



**LOS ANGELES
COMMUNITY
COLLEGE
PROPOSITION A/AA
AND MEASURE J
BOND PROGRAM**

**BOND PROGRAM
PERFORMANCE AUDIT**
Fiscal Year Ended June 30, 2009

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December 7, 2009

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

Subject: Proposition A/AA and Measure J Bond Program Performance Audit Report

Dear Mr. Eisenberg:

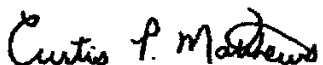
This report summarizes the results of our engagement to provide Proposition A, Proposition AA and Measure J performance audit services as required by California Proposition 39 for the fiscal year ending June 30, 2009. This performance audit evaluated the Los Angeles Community College District's (LACCD or District) compliance with Proposition A/AA and Measure J 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/AA and Measure J 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 and Measure J requirements. Total Bond Program fund expenditures were \$592,528,585¹ from July 1, 2008, through June 30, 2009, as recorded on the District's books and records. The performance audit tested Bond Program internal controls and Proposition A/AA and Measure J expenditures between July 1, 2008, and June 30, 2009, totaling \$196,097,284 (33.09%). Our performance audit found no exceptions with the use of Bond Program funds for approved Proposition A/AA and Measure J purposes.

This report reflects procedural changes and actions taken through June 30, 2009, by the Program Manager, the College Project Managers (CPMs), and the District since the Performance Audit conducted in the prior fiscal year by Moss Adams.

Summary of Key Good Practices

- A retro-commissioning process was implemented for the first time during Fiscal Year (FY) 2009 to address issues related to incomplete commissioning (Good Practice 3.a. Page 14).
- A comparison of safety related claims to benchmarks indicates LACCD is significantly lower than the benchmark. The lower safety claim rate is attributable to proper pre-task planning, active safety management and worker recognition (Good Practice 3.e. Page 14).
- Contract enforcement actions were undertaken during FY 2009 for nonperforming and underperforming contractors and architects (Good Practice 3.b. Page 14).
- A new scheduling model was implemented during FY 2009 that provides increased visibility to project status (Good Practice 4.b. Page 15).
- An expanded prequalification pool for Design-Build projects was accomplished during FY 2009 (Good Practice 6.b. Page 17).
- An initiative to hold architects accountable for completion of close out activities was implemented during FY 2009 (Good Practice 8.a. Page 18).

Summary of Key Opportunities for Improvement

- A duplicate payment in the amount of \$139,911.50 was identified (Issue 1.a. Page 10).
- Eight duplicate accruals in the combined amount of \$95,611.26 were identified (Issue 1.c. Page 11).

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.

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- Approval controls should be strengthened to ensure honorariums are only paid when needed (Issue 1.d. Page 11).
- For completed Bond Program facilities, a comparison of custodial and maintenance staffing and Association of Physical Plant Administrators (APPA) standards indicates that current staffing levels are significantly below APPA standards (Issue 2.a. Page 13).
- Accurate information on individual Furniture, Fixture and Equipment (FF&E) assets was not maintained for FY 2009. As a result, LACCD had to estimate the amount of FF&E additions applicable to each asset type (Issue 4.a. Page 15).
- A detailed action plan is needed to address the depletion of funds used for CPM expenditures. Burn rates for six colleges and sites, if allowed to continue at the current level, will result in expenditure of the CPM budget before completion of the related construction projects (Issue 8.a. Page 18). This is a recurring issue that was identified earlier in our Fiscal Year 2006 Performance Audit Report (Issue 9 Page 44).



OBJECTIVES AND SCOPE

This performance audit evaluated Los Angeles Community College District's compliance with Proposition A/AA and Measure J 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 and Measure J Construction Bond Program. We also tested expenditures during the period July 1, 2008, through June 30, 2009, 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 BuildLACCD Bond Program Management Team, and the College Project Managers. We conducted over 90 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

Expenditure Testing 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.

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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.



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. (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.

Moss Adams was also engaged to perform other special audits which focused on specific areas of concern to the District. The scope of these audits was targeted on specific processes and facilities. For FY 2009, the special projects were:

- Invoice Processing Special Project
- Allied Health and Science Center Construction Project
- Assetek Special Project
- LEED Special Project



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 90 of 100 issues from past audits have been resolved. Details for all past audit issues are included in Appendix A. A summary of closed audit issues and solutions being implemented is below.

