

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

*Fiscal Year Ended June 30, 2019*

**(as accepted by BOT)**

December 4, 2019

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December 4, 2019

Dr. Rueben Smith  
Chief Facilities Executive  
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Dear Mr. Smith:

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 was performed during the period of July 26, 2019 through September 30, 2019 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.

<final copy to be signed>

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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). Our work for the year ended June 30, 2019 was performed during the period of July 26, 2019 through the date of this report.

### 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. Further, performance audits seek to assess the effectiveness, economy, and efficiency of the bond program.

The objective of this performance audit was to understand certain aspects of the Los Angeles Community College District's (LACCD or District) management of the bond program and bond program expenditures in accordance with the requirements of Proposition 39. Total aggregate bond expenditures were \$207,511,960 (audited) during the fiscal year ended June 30, 2019.

### Scope

A performance audit uses objective analysis to compare the current condition (what is) against stated criteria (what should be). Our 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.

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:

- **Project Closeout:** Our procedures included an assessment of compliance by College Project Teams (CPTs) and Program Management Office (PMO) relative to the *SOPs* in place for District project closeout activities. An evaluation will include a sample of projects and focus on activities performed during the audit period, including delivery and acceptance of operation and maintenance manuals, warranties, commissioning, financial and contractual closeout, and project document archiving.
- **Cost Forecasting:** Our procedures included an assessment of the project cost forecasting process including compliance with the *SOPs*, analysis and reporting of budget changes as a result of projected cost overruns or increases, any resulting budget transfers, contingency usage and estimated costs at completion (EAC). Our evaluation will include, on a project sample basis, an assessment of the underlying source documentation to support estimates and analyze significant changes to forecasted costs observed during the audit period.
- **PMO-CPT Communications:** Our evaluation included the communication processes between the CPTs and the PMO during the audit period and determine whether the communications were efficient and effective. Additionally, our evaluation also included compliance with relevant *SOPs*,

interview members of the PMO and CPT staff, and review corroborating documentation related to any instances where communication improvements have been identified.

- **Scheduling:** Our procedures included an assessment of CPT and PMO compliance with existing *SOPs* related to project scheduling and evaluate the process for identifying, explaining, and documenting of significant scheduling variances or delays on a monthly basis and CPT and PMO determination of any remedial action in order to remain on schedule and avoid negative project impacts, such as additional costs or delayed in-service date.
- **FY2017-18 Audit:** Our evaluation included an assessment of the progress toward addressing last year's audit observations.

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

### **Audit Summary**

Based on our audit, we did not identify any significant internal control deficiencies within the context of the audit and we did not identify any significant audit observation. 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. However, based on our audit scope this year, we made five observations where we identified opportunities for improvements, primarily related to updates to the *SOPs*.

### **Summary of Observations**

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.

### Cost Forecasting Observations

1. The requirements for documentation and review of certain budget adjustment efforts are not clearly explained in the Standard Operating Procedures. (Low)
2. Budget transfer forms were not consistently signed by the RPD, as required. However, the RPD approval requirement is duplicative and does not represent a meaningful control. (Low)

### Scheduling Observations

3. The CPTs did not consistently include sufficient information for delays and mitigation action plans on a monthly basis in their schedule variance reports, as required. (Medium)
4. Project documentation for four projects contained errors in substantial completion (SC) dates. (Low)

### Project Closeout Observations

5. Lessons learned are not consistently captured or archived in accordance with *SOP* requirements. (Low)

Our detailed procedures, observations, recommendations, and management's responses are included in the following sections of this report.

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<sup>1</sup> GAGAS 6.04: "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 Los Angeles Community College District's (LACCD or District) bond program is funded by Proposition A, Proposition AA, Measure J and Measure CC, which were approved by voters in 2001, 2003, 2008 and 2016, respectively. The total authorized bond fund dollars increased to \$9.6 billion from the inception of the program. Approximately \$4.5 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 \$4.5 billion in funds remaining, \$3.3 billion represent Measure CC funds.

Total aggregate bond expenditures (audited) were \$207,511,960 during the fiscal year ended June 30, 2019; \$3,932,950 (Proposition A), \$11,269,820 (Proposition AA), \$162,079,471 (Measure J) and \$30,229,719 (Measure CC).

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

BuildLACCD's function is to facilitate the delivery of projects under the bond program. BuildLACCD consists of over 150 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 being provided by Jacobs Project Management Company (Jacobs or PMO) for a five-year period commencing September 15, 2017 through September 14, 2022.

### **College Project Teams (CPTs)**

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, closeout. They are also responsible for overseeing design consultants, contractors, and vendors at each college location.

The bond 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 the Jacobs' transition and commitment to improve communications. Over the last year, the RPDs have helped elevate and resolve concerns 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, which is reflected in this year's audit results.

## AUDIT SCOPE AND METHODOLOGY

This performance audit encompasses the District construction bond 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, 2019 was performed during the period of July 26, 2019 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 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 District bond 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. Cost Forecasting

Our audit objective related to cost forecasting was to assess the project cost forecasting process including compliance with the PMO standard operating procedures (*SOPs*), analysis and reporting of budget changes as a result of projected cost overruns or increases, any resulting budget transfers, contingency usage and estimated costs at completion (EAC). We also assessed the underlying source documentation to support estimates and analyze significant changes to forecasted costs observed during the audit period. Our audit procedures included the following:

- a. Interviewed key program personnel with specific knowledge of the PMO cost forecasting process and obtain related policies, procedures, guidelines, checklists and project specific cost forecasting and EAC documentation during the audit period:



