



LONG BEACH COMMUNITY COLLEGE DISTRICT

**Construction Bond Measure E
Interim Performance Audit Report**

**For the Fiscal Year Ended
June 30, 2006**

MOSS-ADAMS LLP

January 2, 2007

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

Dear Mr. Oakley:

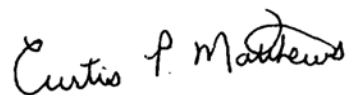
This report summarizes the results of our engagement to provide Measure E performance audit services for the fiscal year ended June 30, 2006. This performance audit evaluated the Long Beach Community College District's (District) compliance with Measure E requirements, and the processes and controls 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,



Curtis Matthews, Partner
for MOSS ADAMS LLP

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EXECUTIVE SUMMARY

The Long Beach Community College District (District) has implemented and continues to improve controls for the use of school construction bond proceeds to comply with Measure E requirements and are recorded on the District's books and records. Total Bond Program fund expenditures were \$23,248,749 from July 1, 2005 through June 30, 2006. Our performance audit evaluated expenditures for that period totalling \$11,835,353 (51%), and found no exceptions with the use of Bond Program funds for approved Measure E purposes.

Total Measure E Bond Program Funds \$176,000,0000

Expenditures to Date:

July 1, 2002 – June 30, 2003	<1,377,121>
July 1, 2003 – June 30, 2004	<4,495,282>
July 1, 2004 – June 30, 2005	<16,039,089>
July 1, 2005 – June 30, 2006	<u><23,248,749></u>

Remaining Bond Funds as of July 2006 \$130,839,759

The above summary of Measure E expenditures is based on the District's books and records. These amounts are subject to and are pending receipt of the Bond Program audited CAFR (Audited District Financial Statements) from the District's financial auditor, Vincenti-Lloyd-Stutzman, LLP. Expenditures listed in this report are unaudited by the external auditor for financial reporting purposes.

The District's plans for prudent use of Bond Program funds properly consider the students' need for information, and a safe and secure learning environment. The scope of the Bond Program is currently being defined and communicated to stakeholders through the Facilities Master Plan. Facilities planning documents, used in developing the Facilities Master Plan, consider classroom space requirements, future growth, and technology needs. A Program Management Plan has been developed to implement and govern consistent application of good construction practices as noted in our good practices observations in this report.

This report reflects procedural changes and actions taken through June 30, 2006 by the Bond Management Team and the District since the last Performance Audit conducted in the prior fiscal year by Moss Adams LLP.

Summary of Key Good Practices

- A file checklist and an in-process checklist are used to ensure completeness of contracts files.
- The District is using an independent third party to provide review of Cordoba's Bond Management Team invoices.
- Staffing for the Bond Management Team is dynamic, and is responsive to needs as determined by the construction schedule.

- 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 Community College District Measure E Bond Program compliance, and controls established to assure efficiency and effectiveness of the construction Program. We have evaluated whether an appropriate control structure has been developed for implementation of the Measure E Construction Bond Program. We have also tested expenditures during the period July 1, 2005 through June 30, 2006 for compliance with Bond Program objectives.

Our performance audit team validated construction program expenditures against Bond Program requirements, contract terms and conditions, and analyzed program level controls. We have conducted over twenty in-depth interviews and reviewed key program documentation including a draft copy of the Facilities Master Plan, District Measure E Bond Program Policies and Procedures, the Program Management Plan, and evaluated policies and procedures as put in practice by both the District and the Bond Management Team. A sampling of other Bond Program documents reviewed includes:

- Voter materials and bond documents
- Facilities planning documentation
- Procurement bid and award documentation
- Contracts
- Payment applications and invoices
- Relevant financial records and transaction support
- Board of Trustees and Bond Citizens' Oversight Committee reports
- Staffing plans

BACKGROUND INFORMATION

The Measure E school construction bond was approved by voters in 2002 to provide \$176 million in improvements to Long Beach Community College District facilities. The Measure E school construction bond funds are to be used for the renovation, repair and replacement of aging educational facilities. Bond programs of this size and complexity require appropriate financial processes and operational controls to ensure compliance, effectiveness, program cost, schedule, quality and efficiency goals are achieved.

In January 2003, the District Board of Trustees approved an award of the contract for program management services to Bovis Lend Lease. In February 2006, a new contract for program management services was issued to Cordoba Corporation (known as Cordoba, or the Bond Management Team), for the period through June 30, 2007, with three one-year options.

Moss Adams was engaged to evaluate construction program controls and provide the required annual Bond Program performance audits for five years, beginning with fiscal year 2004-2005.

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.

