



LONG BEACH COMMUNITY COLLEGE DISTRICT
Construction Bond Measure E
Interim Performance Audit Report
For the Fiscal Year Ended
June 30, 2006

January 2, 2007

Eloy Oakley
President, Administrative Services
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

Dear Mr. Oakley:

This report summarizes the results of our engagement to provide Measure E performance audit services for the fiscal year ended June 30, 2006. This performance audit evaluated the Long Beach Community College District's (District) compliance with Measure E requirements, and the processes and controls needed to achieve construction program cost, scope and schedule goals. Good practices and improvement opportunities, as identified at the time of report issuance, are identified in this report.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants as outlined in our engagement letter dated October 13, 2004. The scope of this engagement is outlined in the body of our report. Our report was developed based on information from our interviews with District employees and our testing and analysis of facilities improvement program documentation.

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

We would like to express our appreciation to you and all members of your staff for your cooperation throughout our review. Please call me at (503) 704-6943 if you have any questions regarding this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Curtis Matthews", is written over a rectangular area that has been heavily redacted with a dense, black, textured pattern.

Curtis Matthews, Partner

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- User approvals and sign-off on design may prevent late changes and thus high-cost impacts to the Bond Program.

Summary of Key Opportunities for Improvement

- Bond funds are currently being used to provide “local matching funds” for State-funded projects, a requirement for projects receiving State funding. As the available Bond funds decrease, the District should identify alternate funding sources for these matching funds, or risk losing State funds and resources needed to address facilities construction needs.
- With the recent reorganization of the District Contracts and Procurement departments, the District should use its recently completed flowcharts to document new Program Management Plan procedures.
- Timely close-out and completion of construction projects, with handover to the District, will enable prompt payment of contractors and prevent further incurred costs for occupied facilities. Five projects are currently in the turnover process, with the total construction valued at \$55 million. The cause of close-out delays varies for each project, such as: incomplete fire alarm work, lack of as-built drawings, processing of DSA Change Orders, ongoing punch list work, paperwork remaining to be completed, and processing of Substantial Completion.
- Costs continue to escalate, which is affecting the expenditure forecast. More detailed real-time reporting and forecasting of expenditures is needed, including funds source and use cash flow analysis, for better oversight of project and program status. To the extent that the expenditure forecast shows a need for adjustment to the Infrastructure Master Plan, this Plan should be adjusted accordingly.
- The Program Management Plan procedures are designed to govern the contracting process for large projects, and does not provide a mechanism for small and immediate needs. As a result, Facilities maintenance and safety staff and/or resources are being used to address construction problems. We recommend that the District investigate the root cause of potential construction quality issues and consider the use of alternative contracting methods (such as job order contracting or task orders) for miscellaneous construction work and services.
- Facilities staffing roles and responsibilities should be reviewed and updated to reflect current Bond Program needs. With the installation of the new Facilities Director, roles and responsibilities for staff (including the position of Interim Deputy Director) should be revisited.
- Changes that occur subsequent to design are a primary cause of cost impacts to construction projects. With changes in roles and responsibilities of District personnel or the addition of any new leadership personnel, the District should take steps to ensure that the change in leadership results in only minimal changes to the Facilities Master Plan. The current procedures for initiating, reviewing and approving changes to the Master Plan should be closely monitored by the District during the transition period.

OBJECTIVES AND SCOPE

This performance audit evaluated the Long Beach

PREVIOUS AUDIT RECOMMENDATIONS FOLLOW-UP

We interviewed District and Bond Management Team personnel to determine the status of resolving open audit issues. Through inquiry and review of documents, we confirmed that 88 of the 100 issues identified in past audits have been resolved, eight issues are being resolved, and four issues remain unresolved.

Open Recommendations:

The District and Bond Management Team (BMT) have stated that solutions are being implemented as follows:

- The Program Management Plan (PMP) does not include any special procedures for projects with multiple funding sources. Iefor

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- Management Response: The District concurs with the recommendation and will work with the BMT to update the conditions assessment when practicable. The overall Master Program is under review for changes and will address changes in

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- Management Response: The District has reorganized and created a Contracts unit within the Risk Services Department, and procedures to evaluate professional services are underway.
- Contract close-out methodologies and evaluation are not well defined. A formal contract close-out process should be developed by the District (Moss Adams Performance Audit, June, 2004).
 - Management Response: The District has reorganized and created a Contracts unit within the Risk Services Department, and a close-out process will be developed.
- A lessons-learned methodology and project close-out procedure should be developed by the District (Moss Adams Performance Audit, June, 2004).
 - Management Response: District to adopt lessons learned methodology from BMT and incorporate in procedures.