- Evaluated whether the cost forecasting process roles, responsibilities and organizational structure were clearly defined, including management review and approval.
  - Reviewed the process for budget changes as a result of projected cost overruns or increases.
  - Reviewed the process for budget transfers and use of construction contingency for compliance with *SOPs*.
  - Reviewed the process for cost forecasting and EAC approval, and incorporating into dashboard reporting.
- b. On a sample basis, evaluated the supporting documentation for projects with identified changes in cost forecasts/EAC within the audit period and determine if the cost estimates are in compliance with the relevant *SOPs* and leading practices.
- c. Evaluated cost forecasts/EAC supporting document for compliance to *SOPs* related to:
- White Paper
  - Budget Transfer
  - Project Estimate Worksheet (PEW)
  - Change Order Proposals (COPs)
  - Change Orders (COs)
  - Field Orders (FO)
  - Claims
  - Construction Contingency

## 2. Project Closeout

Our audit objective related to closeout was to assess the level of compliance by CPTs, PMO and District personnel relative to the *SOPs* in place for project closeout activities. Our assessment focused on closeout activities performed during the audit period, including delivery and acceptance of manuals, warranties, commissioning, financial and contractual closeout, and project document archiving. Our audit procedures included the following:

- a. Interviewed key program personnel with specific knowledge related to the project closeout process.
- b. Evaluated the *LACCD Bond Program Standard Operating Procedures (SOPs), Construction Procedure (CP 03): Project Closeout – Revision 03/20/2019*. Evaluate any revisions to the *SOPs* for Project Closeout.
- c. Documented the process for evaluating review of Project Closeout process by BuildLACCD.
- d. Evaluated the Program/college Project Closeout activities and process (on a sample basis). Specific areas targeted will include:
- Operation & maintenance manuals
  - Warranties
  - Commissioning
  - Financial and contractual closeout
  - Project document archiving
- e. Evaluated the Closeout Matrix for CPT compliance.
- f. Evaluated the Dashboard Report produced by the PMO related to reporting of project closeout including completed projects, substantial completion dates, etc. (on sample basis).
- g. Evaluated project closeout process against industry leading practice.

### 3. PMO-CPT Communications

Our audit objective related to communications was to assess the communication processes between the CPTs and the PMO during the audit period and determine whether the communications were efficient and effective. Our scope included evaluating compliance with relevant *SOPs*, interviewing members of the PMO and CPT staff, and reviewing corroborating documentation related to any instances where communication improvements have been identified. Our audit procedures included the following:

- a. Interviewed key PMO Communications team and the RPDs to understand the communications channels and tools used to communicate with the CPD/CPT during the audit period.
- b. Selected one college from each region and interview the CPD and selected CPT members to understand the communication channels and tools used by PMO and RPDs to communicate with the CPD/CPT during the audit period.
- c. Evaluated the key communication channels identified in the *LACCD Bond Program Standard Operating Procedures (SOPs), Vol 1 Communications, Section 2 Revision 0, 04-20-2018*. Review and evaluate the key communication channels, tools and meetings used by PMO/RPD to communicate with CPD/CPTs including:
  - Roundtable Meeting
  - District and College Meetings
  - College Staff Meetings
  - *SOPs*

### 4. Scheduling

Our audit objective related to scheduling was to assess the CPT and PMO compliance with existing *SOPs* related to project scheduling and evaluate the process for identifying, explaining, and documenting of significant scheduling variances or delays on a monthly basis and CPT and PMO determination of any remedial action in order to remain on schedule and avoid negative project impacts, such as additional costs or delayed in-service date. Our audit procedures included the following:

- a. Interviewed key program personnel with specific knowledge of the PMO scheduling process and obtain related policies, procedures, guidelines, checklists and project specific scheduling documentation prepared during the audit period.
- b. Evaluate key scheduling controls in the *SOPs, Program Management Administration, 6.0 Revision 1 Schedule Management*.
- c. On a sample basis, evaluated the supporting documentation for a selection of active construction projects with identified changes to the substantial completion date within the audit period and assess if the schedule changes were in compliance with the relevant *SOPs* and leading practices:
  - Construction Milestone
  - Contractor Baseline
  - Schedule Update
  - College Reporting
  - Variance Report
  - Recovery Schedule

## **5. 2017-18 Performance Audit**

Our audit objective related to the results of the 2017-2018 performance audit results was to assess the PMO's and District's progress toward addressing prior year's audit observations. Our audit procedures included the following:

- a. Interviewed key program personnel with specific knowledge of the audit results to understand if prior year 2017-18 audit findings and associated recommendations have been resolved by management.
- b. Reviewed documented support, action plans and other available documentation related to the 2017-18 audit observations to understand if PMO and District resolution met our recommendation.

## AUDIT RESULTS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

### Cost Forecasting

Prior to 2016, our performance audit results indicated that the District lacked standard operating procedures for estimating project costs, including a process for estimating future costs to be incurred based on remaining scope. Prior audits also indicated that project budgets and cost projections were not adequately supported by underlying documentation and assumptions.

Since 2016, we have noted improvements in the District's budget and cost estimating practices. The District and PMO have continued their effort to evaluate scope and refine budgets of all its projects and prepared revised project budget baselines and aligning project scope with remaining available funds. Projects have also been re-prioritized based on measurable metrics and projects across multiple colleges similar in nature have been bundled in order to facilitate more cost-effective project delivery.

In addition, the PMO conduct monthly meetings with the CPTs. These in-person budget and scheduling meetings are held by PMO personnel and the individual colleges in order to thoroughly evaluate incurred costs, remaining scope and remaining budget. This is particularly helpful as project scoping and budgeting is a continuous process as design is refined, changes occur and construction progresses. We believe this practice has contributed to a more efficient and effective budgeting process.