LBCCD Audit Resolution Status

Source	Issues Identified	Issues Resolved	Solutions Being Implemented	Unresolved Issues	Issues Remaining to Audit
Audit 2005	21	16	2	3	0
Interim Audit 2004	13	11	1	1	0
Audit 2004	66	61	5	0	0
Total	100	88	8	4	0

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. Internal control and reporting procedures over projects with multiple funding sources should be developed and implemented by the District and incorporated into the Program Management Plan (PMP) (Moss Adams Performance Audit, June 2005).
 - Management Response: Project budgets are split across the various funding sources. The updated PMP is expected to be issued in Winter 2006.
- 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 (Moss Adams Performance Audit, June 2005).
 - Management Response: Lessons learned are discussed in the weekly construction manager’s meetings and will be documented in a formal process.
- The District should update its existing facilities condition assessment periodically based on walkthroughs and reviews by facilities engineers to ensure that, at a minimum, health, safety and code compliance requirements are met (Moss Adams Performance Audit, June 2005).

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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 escalation and scope. Each project will be re-evaluated prior to starting design.
- The District's close-out process for design, engineering and consulting services should be amended in the Program Management Plan to require a notation in the contract file that the contract is closed, all documents have been received, and final payment has been made (Moss Adams Performance Audit, June 2005).
 - Management Response: The District concurs with the recommendation and will work with the BMT to amend the PMP. The Board action will be used to flag completed projects when available.
- The District or the Bond Management Team should conduct a close-out cost audit of all large contracts prior to release of retention (Moss Adams Performance Audit, June 2005).
 - Management Response: The District concurs with the recommendation and the BMT will consult with the Facilities, Contracts and Procurement, and Fiscal Operations Departments to develop a comprehensive close-out cost audit. This will be amended in the PMP.
- Fiscal Operations has recently implemented a new PeopleSoft system. The District should develop policies and procedures specific to the PeopleSoft system (Moss Adams Interim Audit, 2004).
 - Management Response: The District acknowledges the need to develop policies and procedures specific to the PeopleSoft system.
- New District purchasing procedures should incorporate a program to procure furniture, fixtures and equipment for Measure E projects (Moss Adams Interim Audit, 2004).
 - Management Response: Procurement function guidelines are due on August 15, 2006, with the online system due in September.
- District Measure E Bond Program District Policies and Procedures are being updated. RMA (District contractor) review of District purchasing procedures needs to be completed (Moss Adams Performance Audit, June, 2004).
 - Management Response: 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.
- The District Handbook of Purchasing Regulations and Procedures needs to include current District practices (Moss Adams Performance Audit, June, 2004).
 - Management Response: The District Handbook of Purchasing Regulations and Procedures is being updated.
- Contract close-out methodologies and evaluation are not well defined. District procedures covering the evaluation of professional service contracts should be documented (Moss Adams Performance Audit, June, 2004).

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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.

- d) The Measure E Bond Program Facilities Master Plan and projects address priorities as intended in Measure E.
- e) The District Citizens' Oversight Committee represents a cross-section of the community and stakeholders. Their responsibilities include review of Bond construction status and expenditures.
- f) District attentiveness to fiscal management has yielded savings through the refinancing and refunding of the initial \$40 million Bond issuance.

Improvement Opportunities:

High Priority —

- a) 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 for construction projects.
 - ⇒ Management Response: The District is actively pursuing alternate financing mechanisms to support bond projects.

2. Regulatory Compliance

We reviewed controls implemented to comply with selected Federal, State and local codes as well as Measure E requirements as noted in the good practices. This included seeking evidence of regular communication with the California Community College Chancellor's Office (CCCCO) and the Division of State Architects (DSA), and the review of published policies, plans, and procedures.

Good Practices:

- a) The Facilities Master Plan and Environmental Impact Report (EIR) have been completed and approved by the Board of Trustees.
- b) The District has revised its Injury and Illness Prevention Plan (IIPP) and has begun the process of training and implementation.

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 News" newspaper, on-campus forums, "Bovis Builder" newsletters, and special events.
- b) The Measure E Bond Program website provides a means for communication of Bond Program plans to the community and stakeholders. The Facilities Master Plan is posted on the Bond website along with an overview of the purpose of the Bond. Detailed information about individual projects and construction impacts is also available on the Bond website.
- c) Construction impact information is posted on the Bond Program website and e-mailed as "Construction Alerts" to the LBCCD onsite and offsite campus communities to warn them of disruptions.

5. Cost, Schedule and Budgetary Management and Reporting

We reviewed Bond Program reporting to provide current, accurate and complete cost, schedule and budgetary information to Program stakeholders. Based on the interviews and information gathered, analysis was conducted to determine whether or not there is adequate executive oversight and involvement in each of the audited projects. This analysis also covered the cost, schedule and budgetary reporting methodologies.