KEY OBSERVATIONS

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

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

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

We performed a walk-through of the Bond Expenditure Cycle and sampled supporting documentation for unaudited expenditures totalling \$11,835,353 (51%) of the total \$23,248,749 of Measure E funds expended between July 1, 2005 and June 30, 2006. We found no exception with the use of Bond Program Funds for approved purposes.

Our sample selection included testing of invoices submitted by the Bond Management Team (from both Bovis Lend Lease and Cordoba Corporation) and other invoices and payment applications submitted by vendors, contractors and service providers based on a random selection. A total of 63 expenditures were sampled. All expenditures were agreed to vendor submitted invoices and/or payment applications, other supporting documentation, Board approved contracts, billing rates approved in the contracts, types of reimbursements claimed against the allowed reimbursements under the contract, and the types of services submitted for payment for allowable services under Proposition 39. Additionally, we tested the procedures performed by independent consultants in their reviews of the Labor Compliance Program and the Bond Management Team's monthly invoice submission. We found no Measure E compliance exceptions.

Good Practices:

- a) The District has implemented expenditure management processes including pay application review and signature approval and Labor Compliance Program procedures to comply with Bond Program requirements.
- b) The District has implemented additional management processes including detailed procedures for review of the Bond Management Team's monthly invoices, conducted by independent consultants.
- c) The Measure E Construction Bond Program addresses current curriculum needs and objectives as stated in the Bond materials and the Facilities Master Plan.

3. Facilities Programming and Master Plan Approach

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

Good Practices:

- a) The Facilities Master Plan provides a means to achieve equity of facilities improvements among departments and programs while giving consideration to available Bond proceeds and construction phasing.
- b) Critical facilities needs (new and renovation) are based upon the facilities planning priorities. Prioritization is driven by need, with health and safety as a top priority, followed by the needs identified in the Educational Master Plan. This is in accordance with the California Community College Chancellor's Office (CCCCO) criteria for prioritizing capital outlay projects.
- c) District Administrative Staff and Faculty, student representatives, architects, inspectors, consultants and construction personnel are included in the facilities planning process. The Facilities Planning Committee provides guidance regarding educational facility needs, the Facilities Master Plan, needs for new facilities and renovations to existing facilities, and prioritization of projects.
- d) Flexibility of use is incorporated in the Bond Program at both campuses. For example, lecture space can be used as needed for various curricula as well as for storage and administration.
- e) A scheduled maintenance plan is in place, using guidelines provided by the State Chancellor's office. Scheduled maintenance is established and reviewed on a five-year plan with revisits yearly to realign program needs based on urgency and cost.
- f) Program-wide design and procurement efforts have been used to address lifecycle and maintenance costs through the selection of maintenance-free materials, and reduction in energy costs through energy efficient design.
- g) District Design Standards and Specifications and the Infrastructure Master Plan have been developed by the Bond Management Team with the District Facilities and Maintenance Department, and will be used for District design projects.

4. Communication and Fulfilment of Site Expectations

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

The methods to communicate construction plans and impacts to the community were reviewed and compared to good practices. This included the review of published plans and evidence of presentations to user groups including the: a) District Citizens' Oversight Committee, b) faculty, c) students, d) Community, e) District personnel, f) Bond Management Team Personnel, and g) Board of Trustees. We reviewed responsibility and accountability for site communication of project performance and coordination of site activities.

Good Practices:

- a) The community is kept informed about the status of the Bond Program through the Citizens' Oversight Committee, the Measure E Bond Program website, dedicated construction impact e-mails, "In the Loop" campus e-mails, the campus "Viking

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⇒ Management Response: The District concurs with the recommendation and will have the Facilities and Contracts staff investigate alternative contracting methods.

6. Change Management and Control

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

Good Practices:

- a) The Bond Management Team has defined control processes to identify change order causes and to evaluate change order costs. Change order cost estimates are performed by an independent third party (Saylor Consulting) prior to executing change orders.
- b) Approvals are required for change order processing and adoption. The District, in conjunction with the Bond Management Team, has developed and implemented a formal change management policy which incorporates DSA review requirements as part of the Program Management Plan.
- c) The District, in conjunction with the Bond Management Team, has developed and implemented a formal budget management policy as part of the Program Management Plan.
- d) User approvals and sign-off on design may prevent late changes and thus high-cost impacts to the Bond Program.

