

*Performance Audit of  
Los Angeles Community College District  
Proposition A, Proposition AA, Measure J,  
Measure CC, And Measure LA Bond  
Programs*

*Fiscal Year Ended June 30, 2024*

February 5, 2025

KPMG LLP  
550 South Hope Street  
Suite 1500  
Los Angeles, CA 90071  
(213) 972 4000



KPMG LLP  
Suite 1500  
550 South Hope Street  
Los Angeles, CA 90071-2629

February 5, 2025

Dr. Leigh Sata  
Chief Facilities Executive  
Los Angeles Community College District  
770 Wilshire Boulevard, 6th Floor.  
Los Angeles, CA 90017

Dear Dr. Sata:

This report presents the results of our work conducted to address the performance audit objectives relative to the Los Angeles Community College District's (LACCD) Proposition A, Proposition AA, Measure J, and Measure CC bond programs. Our work focused on areas covered under the bond program during the period of July 31, 2023, through June 30, 2024, and our results are as of the date of this report.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to GAGAS, we conducted this performance audit in accordance with Consulting Services Standards established by the American Institute of Certified Public Accountants (AICPA). This performance audit did not constitute an audit of financial statements, or an attestation-level report as defined under GAGAS and the AICPA standards for attestation engagements.

The audit objective of our work was to understand certain aspects of the LACCD management of the bond program and bond program expenditures in accordance with the requirements of Proposition 39.

KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

This report is intended solely for the use of management and the Board of Trustees and is not intended to be and should not be relied upon by anyone other than these specified parties.

In providing this report, KPMG has undertaken no role or view that could be considered public policy advocacy.

**KPMG LLP**

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## EXECUTIVE SUMMARY

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) as a requirement for construction bond programs under California Proposition 39, Smaller Classes, Safer Schools, and Financial Accountability Act (Proposition 39). The audit period was July 1, 2023, through June 30, 2024.

### Objective

A performance audit is an objective analysis for use by management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and to contribute to public accountability. In addition, performance audits seek to assess the effectiveness, economy, and efficiency of the bond program.

The objective of this performance audit was to evaluate certain aspects of the Los Angeles Community College District's (LACCD or District) management of the bond program (Program) and bond program expenditures in accordance with the requirements of Proposition 39. Total audited aggregate bond expenditures were \$6,116,707,146 through the fiscal year ended June 30, 2024. For the audit period, \$301,710,349 was expended.

### Scope

The bond performance audit uses objective analysis to compare the current condition (what is) against stated criteria (what should be). The annual audit scope is determined by the District. In prior audit years, our performance audit of the District's bond program made several recommendations related to the program's Standard Operating Procedures (SOPs) and how they can be improved. Over the years, the SOPs have evolved to a point where the SOPs were utilized as primary criteria to compare program performance to this year. However, subsequent to these changes, but prior to the current audit period, additional significant revisions to the SOPs have taken place with the intent to simplify and increase efficiency and effectiveness.

The scope for the FY2023-24 performance audit, as agreed to with the District in our annual performance audit scope letter, included the following areas of focus:

- **Claims Management** – KPMG assessed a sample of claims and/or request for equitable adjustment to understand and activities associated with identification, tracking and evaluation of underlying events that triggered said claims or requests. We also assessed the Program Management Office's (PMO's) and College Project Team's (CPT's) approach to early settlement of such requests as well as documentation used to support or refute entitlement and quantification of the claim or request.
- **Cost Forecasting** – KPMG assessed project budget management activities, including project stages (or "gates"), where cost estimating and forecasting takes place, construction cost estimating, variance analysis, justification for budget adjustments and/or budget transfers. We also evaluated compliance with the PMO's budget management and cost estimating policies, procedures and leading industry practices.
- **Labor Compliance** – KPMG evaluated the Program's Labor Compliance Program (LCP) and the PMO's approach to help ensure contractors were maintaining compliance with prevailing

wage rate requirements. Our audit work included the evaluation of key steps of the labor compliance process, such as informing contractors about their prevailing wage obligations, monitoring compliance by reviewing certified payroll reports, investigating complaints and suspected violations, and taking appropriate enforcement action when violations were found.

- **Procurement** – KPMG evaluated the procurement process for the bond program as a whole for contracts awarded and/or negotiated in the current audit period. We conducted detailed testing on a sample of contracts for compliance with key procurement process steps and requirements. Our sample was determined based on the relevant contract population as a whole and our audit work included evaluating key steps of the procurement process including, but not limited to, forming the solicitation; advertising and outreach; vendor evaluation, selection, and notification; vendor negotiation; and contracting.

Our performance audit does not opine on the internal controls structure of LACCD or the PMO. In addition, our performance audit does not include testing of internal controls to determine if the internal controls are operating as designed. The audit is limited to reporting deficiencies in internal controls that are significant within the context of the audit objectives and based upon the audit work performed.

### **Audit Summary**

Based on our audit work performed, we did not identify any significant control deficiencies within the context of the audit, and we did not identify any high priority audit observations. Additionally, we did not identify any significant<sup>1</sup> charges to the program that did not conform to the requirements of Proposition A, Proposition AA, Measure J and Measure CC. Based on our audit scope this year, we made observations where we identified opportunities for improvements related to the SOPs and compliance with the PMO's policies and procedures.

### **Summary of Observations**

The following is a summary of our observations, including the order of priority, which is a subjective ranking of importance among the observations:

**High Priority** - The recommendation pertains to a significant audit finding or control weakness. Due to the significance of the matter, immediate management attention and appropriate corrective action is warranted.

**Medium Priority** - The recommendation pertains to a moderately significant audit finding. Reasonably prompt corrective action should be taken by management to address the matter.

**Low Priority** - The recommendation pertains to an audit finding of relatively minor significance or concern, yet still requiring attention. The timing of any corrective action is left to management's discretion.

There is a total of eight observations related to improving the SOPs and compliance activities, of which two are ranked as **medium priority** and six as **low priority** observations. There were no high priority observations for this audit period. At the date of this report, all recommendations have been addressed by management.

**Theme 1 – The SOPs are not consistently followed due to differing interpretation and application of the PMO’s requirements:**

- OB 1. [Labor Compliance] The labor compliance analyst did not consistently log and send a discrepancy notice when Certified Payroll Records (CPR) were late or missing. **[Low]**
- OB 2. [Cost Forecasting] Budget re-baselines were not performed at major milestones across the project lifecycle for Design Build (DB) and Design-Bid-Build (DBB) projects, as required by the SOPs. **[Low]**
- OB 3. [Procurement] The current level of information included within the responsiveness checklist (*utilized to determine responsiveness of prospective bidders*) does not align with requirements of the SOPs. It is also not consistently completed for all bidders and proposers. **[Low]**

**Theme 2 – The SOPs are not always clear and there are opportunities to clarify the SOP requirements across two audit scope areas:**

- OB 4. [Cost Forecasting] Documentation required by the SOPs to support required budget and estimating activities is either incomplete or missing. **[Low]**
- OB 5. [Labor Compliance] There is a lack of documentation regarding the methodologies used by the Labor Compliance Department (LCD) for sample testing of CPRs and the frequency at which project site visits were scheduled. **[Medium]**

**Theme 3 – There are opportunities to address current gaps across multiple scope areas and align the SOP requirements to reflect both current and best practices:**

- OB 6. [Claims Management] An event triggering a claim is not clearly and consistently defined in the SOPs and the contractor’s contractual agreement. **[Low]**
- OB 7. [Claims Management] The current SOP requirements supporting the claims management and dispute resolution process do not reflect current practices. **[Medium]**
- OB 8. [Procurement] The SOP requirements for sole source justification of professional services contracts does not clearly define a standard set of criteria that must be met to justify sole source. **[Low]**

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<sup>1</sup> GAGAS 8.15: “Significance is defined as the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors.” In the performance audit standards, the term “significant” is comparable to the term “material” as used in the context of financial statement audits.

## **BACKGROUND**

In November 2000, the California legislature passed Proposition 39, Smaller Classes, Safer Schools, and Financial Accountability Act of the State of California, which amended provisions to the California Constitution (Article XIII) and the California Education Code (Section 15272) to include accountability measures for bond programs. Specifically, the District must conduct an annual, independent performance audit of its construction bond program to ensure that funds have been expended only on the specific projects listed.

The District's bond program (Program) is largely funded by Proposition A, Proposition AA, Measure J, Measure CC and Measure LA, which were approved by voters in 2001, 2003, 2008, 2016 and 2022, respectively. The total authorized investment dollars increased to \$14.9 billion from the inception of the program. Approximately \$8.5 billion remains, which is designated for capital improvements for the renovation and replacement of aging facilities and for the construction of new facilities. Of the \$8.5 billion in funds remaining, \$5.3 billion represent Measure LA funds.

Total aggregate bond expenditures (audited) were \$6,116,707,146 through the fiscal year ended June 30, 2024; \$3,227,859,672 (Measure J), \$1,348,713,392 (Proposition A), \$1,060,359,315 (Proposition AA), \$477,095,738 (Measure CC) and \$2,679,029 (Measure LA). For the audit period, \$301,710,349 was expended.

BuildLACCD's function is to facilitate the delivery of projects under the Program. BuildLACCD manages these voter-approved bond funds to modernize and renovate the nine colleges of the District. The types of projects include new and renovated academic buildings and laboratories, libraries, sports facilities, arts complexes, administrative buildings, child development centers, parking structures, central energy plants and renewable energy projects.

### **BuildLACCD and the Project Management Office (PMO)**

BuildLACCD consists of 271 positions as of June 30, 2024, positions in a number of functional areas and includes several consultants and members of District staff. The largest function of BuildLACCD is the program management function, which is provided by Jacobs Project Management Company (Jacobs or PMO).