Good Practices:

- a) The Bond Program provides for executive-level review of project status and expenditures. Various communication methodologies are used each month to manage the Bond Program. These meetings provide for discussion and review of project status, budget reports, change orders and payment application approvals.
- b) The Bond Management Team is using an independent third party (Saylor Consulting) to provide design phase cost estimates and estimate checks, cost benchmarking against regional averages, evaluation of cost escalation issues, lessons learned, and continuous improvement efforts in cost estimating.
- c) Project management software (Expedition) has been implemented by Cordoba.
- d) The Program Management Plan includes procedures for the review and acceptance of contractor payment applications. The District and the Bond Management Team reviewed and approved contractor costs for each signed contract, as confirmed in the expenditure testing process. Payment Applications are reviewed in the field with the architect, inspector of record, program manager, and the contractor prior to Payment Application submission at the end of the month.
- e) Constructability review and peer review is used to provide early identification of design issues and to yield cost savings through the avoidance of late detection.
- f) The District is using an independent third party to provide review of Cordoba's Bond Management Team invoices.

Improvement Opportunities:

High Priority —

- a) 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 an adjustment to the Infrastructure Master Plan is needed, this Plan should be adjusted accordingly.
 - ⇒ Management Response: BMT will develop forecasting and expenditure reports and submit on a monthly basis.

Medium Priority —

- b) The Bond Program procedures are designed to govern the contracting process for large projects, and do not provide a mechanism for small and immediate needs. As a result, Facilities Maintenance and Safety staff and resources are being used to address construction problems. We recommend that the District investigate the root cause of potential quality issues and use of alternative contracting methods (such as job order contracting or task orders) for miscellaneous construction work and services.

⇒ 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) Bond funds are currently being used in the interim for State-funded projects, and reimbursement to the Bond Program is made when State funds are received. The District should document policies and procedures for this practice, which include reporting and approval for the use of funds.
 - ⇒ Management Response: The District will review the recommendation and incorporate its practices into policies and procedures.

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 Construction Claims Board. The Board includes representatives from District Purchasing, District Facilities, and the Bond Management Team.

Improvement Opportunities:

High Priority —

- a) 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 is 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.

⇒ Management Response: BMT concurs with the findings and will review close-out procedures with staff to assure compliance and speedy turnover of projects. Close-out of two major projects completed this year were impacted by construction claims due to the heavy rains in 2004/2005 and the team transition in January/February 2006.

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

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

APPENDIX B – AUDIT RESOLUTION LOG

LBCCD Review Comments/Audit Resolution Log

No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.1.a	June 2006 Audit	Compliance with Bond Requirements	High	Bond funds are currently being used to provide "local matching funds" for State-funded projects, a requirement for projects receiving State funding.	As the available Bond funds decrease, the District should identify alternate funding sources for these matching funds, or risk losing State funds for construction projects.	The District is actively pursuing alternate financing mechanisms to support bond projects	LBCCD / BMT	Open		
06.5.a	June 2006 Audit	Cost & Schedule Management	High	Costs continue to escalate, which is affecting the expenditure forecast.	More detailed real-time reporting and forecasting of expenditures is needed, including cash flow analysis, for better oversight of project and program status.	BMT will develop forecasting and expenditure reports and submit on a monthly basis.	BMT	Open		Dec 2006
06.5.b	June 2006 Audit	Cost & Schedule Management	High	The Bond Program procedures are designed to govern the contracting process for large projects, and do not provide a mechanism for oversights and immediate needs. As a result, Facilities Maintenance staff & resources, and Safety resources, are being used to fix construction problems.	We recommend that the District investigate the use of alternative contracting methods (such as job order contracting or task orders) for miscellaneous construction work and services.	The District concurs with the recommendation and will have the Facilities and Contracts staff investigate alternative contracting methods	LBCCD	Open		