Improvement Opportunities:

High Priority —

- a) Changes that occur subsequent to design can be a cause of cost impacts to construction projects. With changes in roles and responsibilities of District leadership personnel and/or the addition of any new leadership personnel, the District should take steps to ensure that the change in leadership results in only minimal changes to the Facilities Master Plan. The current procedures for initiating, reviewing and approving changes to the Master Plan should be closely monitored by the District during the transition period.

⇒ Management Response: The District concurs with the recommendation and the new leadership will work diligently to ensure that the Master Plan is adhered to.

7. Program Staffing

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

Good Practices:

- a) The Bond Management Team staffing plan and organization chart are frequently reviewed and updated to address District needs and best use of staff skills.
- b) The District uses contractors to address short-term staffing needs.
- c) Internship opportunities for District students provide both additional staff and work experience for students.
- d) The Bond Management Team uses sub-consultants and home office resources to fill skills gaps and to address short-term staffing needs.
- e) Maintenance and operations staffing requirements have been evaluated, and additional staffing needs have been identified using the increased total square footage as the basis for analysis.
- f) Staffing for the Bond Management Team is dynamic, and is responsive to needs as determined by the construction schedule.

Improvement Opportunities:

Medium Priority —

- a) Facilities staffing roles and responsibilities should be reviewed and updated to reflect current Bond Program needs. With the installation of the new Facilities Director, roles and responsibilities for staff (including the position of Interim Deputy Director) should be revisited.
 - ⇒ Management Response: The District will conduct a review of the Facilities organization to ensure that roles and responsibilities are effective in managing Bond projects.

8. Procurement Controls and Contract Administration

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

Good Practices:

- a) The Program Management Plan includes competitive bidding processes for vendors and contractors that address bidder prerequisites and selection criteria. The competitive bidding procedures provide verification of bidder compliance and comparison of bidder qualifications and pricing.
- b) Contracts and contract change orders had been applied to work performed and were written after the job scope was defined, as confirmed in the expenditure testing process. A schedule of fees and scope of services are included in contracts where this information is a necessary part of payment. This was confirmed during the testing process, with the exception of percentage of completion or lump sum contracts which had only a maximum price and did not have rate schedules.
- c) Standardized contracts with specified District terms and conditions are used and were developed by District Legal counsel.
- d) A program Owner-Controlled Insurance Program (OCIP) was developed to yield savings based on economies of scale, contractor's markup, and overhead for insurance management.
- e) A file checklist and an in-process checklist are used to ensure completeness of contract files.

Improvement Opportunities:

High Priority —

- a) The District has recently reorganized the contracts and procurement departments. Although flowcharts for these processes are in place, the District should document new Program Management Plan procedures for the Contracts and Procurement Departments.
 - ⇒ Management Response: The BMT met with LBCCD during the reorganization of the Contracts and Procurement Departments. Several processes were modified to reflect the changes. The new procedures will be written up as part of the Policies and Procedures manual.
- b)

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

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

Good Practices:

- a) Detailed quality assurance, claims and close-out policies and procedures are included in the Program Management Plan.
- b) A project close-out procedure is included in the Program Management Plan, which incorporates walk-throughs, systems training, acceptance by end-users, and lessons-learned documentation. The District process includes a final inspection acceptance and notice of completion which releases retention monies due and enables final payment.
- c) A contract close-out procedure is included in the Program Management Plan which incorporates a contractor performance evaluation form and requires a final contract report.
- d) A formal dispute and claims management process is included in the Program Management Plan, incorporating claims avoidance and the establishment of a

APPENDIX A – BOND PROGRAM EXPENDITURE TESTING

Of the \$23,248,749 expended on the Measure E Bond Program from July 1, 2005 through June 30, 2006, we reviewed \$11,835,353 (51%). Sixty-three invoices and/or Payment Applications were selected and tested for Bond Program compliance. We found no exceptions with the use of Bond Program funds for approved Measure E purposes.