Source	Issues Identified	Closed Items	Solutions Being Implemented	Open Issues
Moss Adams 2008	21	18	3	0
Moss Adams 2007	18	17	1	0
Moss Adams 2006	14	11	2	1
Moss Adams 2005	47	44	3	0
Total	<u>100</u>	<u>90</u>	<u>9</u>	<u>1</u>

The open past audit issues, and the status of solutions implementation, are as follows:

- 08.MA.4.a BuildLACCD did not record a receivable for expected State of California (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.
 - Current Status: The State Reimbursement process is being improved, with the current year reconciled. A process to communicate both payments and rejected amounts has been developed.
- 08.MA.4.b 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.
 - Current Status: A cost allocation model has been developed, delivered to the District, and approved by KPMG. Current year costs are being entered, with plans for past year costs to be entered. All soft costs are to be broken down on a project by project basis.

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- 08.MA.6.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.
 - Current Status: Procedures are being documented on an as-needed basis.
- 07.MA.6.e 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.
 - Current Status: BuildLACCD is drafting evaluations for CPM firms and professional services firms that further define performance metrics in conjunction with supporting the District's contractor debarment process.
- 06.MA.7 The PMP 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.
 - Current Status: The District has been active in submitting a Bill for changes in the State statute, regarding the use of job order contracting. The District is already utilizing Task Order Agreements and the District has recently approved the use of Catalog purchasing agreements as well as the use of piggyback contracts.
- 06 MA.9 The soft cost budgets and CPM burn rate analyses as of May 30, 2006, indicates 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: This issue remains open. Please see Current Year Issue 8.a. regarding managements response to address this issue.
- 06.MA.12 Loss of institutional knowledge is a real and tangible risk, because of continued high turnover of College Project Manager teams. 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.
 - Current Status: Lessons learned are being documented at the Program level, but could be captured at the Project level.
- 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 Division of the State Architect (DSA) process and avoid additional delays.



- Current Status: ADA team members have been assigned to each campus, and completion of the transition plans is in progress.

- 05.MA.22 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.
 - Current Status: A Building Information Modeling (BIM) standard has been developed, along with ongoing use of the Owens Group for pre-DSA third-party review, and measures to improve architects and engineers (A/E) involvement.

- 05.MA.45 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.
 - Current Status: Lessons learned are being documented at the Program level, but should be captured at the College or Site level.



KEY FISCAL YEAR 2009 OBSERVATIONS

The following improvement opportunities have been ranked as high or medium 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 totaling \$196,097,284 (33.09%) of the total \$499,072,010 of Proposition A and AA funds expended between July 1, 2008, and June 30, 2009. 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.

Below is a summary of Bond Funds expenditures, balances, and questioned costs.

	Proposition A	Proposition AA	Measure J	Total	Costs Questioned
Total Bond Funds	\$ 1,245,000,000	\$ 980,000,000	\$ 3,500,000,000	\$ 5,725,000,000	
Expenditures Per BuildLACCD General Ledger					
Prior Year Funds Use	878,510,792	497,680,592	-	1,376,191,384	\$ 1,265,988
July 2008 - June 2009 Expenditures	299,319,563	239,795,341	53,413,681	592,528,585	(1,030,466)
Total Expenditures as of June 30, 2009	<u>\$ 1,177,830,355</u>	<u>\$ 737,475,933</u>	<u>\$ 53,413,681</u>	<u>\$ 1,968,719,969</u>	<u>\$ 235,522</u>
Remaining Funds as of June 30, 2009	<u>\$ 67,169,645</u>	<u>\$ 242,524,067</u>	<u>\$ 3,446,586,319</u>	<u>\$ 3,756,280,031</u>	<u>\$ 235,522</u>

The questioned costs summarized above result from observations in Key Fiscal Year 2009 Observations, Section 1 of the report body and from prior year accrual adjustments that were incorrectly made to FY 2009 expenditures. Prior year questioned costs are shown for informational purposes so that the net impact of questioned cost adjustments can be determined.

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Questioned Costs	Proposition A	Proposition AA	Measure J	Total
Prior Year:				
Duplicate Journal Entries	\$ 1,085,496	\$ 14,082		\$ 1,099,578
Lease costs in wrong fiscal year		111,006		111,006
Void charged against wrong year	55,404			55,404
	<u>\$ 1,140,900</u>	<u>\$ 125,088</u>	<u>\$ -</u>	<u>\$ 1,265,988</u>
Current Year:				
Duplicate JE Correction in wrong year (Issue 1.b.)	\$ (1,085,496)	\$ (14,082)		\$ (1,099,578)
Lease costs not corrected to FY 2009 (Issue 1.b.)		(111,006)		(111,006)
Void not corrected to FY 2008 (Issue 1.b.)	(55,404)			(55,404)
Duplicate accruals identified in FY 2009 (Issue 1.c.)	58,106		37,505	95,611
Duplicate payment identified in FY 2009 (Issue 1.a.)		139,911		139,911
	<u>\$ (1,082,794)</u>	<u>\$ 14,823</u>	<u>\$ 37,505</u>	<u>\$ (1,030,466)</u>

Good Practices

- a) An invoice processing training manual was developed and distributed to colleges and sites. Implementation of this manual provides improved consistency and accuracy of invoices processed.