### **College Project Team (CPT)**

Each college location has a College Project Team (CPT) in place. The CPTs are responsible for performing services to oversee college master planning, environmental impact studies, programming, design, construction, project closeout. They are also responsible for overseeing design consultants, contractors, and vendors at each college location.

The Program operated under a decentralized model between 2007 and 2013 with a significant level of autonomy placed with the individual colleges, including project management decisions, documentation requirements, and delivery methodologies. Beginning under the prior PMO (AECOM) in 2013 and continuing under the current PMO (Jacobs), all CPTs were contracted directly with the District, but report to the PMO. This created a centralized structure and improved accountability.

### **Regional Project Directors (RPDs)**

Based on prior years' audit results, the CPTs requested a conduit for their communications and questions

to the PMO. The PMO established the role of the Regional Project Director (RPD) in 2017 as part of Jacobs' transition and commitment to improve communications. The RPD's role is to assist CPTs with developing project requirements, monitor and facilitate clear communication between the PMO and the CPTs, and streamline approvals for CPT-provided information. The RPD monitors and guides the CPT to execute projects successfully through each phase of the project lifecycle. As the principal coordinator between the PMO and the CPT, the RPD routinely interfaces with college presidents and facilities directors.

Over the last years, the RPDs have helped elevate and resolve questions, concerns, and issues raised from the CPTs to the PMO. The responsiveness of the RPDs has also helped increase the satisfaction with the PMO, as the communications between the CPTs and the PMO have improved. The implementation of the RPD role continues to be reflected in our audit results.

### **Standard Operating Procedures (SOPs)**

A bond program of the size and complexity like the District's, requires an adequate Program internal control structure in place. A Program's policies and procedures help create an internal control framework for an organization. It is this internal control framework that management will rely upon and that will help ensure the organization's objectives are being met. Well-written policies and procedures also allow employees to clearly understand their roles and responsibilities within predefined limits. The District's policies and procedures for the bond program are included with the Program's SOPs.

Over the years, we have noted improvements in the District SOPs. The District and PMO have continued efforts to revise and update SOPs based on current in-practice procedures or changes to project requirements, which in itself is a leading practice. During the two most prior audit periods, the PMO conducted a comprehensive review and update of the SOPs in an effort to simplify procedures, be less prescriptive and increase efficiency and effectiveness of bond program related activities.



## AUDIT METHODOLOGY AND SCOPE

This performance audit encompasses the District construction bond program (Program) and does not include the District's business operations, administration, or management of any projects outside of the bond program. In addition, KPMG's work under this engagement did not include providing technical opinions related to engineering, design, and facility operations and maintenance.

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and as a requirement for construction bond programs under California Proposition 39, Smaller Classes, Safer Schools, and Financial Accountability Act (Proposition 39). Our work for the year ended June 30, 2024, was performed during the period of June 18, 2024, through the date of this report.

### Methodology

GAGAS require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our comments and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our comments and conclusions based on the audit objectives. As such, we followed the requirements of GAGAS and the District with respect to our methodology, which included the following elements:

- Conducting a **risk assessment** to identify areas of risk
- Designing an **audit plan** based on issues and risks identified in the risk assessment phase.
- Conducting **fieldwork** with detail testing to further assess and validate the risks and carry out our audit plan.
- Preparing an audit **report** for the District based on the results of our performance audit.

We reviewed the District's internal policies, procedures, and documentation of key processes. We conducted interviews with BuildLACCD personnel and other contractors, and consultants involved with BuildLACCD and the Program. We reviewed relevant source documentation to gain an understanding of the key functions of the District as they relate to the scope of this audit and corroborated key interview statements with test work.

### Scope

The scope for this year's performance audit, as agreed to with the District in our annual performance audit scope letter, included the following areas of focus:

#### 1. Claims Management

Our audit objective related to claims management included an assessment of the identification, tracking, and evaluation of the underlying events that triggered claims or requests for equitable adjustment. We also assessed the PMO's and CPT's approach to the early settlement of such requests, as well as the documentation used to support or refute entitlement and quantification of the claim or request. We audited a sample of five claims (or portions of a claim) from the current audit period.

Our audit procedures included the following:

- a) Interviewed key program personnel with specific knowledge related to claims management for the selected samples.

- b) Verified if a change order (CO) was fully denied after review.
- c) Verified if the denied CO amount matched the claim amount.
- d) Verified if a Notice of Intent (NOI) to file a claim was issued by the contractor after a CO was denied.
- e) Verified if an official claim was filed by the contractor after submitting a NOI to file a claim and all attempts to resolve had failed.
- f) Verified if all supporting documentation for the filed claim was provided within 30 days of the discovery of the triggering event.
- g) Verified if a good faith determination was issued and accepted by the claimant, detailing the claim amount (under/over \$50,000).
- h) Verified if areas of disagreement/additional resources were included and documented as part of the initial conference.
- i) Verified if a conference was scheduled and held to resolve the claim when a good faith determination was not accepted.
- j) Verified if all negotiation processes were exhausted prior to the initiation of binding arbitration, including:
  - i. Project-level negotiations
  - ii. Mid-management-level negotiations
  - iii. Senior management-level negotiations
- k) Verified if the mediation process was initiated by either the CPT and PMO or the Contractor when no agreement had been reached after the three-step negotiation process.
- l) Verified if a CO/settlement was fully prepared and executed with the proper supporting documentation when an agreement was reached during the processes or after the acceptance of the good faith determination as required by the Change Order Approval Process included within Construction Rev 4 of the SOPs.
- m) Verified if the final CO/settlement was signed by the appropriate parties:
  - i. Vice Chancellor/Chief Facilities Executive
  - ii. District Attorneys
  - iii. Contractor Executive
  - iv. Contractor Attorneys

## 2. Cost Forecasting

Our audit objective related to cost forecasting included an assessment of project budget management activities, including project stages (or “gates”) where cost estimating and forecasting take place, construction cost estimating, variance analysis, and justification for budget adjustments and/or budget transfers. We also evaluated compliance with PMO budget management and cost estimating policies and procedures, as well as leading practices. We audited a sample of five relevant projects from the current audit period.

Our audit procedures included the following:

- a) Interviewed key program personnel with specific knowledge related to cost forecasting for the selected samples.
- b) Verified whether an initial project baseline estimate was prepared and supported by a white paper, and if it included necessary supporting documents such as:
  - i. Project estimate worksheet (PEW)
  - ii. Rough order of magnitude estimate, or construction cost estimate prepared by the planning/programming Architect/Engineer (A/E), validated by the PMO estimator.
  - iii. Project analysis worksheet
  - iv. Project schedule baseline

- v. Project ranking list
  - vi. Project prioritization list
  - vii. New project/name change/financial ID/budget establishment request (Form PMA-0044)
  - viii. Master plan reference
  - ix. Budget table
  - x. Funding source(s) drawdown table(s)
- c) Verified whether a project budget re-baseline was prepared at major project milestones via white paper, confirming this included PEWs and other necessary supporting documents:
- i. PEW
  - ii. Anticipated cost report from Project Management Information System (PMIS)
  - iii. Project schedule
  - iv. Construction cost estimate validated by PMO estimator.
  - v. Programming and design criteria architect programming report for Design Bid Build (DBB) project re-baselining at completion of the programming phase
  - vi. Construction bid for DBB project re-baselining at the completion of the construction contract bid phase.
  - vii. Design-build entity (DBE) price proposal for DB project re-baselining at the completion of the DB contract bid phase.
  - viii. DBE guaranteed maximum price (GMP) for DB project re-baselining at completion of GMP establishment phase.
- d) Verified whether the supporting white paper for re-baseline was approved by all necessary parties.
- e) Verified whether the appropriate supporting documentation was prepared and approved for re-baseline purposes, including project milestones and documentation consistent with Section 3 of the Budget and Cost Management SOP.
- f) Verified if any budget transfers occurred, whether they were inter-project or intra-project transfers, and whether they were accompanied by a memo explaining the purpose and justification of the budget transfer with supporting backups such as contracts, task orders, Proposed Board Actions, vendor quotes, or estimates.
- g) Verified if changes due to re-baseline were initiated in a way consistent with Section 5 of the Budget and Cost Management SOP.
- h) Verified if changes due to re-baseline were documented in a way consistent with Section 5 of the Budget and Cost Management SOP.
- i) Verified if any budget transfer greater than or equal to \$250,000 was supported by a White Paper and PEW.
- j) Verified whether cash flow projection reports were prepared on a monthly basis, including:
- i. PMO preparing cash flow reporting using information derived from PMIS.
  - ii. CPT, PMO account managers, and PMO staff cost-loading all active and future project schedules, soft costs, and related project and program overhead costs.
  - iii. CPT adjusting schedules to reflect historical spending trends and known issues that affect forecasted expenditures.
  - iv. Month-to-month variance reports (actual versus forecasted expenditures) produced by the PMO finance and accounting manager and PMO program controls.
- k) Verified whether the project-level Estimate at Completion (EAC) was updated each month after the project was awarded for construction.
- l) Verified whether EAC variance was calculated each month and, if negative, whether recovery actions were completed (e.g., schedule recovery, value engineering, de-scoping, budget transfers).
- m) Verified whether EAC/Estimate to Complete (ETC) forecasts were calculated in accordance with Section 7.1.2 of the Budget and Cost Management SOP, determining how much additional funding was required to complete any given project. Verified that EAC/ETC included all relevant components:

- i. Estimates
  - ii. Issues
  - iii. Potential change orders (PCOs)
  - iv. Schedule delays
  - v. Unassigned budgets for planned work
- n) Verified whether total current contract commitments and the ETC description (representing uncommitted costs or work yet to be put into the contract or CO) were included in EAC.

