AA</u>	<u>Total</u>	<u>Costs Questioned</u>
<u>Total Expenditures -</u> <u>7/1/2007 through 6/30/2008</u>	<u>\$ 287,366,631</u>	<u>\$ 211,705,379</u>	<u>\$ 499,072,010</u>	
<u>Expenditures Audited</u>				
Stratified/Judgment High Dollar Samples	\$ 103,793,876	\$ 96,984,930	\$200,778,806	\$191,881
Additional Journal Entries	<u>2,948,763</u>	<u>887,661</u>	<u>3,836,424</u>	<u>1,074,107</u>
Total Audited	<u>\$ 106,742,639</u>	<u>\$ 97,872,591</u>	<u>\$ 204,615,230</u>	<u>\$1,265,988</u>
Percentage Audited	37%	46%	41%	
<u>Total Expenditures -</u> <u>Inception to 6/30/2008</u>	<u>\$ 878,510,792</u>	<u>\$ 497,680,592</u>	<u>\$ 1,376,191,384</u>	

Questioned Costs

The questioned costs summarized above result from observations in Section 1 of the report body and from an accounting control weakness that has apparently resulted in overstated FY 2008 expenditures.

Questioned Costs	<u>Proposition A</u>	<u>Proposition AA</u>	<u>Total</u>
Duplicate journal entries from additional JE sample (08.MA.1.a)	\$ 1,074,107		\$ 1,074,107
Duplicate journal entries (08.MA.1.a)	<u>11,389</u>	<u>14,082</u>	<u>25,471</u>
Duplicate FY2008 Accruals	1,085,496	14,082	1,099,578
Lease costs in wrong fiscal year (08.MA.1.d)		111,006	111,006
Void charged again wrong fiscal year (08.MA.1.g)	55,404		55,404
Total Questioned Costs	<u>\$ 1,140,900</u>	<u>\$ 125,088</u>	<u>\$ 1,265,988</u>

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Methodology

We compared the total claimed expenditures for fiscal year 2008 to BuildLACCD'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. We verified funds were used for approved Bond Program purposes as set forth in the Ballot Measure and Bond Documents.

Our sample selection for testing was determined by stratifying the District/BuildLACCD General Ledger and making a judgmental selection of expenditures over \$1,000. Additionally, we judgmentally reviewed large dollar journal entries (over \$50,000). We obtained a total sample of 246 fiscal year 2008 Proposition A and AA expenditures for testing (129 Proposition A and 117 Proposition AA). Sampled items included check requests, journal entries and invoices).

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
- 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), BuildLACCD Program Management Team (PMT), 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 the PMT for approval by the CPM.