In this year's audit, we noted two areas related to cost forecasting where the District can continue to improve:

**Observation 1: The requirements for documentation and review of certain budget adjustment efforts are not clearly explained in the Standard Operating Procedures. (Low)**

**Criteria:** PMA 5.0 - Budget and Cost Management – Revision 6 dated October 26, Section 5.12.4.2 – Pre-Construction

*The SOPs state, "The CPT/PMO Account Manager updates all EACs as programming and design phases are completed. Prior to construction, the project cost and schedule is reviewed and evaluated against the current EAC. If the EAC variance is negative, the EAC or budget is adjusted using one of the methods described in Section 5.6, Master Baseline and Project Initiation Budget... At each phase of college-level projects, the CPT or RPDs will conduct reviews and file the outcomes in the centralized storage system. At each phase, the CPT and the PMO Program Controls Manager will review the items listed by bullets in the sub-phases described in the following sections.*

*5.12.4.2 - 100% Construction Documents (DSA-approved)*

*Construction documents are 100% when they are DSA-approved or post-DSA comments have been incorporated. PMO Program Controls staff, working with CPTs/PMO Account Managers, and RPDs:*

- Obtains updated AE construction estimate, incorporates DSA review comments, updates line items and unit costs (DES-0010-D 100 Percent Construction Document Cost Estimate)*
- Provides independent estimate*
- As applicable, reconciles Design Assist cost estimate and comments provided by Lease-Leaseback contractor and identifies variance*
- Reviews contingencies*

- *Updates Project Estimate Worksheet with the revised Base Construction Cost. This establishes the Final Baseline Project Budget.*
- *Updates project schedule*
- *Reviews Risk Log*
- *Reviews issues/claims*
- *Reviews milestone deliverable to verify the designed facility is within budget*

*5.12.4.3 Construction—Post-Bid Award*

*After the project is awarded for construction, the CPTs/PMO Account Managers update the EAC each month and is validated by the PMO Cost Analysts.*

*A coordinated review is conducted by the CPTs/PMO Account Managers, RPDs, and PMO Cost Analyst, and the EAC is modified by the CPTs/PMO Account Managers to reflect the current cost of the project. Periodic project status review meetings are conducted with workshops and documentation of the review process at each phase. Established EAC/ETC costs are reviewed by PMO Budget and Cost Management staff, PMO Account Managers/CPTs, and RPDs during the workshop...”*

**Condition:** The *SOPs* do not clearly state what documents or other evidence is required to fulfill the review requirements by the PMO Program Controls staff, CPTs, PMO Account Managers, and RPDs during each budget milestone.

**Cause:** Not all documents currently listed in the *SOPs* under each milestone are required for every project at a given budget milestone, but depends on the type of delivery methodology and other project circumstances. This is currently not clear by the *SOPs*. For example, an independent estimate may not be deemed necessary for a smaller budget adjustment or where a firm contractor quote has been obtained. In addition, some of the reviews listed in the *SOPs* take place in the project management information system (PMIS) and P6 software modules and evidence of these reviews are overwritten every month.

**Effect or Potential Effect:** Without clear definition of documentation requirements in the *SOPs* for each budget milestone and each type of project situation, the *SOPs* leave room for individual interpretation which may lead to inadequate documentation practices. Additionally, without preserving a snapshot of the approvals required and obtained at each budget milestone, it is not possible to verify that the control step was performed and the project budget is at risk of being insufficient.

**KPMG Recommendation:** The PMO should update sections in *PMA 5.0 - Budget and Cost Management – Revision 6 dated October 26, Section 5.12.4.2 – Pre-Construction* and *Section 5.8 – Budget Transfers* specifying all documents required to support project budget adjustment efforts. In addition, the *SOPs* should outline the process of documenting any reviews that currently take place in PMIS and P6 so that they are documented before they are overwritten.

**Management Response:** The *SOPs* will be updated to provide additional clarification as to what documents must be included and signed off in the event that project budget adjustments and budget transfers are required at major project phase milestones.

The *SOP* draft revision will be completed in November 2019 and proceed through normal *SOP* review, approval and communication process.

**Observation 2: Budget transfer forms were not consistently signed by the RPD, as required. However, this RPD approval requirement is duplicative and does not represent a meaningful control. (Low)**

**Criteria:** PMA 5.0 - Budget and Cost Management – Revision 6 dated October 26, Section 5.8 – Budget Transfers

*The SOPs state, “Budgets are amended only by the development and approval of budget transfer forms, accessible in the PMO systems...All budget transfers must include documentation that sufficiently describes for the PMO staff all of the issues and justifications to validate the transfer amount. All budget transfers will require the approval by the RPD.”*

**Condition:** Two project budget transfer forms in the audit sample selection were not signed by the RPD, as required.

Sample No.	Project No.	Project Name	Budget Transfer Ref No.	Transfer Amount	Transfer Type
1	02E-222.07	Site Restorations at Bungalow Complexes	TRANSFER-941206081	\$ 799,722	Inter-Project Budget Transfer
8	07T-773.06	Blue Line Station Extension	TRANSFER-941205959	\$ 197,987	Intra-Project Budget Transfer

**Cause:** Each budget transfer has already been reviewed and approved by the RPD through a manual so called “white paper” process outside of the Proliance<sup>2</sup> approval workflow. The budget transfer form serves as a mechanism to initiate the actual transfer of funds, which does not occur until after the required approval have been obtained. As such, there is no risk of inappropriately or inadequately reviewed transfers and the PMO did not deem it critical to obtain the signatures. In addition to the RPD, several other individuals currently sign the budget transfer form.

**Effect or Potential Effect:** Despite the lack of RPD’s signature, there is evidence that a proper review process took place, since this is documented by the “white paper” process. However, due to the many required signatures on the actual budget transfer form, the process described in the current SOPs is neither efficient nor risk based.

**KPMG Recommendation:** The PMO should update the SOPs to limit the number of required signatures on the budget transfer form, including the RPD, in order to better align the SOPs with a more efficient process.