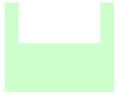
A summary of Measure E expenditures and dollars reviewed are as follows:

	<u>Amount</u>
Total Expenditures Claimed - FY 2006	\$ 23,248,749
Expenditures Audited - FY 2006	\$ 11,835,353
Percentage Audited	51%
 <u>Total Measure E Expenditures from Inception:</u>	
From Inception Thru Prior Year Ended June 30, 2005	\$ 21,911,492
Fiscal Year Ended June 30, 2006	23,248,749
Cumulative Total through June 30, 2006	\$ 45,160,241

APPENDIX B – AUDIT RESOLUTION L

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LBCCD Review Comments/Audit Resolution Log



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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.6	June 2005 Audit	Communication	Medium	Recording and sharing of lessons learned is performed with varying degrees of success by the Bond Management Team.	Centralized recording of lessons learned should be performed by the Bond Management Team and observations should be captured from the construction meetings. Lessons learned should be shared with the District Administration and Facilities Management.	Lessons learned are discussed in the weekly construction manager's meetings and will be documented in a formal process.	LBCCD / BMT	In Progress	MA	Nov 2006
05.A.7	June 2005 Audit	Communication	Medium	There are several mediums for communication used by the District and the Bond Management Team, such as newsletters, e-mail blasts, and on-campus meetings.	As construction activity increases, the District and the Bond Management Team should examine and increase its communication related to construction, safety, obstructions, way-finding and parking alternatives.	Temporary construction signage was installed throughout the LAC campus. Similar signs will be posted at PCC in August. Safety and emergency contact signs have been designed and approved by the District and will be posted at each jobsite.	LBCCD / BMT	Closed	MA	Sep 2006
05.A.8	June 2005 Audit	Communication	Medium	Signage is inadequate.	Additional signage should be available at all of the construction sites on the campuses, containing such information as noise and hazard advisory, and clearly visible emergency contact information (including contact name and telephone number for both 411 and the Bond Management Team).	Temporary construction signage was installed throughout the LAC campus. Similar signs will be posted at PCC in August. Safety and emergency contact signs have been designed and approved by the District and will be posted at each jobsite.	LBCCD / BMT	Closed	MA	Sep 2006

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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
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05.A.9	June 2005 Audit	Facilities Planning	High	Funding of operations and maintenance staff and capital costs, after construction of the expanded facilities are completed, has been identified as a risk to the District.
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					The District should project maintenance costs after Bond Program construction and ensure there is
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LBCCD Review Comments/Audit Resolution Log

No.	Source
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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.21	June 2005 Audit	Change Management	High	The Program Management Plan contains basic change order procedures and signature authority up to 10% of the contract value for both the District Executive Director for Facilities Planning and Development and the District Director for Facilities Planning and Development.	The PMP states that signature authority for the College Program Manager is yet to be determined. The Bond Management Team should create a limited list of authorized individuals who have signature authority for change orders with not-to-exceed dollar limits.	The PMP will be updated to reflect the current procedure, which requires the BMT CM, Program Controls, Program Director, LBCC Facilities, and Eloy Oakley to sign all change orders regardless of the amount.	LBCCD / BMT	Closed	MA	Sep 2006
04.IA.1	2004 Interim Audit	Compliance with Bond Requirements	High	The Bond Program Budget and Schedule have not yet been approved.	Approval of the Bond Program Budget and development of the Bond Program Schedule should be expedited	July 2005 Updated Master Program Budget has been issued, and all projects cost-loaded in the schedule.	MIAA, Bovis	Closed	MA	Jul 2005
04.IA.2	2004 Interim Audit	Communication	Medium	Distributed information regarding construction impacts is inadequate.	LBCCD students should be sent summary-level information on a quarterly basis, to keep them informed regarding shutdowns, noise, parking lot closures, alternate routes, and potentially hazardous areas to avoid.	Bond website has been updated, and construction alerts are distributed campus-wide.	Bovis / LBCCD	Closed	MA	Dec 2005

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.IA.3	2004 Interim Audit	FMP Flexibility	Medium	Growth projections may be overstated, which would affect facilities use and maintenance funds income.	In prioritizing Bond construction projects, the District should consider the California Legislative Analyst's Office February 2004 analysis of the Chancellor's Office growth projections and the growth trend line for enrolment, and the status of AB318.	The FMP identified an overall growth near 2% per annum. Proposition 98 established formulas and methodology to provide funding to the community college system. The California Legislative Analyst's Office suggests potential reductions in funding if Proposition 76 is passed in the November Special Statewide Election; however, it is not clear to what degree education will be impacted.	LBCj2767	17.25003ntial	redul1eJJ	