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APPENDIX B – CURRENT YEAR AND PRIOR YEARS AUDIT RESOLUTION LOG

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.1.a	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	Three duplicate accruals were identified during FY (Fiscal Year) 2008 expenditure testing. These duplicate accruals resulted in an overstatement of FY 2008 expenditures of \$1,099,578. The duplicated accruals were entered in the Costpoint System (the system of record) and were also included in the Ull data warehouse. This data was utilized to prepare the CAFR.	The Program Management Team (PMT) should implement controls to ensure that duplicate accruals do not occur. These controls could include an additional review of proposed journal entries to ensure that they do not duplicate previous journal entries or invoiced amounts. The PMT should adjust FY 2008 expenditures to remove the duplicated transactions.	Next fiscal closing will include an additional data analysis validation step, where all proposed accruals will be analyzed and checked for duplicates and data entry errors.	BuildLACCD	Open	MA	
08.MA.1.b	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	One contract included a clause that indicated the construction project was not subject to Bond Program requirements. The clause appeared to have been included in the contract by mistake.	The inclusion of this clause could have had negative consequences. In this case, it does not appear that it did. Additional controls should be implemented to ensure that contract language is thoroughly reviewed prior to approval, and only District standardized contracts are used.	No change to contract language occurred. This finding refers to a check box feature in the District standard form contract. The check box, in this case, was mistakenly checked "no." All contract requirements were included and enforced. The PMT will request removal of this from District General counsel. Prior to contract issuance, a two-tier review process is required by the contracts group: contract administrator prepares the contract and contract manager provides a QA/QC review.	BuildLACCD	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.1.c	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	There were 12 instances in the sample wherein the approval date on the invoice payment checklist was later than the check date. In most cases, this was due to the back dating of checks as June 30 checks when checks were actually issued in subsequent months. It appeared that the actual date when some checks were prepared was up to 60 days after June 30. BuildLACCD indicated that this was necessary for expenditures to be captured in the correct fiscal year. It is important that the information on the document be factually correct. In this case, the date is not factually correct. It also makes it more difficult to determine whether approvals are obtained prior to check preparation.	BuildLACCD's accounting system does have the capability to accrue expenditures. This can be done using journal entries, as is evidenced by the significant amount of accrual journal entries that were entered for FY 2008. The Accounts Payable system may also allow for other methods of accruing expenditures. BuildLACCD should use one of the methods available for accruing these expenditures.	The year-end accrual process is under review and areas of improvement will be identified. PMT disagrees that approvals cannot be verified, as it is possible to report in the actual print date of the check from Costpoint and confirm that the check was indeed approved before printing. We are unable to confirm that this poses any legal risk to the District.	BuildLACCD	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.1.d	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	Two significant invoices related to lease payments were recorded in the wrong fiscal year. The lease expenditure should have been recorded in FY 2009 but was recorded in FY 2008. This resulted in an apparent overstatement of expenditures of \$111,006.50 in FY 2008.	In accordance with Generally Accepted Accounting Principles (GAAP) BuildLACCD should ensure that lease expenditures are recorded in the year that benefits from the lease, not the year when the lease expenditure is paid.	In addition to the current multi-layered QA measures, an additional review will be required at the change of the fiscal year with regard to lease payments.	BuildLACCD	Open	MA	
08.MA.1.e	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	One invoice in the sample had an invoice summary that did not agree to the detail attached to the invoice. The total difference was \$17,000.	The CPM should ensure that the support attached to invoices matches the detail provided.	A standardized electronic invoicing module (SEIM) is being developed in UII.	CPMs	Open	MA	
08.MA.1.f	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	Four invoices under one construction contract were approved by the CPM even though the architect disagreed with the contractor's claimed percentage complete. The first invoice had a short annotation to indicate there was a disagreement but sufficient detail was not provided to explain why the contractor's claimed percentage was used. The remaining three invoices had no annotation to explain the situation.	In any instance where the architect disagrees with the contractor's claimed percentage complete, the CPM should fully document any decision to process payment on the invoice without adjusting for the disagreement with regard to percentage complete.	The CPM has contractual authority to override a disagreement with the design consultant, and detailed project correspondence and reports are kept in the field record prior to archiving at project completion. PMT considers CPM approval of an invoice which lacks design consultant approval as the override described above.	BuildLACCD	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.1.g	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	An invoice payment in the amount of \$55,404 was later voided and a stop payment was issued. The expenditure was recorded in FY 2008 and the void happened in FY 2009. An adjustment was not made to reduce FY 2008 expenditures. Therefore, FY 2008 expenditures are overstated by \$55,404.	When possible, BuildLACCD should adjust the fiscal year where the expenditure was entered when the expenditure is later voided.	In the future, any stop payment will have an additional validation to determine original fiscal year.	BuildLACCD	Open	MA	
08.MA.1.h	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	Medium	One check over \$50,000 in the sample had only one signature. This does not comply with the BuildLACCD dual signature requirement for checks over \$50,000. The root cause of this appears to be that a control does not exist to ensure that each and every check has two signatures for approval. While it is apparent that other checks in the sample had two signatures when appropriate, this does not prevent the need for a control to ensure that the requirement is consistently met.	BuildLACCD should implement an additional control to ensure that checks have two signatures when over the \$50,000 threshold. This would involve giving someone the responsibility for checking for the dual signature on the checks prior to mailing the checks.	The check signing process has been changed since this occurred with an additional post signing QA check.	BuildLACCD	Open	MA	