### 3. Labor Compliance

Our audit objective related to labor compliance included evaluating the Program's Labor Compliance Program (LCP) and the PMO's efforts to ensure contractor compliance with prevailing wage requirements. We tested a sample of nine projects, focusing on informing contractors of their obligations, monitoring compliance through CPRs, investigating complaints, and enforcing actions when violations were found.

Our audit procedures included the following:

- a) Interviewed key program personnel with specific knowledge related to Labor Compliance for the selected samples.
- b) Verified whether all public work contractors are utilizing LCPtracker (the online certified payroll system).
- c) Verified whether all bid invitations and contracts contain language regarding California labor laws and prevailing wage requirements.
- d) Verified whether form PWC-100 was completed by the PMO Contracts Department for contracts over \$25,000 with prevailing wage-covered work.
- e) Verified whether a copy of the project labor agreement (PLA) was provided to the Division of Labor Standards Enforcement (DLSE) as requested.
- f) Verified whether form DAS 140 was completed and submitted to the applicable apprenticeship program before commencing work on a public works contract.
- g) Verified whether contractors prepared and submitted a fringe benefit statement that includes the following plan details at a minimum before the first submission of CPRs:
  - i. Hourly rate
  - ii. Employee name
  - iii. Address
  - iv. Submitted through LCPtracker
  - v. Attributed to an appropriate union trust fund.
  - vi. Fringe benefit statement.
- h) Verified whether contractors maintained accurate CPRs consistent with section 4.3 of the Labor Compliance SOP, including:
  - i. Accurate weekly maintenance
  - ii. Prepared for submission to the PMO within ten calendar days of a request.
  - iii. Submission to the LCPtracker account within ten days of the payroll week ending date
  - iv. CPR Submission Records with Dates
- i) Verified whether the LCD reviewed the CPRs for accuracy and completeness.
- j) Verified evidence of LCD Review Process
- k) Verified whether any unannounced onsite visits were conducted by the LCD to observe operations and interview workers, and if the visit was documented using the following:
  - i. Observation Form to record site visits
  - ii. Interview Forms

- l) Verified whether a discrepancy log was maintained and followed to closure when discrepancies were identified during onsite visits, observations, or interviews.
- m) Verified whether the labor compliance analyst issued and processed discrepancy notices for any identified discrepancies, consistent with section 6 of the Labor Compliance SOP.
- n) Verified if the labor compliance analyst followed the resolution process for any discrepancy notices issued, ensuring resolution is consistent with section 7.1 of the Labor Compliance Rev 1 SOP.
- o) Verified whether the labor compliance analyst escalated unresolved issues in accordance with section 7.2 of the Labor Compliance Rev 1 SOP.
- p) Verified whether the discrepancy log was completed with all activities over a project's lifecycle, ensuring all outstanding items were resolved during project closeout.

#### **4. Procurement**

Our audit objective related to procurement included an evaluation of the bond program's procurement process for contracts awarded and/or negotiated during the current audit period. We conducted detailed testing on a sample of ten contracts across the four procurement types, selected based on the relevant contract population. Our audit work included evaluating key steps of the procurement process, including solicitation formation, advertising and outreach, vendor evaluation, selection and notification, vendor negotiation, and contracting.

Our audit procedures included the following:

- a) Interviewed key program personnel with specific knowledge related to Procurement for the selected samples.

#### **PTSO (Professional Trade Services Order)**

- a) Interviewed key program personnel with specific knowledge related to Procurement for the selected samples.
- b) Verified if the District or CPT completed and submitted an online vendor portal request (CP-0008) with the following details at a minimum:
  - i. Scope of work
  - ii. Supporting documentation
- c) Verified if a request for task order proposal was prepared and if the budget was validated.
- d) Verified if a pre-bid conference and job walk were conducted.
- e) Verified if a recommendation memo for the evaluation panel from the RPD and CPD was prepared, submitted, and approved.
- f) Verified if a responsiveness check was completed on all submittals before passing on the proposals.
- g) Verified if the evaluation panel completed all conflict-of-interest (COI) documentation.
- h) Verified if a notice of intent to award (NOITA) was prepared and issued to all shortlisted DBEs.
- i) Verified if the contract administrator Informed CPT of the following:
  - i. Scoring results
  - ii. Firm with the highest score.
  - iii. Rejections
- j) Verified if the CPT submitted a request for task order form (CP-0007) through the appropriate PMIS workflow and attached the final accepted proposal from the selected DBE.
- k) Verified if the Contract Administrator received approvals and sent the fully executed task order to the vendor.

### **Prequalified Service Provider (PQSP)**

- a) Validated that the project value was under \$5 million.
- b) Verified the existence of a signed services master agreement.
- c) Verified if a task order request for bid was prepared and posted to the online portal.
- d) Verified if a pre-bid conference and job walk were conducted.
- e) Verified if bids were solicited through the issued task order request.
- f) Verified if PMO contracts performed responsiveness checks and determined the apparent low responsive and responsible bidder.
- g) Verified if the PMO contracts issued a NOITA and assembled final contract documents and validated PMIS approvals of encumbrance for Awardee if applicable.
- h) Verified if all bidders were notified of award/selection.
- i) Verified if a final contract was executed and signed.
- j) Verified if a Notice to Proceed (NTP) was issued and sent out.

### **Design-Build (DB)**

- a) Validated that the project cost was more than \$2.5 million.
- b) Verified if the request for qualifications (RFQ) was prepared and issued.
- c) Verified if a responsiveness check was completed on all submittals before passing on Statement of Qualifications (SOQs).
- d) Verified if an evaluation panel memo was prepared with the following individuals:
  - i. College Representative – Facilities Director or VP of Administration
  - ii. PMO Regional Program Director (RPD)
  - iii. College Project Director (CPD) or Project Manager (PM) or both
  - iv. District Representative – member of Facilities Department
- e) Verified if the evaluation panel memo was approved by the District Vice Chancellor/Chief Facilities Executive (CFE) or Director of Bond Capital Construction.
- f) Verified if the evaluation panel completed all COI documentation.
- g) Verified if a shortlist recommendation memo was prepared, issued, and approved.
- h) Verified if a shortlist notification was issued to all applicants.
- i) Verified if an RFP was prepared, issued, and posted to the vendor portal with the following details at a minimum:
  - i. The expected cost range of construction for the project
  - ii. The sample contract and all project-related documentation
  - iii. All significant factors that the District reasonably expected to consider in evaluating the proposals, including cost and non-cost factors.
- j) A statement as to whether proposals were rated according to a weighted best value numeric or qualitative value.
- k) Verified if a pre-bid conference and job walk were conducted.
- l) Verified if a responsiveness check was completed on all submittals before passing on proposals.
- m) Verified if DBE presentations and interviews were facilitated and evaluated.
- n) Verified if a recommendation for award was prepared, issued, and approved.
- o) Verified if a NOITA was prepared and issued to all shortlisted DBEs.
- p) Verified if a Proposed Board Action (PBA) was prepared and issued with the following details at a minimum:
  - i. Identity of the successful DBE
  - ii. Proposed price
  - iii. Overall combined rating on the RFP evaluation factors.
  - iv. Ranking of the successful DBE in relation to all other responsive DBEs
  - v. Price proposals of all other responsive DBEs

- vi. Summary of the rationale for the award
- q) Verified if a fully executed contract was prepared, issued, and signed.
- r) Verified if an NTP was prepared and issued for design.

### **Design-Bid-Build (DBB)**

- a) Determined the DBB Threshold Type:
  - i. Three-quote process pursuant to the California Uniform Construction Cost Accounting Commission (CUPCCAA)
  - ii. Job Order Contracting (JOC)
  - iii. PQSP
  - iv. Project-specific prequalified low bid
  - v. Finding of bidding impracticality
  - vi. Bid-splitting policy.
- b) Verified if the RFQ was prepared and issued.
- c) Verified if a responsiveness check was completed on all submittals before passing on SOQs.
- d) Verified if an evaluation panel memo was prepared with the following individuals:
  - i. College Representative – Facilities Director or VP of Administration
  - ii. PMO Regional Representative – RPD
  - iii. CPT - CPD or PM or both
  - iv. District Rep – member of Facilities Department
- e) Verified if the evaluation panel memo was approved by the Vice Chancellor/CFE or Director of Bond Capital Construction.
- f) Verified if the evaluation panel completed all COI documentation.
- g) Verified if the contract administrator Informed CPT of the following:
  - i. Scoring results
  - ii. Firm with the highest score.
  - iii. Rejections
- h) Verified if a shortlist recommendation memo was prepared, issued, and approved.
- i) Verified if a shortlist notification was issued to all applicants.
- j) Verified if an Invitation For Bid was prepared, issued, and posted to the online vendor portal.
- k) Verified if a pre-bid conference and job walk invite was extended to all parties.
- l) Verified if bids were submitted.
- m) Verified if a responsiveness check was completed to determine apparent low responsive and responsible bidders.
- n) Verified if a NOITA was prepared and issued to all shortlisted DBEs.
- o) Verified if the Contract Award was approved by the BOT.
- p) Verified if the fully executed contract was signed by the following parties:
  - i. Contractor
  - ii. PMO contracts
  - iii. Vice Chancellor/CFE or Director of Bond Capital Construction
- q) Verified if an NTP was prepared and issued to the contractor.