**Management Response:** The SOPs should be updated to clarify the approval requirements of the budget transfer form. The SOP draft revision will be completed in November 2019 and proceed through normal SOP review, approval and communication process.

<sup>2</sup> Proliance is a project management information system software utilized by the PMO to manage the bond program.

## Scheduling

Prior to 2016, our Performance Audit results indicated that the scheduling function was not performed with adequate District oversight and that schedule variance reporting was not conducted as expected. In addition, our audit results indicated that there was a lack of documentation to reconcile the original project schedule to the adjusted schedule. Additionally, schedule delays were not always adequately supported or explained by underlying documentation, nor were they evaluated on a contemporaneous basis by BuildLACCD.

Since 2016, we have noted improvements in the District's scheduling process. Process changes implemented by the PMO during recent years include enhanced policies and procedures (*SOPs*) and increased oversight and monitoring by the PMO of college prepared schedules. The PMO has also continued improving their efforts to evaluate scope and refine schedules of all its projects and prepared revised substantial completion and occupancy dates accordingly. BuildLACCD also started performing Earned Value Analysis (EVA)<sup>3</sup> of cost-loaded schedules.

Subsequent to Jacobs assuming the role as PMO in 2017, the *SOPs* have been further enhanced and additional requirements for schedule review have been added. As is common with most standard operating procedures, we would expect that enhancements to the *SOPs* are continuing over the life of the bond program with an effort to continue communication and enforcement of requirements with the CPTs.

In this year's audit, we noted two areas related to scheduling where the District can continue to improve:

**Observation 3: The CPTs did not consistently include sufficient information for delays and mitigation action plans on a monthly basis in their schedule variance reports, as required. (Medium)**

**Criteria:** *PMA 6.0: Schedule Management – Revision 3 dated March 15, 2019, Section 5.6 – Reporting*

*The SOPs state, "A variance report will be prepared by each CPD each month, including a listing of all projects which have been delayed by more than 30 days as compared to the initial Master Schedule baseline. The variance report template generated from Primavera Project Planner (P6) software is an internal document stored on the Program Controls shared drive. The narrative will include the number of days delayed, the reason/root cause for the delay (such as an error or omission in contract documents, unforeseen conditions, code changes, etc.), the impact on construction and occupancy of the building, and a recovery plan. In addition, these variance reports will contain supporting documents and electronic files to support and monitor schedule changes such as slippage or cost over- and under-runs."*

**Condition:** Variance reports for selected months for six projects assessed over the audit period did not always have narrative descriptions that included all elements noted in the *SOPs*, such as root cause of delay or impact on construction and occupancy of the building. While the report contains fields to provide "Reasons for Variance" and "Recover / Corrective Actions," the CPTs do not fully

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<sup>3</sup> Earned Value Analysis (EVA) is an industry standard method of measuring a project's progress at any given point in time, forecasting its completion date and final cost, and analyzing variances in the schedule and budget as the project proceeds.

utilize these report fields to support monthly schedule changes and if appropriate, also provide a recovery plan.

**Cause:** In our meetings with the PMO, we learned that the CPTs provide schedule updates for all active projects in their colleges using LACCD’s schedule management system, P6. The P6-generated variance schedule that is submitted to the PMO is the full report prepared and the information vary depending on who at the CPT level is providing the information. PMO expectations regarding the CPT information provided have not been effectively communicated in the *SOPs*.

**Effect or Potential Effect:** By not including reasons for variances and, when appropriate, a remediation/recovery of the root cause and a recovery plan for the number of days delayed in the current month’s schedule update, the PMO and leadership may not have a full understanding of the reasons driving project delay. Additionally, potentially larger project schedule issues that may need to be addressed in a timely manner to ensure the success of the project may be overlooked during review.

**KPMG Recommendation:** The PMO should enforce the current *SOP* requirements with the CPTs and also clarify documentation requirements in the *SOPs*. All monthly variance reports prepared by CPTs should include a narrative, “Reasons for Variance” providing context to the current month’s update, along with a “Recovery / Corrective Action” plan, as required by the *SOPs*, to support and monitor schedule changes and cost impacts.

**Management Response:** When schedule delays are identified during monthly schedule updates, the *SOPs* require the CPT to provide reasons for variances and, if appropriate, a remediation/recovery plan. The *SOPs* will be updated as to the requirements of the variance reports. The *SOP* draft revision will be completed in November 2019 and proceed through normal *SOP* review, approval and communication process. The requirements will be recomunicated and reinforced with CPTs.

**Observation 4: Project documentation for four projects contained errors in reported substantial completion (SC) dates. (Low)**

**Criteria:** *PMA 6.0: Schedule Management – Revision 3 dated March 15, 2019, Section 4.0 – Responsibilities*

*The SOPs state the responsibilities of the Program Controls Manager and PMO Lead Scheduler respectively include, “Overseeing schedule and cost data collection from the CPDs and preparing monthly reports for the District, by college and project. The reports contain schedule, cost and resource analysis indices necessary for objective measurement of accomplished work and expenditures to date (see Attachment 1: Dashboard and Cost Load Schedule Reporting Calendar—for schedule update process) – completed in conjunction with PMO Lead Scheduler” and “Oversight and reporting of Program pre-construction and active construction schedule activities, including final QA/QC of all schedule data.”*

**Condition:** Errors in reporting of substantial completion (SC) dates were observed in the sample months of four out of six project samples assessed:

Sample #1: The June 2019 Monthly Active Construction Report shows a revised contractual SC date of 8/14/2019, which was approved per change order (CO) #11. The field “Contract Time” was erroneously marked “Unchanged” in CO#11. In addition, the revised contractual completion date on the CO reconciliation form attached to CO#11 was 1/5/19, also in error.