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08.MA.1.i	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	Medium	One check for \$893,051 was issued to the District for OCIP reimbursement, without any approval on the invoice payment checklist other than the A/P department. Given the dollar value of the check, additional approvals should have been required per District policy.	The fact that the check was issued to LACCD does not provide rationale for failure to obtain approvals. The current policy should be strengthened to require approval of individuals outside the A/P department for high dollar value checks.	This check represents a reimbursement generated internally for the District, and was not a payment to any outside service or vendor. OCIP reimbursement is being handled differently, so these inter-account payments no longer occur.	BuildLACCD	Open	MA	
08.MA.1.j	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	Low	On the LACCDBuildsGreen website, some of the campus Citizens Oversight Committee (COC) member lists were not updated since 2003. The District COC list listed Ken Ashford twice.	The COC website should be updated and maintained, and District COC members' affiliations listed.	MWW has been notified of this oversight.	MWW	Open	MA	
08.MA.2.a	Moss Adams Audit FYE 2008	Facilities Programming and Master Plan Approach	Medium	The District expected that, due to recent legislative changes, future projects would use a design-build delivery method.	The PMT and District should work together to teach end-users and shared governance groups about the new delivery method, and explain the timing of the process, expected participation, and the costs associated with change.	PMT has conducted presentations to the campuses presenting the design build delivery process, the sequence of events, and the differences and similarities to traditional design/bid/build. In addition, a comprehensive presentation has been made to the DCOC as well as the BOT infrastructure committee.	BuildLACCD and District	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.4.a	Moss Adams Audit FYE 2008	Cost, Schedule and Budgetary Management and Reporting	High	BuildLACCD did not record a receivable for expected State reimbursements and did not record amounts received from the State against the receivable. They also did not track on a monthly basis whether the State had reimbursed less than the expected amount. At the end of the year, BuildLACCD obtained information from the District regarding State reimbursements received and adjusted their records accordingly.	BuildLACCD should develop a method of tracking state reimbursements and should make monthly adjustments to its records based on the actual reimbursements that are received.	The State Reimbursement process is being improved, with a closer level of communication between BuildLACCD and the District. A process to communicate both payments and rejected amounts is being developed. PMT has received a listing of all checks received and we are working to enter all reimbursements into Costpoint.	BuildLACCD	Open	MA	
08.MA.4.b	Moss Adams Audit FYE 2008	Cost, Schedule and Budgetary Management and Reporting	Medium	Evidence could not be found that the PMT provided LACCD with project allocation of PMT costs. Providing this information would better enable LACCD to capitalize those costs in accordance with GASB 45.	BuildLACCD and the District should work together to develop a method of allocation for program management costs	All soft costs will be appropriately allocated to each project to create a comprehensive statement of value for each completed project. The methodology to achieve this change will be implemented in the current fiscal year.	BuildLACCD and District	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
08.MA.4.c	Moss Adams Audit FYE 2008	Cost, Schedule and Budgetary Management and Reporting	Medium	Because the District's fee schedule set architectural and other professional services (A/E) fees as a percentage of construction cost, and construction costs escalated over time since the development of the fee schedule, it was possible that A/E fees were overstated and the District was overpaying for A/E services.	The District should review the fee schedule for professional services, and revise it if necessary.	Previously deferred design responsibilities (deferred approval items) have been added to the basic services of the A/E agreement without an increase in the fee calculation. In addition, construction escalation has plateaued and declined in the last fiscal year resulting in a more proportional fee calculation under the fee guidelines.	District	Open	MA	
08.MA.5.a	Moss Adams Audit FYE 2008	Change Management and Control	Medium	Additional controls were required in design and construction, to define the roles of key team members. Users group's members may have been circumventing the shared governance process and discussing potential changes directly with the CPM, the architect, and/or the contractor.	The District should develop guidelines which set the expectations for users groups participants, explaining their role in the process related to decision making, the design process, the construction process, and close-out. Additional guidelines drafted from the opposite perspective, for architects and contractors, may also help to define role limitations for the architects, engineers, and constructors (A/E/Cs).	A comprehensive design process guideline has been developed and is in the final draft stage. This guideline addresses both the responsibilities of the design consultant as well as the appropriate involvement of the user groups at each specific design level.	District and BuildLACCD	Open	MA	
08.MA.6.a	Moss Adams Audit FYE 2008	Procurement Controls and Contract Administration	High	PMT burn rate analyses indicated that the PMT had overspent their fee and will likely exhaust their available funds before construction on the campuses is completed, unless remedial action is taken.	The District should revise the PMT contract to include a cash flow analysis and burn rate cap by month.	The District approves a monthly staffing plan which includes not-to-exceed amounts for hours and dollars, and a burn rate projection that must align with the total contract value.	District	Open	MA	