## AUDIT RESULTS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

The PMO has a commitment to continuously improve the SOPs of the Program. In line with this commitment, we noted certain areas of the SOPs wherein the District may benefit from updating the current SOPs.

**Theme 1 - The SOPs are not consistently followed due to differing interpretation and application of the PMO's requirements.**

**OB 1. [Labor Compliance] The labor compliance analyst did not consistently log and send a discrepancy notice when CPRs were late or missing. (Low)**

**Cause:** The SOP requirements for submitting Certified Payroll Records (CPRs) are more stringent than those of the California Department of Industrial Relations (DIR), which prompted the less frequent request for submissions by the labor compliance analysts that what is currently required by the SOPs. Additionally, there is no existing process for labor compliance analysts to track and send reminders to contractors ahead of the SOPs' stricter due date to help comply with their submission requirements.

**Criteria:** Labor Compliance – Labor Compliance 1, Rev 1, Section 4.3 – Certified Payroll Records – of the SOPs requires that CPRs be submitted within ten calendar days of the week ending date. However, the DIR requires that CPRs are required to be submitted within one month after the end of the payroll period.

***Section 4.3 – Certified Payroll Records** “Pursuant to California statutes and administrative law, and the District’s General Conditions, contractors are required to maintain accurate CPRs weekly and submit them to the PMO within 10 calendar days of a request. CPRs must also be accompanied by Words of Certification or a Statement of Compliance to certify that all information provided within CPRs is true and correct.*

***Contractors are to maintain accurate CPRs** on a weekly basis and are responsible for the following:*

- Contractors submit CPRs, along with their corresponding Words of Certification or Statement of Compliance, to the PMO within 10 calendar days of a request.*
- For projects on LCPtracker, contractors submit CPRs to their BuildLACCD LCPtracker account within 10 days of the payroll week ending date.”*

The DIR provides additional details related to requirements for submitting CPRs within their *Frequently Asked Questions on Certified Payroll Reporting – Question4*:

***4. When/how frequently must the certified payroll records be submitted?** Certified payroll records must be submitted at least monthly (within a month after the end of the payroll period) or more frequently if more frequent submission is required by the contract with the awarding body. The best practice is to submit the records weekly or at the conclusion of each payroll period.*

The labor compliance analyst is required, per Section 6 – Discrepancy Notices, of the SOPs to log and issue discrepancy notices to contractors, CPT and Labor Compliance leads when CPRs are missing, incomplete (*i.e. late*) or have errors.

***Section 6 – Discrepancy Notices** “The labor compliance analyst may need to develop and issue discrepancy notices to contractors, which detail the payroll records that are found missing, incomplete, or with errors. The labor compliance analyst processes discrepancy notices as follows:*



- *Performs random reviews of CPRs to verify payment of prevailing wages, proper classification, etc.*
- *Adds findings to the project's discrepancy log, including issues found with other payroll records, prevailing wage violations, discrepancies based on worker interviews, and requests for payroll confirmations.*
- *Notifies the affected contractor by issuing discrepancy notices to the contractor, CPT, and labor compliance lead, as needed.*
- *Provides the contractor with an opportunity to resolve wage deficiencies (8 CCR § 16432(f)).*

**Condition:** Contractors failed to submit CPRs through the District's labor compliance tool, LCPTracker, within the timeframe designated within the SOPs. There was no evidence that the labor compliance analyst documented this non-compliance or issued a discrepancy notice to the contractors.

Five out of eighteen sub-samples selected for labor compliance included one or more CPRs submitted more than ten calendar days after the week ending date, with one submitted beyond the DIR's one-month requirement. Among these five non-compliant sub-samples, four lacked the required discrepancy notice to contractors, documenting missing or late CPR submittals. Although the DIR standard is one month from the period ending date, certain situations may necessitate a stricter requirement and time-frame.

**Effect:** Failing to submit CPRs within the required timeframe can delay the PMO's ability to assess and address non-compliance within a timely manner. This may increase the risk of project penalties against the contractors due to non-compliance with California labor statutes and administrative laws.

**Recommendation:** PMO should consider revising the current SOPs to include the requirement to track and send reminder notifications in advance of the ten calendar days of week ending date to proactively remind contractors to submit their CPRs.

**Management Response:** As standard practice, Labor Compliance (LC) Analysts review Certified Payroll Records (CPRs) for completeness, compliance with payment of prevailing wages, accuracy of work classification, and other relevant criteria. The Department of Industrial Relations (DIR) requires that CPRs be submitted at least monthly, within a month after the end of payroll period. However, the Build Program enforces a stricter 10-day submittal requirement as a contractual obligation and best practice for contractors. For the five instances where the contractor failed to submit CPRs within the 10-day period, the LC Analyst confirmed that the contractor had corrected these discrepancies. Additionally, the LC Analyst sent out the required discrepancy notices for the late CPRs identified during their follow up review. Labor Compliance Analyst will continue to emphasize the 10-day submission requirement during pre-job conferences and will maintain the current practice of issuing late notice communication and discrepancy notices as needed.

Effective January 8, 2025, the PMO updated and issued SOP to reference updated desktop procedures to clarify late CPRs review process, and monthly notice timeline for any late or missing CPRs; in addition, on December 23, 2024, there was a review session with Labor Compliance Department to reinforce the current and updated desk procedure requirements.

**OB 2. [Cost Forecasting] Budget re-baselines were not performed at major milestones across the project lifecycle for DB and DBB projects, as required by the SOPs. (Low)**

**Cause:** The SOP requirements lack a procedure for CPTs to request additional time or exception to the budget re-baseline requirements at major milestones. Project budget re-baselining occurs throughout a project lifecycle and as such, the majority of the sampled projects were subject to differing SOP requirements over time.

**Criteria:** The current requirements included within Budget and Cost Management – Controls 1, Rev 4, Section 3.1 – Project Budget Re-baseline section of the SOPs requires that DBB and DB project budgets be re-baselined at the completion of major milestones which are pre-defined across the project’s lifecycle.

***Section 3.1 – Project budget re-baseline** “The project budget will be re-baselined at the following major milestones in the project life cycle and depends on type of project delivery method. For design-bid-build (DBB) projects, the budget is re-baselined at the completion of schematic design and the completion of 100% Construction Documents.”*

*“For design-build (DB) projects, the budget is re-baselined at the completion of programming and prior to contract award. If a project budget re-baseline is not required during a major milestone, the PEW validation must still be recorded through a memo.”*

All five samples were initially tested against requirements included within the current version of SOPs, Budget and Cost Management – Controls 1, Rev 4, however, later revised against the versions that were effective at the time white papers were prepared, which dated back to February 2, 2018.

**Condition:** Across the five projects sampled for cost forecasting, eight out of ten of the re-baseline efforts occurred outside major milestones and lacked documentation reflecting the CPT’s basis for requesting an exception and/or PMO’s review and approval.

Prior to the implementation of Budget and Cost Management – Controls 1, Rev 3, effective October 13, 2023, there was no procedures for CPTs to request and document exceptions to the re-baselining requirement. The current version now includes a defined procedure for CPTs to request exception is limited to DB, however, the PMO noted the intent is to also include the same exception for DBB.

**Effect:** The CPTs and PMO may not consistently review and update their budgets according to the SOP requirements. This inconsistency impacts their ability to manage budget changes and risks, justifying the need to re-baseline after key project milestones.

**Recommendation:** The PMO should consider updating the SOPs to specify the conditions that CPTs must meet to qualify for requesting additional time or exceptions to performing a re-baseline at major milestones. Additionally, the PMO should clarify that exceptions apply to both DB and DBB projects.

**Management Response:** The majority of White Papers sampled were dated prior to the audit period of July 31, 2023, through June 30, 2024, which preceded the PMO’s implementation of additional reviews, control, and CPT exception memo. On November 3, 2023, the PMO updated and issued the SOP to introduce exception memo for design-build and design-bid-build projects. Additionally, on August 16, 2023, the PMO implemented a new report and tracking mechanism to alert CPTs of re-baseline requirements. The PMO will continue enforcing the latest implementation and holding regular meetings with CPTs to reinforce SOP requirements. Furthermore, the SOP will be updated to clarify re-baseline requirements.

Effective January 8, 2025, the PMO updated and issued the SOP to clarify timeline re-baseline requirements.

**OB 3. [Procurement] The current level of information included within the responsiveness checklist (utilized to determine responsiveness of prospective bidders) does not align with requirements of the SOPs. It is also not consistently completed for all bidders and proposers. (Low)**

**Cause:** The SOPs require checks to determine bidder/proposer responsiveness. However, does not provide clear criteria for contract administrators to decide if each test is needed based on the Request for Proposal (RFP) requirements, leading to potential non-compliance with the SOPs.

**Criteria:** Contracts and Procurement – Contracts 1, Rev 4, Section 4.3 – Responsiveness Checks; The SOPs require that checks be conducted to determine the responsiveness of bidders and proposers.

***Section 4.3 – Responsiveness Checks** “This section provides direction regarding the Contracts Administrator’s discretion to request clarification from respondents in accordance with the provisions of the procurement documents.*

*“Those items that are not required by statute and industry best practices to be included in an SOQ, proposal, bid, or other vendor submission but are required by an RFQ/RFP/invitation for bid, or other procurement document should be construed by the Contracts Administrator in the broadest possible sense to allow the submission to proceed to the appropriate review or evaluation without compromising the integrity of the procurement.”*

The responsiveness checks are conducted based on the three tests outlined below:

*“The first test is “must” or “will.” Items that the RFP states “must” or “will” be provided generally may not be waived. Contracts Administrators must minimize imperatives such as “must” or “will” in the RFP that cannot be waived without acting in an arbitrary or capricious manner.*

*The second test is “arbitrary” or “capricious.” Does waiving an item appear to be an abuse of discretion by the Contracts Administrator? In case a question of arbitrariness or capriciousness should arise, the Contracts Administrator will seek direction from the Director of Contracts.*

*The third test is whether waiving an item provides the vendor an unfair advantage or merely allows the vendor’s submission to be accepted. Generally, more accepted submissions are in the best interest of the District because it increases competition.”*

**Condition:** Eight out of ten procurement samples lacked sufficient documentation to demonstrate that the PMO’s contract administrator performed a responsiveness check and documented that each of the tests, as applicable, were completed for each proposer or bidder.