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
06.6.a	June 2006 Audit	Change Management	High	Changes that occur subsequent to design can be a cause of cost impacts to construction projects.	With a new LBCCD president, VP Administration and Facilities Director, the District should 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.	The District concurs with the recommendation and the new leadership will work diligently to ensure that the Master Plan is adhered to.	LBCCD	Open		
06.7.a	June 2006 Audit	Program Staffing	Medium	Facilities staffing roles & responsibilities do not match the services as currently provided.	With the installation of the new Facilities Director, roles & responsibilities for staff (including the position of Interim Deputy Director) should be revisited.	The District will conduct a review of the Facilities organization to ensure that roles and responsibilities are effective in managing bond projects	LBCCD	Open		
06.8.a	June 2006 Audit	Procurement Controls	Medium	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.	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.	LBCCD / BMT	Open		Dec 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
06.8.b	June 2006 Audit	Procurement Controls	High	Bond funds are currently being used in the interim for State-funded projects, and reimbursement to the Bond Program is made when State funds are received.	The District should document policies & procedures for this practice, which include reporting and approval for the use of funds.	The District will review the recommendation and incorporate its practices into policies and procedures.	LBCCD	Open		
06.9.a	June 2006 Audit	Close-out Issues	High	Construction projects remain open even though the District has assumed occupancy.	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 projects which are already District occupied.	BMT concurs with the findings and will review close-out procedures with staff to assure compliance and speedy turnover of projects. Close-out of two major projects completed this year were impacted by construction claims due to the heavy rains in 2004/2005 and the team transition in January/February 2006.	BMT	Open		Dec 2006
05.A.1	June 2005 Audit	Procurement Controls	Medium	District Handbook of Purchasing Regulations and Procedures has not yet been updated.	The District should conduct training for employees and perform implementation.	The District concurs with the recommendation and will conduct training once the handbook has been updated. Procedural flowcharts are being developed.	LBCCD	Closed	MA	Nov 2006
05.A.2	June 2005 Audit	Procurement Controls	Medium	District Measure E Bond Program Policies and Procedures Manual has not yet been updated.	The District should conduct training for employees.	The District concurs with the recommendation and will conduct training once the policies and procedures have been updated.	LBCCD	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.3	June 2005 Audit	Compliance with Bond Requirements	High	PMP does not include any special procedures for projects with multiple funding sources.	Internal control and reporting procedures over projects with multiple funding sources should be developed and implemented by the District and incorporated into the Program Management Plan (PMP).	Project budgets are split across the various funding sources. The updated PMP will be issued in Sept. 2006.	LBCCD / BMT	Open		
05.A.4	June 2005 Audit	Regulatory Compliance	High	Hazard communication plan and evacuation plans have not yet been updated.	The District should continue with efforts to update and publicize the hazard communication plan and evacuation plans.	The Hazard Communication Plan was updated shortly after the initial performance audit and training was conducted in March of 2005. Additional training is being conducted, and will be scheduled annually there after. The building evacuation plans have been reviewed and those in need have been updated. It is anticipated that the plans will be posted in each building by June 2007.	LBCCD	Closed	MA	Sep 2006
05.A.5	June 2005 Audit	Regulatory Compliance	High	Security does not have access to construction sites, and theft of small tools has been occurring.	The Bond Management Team should work with the District, to enable security access to the construction sites. This would include safety orientation for the security personnel regarding conduct onsite.	District padlocks have been placed at all construction site enclosures and the Campus Police have been provided the key. The Campus Police have been requested to complete patrol checks of the sites daily on an on going basis.	LBCCD	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
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
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.	The District should project maintenance costs after Bond Program construction and ensure there is sufficient funding to adequately maintain all facilities, especially those which are new and modernized.	The District concurs with the recommendation and continues to be in contact with the Chancellor's office in an effort to identify funding sources for the maintenance of new and existing facilities.	LBCCD	Closed	MA	Jan 2006
05.A.10	June 2005 Audit	Facilities Planning	High	A facilities condition assessment was conducted at each campus at the start of the Bond Program. This assessment used industry averages to project facilities conditions and needs through 2012.	The District should update its existing facilities condition assessment periodically based on walk-throughs and reviews by facilities engineers to ensure that, at a minimum, health, safety and code compliance requirements are met.	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 escalation and scope. Each project will be re-evaluated prior to starting design.	LBCCD / BMT	In Progress	MA	Sep 2006
05.A.11	June 2005 Audit	Procurement Controls	High	The District has a certified list of signatures for those authorized to sign orders for payment and contracts.	The Program Management Plan should contain detailed contract approval procedures, including a limited list of authorized individuals who have signature authority for Bond Program contracts, with not-to-exceed dollar limits.	New procedural flow charts have been developed and will be incorporated into the updated PMP. Each process identifies authority and approval milestones.	LBCCD / BMT	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.12	June 2005 Audit	Procurement Controls	High	Contract documents and contract file checklist is not used consistently.	The District has a "contract documents and contract file checklist" which should be used more consistently to improve complete documentation of the procurement process and to prepare contract files.	The District has reorganized and created a Contracts unit within the Risk Services Department, and contract file audits are currently underway.	LBCCD	Closed	MA	Sep 2006
05.A.13	June 2005 Audit	Procurement Controls	Medium	The Program Management Plan currently requires contractor evaluation at Program completion.	District Purchasing procedures covering the evaluation of professional service contracts, vendors, and general contractors should be documented in more detail. The contractor evaluation should be required at contract close-out to ensure that feedback is timely and appropriate.	The BMT is currently documenting contractor evaluations for completed projects.	LBCCD / BMT	Closed	MA	Nov 2006
05.A.14	June 2005 Audit	Close-out Issues	High	Facilities does not use a close-out checklist.	A District facilities close-out checklist should be developed to facilitate user acceptance and close-out.	The checklist is complete and is currently being used to close-out projects.	LBCCD / BMT	Closed	MA	Nov 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.15	June 2005 Audit	Close-out Issues	Low	Auditor cannot determine whether or not contracts are closed.	The District's close-out process for design, engineering and consulting services should be amended in the Program Management Plan to require a notation in the contract file that the contract is closed, all documents have been received, and final payment has been made.	The District concurs with the recommendation and will work with the BMT to amend the PMP. The Board action will be used to flag completed projects when available.	LBCCD / BMT	Open	MA	Sep 2006
05.A.16	June 2005 Audit	Cost and Schedule Management	High	Timeline for State funding requests is not clearly communicated.	State and other funding sources should be carefully managed, and the timeline for funding requests should be clearly defined and communicated. This could be better achieved by adding critical dates to the construction schedule as milestones.	Critical milestone dates are being added as schedules are updated.	LBCCD / BMT	Closed	MA	Sep 2006
05.A.17	June 2005 Audit	Cost and Schedule Management	High	District does not conduct final contract review for large contracts.	The District or the Bond Management Team should conduct a close-out cost audit of all large contracts prior to release of retention.	The District concurs with the recommendation and the BMT will consult with the Facilities, Contracts and Procurement, and Fiscal Operations Departments to develop a comprehensive close-out cost audit. This will be amended in the PMP.	LBCCD / BMT	Open	MA	Sep 2006