Sample #4: Per CO#27 dated May 14, 2019, 225 days were added to revise the SC date to 10/27/19. The change to the SC date was approved by the Chief Facilities Executive (CFE) in June 2019. However, the revised SC date was not reported in the June 2019 Monthly Active Construction Report after the CFE approval. The revised SC was correctly reported in the July 2019 Monthly Active Construction Report.

Sample #7: No contractual SC date change occurred during the audit period. The revised SC dates reported in the Monthly Active Construction Reports were inconsistent:

- SC of October 2018 was reported in the September 2018 Active Construction Report
- SC of September 2018 was reported in the October 2018 Active Construction Report
- SC of September 2018 was reported in the November 2018 Active Construction Report.

The correct date for SC was August 2018, which was corrected in December 2018 Monthly Active Construction Report.

Sample #8: The change in revised contractual SC dates included with the District's Monthly Schedule updates for May and June 2019 were reported as August 2019 and September 2019, when the correct date was July 2019, according to approved COs. This resulted in the wrong SC dates in the May and June Monthly Active Construction Reports. The error was corrected in July 2019 Monthly Active Construction Report.

**Cause:** The misreporting of substantial completion dates was due to human error where dates did not get changed when input was prepared for change order forms, Monthly Active Construction Reports and monthly schedule updates. The cause of misreporting was that the original date was incorrectly reported or not updated timely by the CPT.

**Effect or Potential Effect:** With misreporting of contractual dates in LACCD's schedule and reports, the CPTs, PMO and leadership may not have the latest and most accurate project status including the number of calendar days extended by mutual agreement of active projects.

**KPMG Recommendation:** The PMO should add additional quality assurance steps in the SOPs for the validation of data within its various reports to improve accuracy of data input. Additionally, personnel should be trained on these new steps and lessons learned.

**Management Response:** Build-LACCD currently utilizes P6 software as its single source for schedule management. Beginning December 2019, the PMO will add additional Program Controls QA/QC steps for the validation of data within its schedule management systems to address accuracy of schedule data input.

## Project Closeout

Prior to 2016, our Performance Audits identified several process improvement opportunities in the maintenance of proper and complete documentation for closed projects, in the accurate maintenance of closed project reports and the timeliness of obtaining Division of the State Architect (DSA) certification for closed projects. In 2017, we noted in our Performance Audit that the closeout process for several completed projects were delayed by more than four years and on a few occasions, project closeout requirements promulgated by the *SOPs* were not met.

This year, we noted that the PMO team has completed the project closeout backlog and made ongoing efforts to improve the closeout process based on the steps taken in recent years to modernize the various digital platforms used throughout the process. Overall, the closeout process is no longer behind schedule and appears to conform with leading practices.

In this year's audit, we noted one area related to project closeout, where the District can continue to improve:

<b>Observation 5: Lessons learned are not consistently captured or archived in accordance with SOP requirements. (Low)</b>
<b>Criteria:</b> <i>PA-02-25 – 25 – SOP_CP 3.0 Project Closeout_Rev 3 dated March 20, 2019</i>
<u>Section 5.7</u> <i>Project Lessons Learned are developed and tracked throughout the project lifecycle, from initiation to closeout. New Project Lessons Learned will be collected from the CPT on a monthly basis, as they become available. CPTs are encouraged to include additional back-up documents (pictures, incident logs, change order copies, e-mails, etc.), and attach to the form to provide additional background information. The purpose of collecting this documentation is so that projects across the Bond Program can benefit from projects of similar size or scope.</i>
<i>Within 30 days of the notice of final project completion, the CPT prepares and submits Form CP-0380 Project Lessons Learned to the Quality Assurance/Quality Control Manager.</i>
<b>Condition:</b> Lessons learned are not consistently captured or archived in accordance with <i>SOP</i> requirements.  Of the 17 lessons learned documents requested from the PMO, 15 were not found by the PMO and one was not applicable due to the project not having achieved final completion. Of the 15 lessons learned documents missing, eight represented projects which obtained final completion prior than Jacobs' contract start date and therefore do not reflect on the PMO's current operations. Therefore, the PMO is responsible for seven of the missing lessons learned documents.
<b>Cause:</b> The project closeout <i>SOPs</i> state that lessons learned are prepared and completed within 30 days of the notice of final project completion. As final completion is not a set date and may take place years after substantial completion depending on the project, this may have contributed to the lack of timely submission of lessons learned or the lessons learned documents not being filled out by the CPTs, submitted to the PMO and ultimately archived in DocView. In alignment with best practice, PMO acknowledged that lessons learned should be captured within six months to one-year after substantial completion and before the project team moves on.
<b>Effect or Potential Effect:</b> Not capturing lessons learned may affect the PMO's ability to continually improve processes, increase market knowledge or improve other facets of construction activities on all colleges and ultimately limit the bond program's effectiveness over time.

**KPMG Recommendation:** The project closeout *SOPs* should be revised to require that the lessons learned form be submitted at the substantial completion milestone rather than at final completion. Additionally, the PMO should consider who participates in the review of the lessons learned, and how it is archived as part of the project and Program historical records.

**Management Response:** The project closeout *SOPs* and associated forms are being revised to require *Lessons Learned Form CP-0380* be submitted at substantial completion. The *SOP* draft revision will be completed in November 2019 and proceed through normal *SOP* review, approval and communication process. Communication of changes to the *SOP* will be via PMO QA/QC notification and through the monthly Roundtable.