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08.MA.6.b	Moss Adams Audit FYE 2008	Procurement Controls and Contract Administration	Medium	The Program Management Plan (PMP) developed by DMJM-JGM was no longer being utilized; instead, the procedures in practice have evolved as the Bond Program has matured.	The PMT should document and issue key Bond Program procedures as practiced, and officially retire the PMP.	A current Program Manual is being compiled as an orientation and operations guide for program participants. Process modifications identified since the transition will be outlined and published inclusive of the recommendations of this and past audit.	BuildLACCD	Open	MA	
08.MA.6.c	Moss Adams Audit FYE 2008	Procurement Controls and Contract Administration	Low	Invoices prepared by CPMs did not follow a standardized format.	Invoice standardization will streamline the review and approval process for CPM expenditures.	A standardized electronic invoicing module (SEIM) is being developed in UII.	BuildLACCD	Open	MA	
08.MA.6.d	Moss Adams Audit FYE 2008	Procurement Controls and Contract Administration	Low	The invoice payment approval form contained checkboxes for Procurement, Construction, Inspection, and Safety.	The invoice payment approval form should be updated to reflect pertinent categories such as design and FF&E.	A standardized electronic invoicing module (SEIM) is being developed in UII.	BuildLACCD	Open	MA	
08.MA.8.a	Moss Adams Audit FYE 2008	Contractor Liens, Claims and Other Close-out Issues	Medium	Several buildings were occupied, but the projects were not completely closed out or lacked documentation required to close out.	Gathering documentation as it is generated, at the start of the project and during construction, will assist in the timely close out of projects, resolution of punch lists, and DSA close-out documentation.	Close-out documentation requirements will be recommunicated to CPM staff; PMT will reserve the right to conduct periodic audits of documents at each campus.	BuildLACCD	Open	MA	
08.MA.8.b	Moss Adams Audit FYE 2008	Contractor Liens, Claims and Other Close-out Issues	Medium	Commissioning agents lacked authority to effect change or enforce implementation of their recommendations.	A management process should be implemented for resolution of commissioning agent comments, especially for mechanical/electrical/plumbing (MEP) and contractor issues.	A commissioning process improvement has been identified and funded in Measure J. PMT is retaining the services of a specialist to address this issue at each campus.	BuildLACCD	Open	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
07.MA.1.a	Moss Adams 2007	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	We evaluated support provided for a sample of journal entries and found that supporting documentation was not available to support the amounts of certain year end accruals that were estimated. At year end, each CPM and the PMT was responsible for identifying liabilities that exist for which an invoice had not been received and entered into Costpoint. The PMT entered journal entries to debit applicable expenditure accounts and to credit a liability account so that expenditures were captured in the correct fiscal year and so that liabilities were reported accurately. However, the PMT did not obtain supporting documentation prior to entering the journal entries.	Controls should be improved by requiring that all journal entries are supported with adequate documentation.	PMT requested invoices 2 months prior to year end and followed up on the requests several times with each campus; PMT also went to campuses to pick up invoices. This effort reduced the amount of accruals. This year, campuses were required to provide a worksheet based on an analysis of prior months invoicing on a per-vendor basis. PMT analyzed the spreadsheet and looked at 6-month payment history; worked with the campuses to resolve discrepancies.	PMT	Closed	MA	
07.MA.1.b	Moss Adams 2007	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	We evaluated whether there was sufficient evidence of approval for journal entries and found that journal entries were not signed off by an approver.	Controls should be improved by requiring signature approval on all journal entries.	Effective December 2007, all BuildLACCD journal entries required a wet signature by program controls manager after review. District journal entries have paper or electronic back-up plus a wet signature by the program controls manager.	PMT	Closed	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
07.MA.1.c	Moss Adams 2007	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	During fiscal year (FY) 2007, journal entries were used to record expenditures related to DMJM/JGM services rather than using the entering the invoices in Accounts Payable system to record these expenditures. The PMT debited expenditure accounts and credited a liability account rather than entering the invoices in Accounts Payable and processing the invoices like other invoices received. This represents a control weakness because the practice circumvents the internal controls associated with the Accounts Payable system.	The practice of utilizing journal entries for the PMT-related expenses should be discontinued, and the expenditures should instead be entered as invoices in Accounts Payable.	PMT disagrees with this finding. PMT invoices are reviewed by District and a third-party auditor. Due to conflict of interest, it is inappropriate for BuildLACCD to enter its invoices through the normal process. Journal entry is based on the signed check from District and is a line item entry to balance cash and expenses.	PMT	Closed	MA	

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07.MA.1.d	Moss Adams 2007	Compliance with Ballot, Bond, State and Other Funding Source Requirements	High	We selected a sample of Campus Project Management (CPM) rates utilized on various invoices submitted by the CPMs. We found instances when the rates utilized appeared to differ from the rate sheets found in the contract files without an approved Personnel Action Request (PAR) to substantiate the rate applied.	Controls should be improved by requiring that an approved PAR exists for all pay rates submitted on CPM invoices prior to payment of the invoice.	Personnel Action Requests were not being enforced and checked in the past. We have changed this concept and now, new hires will only receive email accounts, and invoices containing names of new employees will only be approved if a PAR has been received. CPM invoices and rates have been consistently checked against PARs. We have been enforcing PAR submittal to all title/rate change and termination.	PMT	Closed	MA	
07.MA.1.e	Moss Adams 2007	Compliance with Ballot, Bond, State and Other Funding Source Requirements	Low	We noted three instances when consultants charged hours to projects on holidays without sufficient documentation of the work that they performed on those days.	Controls should be improved by requiring documentation of work performed prior to paying consultants for holidays worked.	CPM employees will no longer be allowed to work on holidays unless they have received pre-approval to do so by the Program Management Team. If authorization is granted, a deliverable (work product) will be required.	CPMs	Closed	MA	
07.MA.4.a	Moss Adams 2007	Cost, Schedule and Budgetary Management and Reporting	High	The Bond Program is entering its seventh year, and a reconciliation of the final budget has not yet been completed.	The Bond Program Budget model should be revisited, contingency recalculated, and budgetary amounts reconciled with District Finance.	PMT matched budgets to bond language for all campuses.	PMT/District	Closed	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
07.MA.4.b	Moss Adams 2007	Cost, Schedule and Budgetary Management and Reporting	High	The Bond Program receives additional funding, including interest income, State, and Federal.	The Bond Program procedures should enable tracking and reconciliation of State income (vs. approved amount for reimbursement of capital expenditures), Federal funding and timing, and allocation of interest income. More frequent interaction with District Finance is needed.	PMT runs a State expense report monthly that shows all expenses coded to State reimbursement funds. PMT provides copies of invoices and checks to the District for reimbursement processing.	PMT/District	In Progress	MA	
07.MA.4.c	Moss Adams 2007	Cost, Schedule and Budgetary Management and Reporting	High	There is no Estimate At Completion (EAC) mechanism currently being used to forecast the cost to complete for the Bond Program.	The PMT should develop a methodology for periodically forecasting and updating the EAC.	PMT has a cash flow model which predicts monthly expenditures on a campus level.	PMT	Closed	MA	
07.MA.4.d	Moss Adams 2007	Cost, Schedule and Budgetary Management and Reporting	Medium	The last schedule baseline was developed in October 2004.	The master schedule should be rebaselined on a periodic basis to provide meaningful measurement of progress and comparison to current construction program activities.	A complete reevaluation and updating was required of the CPMs in 01/08 to reestablish schedule actuals. Bimonthly updates have been provided since the reestablishment.	PMT/CPMs	Closed	MA	