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
05.A.18	June 2005 Audit	Program Staffing	High	As construction volume increases, District staffing appears to be inadequate to oversee Program Management personnel and to respond to Bond Program needs.	The District should continue efforts to identify qualified support for the District Contracting and Procurement Department.	The District concurs with the recommendation and will continue to seek ways to adequately support the needs of the construction program.	LBCCD	Closed	MA	Sep 2006
05.A.19	June 2005 Audit	Program Staffing	Low	High turnover of BMT staff.	Procedures should be put into place by the Bond Management Team to ensure that responsibilities are documented and knowledge transfer is properly planned to maintain institutional memory when turnover of key Bond Program personnel occurs.	The District concurs with the recommendation and the BMT will develop a formal project transfer procedure. A regular project managers' meeting is currently held to keep all project managers and assistant project managers up to date on all project issues. Procedures will be included in the updated PMP.	LBCCD / BMT	Closed	MA	Sep 2006
05.A.20	June 2005 Audit	Change Management	High	The Program Management Plan should include change control processes which address amendments to the Facilities Master Plan and their impact on the prior certified EIR.	These change control processes should require review by legal counsel and approval by the District prior to adoption of any Facilities Master Plan amendments by the District Board of Trustees.	The District concurs with the recommendation. To date, Program changes affecting the completed environmental clearances have been addressed via a formal amendment to the report or through an administrative action submitted and approved by the Board of Trustees.	LBCCD / BMT	Closed	MA	Nov 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
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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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.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.	LBCCD	Closed	MA	Dec 2005
04.IA.4	2004 Interim Audit	Regulatory Compliance	High	The DSA approval process is difficult.	The District should remain aware of the California Community Colleges Chancellors' Office progress with the State Architect on improving the DSA approval process for building projects (AB162).	BMT and LBCCD communicate regularly with the DSA's Regional Director, Jack Bruce, to prioritize LBCCD projects. The District has met with the California Department of General Services to remain aware of issues that may affect the plan approval process.	Bovis / LBCCD	Closed	MA	Dec 2005
04.IA.5	2004 Interim Audit	Regulatory Compliance	Low	The LBCCD IIP was last revised in 1991.	The Long Beach Community College Injury Prevention Program Manual is being revised. The final version of this manual should be fully communicated and integrated in the Bond Program.	The District's IIPP has been updated, and training / implementation have begun.	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.6	2004 Interim Audit	Regulatory Compliance	Low	CCCCO governance has an impact on LBCCD.	The District needs to remain aware of developments with the California Community Colleges' Strategic Plan (expected to be completed in January 2006).	The District is monitoring the progress of the California Community Colleges' Strategic Plan.	LBCCD	Closed	MA	Dec 2005
04.IA.7	2004 Interim Audit	Cost and Schedule Management	Low	Fiscal Operations has recently implemented a new PeopleSoft system.	The District should ensure that the RMUG develop policies and procedures specific to the PeopleSoft system.	The District acknowledges the need to develop policies and procedures specific to the PeopleSoft system.	LBCCD	Open	MA	
04.IA.8	2004 Interim Audit	Procurement Controls	Low	District Measure E Bond Program District Policies and Procedures are being updated.	New District purchasing procedures should incorporate a program to procure furniture, fixtures and equipment for Measure E projects.	Procurement function guidelines are due on August 15, 2006, with the online system due in the Fall.	LBCCD	In Progress	MA	Sep 2006
04.IA.9	2004 Interim Audit	Change Management	Medium	The program does not do formal cost and schedule risk management.	A construction risk analysis should be conducted, specific risks identified, and a mitigation plan implemented as part of the Bond program change management plan.	The Change Management Procedure is currently being used to address project risk.	Bovis	Closed	MA	Dec 2005
04.IA.10	2004 Interim Audit	Contract Protections	Low	Contracts and purchase orders are evolving, there does not seem to be a standard.	Standard terms and conditions improvements should be reflected in the District Handbook of Purchasing Regulations and Procedures.	Revised General Conditions and revised professional services agreements are in place.	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.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 Master Plan.	Spending needs to be carefully monitored to ensure that it is appropriate for the Bond program.	The Facilities Planning Manual was finalized and approved in June 2005.	MIAA	Closed	MA	Jun 2005