**APPENDIX A - SUMMARY OF OBSERVATIONS**

N.	FY2018-19 Audit Observation	KPMG Effect/Recommendation	Management Response	Process Owner
<b>COST FORECASTING</b>				
1	<p><b>The requirements for documentation and review of budget adjustment efforts are not clearly explained in the Standard Operating Procedures. (Low)</b></p>	<p><b>Effect:</b> Without clear definition of documentation requirements in the <i>SOPs</i> for each budget milestone and each type of project situation, the <i>SOPs</i> leave room for individual interpretation which may lead to inadequate documentation practices. Additionally, without preserving a snapshot of the approvals required and obtained at each budget milestone, it is not possible to verify that the control step was performed and the project budget is at risk of being insufficient.</p> <p><b>Recommendation:</b> The PMO should update sections in <i>PMA 5.0 - Budget and Cost Management – Revision 6 dated October 26, Section 5.12.4.2 – Pre-Construction and Section 5.8 – Budget Transfers</i> specifying all documents required to support project budget adjustment efforts. In addition, the <i>SOP</i> should outline the process of documenting any reviews that currently take place in PMIS and P6 so that they are documented before they are overwritten.</p>	<p><b>Management Response:</b> The <i>SOP</i> will be updated to provide additional clarification as to what documents must be included and signed off in the event that project budget adjustment and budget transfers are required at major project phase milestones.</p> <p>The <i>SOP</i> draft revision will be completed in November 2019 and proceed through normal <i>SOP</i> review, approval and communication process.</p>	<p><b>Build LACCD (PMO)</b></p>
<b>COST FORECASTING</b>				
2	<p><b>Budget transfer forms were not consistently signed by the RPD as required. However,</b></p>	<p><b>Effect:</b> Despite the lack of RPD’s signature, there is evidence that a proper review process took place, since this is documented by the “white paper” process. However, due to the many required signatures on the actual budget</p>	<p><b>Management Response:</b> The <i>SOP</i> should be updated to clarify the approval requirements of the budget transfer form. The <i>SOP</i> draft revision will be completed in November 2019</p>	<p><b>Build LACCD (PMO)</b></p>

N.	FY2018-19 Audit Observation	KPMG Effect/Recommendation	Management Response	Process Owner
	<p><b>the RPD signature requirement is duplicative and does not represent a meaningful control. (Low)</b></p>	<p>transfer form, the process described in the current <i>SOPs</i> is neither efficient nor risk based.</p> <p><b>Recommendation:</b> The PMO should update the <i>SOPs</i> to limit the number of required signatures on the budget transfer form, including the RPD, in order to better align the <i>SOPs</i> with the intended approval process.</p>	<p>and proceed through normal <i>SOP</i> review, approval and communication process.</p>	
<b>SCHEDULING</b>				
<p><b>3</b></p>	<p><b>The CPTs did not consistently include sufficient information for delays and mitigation action plans on a monthly basis in their schedule variance reports, as required. (Medium)</b></p>	<p><b>Effect:</b> By not including reasons for variances and, when appropriate, a remediation/recovery of the root cause and a recovery plan for the number of days delayed in the current month's schedule update, the PMO and leadership may not have a full understanding of the reasons driving project delay. Additionally, potentially larger project schedule issues that may need to be addressed in a timely manner to ensure the success of the project may be overlooked during review.</p> <p><b>Recommendation:</b> The PMO should enforce the current <i>SOP</i> requirements with the CPTs and also clarify documentation requirements in the <i>SOPs</i>. All monthly variance reports prepared by CPTs should include a narrative, "Reasons for Variance" providing context to the current month's update, along with a "Recovery / Corrective Action" plan, as required by the <i>SOPs</i>, to support and monitor schedule changes and cost impacts.</p>	<p>When schedule delays are identified during monthly schedule updates, the <i>SOP</i> requires the CPT to provide reasons for variances and, if appropriate, a remediation/recovery plan. The <i>SOP</i> will be updated as to the requirements of the variance reports. The <i>SOP</i> draft revision will be completed in November 2019 and proceed through normal <i>SOP</i> review, approval and communication process. The requirements will be recomunicated and reinforced with CPTs.</p>	<p><b>Build LACCD (PMO) and CPTs</b></p>

N.	FY2018-19 Audit Observation	KPMG Effect/Recommendation	Management Response	Process Owner
<b>SCHEDULING</b>				
4	<p><b>Project documentation for four projects contained errors in reported substantial completion (SC) dates. (Low)</b></p>	<p><b>Effect:</b> With misreporting of contractual dates in LACCD’s schedule and reports, the CPTs, PMO and leadership may not have the latest and most accurate project status including the number of calendar days extended by mutual agreement of active projects.</p> <p><b>Recommendation:</b> The PMO should add additional quality assurance steps in the <i>SOPs</i> for the validation of data within its various reports to improve accuracy of data input. Additionally, personnel should be trained on these new steps and lessons learned.</p>	<p><b>Management Response:</b> Build-LACCD currently utilizes P6 software as its single source for schedule management. Beginning December 2019, the PMO will add additional Program Controls QA/QC steps for the validation of data within its schedule management systems to address accuracy of schedule data input.</p>	<p><b>Build LACCD (PMO) and CPTs</b></p>
<b>PROJECT CLOSEOUT</b>				
5	<p><b>Lessons learned are not consistently captured or archived in accordance with SOP requirements. (Low)</b></p>	<p><b>Effect:</b> Not capturing lessons learned may affect the PMO’s ability to continually improve processes, increase market knowledge or improve other facets of construction activities on all colleges and ultimately limit the bond program’s effectiveness over time.</p> <p><b>Recommendation:</b> The Project Closeout <i>SOP</i> should be revised to require that the lessons learned form be submitted at the substantial completion milestone rather than at final completion. Additionally, the PMO should consider who participates in the review of the lessons learned, and how it is archived as part of the project and Program historical records.</p>	<p><b>Management Response:</b> The Project Closeout <i>SOP</i> and associated forms are being revised to require Lessons Learned Form CP-0380 be submitted at substantial completion. The <i>SOP</i> draft revision will be completed in November 2019 and proceed through normal <i>SOP</i> review, approval and communication process. Communication of changes to the <i>SOP</i> will be via PMO QA/QC notification and through the monthly Roundtable.</p>	<p><b>Build LACCD (PMO)</b></p>