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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.IA.11	2004 Interim Audit	Close-out Issues	Medium	The close-out and user acceptance processes are being established.	The District should ensure that systems training for end users of the facilities is included in the formal close-out process.	Formal training is included in the Contract Documents for each project and have been successfully implemented.	Bovis / LBCCD	Closed	MA	Dec 2005
04.IA.12	2004 Interim Audit	Facilities Operations	High	Funding of operations and maintenance staff and capital costs for the new facilities has been identified as a risk to the District.	The District should conduct a proactive budgeting examination to forecast the anticipated budget/costs.	Approval of the Bond Master Budget and Schedule, and data entered into the Expedition project management system has enabled estimate-to-complete forecasting.	Bovis	Closed	MA	Dec 2005
04.IA.13	2004 Interim Audit	Facilities Operations	High	Funding of maintenance costs for the new facilities has been identified as a risk to the District.	The District should remain aware of the California Community Colleges Chancellors' Office efforts to address the issue of finding a long-term solution for funding the maintenance of all new Prop 39 buildings.	The District will continue to communicate with the State Chancellor's Office in their efforts to secure funding for additional support.	LBCCD	Closed	MA	Dec 2005
04.A.1	June 2004 Audit	Compliance with Bond Requirements	High	Policies have not been established for processing expenditures.	LBCCD needs to create a policy for processing Bond Program Expenditures	Procedures for bond program are addressed in the PMP. The draft PMP was submitted on November 1, 2004.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.2	June 2004 Audit	Compliance with Bond Requirements	Medium	Projects cannot be clearly identified as part of the Bond program.	Draft a justification for each project, referencing Bond ballot language.	The Bond ballot language is included in the planned project descriptions in the Facilities Master Plan.	MIAA	Closed	MA	Jun 2005
04.A.3	June 2004 Audit	Bond Program Delivery Model	High	Project spending is occurring prior to approval of the Facilities						

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.4	June 2004 Audit	Bond Program Delivery Model	High	Requirements are not in place to ensure that spending is not						

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LBCCD Review Comments/Audit Resolution Log

No.	Source
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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.14	June 2004 Audit	Facilities Planning	Medium	Growth projections for the campuses may be overstated, which would affect maintenance funds income.	Growth projections should be reviewed periodically for accuracy, and updated.	The FMP is re-validated by the Master Programmer at key intervals, and at each project start the Master Programmer verifies that program needs have not changed. Likewise, as the District's 5 Year Construction Plan is updated (via physical space surveys and program changes) the Master Programmer will investigate potential changes required for future projects and budget modifications thereto.	LBCCD, MIAA	Closed	MA	Dec 2005
04.A.15	June 2004 Audit	Facilities Planning	Low	The Facilities Maintenance and Operations plan has not been updated in recent years.	The Facilities Maintenance and Operations plan needs to be updated and priorities reviewed.	Scheduled maintenance is established on a 5-year plan, and reviewed annually to realign the needs based on urgency and cost.	LBCCD	Closed	MA	Jun 2005
04.A.16	June 2004 Audit	Facilities Planning	Medium	Costs continue to escalate, which is affecting the number of buildings which can be achieved with the available Bond funds.	Peer review methodologies could be used to catch design errors and omissions, and identify areas for improvement.	A limited tech review is conducted by BMT to identify constructability, value engineering, and inter-disciplinary design issues at the major design submittal milestones.	Bovis	Closed	MA	Jun 2005
04.A.17	June 2004 Audit									

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No.	Source	

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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	
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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority
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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.29	June 2004 Audit	Cost and Schedule Management	Medium	New software and systems are being implemented - Simpson & Simpson.	The functionality of the Simpson and Simpson master program budget tool should be reviewed; the District needs to ensure that all costs tracked in PeopleSoft are also reported in the new budget tool.	Reconciliations between PeopleSoft and Expedition are performed and reported to BMT and the District on a monthly basis				