Improvement Opportunities

High Priority

- a) One duplicate payment was identified during FY 2009 expenditure testing. An invoice for the total amount of \$139,911.50 was approved and paid twice. The Program Management Team should implement controls to ensure that duplicate payments do not occur. The PMT should adjust FY 2009 expenditures to remove the duplicated transactions.
 - o Management Response: PMT is creating an automated duplicate invoice payment warning in the voucher system that will alert accounting staff if a payment of the exact amount was made in the previous six months.
- b) Questioned costs identified in the LACCD performance audit report for FY 2008 were either not corrected or were corrected to the incorrect fiscal year as follows:
 - ⇒ Reversal of prior year duplicate accrual errors (Finding 08.MA.1.a.) totaling \$1,099,578 were made in FY 2009 rather than FY 2008. The reversing journal entry for the prior year error was posted to the current fiscal year of 2009. Since the reversal should have occurred in FY 2008, current year Bond expenditures were understated by the above mentioned amount.
 - ⇒ Lease costs posted to the wrong fiscal year (Finding 08.MA.1.d.) totaling \$111,006 were not corrected in FY 2009, resulting in understated expenditures for FY 2009.



⇒ A voided payment (Finding 08.MA.1.g.) totaling \$55,404 was not corrected in FY 2009, resulting in understated expenditures in FY 2009.

Reversing or correcting entries for prior period errors should be posted to the correct period, when possible. The PMT should adjust FY 2009 and FY 2008 expenditures so that costs are assigned to the correct period.

- Management Response: PMT accepts the recommendation and, when possible, will reverse or correct entries in the proper fiscal year.
- c) Eight duplicate accruals recorded in two journal entries were identified during expenditure testing. These duplicate accruals resulted in an overstatement of FY 2009 expenditures of \$95,611.26. The BuildLACCD Program Management Team should implement controls to ensure that duplicate accruals do not occur and that corrective reversing entries are posted to the proper period when possible.
- Management Response: PMT is investigating duplicate accruals in FY 2009. PMT can create a data validation query that will look for duplicate accruals prior to posting.
- d) BuildLACCD has implemented a procedure of paying honorariums to unsuccessful Design-Build bidders. This procedure does not identify controls for determining when an honorarium is needed or not and for documenting this determination. The standard honorarium amount is .2% of the construction contract amount to each unsuccessful bidder. This amount was determined based on Design-Build Institute of America benchmarks. Section 2.1.3 of LACCD's "Request for Project-Specific Pre-qualification of Design-Build Entities" document indicates that "Subject to the terms of the Request for Proposals, an honorarium will be given to the Proposers who do not receive the Award of the Design-Build Contract." The Request for Proposals (RFP) specifies the amount of the honorarium. During the period November 19, 2008 through September 9, 2009, the Board of Trustees approved \$1,578,074 of honorariums.

Due to the significant number of Design-Build projects planned, LACCD should consider implementing additional controls to ensure that amounts paid as honorarium are necessary for companies that were not awarded the Design-Build contract. A policy should be developed to indicate in what circumstances an honorarium should be paid and what the amount should be.

- Management Response: Payment of Honoraria to unsuccessful Design-Build proposers was researched by the PMT and verified as a standard and best practice with similarly situated agencies including the University of California system and other large public entities. As stated, the Design-Build Institute of America aggregated honorarium amounts and recommended two tenths of a



percent of the total design-build cost as the industry standard. At the inception of the project delivery, the College Project Manager is advised of this guideline and is able to advise adjustment based on their familiarity of the complexity and features of the program for the project. The PMT will further refine additional guidelines for establishment of a project honorarium.