## APPENDIX B - LIST OF ACRONYMS

<b>Acronym</b>	<b>Definition</b>
AECOM	AECOM Technical Services, Inc.
AIA	American Institute of Architects
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
CII	Construction Industry Institute
CMA	Construction Management Association
CPD	College Project Director
CPT	College Project Team
DB	Design-Build
DBB	Design-Bid-Build
DocView	Document records and storage system maintained by Program Manager
DSA	Division of the State Architect
EAC	Estimated Cost at Completion (for a project)
ETC	Estimated Cost to Completion
FFE or FF&E	Furniture, Fixtures and Equipment
FO	Filed Order
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
JACOBS	Program Manager or Jacobs Project Management Co.
KPI	Key Performance Indicators
KPMG	KPMG LLP
LACCD or District	Los Angeles Community College District
PEW	Project Estimate Worksheets
PMA	Program Management Administration
PMO	Program Manager or Program Management Office
PMI	Project Management Institute of America
PMIS	Program Management Information System
PQSP	Prequalified Service Provider
O&M	Operation & Maintenance
QA/QC	Quality Assurance/Quality Control
RPD	Regional Program Directors
RFQ	Request for Qualifications
RFP	Request for Proposal
SC	Substantial Completion
SOP or SOPs	Standard Operating Procedures

**APPENDIX C - SUMMARY AND STATUS OF 2017-18 OBSERVATIONS AND RECOMMENDATIONS**

(Management’s response provided by BuildLACCD)

<p><b>1. PMO Transition</b></p> <ul style="list-style-type: none"> <li>Jacobs did not complete all contractual and PMO transition related deliverables on time, and some deliverables remain in-progress. (High Priority)</li> </ul> <p><b>Recommendation 1a:</b> The District and Jacobs should meet to discuss progress and performance to-date and memorialize any departures from the current contractual obligations by Jacobs in a contract, amendment if required. A reconciliation of all expected deliverables and timelines should be performed to ensure that all contract commitments have been fulfilled and that no outstanding items remain.</p> <p><b>Recommendation 1b:</b> The District should improve its managing and monitoring of Jacobs’ contractual responsibilities and deliverables. Potential shortfalls or anticipated delays in the schedule should be communicated as quickly as practical and resolved with Jacobs to avoid any compliance issues.</p> <p><b>Recommendation 1c:</b> Jacobs should assign resources specifically for the purpose of managing and monitoring deliverables and contractual obligations internally in order to maintain compliance with the program management agreement, in a similar capacity as the District’s compliance function. The District should, however, not rely on Jacobs’ representation of contract compliance.</p>	<p><b><u>Management’s November 2019 Update:</u></b></p> <p><b>1a. Closed.</b> The Chancellor, Chief Facilities Executive and Jacobs met and came to agreement on all items in question. The agreement was documented in a letter signed by Jacobs May 13, 2019 and was reviewed and signed by authorized District personnel.</p> <p><b>1b. Closed.</b> District assigned PMO Internal Audit to monitor Jacobs contractual obligations. The Jacobs Contract Deliverables Mapping report was issued in 2018 and 2019 and will move to a quarterly review beginning in 2020.</p> <p><b>1c. Closed.</b> Jacobs assigned the Quality Assurance / Quality Control (QA/QC) group to manage and monitor contractual obligations. The QA/QC Manager maintains a Contracts Reports Deliverables Tracker that is updated on an ongoing basis.</p>



## 2. PMO Transition

- Concerns from the College Project Teams (CPTs) were not always effectively captured, resolved and communicated. (Medium Priority)

Recommendation 2: The Going forward, appropriate consideration should be given to help ensure that feedback is gathered on a regular basis from process stakeholders at the CPT level and that it is used for improving program processes. Despite the transition period having already passed, Jacobs still has the opportunity to meet with the CPTs and identify areas for improvement. We recommend that Jacobs document process related concerns reported by the CPTs and track how these concerns are addressed, resolved and communicated.

## Management's November 2019 Update:

### 2. Closed.

All Hands Meetings are held at least yearly. In addition, monthly round table meetings with all CPTs are held to encourage two-way information sharing. Regional Project Managers meet regularly with college teams and with college leadership to obtain feedback on program processes as well as on project specifics. Lessons Learned are collected. In 2019, two All Hands Meetings were held, and a third All Hands Meeting is set for November 2019.

Jacobs QA/QC implemented a process to collect, investigate, address, track and report concerns reported by the CPTs called "Send Us Feedback."

- 1) Suggestions/Concerns Tracker was created by Communications Manager and Manager QA/QC 2/28/2019.
- 2) Email notice to CPT and PMO personnel announcing a formal hotline program to CFE for approval by 2/28/2019 and launched in March.

### 3. Cost Estimating

- The governing policies and procedures document (*SOPs*) for the estimating process is not adequately detailed and focuses primarily on cost management and budget development, rather than adequately defining the process for developing a project estimate. Additionally, there appear to be gaps in compliance with specific *SOP* sections. (Medium Priority)

**Recommendation 3a:** Jacobs should finalize its estimating *SOP* document to outline the estimate development roadmap and key integration points with standard templates, methodologies, team members, and stakeholders at all phases of a project. The PMO should also consider providing focused estimating procedures for all different project delivery methods.

**Recommendation 3b:** Jacobs should review most recent estimates in order to (i) gain comfort regarding accuracy of the estimates and (ii) consider converting estimates to Build standardized forms and maintain the standard format going forward.