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07.MA.4.e	Moss Adams 2007	Cost, Schedule and Budgetary Management and Reporting	Medium	As projects enter the construction phase, the use of scheduling software will enable forecasting resource requirements, identifying and tracking performance against funding and DSA milestones, managing the budgetary component and substantial completion of projects, and reporting variances from the construction schedule.	The CPMs should increase their use of scheduling applications, using the full capability of the software.	Reportable schedule dates are derived from hammocks that are comprised of activities contained in each phase. Milestones such as substantial completion and the seven DSA milestones are becoming more standardized and the quality of schedule data has been improved by increased frequency of updates now done every two weeks. Program level analysis improves by generation of customized reports for various functions. The quality of scheduling remains the responsibility of the CPM Staff.	CPMs	Closed	MA	
07.MA.6.a	Moss Adams 2007	Procurement Controls and Contract Administration	High	Certain campuses are not receiving operating income from the State because facilities have not been fully operational on time.	The District should increase the liquidated damages in contracts or identify another contracting mechanism to ensure that facilities are available for use when expected.	PMT and District Legal will explore use of consequential damages in lieu of liquidated damages. The burden of quantification of actual damages remains at the campus level, and damages must be clearly demonstrated and documented.	District	Closed	MA	

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07.MA.6.b	Moss Adams 2007	Procurement Controls and Contract Administration	High	As projects enter the construction phase, the urgency will increase for accountability by architects and engineers for the constructability of their designs. Holding retention may not be enough to motivate these consultants to be responsive and to reduce errors and omissions.	The District should investigate contracting mechanisms to enforce the performance and quality of product from architects and engineers and to keep them invested in the process through building completion.	The DSA memorandum of understanding is currently the baseline for response times in both the design bid build as well as the design build deliverables schedule. A/E quality enforcement has been emphasized at the campuses and program level. Performance-related concerns have elevated to replacement of several non-performing architectural firms as well as an ongoing errors and omissions claim by the District.	District	Closed	MA	
07.MA.6.c	Moss Adams 2007	Procurement Controls and Contract Administration	High	With URS serving as both Program Manager for the District Bond Program and College Project Manager at Los Angeles Valley College, some measure of independent oversight is needed for the CPM team at that campus.	The District needs to implement a third-party overseer for URS at Valley College.	An independent firm, Yang Management, has been selected by the College and District and has been serving as an independent overseer at Valley College, providing hands-on management and acting as team principal.	District	Closed	MA	
07.MA.6.d	Moss Adams 2007	Procurement Controls and Contract Administration	Medium	The District has directed the PMT to retain, grow and manage e7 Studios interns.	The District and PMT should further define and update performance metrics, interim goals, and deliverables for e7 Studios.	PMT has provided guidance through a steering committee and direction through the work of the e-7 Studios Operations Manager.	District/PMT	Closed	MA	

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07.MA.6.e	Moss Adams 2007	Procurement Controls and Contract Administration	Medium	The District uses a number of contractors whose services and costs are distributed across campuses and projects.	The District and PMT should further define performance metrics for District-wide contractors where feasible and appropriate.	District-wide service providers have been requested to submit criteria for measurement of success and progress in their efforts. Some firms have submitted relevant and quantifiable metrics while some continue to develop measurement techniques. The PMT continues to request and review these metrics, and will assist partners in setting goals and reporting on attainment.	District/PMT	Closed	MA	
07.MA.6.f	Moss Adams 2007	Procurement Controls and Contract Administration	Low	With the transition to a new PMT firm, procedures are being streamlined.	The PMT should compare the existing PMP to procedures that are currently being used, and update the PMP accordingly.	Supplemental instructions to the PMP in the form of a frequently asked questions list (FAQ) has been developed to accommodate specific changes in procedures due to PMT evolution. All previously enunciated provisions of the PMP remain in effect is as much as they do not conflict with the spirit of the new FAQ.	PMT	Closed	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
07.MA.8.a	Moss Adams 2007	Contractor Liens, Claims and Other Close-Out Issues	High	The District has had some difficulty in reporting and identifying asset capitalization and interest on construction progress.	The CPMs and PMT should work with the District to report "soft" building openings to enable early capitalization of assets and to segregate construction expenditures appropriately for capitalization.	PMT has developed software integration with District SAP. This allows costs to be transferred on a weekly basis. Projects that are completed are indicated so that the District can capitalize at the appropriate time.	PMT/CPMs/ District	Closed	MA	
07.MA.8.b	Moss Adams 2007	Contractor Liens, Claims and Other Close-Out Issues	Medium	No projects have been closed in the past 6 months, since the PMT contract was reissued.	Performance metrics should be developed for the PMT & CPMS which include timely close out of projects.	The project close-out procedure was revisited and refreshed utilizing a detailed and lifecycle-based checklist currently in place. DSA close-out support has been integrated into the program team. Archival procedures and vendors have been established to electronically enter the images of the close-out documents into the document record system.	District	In Progress	MA	