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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 permitted outside the Facilities Master Plan.	FMP needs to be finalized and approved.	The Facilities Planning Manual was completed in June 2005.	MIAA	Closed	MA	Jun 2005
04.A.5	June 2004 Audit	Bond Program Delivery Model	Medium	District policies and procedures should require change control processes to address modifications to the Facilities Master Plan.	LBCCD needs to create a policy for changes to the FMP.	All changes to the overall Master Program Budget and/or a project budget are executed via a formal Budget Modification Procedure. These are reviewed at the bi-weekly client coordination meetings.	Bovis	Closed	MA	Dec 2005
04.A.6	June 2004 Audit	Bond Program Delivery Model	High	Delivery of the Facilities Planning Manual has been substantially delayed.	FMP needs to be finalized and approved.	The Facilities Planning Manual was completed in June 2005.	MIAA	Closed	MA	Jun 2005
04.A.7	June 2004 Audit	Bond Program Delivery Model	High	The District has not established design standards and specifications.	District design standards and specifications need to be developed.	Design technical standards were developed and are now complete.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.8	June 2004 Audit	Bond Program Delivery Model	High	The District has not established a formal user acceptance process.	A user acceptance process needs to be developed, incorporating checklists and walk-throughs.	A formal close-out procedure is included in the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.9	June 2004 Audit	Bond Program Delivery Model	Medium	Costs continue to escalate, which is affecting the number of buildings which can be achieved with the available Bond funds.	A formal value engineering workshop should be performed at an appropriate phase of design for each project.	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

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.10	June 2004 Audit	Communication	High	Posted emergency information for the community is inadequate.	Additional safety information needs to be available, such as noise and hazard advisory, emergency contacts and procedures, and area evacuation plans.	BMT includes safety information in the periodic newsletter that is disseminated to the LBCCD community via email and the bond program website.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.11	June 2004 Audit	Communication	High	Posted information regarding construction impacts is inadequate.	Construction impacts should be communicated in more detail, including alternate routes, parking recommendations, and hours and weekdays of onsite construction.	Bond website has been updated, and construction alerts are distributed campus-wide.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.12	June 2004 Audit	Communication	High	Costs continue to escalate, which is affecting the number of buildings which can be achieved with the available Bond funds.	It is evident that District has more facilities needs than can be achieved through the use of Bond funds, this gap should be fully communicated to District Stakeholders.	Means of communicating the "gap" include: budget progress and informational reporting on the website; communiques via the campus-wide Viking newspaper and/or Bond newsletter; presentations to staff, faculty, students, and administration; progress reports to the Board of Trustees.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.13	June 2004 Audit	Facilities Planning	High	Delays in the completion of the FMP is having a domino-effect impact on all planning, design, and construction activities and deliverables.	FMP needs to be finalized and approved.	The Facilities Planning Manual was completed in June 2005.	MIAA	Closed	MA	Jun 2005

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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	Facilities Planning	High	Cash flow projections for the Bond were not available.	A quarterly cash flow projection needs to be developed for the use of Bond funds.	The Bond Master Schedule has been cost loaded and is used for cash flow projections.	Bovis	Closed	MA	Dec 2005
04.A.18	June 2004 Audit	Facilities Planning	Medium	The District has not established design standards and specifications.	District design standards and specifications need to be developed.	Design technical standards were developed and are now complete.	Bovis / LBCCD	Closed	MA	Jun 2005

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.19	June 2004 Audit	FMP Flexibility	Medium	Curriculum needs may change over time, and the facilities need to be able to address those changes.	The education requirements by department and growth projections should be reviewed closely for flexibility.	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.20	June 2004 Audit	FMP Flexibility	Medium	Costs continue to escalate, which is affecting the number of buildings which can be achieved with the available Bond funds.	A contingency plan needs to be developed, to address potential cost and schedule overruns.	The District and BMT are aggressively soliciting State funding of several major projects to augment available Measure E funds. The BMT is working with A/E teams in an ongoing effort to value engineer all projects in design. The Master Planner is working with District stakeholders and the BMT to identify reductions.	Bovis	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
04.A.21	June 2004 Audit	Regulatory Compliance	High	The DSA approval process is difficult.	Architects should meet with the DSA as early as possible during design so as to avoid costly and time consuming revisions.	BMT encourages A/Es to conduct a preliminary design review meeting at the end of the design development phase. The District and BMT met with DSA to discuss methods to streamline the plan check process. An open line of communication now exists between BMT and DSA and updated project schedules will be submitted and reviewed periodically with DSA.	Bovis	Closed	MA	Jun 2005
04.A.22	June 2004 Audit	Regulatory Compliance	High	There is evidence that the State is considering adoption of the NFPA 5000 Building Code and the NFPA 1 Uniform Fire Code in April 2007.	Architects should remain aware of potential building code changes so that designs created in later phases of the Bond.	A/E contract agreements (Section 1.8) require A/Es to design to applicable laws and current codes. The preliminary review meeting with DSA will assist in identifying code issues particular to DSA.	Bovis	Closed	MA	Jun 2005
04.A.23	June 2004 Audit	Regulatory Compliance	High	Community safety and program safety need to be a top priority.	Bovis' onsite practices should be periodically reviewed for compliance with Bovis safety program requirements.	Safety procedures are be updated periodically in the PMP. Safety is discussed at each weekly staff meeting and disseminated accordingly via the website, newsletters, communiqués, construction alerts, etc.	Bovis	Closed	MA	Jun 2005
04.A.24	June 2004 Audit	Regulatory Compliance	Medium	The Long Beach Community College Injury Prevention Program Manual is being updated.	The final version of this manual should be fully communicated and integrated in the Bond Program.	The District's IIPP has been updated, and training / implementation have begun.	Bovis / LBCCD	Closed	MA	Dec 2005