Medium Priority

- e) A pattern of CPM miscoding of invoices subject to partial State of California (State) funding was identified. Both the CPM and BuildLACCD erroneously coded the State reimbursable portion as Bond funded expenditures on invoices submitted to LACCD. LACCD identified the invoices and made adjustments to correct the coding so that the expenditures would be subject to State reimbursement procedures. While the District's detective control did identify the miscoding, correct initial coding of invoices will reduce inefficiencies in correcting errors and will reduce the risk of using local Bond funds for projects that could be paid from State funds. The following are examples of the miscoding:
- ⇒ For contract 31514 (Scheduled Maintenance Project), invoices with State reimbursable expenditures totaling \$1,162,650 were coded as Bond funded expenditures.
 - ⇒ For contract 70355 (Bailey Library), invoices with State reimbursable expenditures totaling \$798,581.63 were coded as Bond funded expenditures
 - ⇒ For contract 70498 (Learning Resource Center), invoices with State reimbursable expenditures totaling \$1,134,853.26 were coded as Bond funded expenditures.

Controls should be improved at both the CPM level and at BuildLACCD so that State reimbursable expenditures are identified and coded correctly on invoices submitted to LACCD.

- Management Response: Additional training of campus accounting analysts will include proper booking of State reimbursable expenses. PMT is coordinating with the District on coding protocol for State and local reimbursements.
- f) Two payment packages totaling \$93,242.50 did not include invoices as a support. The CPM should ensure that the support attached to invoices matches the detail provided. In addition, BuildLACCD should withhold payment for invoice packages submitted without adequate support.
- Management Response: The two invoices identified in this finding are scheduled lease payments for the Santa Fe Firestone property. Penalties are imposed if payments are not received by the first of the month. As such, PMT pays a month in advance. For these two invoices, an invoice was not received



by the program office. PMT will coordinate with the vendor more closely to ensure proper invoice documentation is received.

- g) Five invoices from one CPM had CPM time cards attached to the invoices that were not signed by Supervisor. The total amount related to unapproved time cards was \$593,853.92. The Program Management Team should ensure CPM invoices have adequate support.
 - o Management Response: PMT has implemented a new time card system this year with initial training completed. PMT continues to refine the time card system as CPM staff become familiar with the new process.

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 (FMP) activities for consideration of student needs and future receipt of maintenance funds in assessing the equitable and fair use of Bond Program funds.

Improvement Opportunities

High Priority

- a) For those colleges and sites that have completed Bond funded building projects, a comparison of custodial and maintenance staffing to Association of Physical Plant Administrators (APPA) standards indicates that current staffing levels and Bond funded college and site buildings are significantly lower than required to meet the APPA standards. See Appendix B for additional information on individual colleges and sites. Colleges and sites should provide sufficient staffing to meet the custodial and maintenance needs of Bond funded buildings.
 - o Management Response: The District is currently performing a comprehensive analysis of staffing requirements for maintenance and operations using the APPA standards. Upon completion, the District will identify possible alternative strategies for meeting what is expected to be a staffing deficit at each College. It is expected that alternate sources of funding will need to be identified to meet forthcoming maintenance and staffing needs created by Bond funded building projects.



- b) Facilities Master Plans (FMPs) and Environmental Impact Reports (EIRs) should be updated to include changes due to the passage of Measure J and the establishment of satellite campuses. After the update, EIRs and zoning contracts should be executed.
 - o Management Response: FMPs and EIRs are being updated to include Measure J and satellite campuses.

3. Communication and Fulfillment 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 were reviewed.

Good Practices

- a) A new retro-commissioning process was implemented during FY 2009 to address commissioning issues not addressed during previous commissioning activities.
- b) Both LACCD and BuildLACCD supported contract enforcement actions for nonperforming or underperforming contractors or Architects, including terminations, assessment of damages for delays and debarment of problem contractors.
- c) A Health Careers Educational Academy concept was approved in April 2009. Measure J funding has been dedicated for the construction of a facility adjacent to the LAC+USC Medical Center to house the Academy with expected occupancy as of June 30, 2012. The Academy will provide additional educational opportunities for low-wage workers and students from area high schools.
- d) BuildLACCD has established a formal tracking process related to Division of Labor Standards Enforcement (DLSE) labor compliance activity that provides improved visibility to the status of DLSE complaints.
- e) A comparison of safety related claims per work hour from Southern California benchmark data to cumulative actual claims per hour experienced as of September 2009 indicates that the claims per work hour for LACCD of \$0.54 is significantly



lower than the benchmark data of \$1.24. The lower safety claim result is attributable to proper pre-task planning, active safety management and worker recognition.