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
06.MA.1	Moss Adams 2006	Compliance with Ballot, Bond, State and Other Funding Source Requirements	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 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.	LACCD/PMT	Closed	MA	Apr 2007
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/PMT - T. Sanger, G. Garbellini	Closed	MA	Apr 2007

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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, fall protection, shoring, hole watch).	Construction safety programs should be strengthened and more closely monitored on every campus.	The District along with PMT 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 expand safety-related activities including opportunities for recognition of safe performance.	PMT - R. Rakich	Closed		Dec 2007
06.MA.4	Moss Adams 2006	Communication and Fulfillment of Site Expectations	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	Closed	MA	Sep 2007

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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 Programming and Master Plan Approach	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.	CPMs	Closed		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
06.MA.6	Moss Adams 2006	Facilities Programming and Master Plan Approach	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	Closed	MA	Apr 2007

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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 and Contract Administration	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	Closed		

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06.MA.8	Moss Adams 2006	Contractor Liens, Claims and Other Close-Out Issues	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	Closed	MA	Apr 2007

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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, Schedule and Budgetary Management and Reporting	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).	PMT - R. Loving	In Progress		
06.MA.10	Moss Adams 2006	Cost, Schedule and Budgetary Management and Reporting	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.	Jeannette, Laurelyn	Closed		

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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, Schedule and Budgetary Management and Reporting	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	Closed		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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.	PMT - R. Loving	Closed		

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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 and Control	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.	PMT - T. Sanger	Closed	MA	Apr 2007

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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 and Contract Administration	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.	LACCD	Closed	MA	Apr 2007

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05.MA.1	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT - R. Loving, D. Wood	Closed	MA	Jul 2006
05.MA.2	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT	Closed	MA	Mar 2006
05.MA.3	Moss Adams 2005	Compliance with Ballot, Bond, State and Other Funding Source Requirements	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.	PMT - R. Loving	Closed	MA	Dec 2007
05.MA.4	Moss Adams 2005	Compliance with Ballot, Bond, State and Other Funding Source Requirements	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 PMT 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 - P. Meckley	Closed	MA	Nov 2006

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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.	PMT - E. Aschoff	Closed	MA	Dec 2007
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.	PMT - E. Aschoff	Closed	MA	Sep 2006
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.	LACCD	In Progress	MA	Nov 2006

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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.	PMT - A. Kovara	Closed	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.	PMT - F. Gans, B. Day	Closed	MA	Mar 2006
05.MA.10	Moss Adams 2005	Communication and Fulfillment of Site Expectations	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.	PMT - D. Wood, G. Garbellini	Closed	MA	Jul 2006

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05.MA.11	Moss Adams 2005	Communication and Fulfillment of Site Expectations	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 and MWW	Closed	MA	Nov 2006
05.MA.12	Moss Adams 2005	Communication and Fulfillment of Site Expectations	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 programwide safety conference call, and an enhanced on site inspection program. Recent efforts have included safety recognition activities at each active construction job site.	PMT-E. Aschoff	Closed	MA	Nov 2006

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05.MA.13	Moss Adams 2005	Communication and Fulfillment of Site Expectations	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.	PMT - D. Wood, MWW	Closed	MA	Feb 2006
05.MA.14	Moss Adams 2005	Communication and Fulfillment of Site Expectations	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
05.MA.15	Moss Adams 2005	Facilities Programming and Master Plan Approach	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 and Master Plan Approach	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 and Master Plan Approach	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.	PMT - B. Day, Donna G.	Closed	MA	Mar 2006

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05.MA.18	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT - R. Thomas, X. Ortiz	Closed	MA	Nov 2006
05.MA.19	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT - R. Loving	Closed	MA	Feb 2006

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05.MA.20	Moss Adams 2005	Procurement Controls and Contract Administration	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
05.MA.21	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT - G. Garbellini	Closed	MA	Nov 2006
05.MA.22	Moss Adams 2005	Procurement Controls and Contract Administration	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 - B. Day	Closed	MA	Sep 2006

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05.MA.23	Moss Adams 2005	Procurement Controls and Contract Administration	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 and Contract Administration	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.	PMT - C. Leon	Closed	MA	Mar 2006
05.MA.25	Moss Adams 2005	Procurement Controls and Contract Administration	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.	PMT	Closed	MA	Mar 2006
05.MA.26	Moss Adams 2005	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT - G. Garbellini	Closed	MA	Nov 2006

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05.MA.27	Moss Adams 2005	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT - R. Thomas, G. Garbellini	Closed	MA	Nov 2006
05.MA.28	Moss Adams 2005	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT - R. Thomas, G. Garbellini	Closed	MA	Sep 2007