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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.25	June 2004 Audit	Cost and Schedule Management	High	Bond Program reporting appears to be inadequate.	Bond Program performance against cost, schedule, scope and safety goals should be reported quarterly.	Approval of the Bond Master Budget and Schedule, and data entered into the Expedition project management system has enabled real-time reporting.	Bovis	Closed	MA	Dec 2005
04.A.26	June 2004 Audit	Cost and Schedule Management	Medium	New software and systems are being implemented.	The Bond reporting effectiveness should be reviewed, once the Expedition, PeopleSoft and the Simpson and Simpson budget database software and systems are fully implemented.	Reconciliations between PeopleSoft and Expedition are performed and reported to BMT and the District on a monthly basis by the Financial Analysis position. This supersedes and replaces the Simpson & Simpson reporting.	Bovis / LBCCD	Closed	MA	Sep 2006
04.A.27	June 2004 Audit	Cost and Schedule Management	High	The detailed construction schedule has not yet been developed.	Development and adoption of a detailed construction schedule, with baseline, is needed immediately.	The Bond Master Schedule was revised based on the completed Facilities Planning Manual.	Bovis	Closed	MA	Dec 2005
04.A.28	June 2004 Audit	Cost and Schedule Management	Medium	The detailed construction schedule has not yet been developed.	It is advisable for Bovis to review each contractor's schedule carefully.	A detailed resource-loaded critical path method schedule is required to be submitted and approved at the onset of each project. Key milestones are provided in the bid documents and are to be incorporated in the construction schedules. Approval of the contractor's schedule is a requirement of payment application approval.	Bovis	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.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 by the Financial Analysis position. This supersedes and replaces the Simpson & Simpson reporting.	Bovis / LBCCD	Closed	MA	Sep 2006
04.A.30	June 2004 Audit	Cost and Schedule Management	Low	New software and systems are being implemented – Expedition.	The functionality of the Expedition project management system should be reviewed upon implementation.	Reconciliations between PeopleSoft and Expedition are performed and reported to BMT and the District on a monthly basis by the Financial Analysis position. This supersedes and replaces the Simpson & Simpson reporting.	Bovis	Closed	MA	Sep 2006
04.A.31	June 2004 Audit	Cost and Schedule Management	High	The detailed construction schedule has not yet been developed.	Schedule review should be done every two weeks, at a minimum.	Project schedules are reviewed and updated internally weekly and are published monthly. Impacts and deviations are brought to the attention of LBCCD forthwith and look ahead and progress is discussed weekly.	Bovis	Closed	MA	Jun 2005
04.A.32	June 2004 Audit	Cost and Schedule Management	High	The Bond program is progressing from the design phase into construction.	We advise that close attention be paid to variance reporting and justification.	A formal budget modification process has been implemented and is supplemented with various reports. Process requires resolution of budgetary modifications (transfers, augmentation, etc.)	Bovis	Closed	MA	Jul 2005

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
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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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.39	June 2004 Audit	Procurement Controls	High	District purchase orders do not clearly contain a relationship justification to the Bond Program.	District purchase orders need to contain a relationship justification to the Bond Program.	Each purchase order contains the account string which specifically identifies each bond project. Additionally each purchase order contains the description which provides language clearly identifying the items or services relating to bond projects.	LBCCD	Closed	MA	Jun 2005
04.A.40	June 2004 Audit	Procurement Controls	Low	The District Handbook of Purchasing Regulations and Procedures was last updated in 1983.	The District Handbook of Purchasing Regulations and Procedures needs to include current District practices.	The District Handbook of Purchasing Regulations and Procedures is being updated.	LBCCD	In Progress	MA	Jun 2006
04.A.41	June 2004 Audit	Change Management	High	Contract change orders are written to define the job scope and set the contract price, after the initial contract is established as a placeholder.	District contracts should be written only after the job scope is well defined.	District-issued contracts are now written after the scope is defined, resulting in a substantial reduction in contract change orders.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.42	June 2004 Audit	Change Management	High	The District does not have a formal change management plan.	The District needs to develop a formal change management plan.	The District in conjunction with BMT has developed and implemented a formal change management policy and is described in Part 2-B Design Management of the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.43	June 2004 Audit	Change Management	High	The Bond Program does not have a formal change management plan.	A formal change management plan needs to be developed for the Bond Program.	The District in conjunction with BMT has developed and implemented a formal change management policy and is described in Part 2-B Design Management of the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.44	June 2004 Audit	Change Management	Medium	The Bond Program does not have a formal budget modification procedure.	A controls methodology should be developed and implemented for budget modification.	Procedures provided in Part 1-G Budget Management Plan of the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005