- One of the ten procurement samples utilizes the formal checklist provided by the PMO, but did not include evidence that all three tests were performed.
- Four of the ten procurement samples were for Professional Service Task Orders (PSTO) and did not include evidence that responsiveness checks were performed.
- Three of the ten procurement samples were for Prequalified Service Providers (PQSP) projects and did not include evidence that a responsiveness check was completed for each bidder.

The PMO disclosed that Contract Administrators in practice limits the responsiveness checks for PSTO procurement types and that for PQSP procurement types to the ‘lowest and responsible’ bidder. However, there is limited evidence within the SOPs of whether criteria requires that the Contract Administrator completes the responsiveness checklist for all proposers or bidders.

Additionally, the form used to perform the checks does not provide sufficient space to document the results or comments associated with the second and third tests.

**Effect:** The criteria for completing the responsiveness checklists is unclear and may increase the perception of unfair advantages or disadvantages for bidders and proposers.

**Recommendation:** PMO should consider refining the criteria within the SOPs for each progressive step and incorporate within the formal responsiveness checklist. The SOPs should include provisions for review and escalation to the Director of Contracts for approval and requirements for Contract Administrators to complete the checklist for all bidders and proposers, as necessary.

**Management Response:** The PMO adheres to all statutory requirement related to the current procurement process. As cited in Section 4.3, the responsiveness checklist is not required for Professional Service Task Orders (PSTOs), nor is it mandated by statute. PSTOs are issued to pre-qualified firms already qualified through the District. Responsiveness checklist for the Prequalified Service Providers (PQSP) are only required for the identified lowest responsive bidder. Once the lowest bidder is confirmed there is no value to District to continue the responsiveness checks for higher bids. The progressive series of test (First test, Second test and Third test) outlined in the SOP serve as guidance for the Contract Administrator when discretion is necessary. These tests are used “as applicable.” Per the SOP, Test 2 and Test 3 are not applicable if Test 1 is not exercised. In the sampled cases, Tests 2 and 3 did not apply, as none of the checklist requirements were waived. The PMO will update the SOP to provide greater clarity on the responsiveness checklist requirement for PSTOs and PQSPs. Additionally, the SOP will be revised to further clarify checklist testing implementation.

Effective January 8, 2025, the PMO updated and issued the SOP to clarify checklist testing implementation. The SOP was also updated to clarify responsiveness checklist requirements for PSTOs and PQSPs. In addition, the PMO reinforced current an updated requirements at the Contracts Department meeting on January 10, 2025.

## Theme 2 - The SOPs are not always clear and there are opportunities to clarify the SOP requirements across two audit scope areas:

### OB 4. [Cost Forecasting] Documentation required by the SOPs to support required budget and estimating activities is either incomplete or missing. (Low)

**Cause:** The SOPs contain unclear requirements related to minimum documentation expected for “White Paper” packages, which results in various interpretations by the CPTs. This impacts the quality and completeness of documents required by PMO for baseline and re-baseline budgets.

**Criteria:** Budget and Cost Management, Controls 1 – Rev 4, Section 3 – Project Budget Baseline Development in the SOPs specifies the documents that may be included in white paper packages to support initial baseline budgets and as applicable for re-baselined budgets

***Section 3.0 – Project Budget Baseline Development** "Approval of a project initial baseline budget requires the drafting of a white paper. The College Project Director (CPD)/PMO cost account manager prepares a white paper for initiation of the new project, establishment of project initial baseline budget, and funding request. The white paper package **may include** the following supporting documents, as applicable:*

- *Project estimate worksheet (PEW)*
- *Rough order of magnitude estimates, or construction cost estimate prepared by the planning/programming A/E, validated by the PMO estimator.*

- *Project analysis worksheet...*”

Budget and Cost Management – Controls 1, Rev 4, Section 3.1 – Project budget Re-baseline – requires the following documents, **if applicable**, be included within white paper package for a project budget re-baseline:

***Section 3.1. – Project Budget Re-baseline*** *"To re-baseline a project budget, the CPD/PMO account manager prepares a white paper that includes the following supporting documents:*

- *PEW*
- *Anticipated cost report from PMIS*
- *Project schedule...*”
- *Construction cost estimate validated by PMO estimator...*”

**Condition:** Three of five cost forecasting samples were missing one or more of the following required documents and forms:

- One PEW
- One Anticipated Cost Report
- Two Initial Budget White Papers
- Two Project schedules
- Three DBE Guaranteed Maximum Price (GMP)

The PMO disclosed that documents were either not provided or identified as not required by the PMO and/or CPTs.

**Effect:** Inconsistent cost and schedule estimate documentation can impact the PMO’s ability to make informed decisions related to project status, resource allocation, and planning of future activities resulting in misunderstandings, delays, and increased risks to the success of the projects.

**Recommendation:** The PMO should consider establishing a process to regularly re-evaluate and update the SOP documentation requirements, incorporating feedback from CPTs to ensure alignment with current practices. Additionally, routine training sessions should be scheduled to ensure all CPTs are aware of the program standards and the PMO's expectations for required documentation.

**Management Response:** The majority of White Papers sampled were prior to the audit period of July 31, 2023, through June 30, 2024, which preceded the PMO’s update to the White Paper template. The update was implemented on August 30, 2023, to clarify required fields, outlined expectations for providing justification when a field is not applicable, and consolidated various templates for clearer alignment. The Program at this point does not have DB contracts which utilize DBE Guaranteed Maximum Price (Open Book Delivery Method) but utilizes fixed fee DB Project Delivery Method. The PMO will continue enhancing the process and update the SOP and White Paper template to further clarify the distinction between required and as-applicable documentation.

Effective January 8, 2025, the PMO updated and issued the SOP and White Paper to clarify distinction between required and as-applicable documentation; in addition, on December 13, 2024, the PMO conducted a review session with the CPT to reinforce current and updated requirements, and beginning Quarter 2 of 2025 the PMO will begin implementing quarterly SOP review sessions with CPT.

**OB 5. [Labor Compliance] There is a lack of documentation regarding the methodologies used by the Labor Compliance Department (LCD) for sample testing of Certified Payroll Records (CPRs) and the frequency at which project site visits were scheduled. (Medium)**

**Cause:** The SOPs state that LCD must conduct weekly on-site visits and randomly review payroll records to ensure completeness and adherence to labor codes. However, the SOPs are unclear in defining the methodologies for conducting these site visits or the frequency and criteria for selecting sample payroll records for review.

**Criteria:** Labor Compliance – Labor Compliance 1, Rev 1, Section 5 – Onsite Visits, Observations and Interviews of the SOPs states that the LCD may conduct unannounced site visits on a random basis.

*Section 5 – Onsite Visits, Observations, and Interviews “In accordance with Labor Code 16432, and on a random basis or as deemed necessary, the LCD may conduct unannounced onsite visits.”*

*The Department of Industrial Relations Labor Code 16432 (i.e. cited within SOPs) “On-Site Visits may be undertaken randomly or as deemed necessary by the Labor Compliance Program but shall be undertaken during each week that workers are present at sites at which the contract for public work is being performed.”*

Labor Compliance – Labor Compliance 1, Rev 1, Section 6 – Discrepancy Notices states that a labor compliance analyst reviews CPRs at random.

*Section 6 – Discrepancy Notices “The labor compliance analyst randomly reviews CPRs and other payroll records for completeness and adherence to the California Labor Code and verifies that other payroll records are submitted and properly completed.”*

**Condition:** For all nine projects sampled, there is evidence that LCAs performed reviews of CPRs on a sample basis. However, it is unclear whether the sample size sufficiently represented the costs incurred given the size of the projects and number of contractors. This lack of clarity may stem from undefined methodologies, procedures, and guidance for analysts to follow for consistent assessment.

In addition, for twelve of eighteen sub-sampled periods across the nine projects sampled, there was a lack of evidence to verify whether on-site visits were conducted or performed during the period sampled. The methodology for conducting these visits, whether on a random or non-randomized basis, and the minimum frequency for scheduling visits are not well defined for projects that are not subject to the weekly requirement under Labor Code 116432.

**Effect:** The requirements and standards for LCD analysts conducting reviews of payroll records and on-site visits are not clear and may lead to inconsistencies in the quality and effectiveness of their reviews, and further impact the completeness of compliance assessment against prevailing labor laws and project standards.

**Recommendation:** The PMO should consider coordinating with the LCD to update the SOPs to incorporate and standardize the practices that analysts use to review CPRs and conduct on-site visits. This will help ensure that LCD analysts fully understand and are able to meet the PMO’s expectations for monitoring compliance of projects subject to labor laws.

**Management Response:** As standard practice LCD review CPRs for completeness, compliance with payment of prevailing wages, accuracy of work classification, and other relevant criteria. The LCD verifies if corrections have been made; if not, the LCD will submit discrepancy notice(s) as may be required. In addition, the LCD follow internal Department procedures to address sampling for CPRs that



may not be captured by the LCP tracker. The PMO will update desk manual to clarify practice that analyst use to review CPRs.