**Recommendation 3c:** The PMO should update the *SOPs* to clearly identify an internal audit frequency for an assessment of the cost and budget management procedures. This will help ensure that the project teams and PMO staff are maintaining control and accuracy throughout the estimate and cost management lifecycle.

### Management's November 2019 Update:

#### 3a. Closed.

The PMO implemented the new estimating *SOP*, including specific estimating processes and procedures for different delivery methods (i.e., Design-Bid-Build and Design-Build). The Estimating *SOP* was prepared and included internal review processes and checklist; the *SOP* was issued 5/31/2019.

#### 3b. Closed.

The PMO communicated the use of standardized forms in the Budget and Cost Management *SOP*, and further enforce through a "Form Announcement" to both the PMO and CPTs. We will continue to enforce their usage going forward.

#### 3c. Closed.

The PMO reviewed and updated estimating, budget and cost management procedures to include internal review processes and procedures and frequency of reviews. A checklist was included in the *SOP*. The Estimating *SOP* was issued 5/31/2019.

<p><b>4. Cost Estimating</b></p> <ul style="list-style-type: none"> <li>The bond program does not currently maintain a centralized cost source, such as a database, of relevant project cost information and unit rates. (Medium Priority)</li> </ul> <p><b>Recommendation 4:</b> Jacobs and the District should consider creating a centralized cost source to be referenced in the <i>SOPs</i>, to help estimators efficiently identify comparable project types and cost categories, while also helping to ensure that the most accurate and representative unit costs are easily accessible. An example of this database would include the following:</p> <ul style="list-style-type: none"> <li>Historical unit costs from final project job cost reports</li> <li>Final contractor bid values</li> <li>Verified third-party estimate costs</li> <li>Verified web-based unit cost sources</li> <li>Market and industry standard percentages and costs</li> </ul> <p>Jacobs and District should implement a review process to confirm or update any cost ranges that are sourced from industry benchmarks or historical data. As the market changes, fixed reference points within the estimate workbook templates should be reviewed on a recurring basis. The estimating team should consider maintaining complete and current records of all of these ranges.</p>	<p><b><u>Management’s November 2019 Update:</u></b></p> <p><b>4. Closed.</b></p> <p>The PMO uses multiple well-recognized cost sources. A central cost sources database was implemented, is available to the cost estimating team and is referenced in the Estimating <i>SOP</i> which was issued 5/31/2019.</p> <p>The PMO has a current review process to confirm or update any cost percent ranges that are sourced from industry benchmarks or historical data. We provide specific direction on which cost sources must be researched and have the review process formalized and documented in the new estimating <i>SOP</i>. A central cost sources database was implemented, is available to the cost estimating team and is referenced in the Estimating <i>SOP</i> which was issued 5/31/2019.</p>
<p><b>5. Cost Estimating</b></p> <ul style="list-style-type: none"> <li>Change order estimates were not consistently supported by the documentation required by the <i>SOP</i>. (Medium Priority)</li> </ul> <p><b>Recommendation 5a:</b> The PMO should reject any non-standardized forms for change orders.</p> <p><b>Recommendation 5b:</b> The PMO should issue updated labor rate calculation forms on an ongoing basis to reflect updated prevailing wage rates. To prevent variations in the calculation of the rates, CPTs should not be generating individual rate sheets for inclusion in the change order packages.</p> <p><b>Recommendation 5c:</b> The PMO should carefully review all proposed change orders from the CPTs and promptly reject all documents that lack appropriate signatures. The PMO should consider providing each CPT with a signature authority matrix which identifies interim authorities in the event that a designated signature authority is unavailable.</p>	<p><b><u>Management’s November 2019 Update:</u></b></p> <p><b>5a. Closed.</b></p> <p>The PMO revised procedures detailing the list of forms and their uses in the estimating <i>SOP</i> as part of the new estimating <i>SOP</i>. Procedures and <i>SOP</i> were revised, and non-standard forms are rejected; revised procedures were completed and issued 5/31/2019. Notice about rejection of non-standard forms was distributed through the February 2019 Roundtable meeting.</p> <p><b>5b. Closed.</b></p> <p>The PMO updated the <i>SOP</i> to include Department of Industrial Relations (DIR) website link so CPTs can use latest labor rates. This was performed 10/26/2018.</p> <p><b>5c. Closed.</b></p> <p>The PMO issued a signature authority matrix to identify interim/alternate authority when designated authorities are unavailable.</p>

## APPENDIX D - SUMMARY AND STATUS OF 2016-17 OBSERVATIONS AND RECOMMENDATIONS

(Management's response provided by BuildLACCD)

<p><b>3. Project Closeout</b></p> <ul style="list-style-type: none"><li>The closeout process for several projects finished prior to April 2013 have not yet been completed and on a few occasions, project close-out requirements promulgated by the <i>SOPs</i> are not met.</li></ul> <p><b>Recommendation 3a:</b> The PMO should validate the master list of all projects that are in the closeout process or that were previously closed out so that it contains the same information found on the source document.</p> <p><b>Recommendation 3d:</b> The PMO should endeavor to review all legacy projects for completeness and accuracy in order to ensure that all contractual, procedural, and regulatory requirements related to project closeout are satisfied.</p>	<p><u><a href="#">Management's November 2019 Update:</a></u></p> <p><b>3a. Closed.</b> In March 2019, the PMO developed a Closeout Summary Report of all projects that are in the closeout process or have completed closeout. The list is updated at least monthly and submitted to District in the Monthly Deliverables Binder.</p> <p><b>3d. Closed.</b> In 2018, the list of legacy projects that were not closed out by prior PMO contractors was developed, a strategy to closeout legacy projects was approved. Closeout implementation began August 2018 continued through mid-2019 until all legacy projects were financially closed out and archived.</p>