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No.	Source	Category	Priority Rating	Issue	Recommendation	Management Response	Owner	Status of Resolution	Confirmed by	Planned Resolution Date
04.A.45	June 2004 Audit	Change Management	High	Change orders are estimated in-house.	Change order cost estimates for change orders should be performed by an independent third party.	All potential change order estimates are reviewed by BMT (Saylor Consulting) prior to executing a change order.	Bovis	Closed	MA	Jun 2005
04.A.46	June 2004 Audit	Contractor Cost Control	High	A formal procedure needs to be developed for the review and approval of expenditures.	Procedures should be properly defined for review and approval of contractor payment applications.	BMT met with LBCCD to develop a formal procedure to review and accept contractor payment applications. Costs are reviewed against available budgets during the initial review process and prior to submitting to the Fiscal Department for payment. A checklist and payment summary (budget accounts) is attached to payment applications to communicate items reviewed and approved.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.47	June 2004 Audit	Contractor Cost Control	High	Payment applications are based on % complete.	Percentage of completion should be reviewed and approved to prevent early payments for work not performed.	Payment applications are reviewed in the field with the architect, inspector of record, and contractor typically a week prior to its submission at the end of the month.	Bovis	Closed	MA	Jun 2005
04.A.48	June 2004 Audit	Contractor Cost Control	Low	Invoices need to be compared to contract hourly rates and reimbursable expenses.	More careful review of consultant invoices is needed, with respect to contract terms.	Consultant invoices are reviewed by the BMT Project Accountant, BMT Project Manager, BMT Senior Program Manager, BMT Program Director, District Facilities Department and District Administrative Services.	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.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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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.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	High	Work is completed before the contract or contract amendment is authorized.	Contract and amendment approval needs to be performed in a timely fashion and completed before consultant invoices are received for work performed.	A streamlined procedure to secure timely approval (by the Board or Administrative Services) of contract amendments was developed and included in the Bond PMP.	Bovis / LBCCD	Closed	MA	Dec 2005
04.A.58	June 2004 Audit	Close-out Issues	High	Contract close-out methodologies and evaluation are not well defined.	A formal contract close-out process needs to be developed by the District.	The District has reorganized and created a Contracts unit within the Risk Services Department, and a close-out process will be developed.	LBCCD	In Progress	MA	Jun 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
04.A.59	June 2004 Audit	Close-out Issues	High	The District has not established a formal user acceptance process.	A user acceptance process needs to be developed, incorporating checklists and walk-throughs.	A formal close-out procedure is included in the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.60	June 2004 Audit	Close-out Issues	Medium	The District has not established a formal dispute and claims management process.	A formal dispute and claims management process needs to be developed by the District.	A formal close-out procedure is included in Part 3-D Contract Completion/Close-Out Phase of the PMP.	Bovis / LBCCD	Closed	MA	Jun 2005
04.A.61	June 2004 Audit	Close-out Issues	Low	Lessons learned are not being recorded.	A lessons-learned methodology and project close-out procedure should be developed by the District.	District to adopt lessons learned methodology from BMT and incorporate in procedures.	Bovis / LBCCD	In Progress	MA	Dec 2005
04.A.62	June 2004 Audit	Program Staffing	High	Current Facilities Construction staffing levels are inadequate to properly control the Bond construction program.	Additional District management-level staffing is needed to oversee program management and to respond to Bond program needs.	The District has reorganized the Facilities department and has recruited additional staff.	LBCCD	Closed	MA	Dec 2005
04.A.63	June 2004 Audit	Program Staffing	High	District responsibility is distributed between finance, administration, and facilities and stakeholders need to go to several places to get approvals and information.	One qualified District person should be identified as a single full-time point of contact for Bond program stakeholders.	Steve Medley, Deputy Director for the Bond Program, has been identified as the primary contract.	LBCCD	Closed	MA	Dec 2005
04.A.64	June 2004 Audit	Program Staffing	High	Current Facilities Construction staffing levels are inadequate to properly control the Bond construction program.	The District should establish a staffing plan for the Bond program.	Staffing needs in Facilities and Purchasing have been identified.	LBCCD	Closed	MA	Dec 2005

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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 focus on maintenance staff.	Staffing needs have been identified.	LBCCD	Closed	MA	Jun 2005
04.A.66	June 2004 Audit	Program Staffing	Medium	The District does not use facilities management software.	The acquisition and implementation of facilities management software will improve efficiency in the Facilities Department.	When a budget becomes available, a new software plan will be implemented.	LBCCD	Closed	MA	Nov 2006