Site visits are conducted randomly and on-site data from the CPT is also utilized for further review and contractor information verification. The PMO will also update the desk manual to clarify practice that analysts use for on-site visit and site data verification. The SOP will be updated to include reference that 8 CCR §16432 is currently applicable to Legacy Labor Compliance Programs.

Effective January 8, 2025, the PMO updated and issued SOP to reference Legacy Labor Compliance Programs applying 8 CCR § 16432, and referenced the updated desktop procedures to clarify practice analysts use for the review of CPRs, and on-site visits and site data verifications. In addition, on December 23, 2024, there was a review session with Labor Compliance Department to reinforce current and updated requirements.

**Theme 3 - There are opportunities to address current gaps across multiple scope areas and align the SOP requirements to reflect both current and best practices.**

**OB 6. [Claims Management] An event triggering a claim is not clearly and consistently defined in the SOPs and the contractor's contractual agreement. (Low)**

**Cause:** The differing SOPs and contractual requirements related to triggering events for claims have not been reconciled, as the College Project Teams (CPTs) have managed to the contract requirements only. This includes whether contractors must submit and receive the formal denial of a Change Order Request (COR) prior to submitting a claim.

**Criteria:** Construction – Construction 1, Rev., Rev 4, Section 6, Claims Resolution Tracking of the SOPs contains limited information regarding the initiation of the claims resolution process. However, the process flow map included as an exhibit to the SOPs begins with the following step:

***Section 6 – Claims Resolution Tracking** When notice of intent to file a claim is received, the claims resolution tracking process is initiated. The claims resolution tracking flow states that claims are triggered if a Contractor's change order is denied in whole or in part.*

The requirements in the *South Gate Educational Center Contract Section 4.5.5 Time Limit for Submitting A Claim* contain additional details that conflict and state the following:

*“The time period for each party to submit a Claim is ten (10) days from when: a party realizes, or when a reasonable person should have realized that it has a Claim; when the Contractor fails or refuses to perform work/services required by the Contract Documents after receiving a Field Order; when the Program Management Office completely denies a request for the payment of compensation; when the Contractor believes it is due additional money and/or time on a change order request, when the District believes it is due money/credit and/or time on a change order proposal; or when a Party contends that the other Party has defaulted and/or breached the Contract Documents.”*

**Condition:** Four out of five claims sampled (totaling \$8,484,783 out of \$9,325,390) lacked consistent documentation demonstrating the triggering event, as defined within the SOPs, where a contractor's COR was formally rejected by the CPT. Some sampled claims included multiple CORs with varying statuses, such as formally rejected, submitted and under review, or new and never submitted.

In some cases, the claims that were sampled incorporated multiple CORs with a combination of statuses that included formally rejected, submitted and under review or new and never submitted.

The Risk Management (RM) Team indicated that contract terms and general conditions serve as the guide for claims resolution procedures. However, there is no current procedure within the SOPs to document exceptions to the SOP requirements for the formal rejection of a COR or to reference contract terms and general conditions as the requirements. It was also disclosed that contract language and requirements may differ from project to project, adding to the inconsistency in documentation and procedures.

**Effect:** Differing definitions of triggering event between the SOP requirements and the contract documents do not allow for the current practice of permitting contractors to submit claims without formal denial of CORs. This inconsistency may lead to disputes, delays, and operational inefficiencies which in turn may increase risk for further non-compliance.

**Recommendation:** The PMO should consider updating the current SOP requirements related to the triggering events for a claim to align with a standard set of general conditions or update both to reflect the same definition.

**Management Response:** The project contract documents clearly define the triggering events and procedures for the claims process. The CPT are required to manage the construction process as outlined in the contract documents and involve the PMO for proper application of the claims procedures. Standard Operating Procedure Construction 1, Rev 4 Claims Resolution Tracking Workflow provides a road map for managing claims, but the SOP does not replace the project contract documents. The SOP workflow will be updated to refer to the contract documents and enhanced to provide additional clarity to the claims road map process. The SOP remains applicable across the Program while the contract documents provide the precise details needed for claims management on a case-by-case basis.

Effective January 8, 2025, the PMO updated and issued the SOP to clarify claim road map process, and reference to the contract documents. In addition, the PMO reinforced current and updated requirements at the Risk and Disputes Department meeting on December 16, 2024.

**OB 7. [Claims Management] The current SOP requirements supporting the claims management and dispute resolution process do not reflect current practices. (Medium)**

**Cause:** The Risk & Dispute Resolution Management (RDRM) team supporting the claims resolution process performs activities based on the General Conditions outlined in project-specific contractual agreements and other internal practices. However, these practices are not documented as requirements within the SOPs.

**Criteria:** Construction – Construction 1, Rev., Rev 4, Section 6, Claims Resolution Tracking of the SOP includes requirements limited to a sentence that references the ‘Claims Resolution Tracking’ process flow for general guidance on steps and procedures.

**Section 6 – Claims Resolution Tracking** *When notice of intent to file a claim is received, the claims resolution tracking process is initiated.*

The process flow illustrates a series of progressive steps that includes the following:

- Step 1: CPT denies all or part of contractor change order.*
- Step 2: Contractor submits the notice of intent to file a claim.*
- Step 3: Contractor files a claim.*
- Step 4: CPT and Program Manager issue a good faith determination to claimant.*
- Step 5: Claimant may accept the good faith determination.*
  - a) If yes, prepare change order/settlement.*
  - b) If no, schedule and hold meet and confer conference to document areas of disagreement/additional resources included.*



*Step 6: Once the conference is held, parties may reach agreement.*

- a) If yes, prepare change order/settlement.*
- b) If no, conduct negotiation phase.*

*Step 7: When the negotiation phase is reached, negotiations progress to from the project to senior management level.*

- a) If no agreement is reached up to this point either part may initiate mediation*
- b) Should no agreement be reached after mediation, binding arbitration is initiated.*

The RDRM team disclosed that the standard general conditions incorporated within contract agreements include the requirements by which claims are processed against, as opposed to the process flow included within the SOPs.

The following requirements are provided within the standard general conditions which provides a significant level of additional detail regarding the contents of claims and steps leading to resolution.

***Section 4.5.7 – Required Information and Documentation*** “A Claim submitted shall contain a detailed narrative of the Claim together with detailed estimates and/or calculations regarding costs and/or time, and all supporting information and documentation to prove the basis and entitlement to the relief sought by the Party submitting the Claim. Any information and/or documentation not submitted by the time of the Initial Mandatory Meeting and Negotiations is held shall not be permitted to be used in any subsequent step of this mandatory and exclusive dispute resolution process, including at Arbitration, as both parties acknowledge that one Party withholding such information and/or documentation will cause the other Party irreparable prejudice.”

***Section 4.5.9 – Steps to Resolving a Claim*** “The Parties shall use each of the following steps, in the order in which they appear below, to resolve each Claim. The resolution of any and all Claims is ultimately not binding on the District unless approved by the District’s Board of Trustees and not binding on the Consultant until approved by its Authorized Representative.”

**Condition:** The SOPs do not require the RDRM team to document and provide sufficient detail about activities supporting the claims management and resolution process. In practice, the RM team maintains a combination of digital and physical records that is based on their discretion.

- Two of the five claims sampled lacked sufficient documentation of negotiations or the memorialization of decisions leading to the settlement of the claim.
- For three of the five claims sampled, it was unclear whether the claim was resolved after the good faith estimate, the initial negotiation stage, or after escalation.

The claims resolution section of the SOPs has not been revised since August 2020. While some activities and current practices reflected within the claims resolution tracking flow are accurate, the RM team did acknowledge there are opportunities to re-align the SOPs with current practices and incorporate standard requirements.

**Effect:** Misalignment between actual practices and the requirements outlined in the SOPs can result in an unclear or inaccurate understanding of standards and expectations for record-keeping and knowledge transfer in the claims management and resolution process. Given the extended timelines and involvement of various stakeholders, these gaps can lead to inefficiencies and increase potential risks to the projects.

**Recommendation:** The PMO should consider updating the current SOP requirements to incorporate standards and defined procedures that reflect the RM team's current practices in managing and resolving

claims. Additionally, considering that each project may have unique terms and conditions, the SOPs should include a process for approving exceptions to standard requirements.

**Management Response:** The Risk department has an established internal process to manage document tracking, including attorney client privileged documents to resolve claims. The internal processes will be modified through an addition of a claims document summary which will detail the required documents for the claims. Consultation with the District office of General Council will be required as it relates to privileged documents.

Effective December 16, 2024, the PMO implemented the internal claim document summary for all claim files. In addition, the PMO reinforced current and updated requirements at the Risk and Disputes Department meeting on December 16, 2024.

**OB 8. [Procurement] The SOP requirements for sole source justification of professional services contracts does not clearly define a standard set of criteria that must be met to justify sole source. (Low)**

**Cause:** The SOPs include the requirement to complete a Justification for Waiver from Procurement Policy form and approval. However, neither the SOPs nor section provided within the form defines criteria or analysis that must be performed to support the request, leaving it up to each individual filling out the form to determine, which has been the practice.

**Criteria:** Contracts and Procurement – Contracts 1, Rev 4, Section 1.3 of the SOPs states that for sole source contracts, the following requirements and process must be followed:

***Section 1.3 – Sole Source Contracts** "When direct negotiation with one firm is deemed necessary, the requestor may submit the Justification for Waiver from Procurement Policy form to the Vice Chancellor/CFE or Associate Vice Chancellor of Capital Construction for approval to provide justification for deviating from the bidding requirements for professional services."*

**Condition:** For one of the ten projects sampled for procurement, the CPT utilized the sole source option to contract for professional services. The supporting documentation included a complete Justification for Waiver from Procurement Policy, which was approved and incorporated copies of the contractor's proposal. However, the basis for justification was primarily limited to the vendor's prior knowledge of the project and continuing with the architect of record to avoid complications with Division of State Architect (DSA).