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.33	June 2004 Audit	Cost and Schedule Management	Medium	Fiscal Operations has recently implemented a new PeopleSoft system.	The District needs to develop policies and procedures specific to the PeopleSoft system.	As the testing between the PeopleSoft and BMT's controls is tested and debugged, BMT will work with the District to prepare accounting and reporting policies and procedures.	LBCCD	Closed	MA	Apr 2006
04.A.34	June 2004 Audit	Procurement Controls	High	The procurement process appears to be shortchanged by limited advertisement, a succinct supplier list, or a short turnaround time.	The District needs to take advantage of competition in the procurement of professional services.	The Contractor/Vendor Outreach Program, Contractor database, eBidboard, Blue Book, and various professional associations are consulted in an effort to expand procurement efforts.	LBCCD	Closed	MA	Dec 2005
04.A.35	June 2004 Audit	Procurement Controls	High	Procurement records are incomplete.	Both Bovis and the District need to take greater care in documenting the procurement process.	Procedures are being developed and documented for the bidding and procurement process, and include the use of checklists.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.36	June 2004 Audit	Procurement Controls	High	Contract files are incomplete.	Both Bovis and District documentation need to be complete for all contract files.	Procedures are being developed and documented for the contract process, and include the use of checklists.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.37	June 2004 Audit	Procurement Controls	Medium	Contract close-out methodologies and evaluation are not well defined.	District procedures covering the evaluation of professional service contracts should be documented.	The District Handbook of Purchasing Regulations and Procedures is being updated to include these comments.	LBCCD	Closed	MA	Nov 2006
04.A.38	June 2004 Audit	Procurement Controls	Medium	District Measure E Bond Program District Policies and Procedures are being updated.	RMA (District contractor) review of District purchasing procedures needs to be completed.	The District Measure E Bond Program Policies and Procedures will be updated to incorporate the program to procure furniture fixtures and equipment for Measure E projects.	LBCCD	In Progress	MA	Dec 2005

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Long Beach Community College District
Construction Bond Measure E Performance Audit Report – Fiscal Year Ended June 30, 2006

LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
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**Long Beach Community College District
Construction Bond Measure E Performance Audit Report – Fiscal Year Ended June 30, 2006**

LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.49	June 2004 Audit	Contractor Cost Control	High	The District does not have adequate staff to review Bovis invoices in detail.	The District should procure services from an independent third party to perform pay application review.	The district is assigning an accounting technician effective immediately to handle the basic accounting functions of the bond program and will conduct pay application reviews of the Bovis invoices.	LBCCD	Closed	MA	Sep 2006
04.A.50	June 2004 Audit	Contractor Cost Control	Medium	Accounting is unclear for multi-funded projects.	Bovis should indicate, in a summary format on the Payment Application letter, the distribution of labor between funds.	The payment application now contains a fund distribution summary.	Bovis	Closed	MA	Jan 2005
04.A.51	June 2004 Audit	Contractor Cost Control	High	There is no consistency in suppliers for Bovis reimbursable expenses.	There may be an opportunity for cost savings by establishing preferred District sources for reimbursable expenses.	BMT utilizes Bovis Lend Lease National Accounts for preferred pricing. BMT also works closely with C&P for piggyback purchasing opportunities and educational discounts when purchasing office equipment, software, phone systems, and for bond office trailers.	Bovis	Closed	MA	Jun 2005
04.A.52	June 2004 Audit	Contractor Cost Control	Medium	No explanation is included for reimbursable expenses.	A justification for reimbursable expenses needs to be provided with contractor invoices.	Per contract, consultants and contractors are required to secure prior written approval of all reimbursable expenses.	Bovis	Closed	MA	Dec 2005
04.A.53	June 2004 Audit	Contract Protections	Low	Contracts and purchase orders vary, there does not seem to be a standard.	The standard contract and procurement forms should be updated.	Contract templates, bid documents and RFP/Q packages were all updated. These forms are continuously modified to reflect regulation changes as well as to incorporate lessons learned.	LBCCD	Closed	MA	Jun 2005

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04.A.54	June 2004 Audit	Contract Protections	High	Contract close-out methodologies and evaluation are not well defined.	District procedures covering the evaluation of professional service contracts should be documented.	The District has reorganized and created a Contracts unit within the Risk Services Department, and procedures to evaluate professional services are underway.	LBCCD	In Progress	MA	Jun 2006
04.A.55	June 2004 Audit	Contract Protections	Medium	Contracts and purchase orders vary, there does not seem to be a standard.	The District Support Services Office, or insurance broker, should have the opportunity to review contracts from a risk management perspective prior to acceptance.	Contracts terms and conditions which are set forth in bid documents and RFP/Qs have been reviewed by Keenan and Associates.	LBCCD	Closed	MA	Jun 2005
04.A.56	June 2004 Audit	Contract Protections	High	Contract files are incomplete.	Certificates of insurance need to be obtained from all subconsultants.	Under the Owner Controlled Insurance Program (OCIP), administered by Keenan and Associates, subcontractors' insurance requirements and eligibility to perform are verified.	LBCCD	Closed	MA	Dec 2005
04.A.57	June 2004 Audit	Contract Protections								

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Long Beach Community College District
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LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.65	June 2004 Audit	Program Staffing	High	Maintenance staffing appears to be inadequate to service the new Bond facilities.	Permanent Facilities Department staffing levels should be evaluated, with a					