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) BuildLACCD has implemented a procedure of visiting each campus on a nine week cycle to validate the project status data contained in the Dashboard report. Numerous adjustments to project status have been made as a result of the campus visits to provide increased accuracy of the project status data contained in the Dashboard report.
- b) A new scheduling module for the Oracle Primavera P3 Project Planner was implemented during FY 2009 by BuildLACCD. This module is intended to provide project schedule and status information for all LACCD construction projects. As of June 2009, approximately 90 percent of the projects were included in the scheduling module.
- c) A weekly electronic file is now sent by Build-LACCD to LACCD along with the draw down request. The electronic file provides data for reconciliation of expenditures per the CostPoint system at Build-LACCD to SAP at LACCD.

Improvement Opportunities

High Priority

- a) As discussed in the Assetek Special Project Report dated April 23, 2009, Furniture, Fixture and Equipment (FF&E) data in the Assetek fixed asset system was neither complete nor accurate. The contract with Assetek was subsequently terminated. As of June 30, 2009, a solution had not been implemented to correct the data accuracy and completeness issues. As a result, for the year ended June 30, 2009, LACCD did not have adequate data on FF&E assets for purposes of determining capitalizable amounts by asset type. In the circumstances, LACCD had to estimate the amount of the FF&E addition specific to individual asset classes. LACCD is currently working towards implementation of FF&E inventory through SAP. LACCD should proactively monitor completion of the SAP inventory integration project to ensure that expected completion dates are met.
 - o Management Response: District and PMT have crafted and advertised a request for proposals for asset management services and an inventory of existing assets. District IT anticipates that the new SAP module will go live in



March or April 2010. In the interim, PMT resources have been assigned to manage the tagging and tracking of District assets.

Medium Priority

- b) BuildLACCD is currently using a seven percent escalation rate to determine budgets for bond funded construction projects. Actual escalation experienced this year is much lower than seven percent. The continued use of seven percent escalation may result in excessive budgets and weaker financial controls. BuildLACCD should consider revising the escalation rate utilized for preparing college and site level project budgets to more accurately reflect the current level of escalation.
 - o Management Response: Projects are currently being programmed against budgets identified in the Measure J project list. CPMs are programming buildings against established budgets using the best available and current data. Any deviation since the establishment of the Measure J budgets based on market changes will be captured in the programming and design process as project scope.

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.

Improvement Opportunities

Medium Priority

- a) A change order log maintained by BuildLACCD indicates that as of June 30, 2009, there were 310 approved change orders that had not been sent to the Division of the State Architect (DSA) for approval as required by DSA. In many cases, change orders had been approved prior to the fiscal year ended June 30, 2009, but were not forwarded to DSA as of June 30, 2009. In accordance with Architect contracts reviewed, the Architect is responsible for preparing DSA required change order approval documentation. In accordance with CPM contracts, the CPM is responsible for ensuring Architects are meeting their responsibilities. In this case, both Architects and CPMs were not meeting their responsibilities related to submission of DSA required change order documentation. Management has indicated that it plans to (i) institute retainage on Architects contracts and (ii) enforce a policy of not allowing Architects to bid on additional projects if they do not meet their responsibilities on existing projects. In addition to management's plans, we recommend that colleges and sites implement additional controls over Architects and CPMs to ensure that requests for DSA documentation for change orders are handled expeditiously. The back log of nonsubmitted change orders should be identified and proactively managed by BuildLACCD to ensure the Architects and CPMs meet their



responsibilities in this area. A DSA change order back log report should be issued by BuildLACCD to the District and College Presidents monthly.

- Management Response: PMT has implemented the recommended measures above. Items (i) and (ii) were implemented in Q1 2008 and additional approval requirements regarding contractor retention and project completion have been implemented to ensure deferred approval requirements have been met. A mandatory, collaborative DSA training session was provided to CPMs, architects and contractors in conjunction with State and local DSA officials to outline this process.

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) Board of Trustees expenditure authorization language was modified to indicate that expenditure approvals included all applicable sales taxes. Prior to this change, issues were encountered related to changes in sales tax rates that required that previous expenditure approvals had to be revised to reflect changes in sales tax rates.
- b) An expansion of prequalified companies for Design-Build projects occurred during FY 2009. For example, in the category of New Construction and Renovation (\$2.5-10M), 34 companies were added to the pre-qualified pool. The increased number of pre-qualified companies provides additional options for the procurement of Design-Build services.
- c) A process for Board of Trustees authorized waivers on restrictive specifications was implemented during FY 2009. This process is used to determine, on a case by case basis, whether colleges and sites can restrict specifications to specific materials or products. This process was necessary to ensure compliance with the Public Contracting Code.
- d) A development agreement between LACCD and Los Angeles Unified School District (LAUSD), dated April 15, 2009, provided for an innovative Ground Lease and Joint Use Agreement by which LAUSD will lease from LACCD certain real property for the purposes of constructing a High School, Pool, Central Plant and other improvements on the Leased Premises. The project will benefit both LAUSD and LACCD through shared use of certain facilities and improvements.