There was no evidence provided of a comprehensive analysis that evaluated the following aspects: (a) Scope: To determine the project requirements and how the sole source contractor uniquely meets these needs. (b) Cost: To compare the potential cost savings and efficiencies of sole sourcing versus a competitive bid process. (c) Schedule: To assess how a competitive bid process might impact the project timeline. PMO acknowledged opportunity to restructure the SOPs to outline the required documents to support sole source procurement.

**Effect:** The lack of supporting analysis raises concerns about whether the sole source procurement method was the most advantageous for the project. Specifically, the absence of a detailed comparison between the sole source option and a competitive bidding process means that the potential benefits of competition, such as cost savings, improved quality, and timely delivery, may not have been fully explored or at minimum documented.

**Recommendation:** The PMO should consider updating the current SOP requirements and associated Justification for Waiver from Procurement Policy form to include a standard set of criteria and tests to document the basis for selecting the sole source option over competitive bid.

**Management Response:** The implementation of the Justification Waiver Form was introduced by the PMO and adopted by the District to ensure proper control, documentation, and visibility for selected vendors who have already undergone the competitive procurement process and are now pre-qualified and under contract with the District as was the case for this sample. The PMO will update the SOP to clarify criteria.

Effective January 8, 2025, the PMO updated and issued the SOP to clarify Justification waiver form criteria. In addition, the PMO reinforced the current and updated requirements at the January 13, 2025 Roundtable meeting.

## APPENDIX A - SUMMARY OF OBSERVATIONS

1. The SOPs are not consistently followed due to differing interpretation and application of the PMO's requirements.			
No.	Audit Observation	Risk	Recommendation
<b>OB 1</b>	[Labor Compliance] District Contractors did not consistently submit CPRs and/or the PMO did not follow up with a discrepancy notice if CPRs were late or missing, as required.	Failing to submit CPRs within the required timeframe can delay the PMO's ability to assess and address non-compliance within a timely manner. This may increase the risk of project penalties due to non-compliance with California labor statutes and administrative laws.	PMO should consider revising the current SOPs to include the requirement to track and send reminder notifications in advance of the ten calendar days of week ending date to proactively remind contractors to submit their CPRs.
<b>OB 2</b>	[Cost Forecasting] Budget re-baselines were not performed at major milestones across the project lifecycle for DB and DBB projects, as required by the SOPs.	The CPTs and PMO may not consistently review and update their budgets according to the SOP requirements. This inconsistency impacts their ability to manage budget changes and risks, justifying the need to re-baseline after key project milestones.	The PMO should consider updating the SOPs to specify the conditions that CPTs must meet to qualify for requesting additional time or exceptions to performing a re-baseline at major milestones. Additionally, the PMO should clarify that exceptions apply to both DB and DBB projects.
<b>OB 3</b>	[Procurement] The current level of information included within the responsiveness checklist (utilized to determine responsiveness of prospective bidders) does not align with SOP requirements. It is also not consistently completed for all bidders and proposers.	The criteria for completing the responsiveness checklists are unclear and may increase the perception of unfair advantages or disadvantages for bidders and proposers. This practice may lead to a perception of bias and favoritism in the evaluation process.	PMO should consider refining the criteria within the SOPs for each progressive step and incorporate within the formal responsiveness checklist. Include provisions for review and escalation to the Director of Contracts for approval, if necessary, and add additional controls that require Contract Administrators to complete the checklist for all bidders and proposers.

2. The SOPs are not always clear and there are opportunities to clarify the SOP requirements across two audit scope areas:			
No.	Audit Observation	Risk	Recommendation
<b>OB 4</b>	[Cost Forecasting] Documentation required by the SOPs to support required budget and estimating activities is either incomplete or missing.	Inconsistent cost and schedule estimate documentation can impact the PMO's ability to make informed decisions related to project status, resource allocation, and planning of future activities resulting in misunderstandings, delays, and increased risks to the success of the projects.	The PMO should consider establishing a process to regularly re-evaluate and update the SOP documentation requirements, incorporating feedback from CPTs to ensure alignment with current practices. Additionally, routine training sessions should be scheduled to ensure all CPTs are aware of the program standards and the PMO's expectations for required documentation.
<b>OB 5</b>	[Labor Compliance] There is a lack of documentation regarding the methodologies used by the LCD for sample testing of CPRs and the frequency at which project site visits were scheduled.	The requirements and standards for LCD analysts conducting reviews of payroll records and on-site visits are not clear and may lead to inconsistencies in the quality and effectiveness of their reviews, and further impact the completeness of compliance assessment against prevailing labor laws and project standards.	The PMO should consider coordinating with the LCD to update the SOPs to incorporate and standardize the practices that analysts use to review CPRs and conduct on-site visits. This will help ensure that LCD analysts fully understand and are able to meet the PMO's expectations for monitoring compliance of projects subject to labor laws.

3. There are opportunities to address current gaps across multiple scope areas and align the SOP requirements to reflect both current and best practices.			
No.	Audit Observation	Risk	Recommendation
OB 6	[Claims Management] An event triggering a claim is not clearly and consistently defined in the SOPs and the contractor's contractual agreement.	<p>Misalignment in the definition of triggering event between the SOP requirements and what is included within the contractor's contractual agreements is contributing to non-compliance and does not allow for the current practice of permitting contractors to submit claims without formal denial of CORs.</p> <p>This misalignment may lead to disputes, delays, and operational inefficiencies which in-turn may increase risk for further non-compliance.</p>	The PMO should consider updating the current SOP requirements related to the triggering events for a claim to align with a standard set of general conditions or update both to reflect the same definition.
OB 7	[Claims Management] The current SOP requirements supporting the claims management and dispute resolution process do not align with current practices.	Misalignment between actual practices and the requirements outlined in the SOPs can result in an unclear or inaccurate understanding of standards and expectations for record-keeping and knowledge transfer in the claims management and resolution process. Given the extended timelines and involvement of various stakeholders, these gaps can lead to inefficiencies and increase potential risks to the projects.	The PMO should consider updating the current SOP requirements to incorporate standards and defined procedures that reflect the RM Team's current practices in managing and resolving claims. Additionally, considering that each project may have unique terms and conditions, the SOPs should include a process for approving exceptions to standard requirements.
OB 8	[Procurement] The SOP requirements for sole source justification of professional services contracts does not clearly define a standard set of criteria that must be met to justify sole source.	The lack of supporting analysis raises concerns about whether the sole source procurement method was the most advantageous for the project. Specifically, the absence of a detailed comparison between the sole source option and a competitive bidding process means that the potential benefits of competition, such as cost savings, improved quality, and timely delivery, may not have been fully explored or at minimum documented.	The PMO should consider updating the current SOP requirements and associated Justification for Waiver from Procurement Policy form to include a standard set of criteria and tests for Contract Administrators and C&PTs to utilize and document the basis for selecting the sole source option over competitive bid.

## APPENDIX B - LIST OF ACRONYMS

Acronym	Definition
AECOM	AECOM Technical Services, Inc.
A/E	Architect/Engineer
AICPA	American Institute of Certified Public Accountants
BOT or Board	Board of Trustees
BuildLACCD	Los Angeles Community College District Program Management Office, a blended program management team consisting of AECOM or Jacobs (after October 15, 2017), other consultants, and members of the District.
CFE	Chief Facilities Executive
CO	Change Order
COI	Conflict of Interest
COP	Change Order Proposal
COR	Change Order Request
CPD	College Project Director
CPR	Certified Payroll Records
CPT	College Project Team
CUPCCAA	California Uniform Construction Cost Accounting Commission
DB	Design Build
DBB	Design Bid Build
DBE	Design Build Entity
DIR	Department of Industrial Relations
DLSE	Division of Labor Standards Enforcement
DSA	Division of the State Architect
EAC	Estimate at Completion
ETC	Estimate to Complete
EVM	Earned Value Metrics
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GMP	Guaranteed Maximum Price
JOC	Job Order Contract
KPMG	KPMG LLP
LACCD	Los Angeles Community College District
LCD	Labor Compliance Department
LCP	Labor Compliance Program
LCPtracker	Labor Control Program Tracker
MATOC	Master Agreement Task Order
NOI	Notice of Intent
NOITA	Notice of Intent to Award
NTP	Notice to Proceed
PCO	Potential Change Order
PEW	Project Estimate Worksheet
PBA	Proposed Board Action
PLA	Project Labor Agreement
PM	Project Manager
PMA	Program Management Administration
PMO	Program Manager or Program Management Office
PMIS	Program Management Information System
PQSP	Pre-Qualified Service Provider

PTSO	Professional Task Service Providers
RDRM	Risk & Dispute Resolution Management
RPD	Regional Program Directors
RPRF	Release of Program Reserve Funds Request
RFP	Request for Proposal
RFQ	Request for Quote
RM	Risk Management
RMT	PMO Risk Management Team
SOPs	Standard Operating Procedures
SOQs	Statement of Qualifications



## APPENDIX C - SUMMARY AND STATUS OF FY2022-23 OBSERVATIONS AND RECOMMENDATIONS

(Status Updates provided by BuildLACCD)