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05.MA.29	Moss Adams 2005	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT - B. Gardner, W. Wolf, R. Loving	Closed	MA	Nov 2006
05.MA.30	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - R. Gutierrez, D. Wood	Closed	MA	Nov 2006

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05.MA.31	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	High	LACCD Review of PMT Invoices	Detailed review of PMT 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 PMT invoices.	LACCD	Closed	MA	Dec 2007
05.MA.32	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - B. Day, LACCD - P. Meckley	Closed	MA	Sep 2006
05.MA.33	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	In Progress	MA	Apr 2009
05.MA.34	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - R. Loving, I. Balac	Closed	MA	Jul 2006

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05.MA.35	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - R. Loving, K. McAvoy, R. Gutierrez	Closed	MA	Nov 2006
05.MA.36	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - K. McAvoy, D. Woods, R. Loving	Closed	MA	Sep 2007
05.MA.37	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - D. Wood, R. Loving, K. McAvoy	Closed	MA	Nov 2006

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05.MA.38	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - R. Loving, D. Woods, G. Garbellini	In Progress	MA	Apr 2009
05.MA.39	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT - R. Gutierrez	Closed	MA	Nov 2006

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05.MA.40	Moss Adams 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Nov 2006
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	PMT 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.	PMT - R. Loving	Closed	MA	Feb 2006

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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.	PMT - C. Leon	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.	PMT - R. Loving, K. Bouhier	In Progress	MA	Apr 2009
05.MA.46	Moss Adams 2005	Change Management and Control	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.	PMT - R. Thomas, CPMS	Closed	MA	Mar 2006
05.MA.47	Moss Adams 2005	Change Management and Control	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.	PMT - B. Patel	Closed	MA	Mar 2006

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05.Hickling.1	Hickling 2005	Cost, Schedule and Budgetary Management and Reporting	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 PMT.	CPMs	Closed	MA	Jan 2006
05.Hickling.2	Hickling 2005	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Sep 2006
05.Hickling.3	Hickling 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Sep 2006

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05.Hickling.4	Hickling 2005	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Mar 2006
05.Hickling.5	Hickling 2005	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Sep 2006
04.KPMG.1	KPMG 2004	Cost, Schedule and Budgetary Management and Reporting	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, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Jul 2005
04.KPMG.3	KPMG 2004	Cost, Schedule and Budgetary Management and Reporting	N/A	Expenditure Reporting	Report a summary of costs expended to date.	Summary-level and detail-transaction-level reporting is being done.	PMT	Closed	MA	Jul 2005

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04.KPMG.4	KPMG 2004	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Nov 2006
04.KPMG.5	KPMG 2004	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Jul 2005
04.KPMG.6	KPMG 2004	Compliance with Ballot, Bond, State and Other Funding Source Requirements	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	Communication and Fulfillment of Site Expectations	N/A	Program Management Plan Finalization	Volume III of the PMP should be finalized and approved.	Volume III of the PMP has been finalized.	PMT	Closed	MA	Nov 2006
04.KPMG.8	KPMG 2004	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Jul 2005
04.KPMG.9	KPMG 2004	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Jul 2005

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04.KPMG.10	KPMG 2004	Facilities Programming and Master Plan Approach	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.	PMT	Closed	MA	Jul 2005
04.KPMG.11	KPMG 2004	Facilities Programming and Master Plan Approach	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.	PMT	Closed	MA	Jul 2005
04.KPMG.12	KPMG 2004	Program 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.	PMT	Closed	MA	Jul 2005
04.KPMG.13	KPMG 2004	Program 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.	PMT	Closed	MA	Jul 2005
04.KPMG.14	KPMG 2004	Communication and Fulfillment of Site Expectations	N/A	Team Communication	Program manager needs to communicate more openly with CPMs and LACCD.	Meetings and regularly scheduled roundtables have improved communication.	PMT	Closed	MA	Jul 2005
04.KPMG.15	KPMG 2004	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT	Closed	MA	Jul 2005
04.KPMG.16	KPMG 2004	Communication and Fulfillment of Site Expectations	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. PMT also maintains files.	PMT	Closed	MA	Jul 2005
04.KPMG.17	KPMG 2004	Contractor Liens, Claims and Other Close-Out Issues	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.	PMT	Closed	MA	Jul 2005
04.KPMG.18	KPMG 2004	Procurement Controls and Contract Administration	N/A	Bidding Documentation	Documentation of the bidding process is incomplete.	The bidding process is defined by the PMP.	PMT	Closed	MA	Jul 2005

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04.KPMG.19	KPMG 2004	Procurement Controls and Contract Administration	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.	LACCD	Closed	MA	Dec 2007
04.KPMG.20	KPMG 2004	Cost, Schedule and Budgetary Management and Reporting	N/A	Payment of Invoices	Design a procedure to monitor the timely payment of invoices by CPMs.	The finance/accounting department tracks invoice aging.	PMT	Closed	MA	Jul 2005
03.KPMG.1	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Jul 2005
03.KPMG.2	KPMG 2003	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Nov 2006
03.KPMG.3	KPMG 2003	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Jul 2005