Improvement Opportunities

Medium Priority

- a) A significant percentage of invoices sampled required adjustment by BuildLACCD so that the account coding and amounts were correct. See Appendix C for details by



college and site. Additional controls should be implemented by the CPM level for those locations with high levels of corrections required.

- Management Response: This issue is to be addressed in additional training being developed for campus accounting analysts.
- b) Policies and procedures for annual CPM evaluations should be finalized. The finalized policies and procedures should then be implemented through annual evaluation of all CPMs.
 - Management Response: Build-LACCD is revising the CPM review forms. The annual evaluation will be reinstated.

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.

No reportable conditions.

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) BuildLACCD implemented a new initiative in FY 2009 to hold architects and others accountable for required close-out activities, including DSA requirements. A training session was held in February 2009 and documents were issued at that time.

Improvement Opportunities

High Priority

- a) Budget to the rate of construction program funds consumption should be monitored more formally. An analysis performed by BuildLACCD indicates that at six colleges



and sites the CPM Measure J budget would be expended before projects are completed if the current level of CPM fees were to continue. The analysis estimated 1,063 unfunded days across the six colleges and sites by completion of Measure J funding. Please see Appendix D for details. This is a recurring issue that was identified earlier in our Fiscal Year 2006 Performance Audit Report (Issue 9). Steps should be taken to reduce CPM expenditures at these six colleges and sites so that the budget is not expended prior to project completion. With help provided by BuildLACCD to assist colleges and sites in addressing this matter, the colleges and sites should provide a detailed written plan to address this budget shortfall. This detailed action plan should be implemented by the colleges and sites. Progress on actions to prevent budget overruns should be issued to BuildLACCD. A quarterly report of budget-to-burn-rate analysis should be provided by BuildLACCD to measure college and site management of CPM funds.

- Management Response: CPMs have committed through revised burn rate calculations that they will complete requisite scope within the established budget for such services as a result of burn rate projection.

Medium Priority

End users of Bond fund related technologies (building systems and high-tech instructional systems) installed in college and site buildings did not have adequate resources available to assist the users in understanding how to operate the equipment. Near the end of the fiscal year, BuildLACCD resources began to be deployed to colleges and sites from both the Commissioning Group and the IT Group to address this issue. BuildLACCD should monitor the performance of the Commissioning Group and the IT Group through feedback from end users to ensure that training needs are being adequately addressed.

- Management Response: PMT will continue to monitor the performance of the Commissioning Group and the IT Groups. In addition, a designated warranty enforcement team is in place to ensure training of facilities management and faculty, and to address any workmanship for performance problems with completed projects.

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APPENDIX A – 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 UII 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	Closed	MA	Aug 2009

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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.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	Closed	MA	Aug 2009

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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	Closed	MA	Aug 2009
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	Closed	MA	Aug 2009
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	Closed	MA	Aug 2009

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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.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	Closed	MA	Aug 2009
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	Closed	MA	Aug 2009

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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.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	Closed	MA	Aug 2009
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	Closed	MA	Aug 2009
08.MA.1.j	Moss Adams Audit FYE 2008	Compliance with Ballot, Bond, State and Other Funding Source Requirements	Low	On the LACCD BuildsGreen 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.	New website has been launched.	MWW	Closed	MA	Aug 2009

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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	Closed	MA	Aug 2009
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 the current year reconciled. A process to communicate both payments and rejected amounts has been developed.	BuildLACCD	In Progress		

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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.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	A cost allocation model has been developed, delivered to the District, and approved by KPMG. Current year costs are being entered, with plans for past year costs to be entered. All soft costs are to be broken down on a project by project basis.	BuildLACCD and District	In Progress		
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	Closed	MA	Aug 2009

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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 resource (Chet Wisdom) has been added to the PMT to address this issue. Meetings are being facilitated with design consultants and user groups.	District	Closed	MA	Nov 2009
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.	Amendment 3 of the program management contract includes a requirement for quarterly forecasting and tracking.	District	Closed	MA	Nov 2009
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.	Procedures are being developed on an as-needed basis.	BuildLACCD	In Progress		
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	Closed	MA	Aug 2009
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.	Accounting analysis at the CPMs now follows a standardized process.	BuildLACCD	Closed	MA	Aug 2009