Some activities are not consistently performed in compliance with existing SOP requirements.	
Prior Observation and Recommendations	Status Update
<p><b>1A. [Contingency Management]</b></p> <p>The CPT memos within budget transfer requests do not consistently include sufficient justification to utilize contingencies.</p> <p><b>Recommendation:</b> The PMO should consider updating the current SOP requirements for intra-project budget transfers to provide clarification to CPTs on the criteria and minimum documentation required to support utilization of contingency or any other available funds. As a better practice, any justification for changes to soft costs budgets should include a costs analysis with a basis for estimate to support budget transfer.</p>	<p><b>Remediation:</b></p> <p>In July 2023, prior to the audit, the PMO implemented an additional review requirement for all intra-project budget transfers. Effective October 13, 2023, the PMO updated and issued the SOP to clarify budget transfer justification memo requirement; in addition, on October 9, 2023, and November 8, 2023, the PMO scheduled workshops with CPTs to reinforce SOP's current and updated requirements.</p>
<p><b>1B. [Change Management]</b></p> <p>CO and COR do not consistently include complete supporting documentation, as required by the SOPs.</p> <p><b>Recommendation:</b> The PMO should consider performing an additional review of the COR requirements included within associated forms that CPTs are instructed to utilize to ensure consistency between requirements of the SOPs and those provided within the forms. In addition, the PMO and CPDs should consider reviewing these inconsistent practices with CPT Teams and to discuss current SOP requirements and PMO expectations to related to filling out the CO/COR checklists.</p>	<p><b>Remediation:</b></p> <p>The PMO formalized and updated the SOP and Forms CP-0326-Change Order Processing Checklist and CP-0325 Change Order Request checklist to ensure consistency between SOP and related forms. These updates were completed and issued to the BuildLACCD Program on October 27, 2023. In addition, the PMO reinforced current and updated requirements at the Roundtable meeting on October 9, 2023.</p>

**1C. [Change Management]**

The time required for CPTs to intake, review, and process CORs exceeds the time limit permitted within SOPs and leading practices:

1C-1. The time from a change initiation to a contractor produced COR on some occasions exceeds 50-days.

1C-2. Time between proposal submittal and review of JOC changes exceeds the duration outlined in the SOPs.

**Recommendation:**

1C-1. PMO should consider reviewing the existing SOP requirements to determine if the various critical processing times in the COR cycle are adequately defined and measured. In addition, the SOPs and the contractor contracts should be revised to include additional time or CPTs should be required to enforce the existing contractual requirements and document if contractors request additional time.

1C-2. PMO should consider whether the current 23-day processing period is reasonable. If not, the JOC vendor should revise the process to include additional time. Otherwise, the PMO should incorporate additional process controls within the SOPs to enforce the existing requirement for the vendor to process JOC Supplements within the agreed upon timeframe.

**Remediation:**

1C-1. Effective November 3, 2023, the PMO updated the SOP and developed a Change Management Log Review process and associated escalation measures to enhance monitoring of change order request processing time. The Change Management Log Review process was communicated to the College Project Teams on November 2, 2023.

1C-2. The JOC Program is being managed by a third-party consultant who is required to track compliance with the change order process. The PMO went through a procurement process to re-compete the Job Order Contract management services in 2023 to improve service levels. A new firm was selected, and board approval occurred on November 8, 2023. The PMO continues to work with the new firm to include strategic improvements to address identified areas for enhancement. The new program will be implemented by the end of the year December 2024.

**1D. [Scope and Budget/Contingency Management]**

The SOP requirements related to the CPT development of scope, budget and schedule included within white papers are not consistently followed:

1D-1. PEWs and ROMs are at times missing relevant information, do not consistently provide sufficient support for proposed hard and soft costs categories, or sometimes include calculations outside SOP requirements.

1D-2. Schedule baseline and schedule milestones included with white papers were at times missing sufficient detail.

1D-3. At times, FMP and bond project list references were missing, as required for white paper completion.

**Recommendation:**

1D-1. The PMO should consider: (a) providing job aids or an equivalent as an example to CPTs and reinforce PMO expectations for completing the ROM/PEW consistent with existing SOP requirements and/or (b) update the ROM/PEW templates to change or remove data fields that are no longer required or relevant to the estimating process.

1D-2. PMO should consider whether the current 23-day processing period is reasonable. If not, the JOC vendor should revise the process to include additional time. Otherwise, the PMO should incorporate additional process controls within the SOPs to enforce the existing requirement for the vendor to process JOC Supplements within the agreed upon timeframe.

1D-3. PMO should consider enforcing the existing requirements for CPTs to include supporting documentation that identifies where within the FMP and bond priority list that projects meet the criteria.

**Remediation:**

1D-1. PMO held a workshop on October 18, 2023, to reinforce ROM and PEW data field requirements and reiterated the expectations already defined within the SOP and provided work tools.

1D-2. Effective August 30, 2023, the PMO updated the Whitepaper template to include standard schedule milestones and incorporated a schedule baseline template that is required as an attachment. As of October 13, 2023, the PMO updated the SOP and communicated updates to the College Project Teams. As a point of clarification, in addition to milestones being included in the white paper, all project baseline milestones are already captured in the Program Master Schedule, allowing for accurate reporting for EAC and/or ETCs.

1D-3. Effective August 30, 2023, the PMO updated the white paper template to clarify required fields and communicated expectations for justification when an area within the white paper is not applicable. As of October 13, 2023, the PMO updated the SOP and communicated updates to the CPTs.

Existing SOPs may not be sufficient to support current bond program activities being performed	
Prior Observation and Recommendations	Status Update
<p><b>2A. [Contingency Management]</b></p> <p>There is limited evidence that CPTs are consistently performing a review of contingency at project milestones.</p> <p><b>Recommendation:</b></p> <p>The PMO should consider updating the current SOP requirements to ensure CPTs perform a review of contingencies at standard design and construction milestones and include routine status updates within the existing dashboard reports with justifications for not returning unused contingency to the owner reserve within an established time limit from achieving each milestone.</p>	<p><b>Remediation(s):</b></p> <p>On a monthly basis CPT and PMO cost analysts already review project contingency status. To further document efforts, effective November 8, 2023, the PMO issued a notice to the College Project Teams to inform them that a new contingency draw-down report will be implemented as part of the monthly reporting requirements.</p>
<p><b>2B. [Change Management]</b></p> <p>The updated version of SOPs does not include an exemption for completing PBA related to PQSP contracts, which does not align with current practices.</p> <p><b>Recommendation:</b></p> <p>PMO should consider updating the SOPs to include additional guidance regarding PQSP exemptions.</p>	<p><b>Remediation(s):</b></p> <p>Effective October 13, 2023, the SOP was updated to clarify PQSP exemption.</p> <p>Between September 12 and September 21, 2022, CPLT boot camps took place, and power point educational materials were provided to communicate that draft PBAs are PQSP project exceptions.</p>

<p><b>2C. [Change Management]</b></p> <p>The current level of information included with CPT change logs is not always consistent with leading practices.</p> <p><b>Recommendation:</b></p> <p>The PMO should consider revising the current SOP requirements to build-out and identify standard data and documentation requirements with CPTs to ensure CORs are being tracked and monitored consistently across colleges and projects.</p>	<p><b>Remediation(s):</b></p> <p>Effective November 3, 2023, the PMO developed and communicated a Change Management Log Review process to follow up with CPTs on any required data. In addition, the PMO held a workshop on October 26, 2023, to reinforce change order log data requirements. Note that the PMO is currently transitioning the current PMIS to eBuilder, enhancing change order standardization and control mechanisms.</p>
<p><b>2D. [Change Management]</b></p> <p>The current SOPs do not limit the time permitted for CPTs to incorporate CORs within COs for PMO review and approval.</p> <p><b>Recommendation:</b></p> <p>PMO should consider updating the existing SOP requirements to clarify the timeframe permitted for CORs to be submitted as part of COs for PMO review and approval.</p>	<p><b>Remediation(s):</b></p> <p>Effective November 3, 2023, the PMO updated the SOP and developed a Change Management Log Review process and associated escalation measures to enhance monitoring of change order request processing time. The Change Management Log Review process was communicated to the College Project Teams on November 2, 2023.</p> <p>The 15-day timeline is a metric specific to change order processing time after the Change Order is signed by contractor and CPT. Based on the SOP requirement, only 1 out of the 20 change order samples that were selected by KPMG exceeded the 15-day requirement by 5 days. PMO is continuously monitoring the change order processing timeline specified in the SOP.</p>

<p><b>2E. [Overhead Management]</b></p> <p>There are currently no SOP requirements tailored to support the development of white papers and project budgets for 40J overhead accounts.</p> <p><b>Recommendation:</b></p> <p>PMO should consider updating the SOPs to provide minimum requirements for document controls, filing structure, and locations that SMEs should maintain information related to the development of forecast for 40J Accounts projects. The documentation can be included as a reference within the white papers and include a link for reviewers to access to ensure consistent information is provided as part of white paper packages.</p>	<p><b>Remediation(s):</b></p> <p>Effective November 3, 2023, the SOP was updated to clarify the overhead management Whitepaper process.</p>
<p><b>2F. [Scope and Initial Budget]</b></p> <p>There is an opportunity to update and consolidate existing white paper templates to better align with requirements included within the revised SOPs.</p> <p><b>Recommendation:</b></p> <p>PMO should consider updating and consolidating the white paper templates to align with current versions of the SOP as well as tailor them to include progressive option or steps to select whether the project is at District or college level, new project, or re-baseline, etc. to minimize the level of effort needed in developing the packages based on information required specific to the project type.</p>	<p><b>Remediation(s):</b></p> <p>On August 30, 2023, the PMO updated and issued a consolidated White Paper template. As of October 13, 2023, the SOP was updated to reflect White Paper updates.</p>