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03.KPMG.4	KPMG 2003	Procurement Controls and Contract Administration	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.	PMT	Closed	MA	Jul 2005
03.KPMG.5	KPMG 2003	Communication and Fulfillment of Site Expectations	N/A	Program Management Tools	Implement a cross functional program management network, to enable interdepartmental problem-solving.	Proliance software has been chosen to replace Prolog; all files are stored on a centralized network.	PMT	Closed	MA	Jul 2005
03.KPMG.6	KPMG 2003	Communication and Fulfillment of Site Expectations	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.	PMT	Closed	MA	Jul 2005
03.KPMG.7	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	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 PMT quarterly report summarizes the variance information.	PMT	Closed	MA	Jul 2005
03.KPMG.8	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Jul 2005
03.KPMG.9	KPMG 2003	Facilities Programming and Master Plan Approach	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	Cost, Schedule and Budgetary Management and Reporting	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 PMT.	PMT	Closed	KPMG	Jul 2004
03.KPMG.11	KPMG 2003	Procurement Controls and Contract Administration	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.	PMT	Closed	MA	Jul 2005

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03.KPMG.12	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	KPMG	Jul 2004
03.KPMG.13	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	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.	PMT	Closed	MA	Jul 2005
03.KPMG.14	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	N/A	Budget Transfer Approvals	Increase the approval requirements for budget transfers.	The budget transfer process has been defined by the PMP.	PMT	Closed	MA	Jul 2005
03.KPMG.15	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	N/A	Benchmarking	Use benchmarking to evaluate District-wide costs.	A benchmarking study has been done, and PMT estimating also tracks cost per sf on a District-wide basis.	PMT	Closed	MA	Jul 2005
03.KPMG.16	KPMG 2003	Procurement Controls and Contract Administration	N/A	CPM Evaluation	Finalize policy & 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.	PMT	Closed	MA	Jul 2005
03.KPMG.17	KPMG 2003	Cost, Schedule and Budgetary Management and Reporting	N/A	User-Friendly Software	Evaluate software for user-friendly options and improvements, or improve training.	Proliance software has been chosen to replace Prolog.	PMT	Closed	MA	Feb 2006
02.KPMG.1	KPMG 2002	Compliance with Ballot, Bond, State and Other Funding Source Requirements	N/A	Chancellor's Bond Steering Committee	Seek to improve the effectiveness of the Committee by including College Presidents as members.	Four College Presidents are involved with the Committee.	LACCD	Closed	MA	Jul 2005

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02.KPMG.2	KPMG 2002	Procurement Controls and Contract Administration	N/A	Contract Management	PMT 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.	PMT	Closed	MA	Jul 2005
02.KPMG.3	KPMG 2002	Communication and Fulfillment of Site Expectations	N/A	CPM Training	PMT 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.	PMT	Closed	MA	Jul 2005
02.KPMG.4	KPMG 2002	Communication and Fulfillment of Site Expectations	N/A	Team Communication	PMT 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.	PMT	Closed	KPMG	Jul 2004
02.KPMG.5	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	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 PMT.	PMT	Closed	KPMG	Jul 2004
02.KPMG.6	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	N/A	PLA Reporting	Provide detailed PLA and Outreach information.	Reporting in this area has been periodic.	PMT	Closed	MA	Jul 2005
02.KPMG.7	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	N/A	PMT 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.	PMT	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
02.KPMG.8	KPMG 2002	Procurement Controls and Contract Administration	N/A	CPM Contracts	Complete and execute CPM contracts for all 9 campuses.	CPM contracts have been executed.	PMT	Closed	KPMG	Jul 2004
02.KPMG.9	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	N/A	Budgets	Complete, verify and execute budgets for all 9 campuses.	Budgets have been executed.	PMT	Closed	KPMG	Jul 2004
02.KPMG.10	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	N/A	Schedules	Complete, verify and execute schedules for all 9 campuses, and master program schedule.	Schedules have been executed.	PMT	Closed	KPMG	Jul 2004
02.KPMG.11	KPMG 2002	Communication and Fulfillment of Site Expectations	N/A	Website	Activate the public website.	The website is live.	PMT	Closed	KPMG	Jul 2004
02.KPMG.12	KPMG 2002	Communication and Fulfillment of Site Expectations	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.	PMT - D. Wood, R. Loving, K. McAvoy	Closed	MA	Dec 2007
02.KPMG.13	KPMG 2002	Cost, Schedule and Budgetary Management and Reporting	N/A	Progress Reporting	Improve the timeliness and quality of progress reporting.	A standard reporting format has been agreed upon by the District and PMT.	PMT	Closed	KPMG	Jul 2004
02.KPMG.14	KPMG 2002	Facilities Programming and Master Plan Approach	N/A	EIR and Zoning Contracts	Execute EIR and zoning contracts for all 9 campuses.	Done.	PMT	Closed	KPMG	Jul 2004

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02.KPMG.15	KPMG 2002	Contractor Liens, Claims and Other Close-Out Issues	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