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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.	A/E involvement in the close out process has improved, and the District's goal is to close out projects within 90 days of occupancy. The District has a new policy in place, if DSA close out does not occur within 90 days of occupancy, the A/E will not be awarded any new work with the District or any amendments to existing work.	BuildLACCD	Closed		
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	Closed	MA	Aug 2009

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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 two 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	Oct 2008
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	Oct 2008

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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	Oct 2008
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	Oct 2008

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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	Oct 2008
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	Oct 2008
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	Closed	MA	Oct 2008
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	Oct 2008

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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.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	Oct 2008
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 hammers 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	Oct 2008

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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.	The general conditions and contract documents are currently in a revision cycle based on District outside counsel statutory and case law updates. PMT was recently provided copies of the new drafts and are reviewing and commenting currently.	District	Closed	MA	Oct 2008
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.	A Building Information Modeling (BIM) standard has been developed, along with ongoing use of the Owen Group for pre-DSA third-party review, and measures to improve A/E involvement. In addition, the District's policy noted in the previous item addresses the finding as well.	District	Closed		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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	Nov 2008
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	Oct 2008
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.	BuildLACCD is drafting evaluations for CPM firms and professional service firms that further define performance metrics in conjunction with supporting the District's contractor debarment process.	District/PMT	In Progress		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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) have 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	Oct 2008
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.	BuildLACCD has developed software integration with District SAP, which enables asset valuation for FF&E, land and buildings	PMT/CPMs/ District	Closed		

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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.b	Moss Adams 2007	Contractor Liens, Claims and Other Close-Out Issues	Medium	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.	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	Closed	MA	Aug 2009

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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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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 noncompliance," 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	MA	Dec 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.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	MA	Sep 2008

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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 prototypical 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 been active in submitting a Bill for changes in the State statute, regarding the use of JOC. The District is already utilizing Task Order Agreements and the District has recently approved the use of Catalog purchasing agreements as well as the use of piggyback contracts.	LACCD	In Progress		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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
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.	CPM agreements have been amended and staffing plans prepared by the CPMs for Measure J projects and the completion of A/AA projects.	BuildLACCD	Open		

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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	MA	Oct 2008
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	MA	Sep 2008

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06.MA.12	Moss Adams 2006	Program Staffing	High	Loss of institutional knowledge is a real and tangible risk, because of continued high turnover of College Project Manager teams. 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.	Lessons learned are being documented at the Program Level, but could be captured at the Project level.	BuildLACCD	In Progress		
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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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

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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
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

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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.	ADA team members have been assigned to each campus, and completion of the transition plans is in progress.	LACCD	In Progress	MA	Nov 2009
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

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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
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

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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
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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
05.MA.15	Moss Adams 2005	Facilities Programming 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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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
05.MA.18	Moss Adams 2005	Procurement Controls 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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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.	A Building Information Modeling (BIM) standard has been developed, along with ongoing use of the Owens Group for pre-DSA third-party review, and measures to improve A/E involvement.	CPMs	In Progress	MA	Nov 2009
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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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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
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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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	Closed	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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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
05.MA.35	Moss Adams 2005	Cost, 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.	The implementation of Uii addressed this finding. Uii is now use by program and campus staff.	BuildLACCD	Closed	MA	Nov 2009
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.	The implementation of Uii addressed this finding. Uii is now used by program and campus staff.	BuildLACCD	Closed	MA	Apr 2009

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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
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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
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
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.	Lessons learned are being documented at the Program level, but could be captured at the Project level.	BuildLACCD	In Progress	MA	Apr 2009

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed By	Planned Resolution Date
05.MA.46	Moss Adams 2005	Change Management 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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APPENDIX B – NEW BUILDING STAFFING ANALYSIS

An analysis performed by LACCD indicates that current staffing levels for custodial and maintenance staff are significantly less than Association of Physical Plant Administrators (APPA) benchmarks as follows:

Custodial GAP

College/Site	Existing Custodial Staff	Existing SF per Custodian	Level III Custodial FTE needed	Level III FTE Deficit or Surplus	Level II Custodial FTE needed	Level II FTE Deficit or Surplus	Custodian Step 3 Yearly	Cost end of Bond Level III	Cost end of Bond Level II
City	39	18,217	28.48	(10.52)	40.28	1.28	32,037	\$ (337,054)	\$ 40,949
East	39	20,106	41.11	2.11	60.35	21.35	32,037	\$ 67,463	\$ 684,025
Harbor	12	21,613	20.30	8.30	28.82	16.82	32,037	\$ 266,013	\$ 538,801
Mission	12	21,613	18.11	6.11	25.98	13.98	32,037	\$ 195,613	\$ 447,967
Pierce	25	26,035	28.39	3.39	39.65	14.65	32,037	\$ 108,611	\$ 469,295
Southwest	16	25,788	20.30	4.30	29.18	13.18	32,037	\$ 137,725	\$ 422,165
Trade Tech	31	25,235	42.66	11.66	58.66	27.66	32,037	\$ 373,653	\$ 886,171
Valey	28	22,432	29.60	1.60	42.43	14.43	32,037	\$ 51,259	\$ 462,445
West	15	31,504	25.20	10.20	35.59	20.59	32,037	\$ 326,920	\$ 659,562

Maintanance GAP

College/Site	Level	FTE	Total FTE	Adjustment Factor	Adjusted FTE	Adjusted FTE plus Grafetti	Current FTE	Average Maintenance Year	Surplus or Deficit	Cost End of Bond
City	2	16.90	17	1.13	19.21	21.00	21.00	\$ 67,809	0	\$ -
	3	12.22	13	1.17	15.21	17.00	21.00	\$ 67,809	-4	\$ (271,236)
East	2	20.93	21	1.13	23.73	25.00	21.00	\$ 67,809	4	\$ 271,236
	3	15.20	16	1.17	18.72	20.00	21.00	\$ 67,809	-1	\$ (67,809)
Harbor	2	10.92	11	1.15	12.65	14.00	7.00	\$ 67,809	7	\$ 474,663
	3	8.02	9	1.19	10.71	12.00	7.00	\$ 67,809	5	\$ 339,045
Mission	2	11.33	12	1.15	13.80	15.00	7.00	\$ 67,809	8	\$ 542,472
	3	8.32	9	1.19	10.71	12.00	7.00	\$ 67,809	5	\$ 339,045
Pierce	2	15.81	16	1.15	18.40	20.00	19.00	\$ 67,809	1	\$ 67,809
	3	11.47	12	1.17	14.04	16.00	19.00	\$ 67,809	-3	\$ (203,427)
Southwest	2	11.13	12	1.15	13.80	15.00	10.00	\$ 67,809	5	\$ 339,045
	3	8.18	9	1.19	10.71	12.00	10.00	\$ 67,809	2	\$ 135,618
Trade Tech	2	21.30	22	1.13	24.86	26.00	20.00	\$ 67,809	6	\$ 406,854
	3	15.48	16	1.17	18.72	20.00	20.00	\$ 67,809	0	\$ -
Valey	2	17.21	18	1.13	20.34	22.00	18.00	\$ 67,809	4	\$ 271,236
	3	12.52	13	1.17	15.21	17.00	18.00	\$ 67,809	-1	\$ (67,809)
West	2	15.08	16	1.14	18.24	20.00	9.00	\$ 67,809	11	\$ 745,899
	3	10.97	11	1.18	12.98	14.00	9.00	\$ 67,809	5	\$ 339,045

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APPENDIX C – INVOICE ANALYSIS

An analysis of a sample of processed invoices indicates that a significant percent of the invoices required adjustment by BuildLACCD as follows:

College/Site	Build-LACCD Changes	Sampled	Percent With Changes
Los Angeles City College	2	4	50%
East Los Angeles College	4	5	80%
Los Angeles Harbor College	2	5	40%
Los Angeles Mission College	2	5	40%
Los Angeles Pierce College	1	6	17%
Los Angeles Southgate Site	0	5	0%
Los Angeles Southwest College	0	5	0%
Los Angeles Trade Tech College	1	5	20%
Los Angeles Valley College	1	5	20%
West Los Angeles College	2	5	40%
Grand Total	15	50	30%

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APPENDIX D – CPM BURN RATE ANALYSIS

An analysis performed by BuildLACCD indicates that for certain colleges and sites, if the CPM expenditure rate remains constant, the CPM budget will be expended prior to completion of construction projects. Unfunded days by campus at current burn rates are as follows:

College/Site	Projected Unfunded Days
Los Angeles Mission College	36
Los Angeles City College	94
Los Angeles City Northeast Site	244
East Los Angeles Southgate Site	92
West Los Angeles College	122
Los Angeles Valley College	475
	<u>1,063</u>

This analysis covered all colleges and sites. We did not observe CPM firm burn rate issues at college and sites not listed.