

## EXHIBIT A

### STATEMENT OF WORK

**Instructions for Contract Managers:** Complete the following detailed and specific description of services and deliverables. You may attach additional exhibits to further elaborate on the statement of work.

#### 1. Scope of Work

- A. The Portland Public Schools (PPS) District requires the awarded contractor to provide performance audit services for the overall program in compliance with Government Auditing Standards (GAGAS). The performance audit will cover the initial fiscal years beginning with July 1, 2018 through June 30, 2022 and upon successful completion of the scope of services, may be extended for four (4) additional years via one (1) renewal through June 30, 2026.
- B. The primary focus of the scope of services is centered around the projects associated with the 2012 and 2017 general obligation bonds (Bond Projects). The scope of services for the annual audit may vary due to expenditures incurred during the audit year. The selected firm is responsible for identifying the specific area of concentration for the audit on an annual basis to include but not limited to those listed below. The specific area of concentration shall be submitted and approved by the Sr. Director of the Office of School Modernization (OSM) prior to the commencement of the audit.
- C. A pre and post conference will be required as part of the scope of services. Conference will include designated administrative staff of OSM and with the Bond Accountability Committee (BAC) Audit Sub-Committee members as designated.
- D. Services will include and not be limited to the following:
  - a) Audit shall be limited to the follow projects that are using PPS 2012/2017 bond proceeds:
    - i. Grant HS
    - ii. Madison HS
    - iii. Lincoln HS
    - iv. Benson HS
    - v. Middle School Conversion Projects
    - vi. 2012/2017 Bond Program level services
    - vii. Health and Safety – Water Improvement Projects
    - viii. Health and Safety – Asbestos Removal Projects
    - ix. Health and Safety – Roofing Projects
    - x. Health and Safety – Lead Removal Projects
    - xi. Health and Safety – Radon Projects
    - xii. Health and Safety – Fire Alarm/Suppression Projects
    - xiii. Health and Safety – ADA Projects
    - xiv. Any other project or service that utilizes PPS bond funds as may be directed by the Senior Director of OSM

*Note: Any project utilizing bond proceeds, in whole or in part, shall be within the prevue of the Performance Audit regardless of the timeframe of the project in relation to the period of service of any agreement resulting from this procurement.*

- b) Review and report on specified projects compliance with:
    - i. PPS Contracting and Procurement policies
    - ii. Bond Program policies and procedures
    - iii. Oregon Prevailing Wage Laws
    - iv. Compliance with contractual requirements (limited to Architect and General Contractor)
    - v. Contractual Insurance/Bonding/Surety requirements (limited to Architect and General Contractor)
    - vi. Applicable governing laws (i.e. Oregon Revised Statutes, Oregon Administrative Rules)
  - c) Representative sample of expenditures are compliant with "bond compensable" requirements and within requirements of the ballot language
  - d) Appropriate legal/risk review and approval of executed contractual documents (limited to Architect and General Contractor)

- e) Completeness of representative sample of financial documents
    - i. Pay applications from vendors
    - ii. Budget transactions
    - iii. Reconciliation of e-Builder to Peoplesoft
  - f) Review and evaluate common construction program exposures such as:
    - i. Noncompliant/inconsistent use of bond funds
    - ii. Inaccurate program financial records and reports
    - iii. Priorities and/or project plans are not aligned with funding
    - iv. Overcharges and costly practices
    - v. Excessive requirements, scope creep and excessive change order costs
    - vi. Project delays and disruptions
    - vii. School impacts and safety issues
    - viii. Construction quality issues
  - g) Address the design and implementation of controls needed to effectively and efficiently achieve the construction program cost, scope, schedule and compliance goals
    - i. Compliant use of funds and reliability of related controls
    - ii. Current, accurate and complete financial and budgetary reporting
    - iii. Program governance, approval, monitoring and oversight controls including review commentary of the District's current Project Manual Procedures (PMP)
    - iv. Procurement and payment control processes
    - v. Contracts compliance and change order controls
    - vi. Development and use of contingencies and allowances
    - vii. Cost benefit analysis and value engineering
    - viii. Schedule management systems and controls
    - ix. Project close-out controls
    - x. Completeness and adequacy of policies and procedures
  - h) Review and report on specified program compliance with:
    - i. Adequacy of project management system (e-Builder) to enforce/manage proper budgetary approvals and change process
    - ii. Appropriate timelines for completion of processes
    - iii. Reporting system and process to BAC and Board of Education (BOE)
    - iv. Adequacy of OSM staffing to execute the work outlined in the 2012 and 2017 bond programs
  - i) Auditor Performance Requirements:
    - i. Auditor shall develop and submit an initial and annual audit plans to OSM no later than sixty (60) calendar days of the notice to proceed with work or annually on March 1 for review and approval of scope and scale of the audits anticipated in the upcoming fiscal year. The BAC may provide additional guidance to required scope of work via requested revisions to the annual audit plan
    - ii. Auditor shall develop and submit annual audit report to OSM for review
    - iii. Auditor shall work in conjunction with and at the direction of OSM (specifically, the Sr. Director)
    - iv. Reconcile findings with members of OSM bond management and project management teams
  - j) Conduct a performance audit in accordance with generally accepted government auditing standards (GAGAS), informally known as the "Yellow Book," issued by the comptroller general of the United States (U.S.), who heads the U.S. Government Accountability Office (GAO).
- E. We anticipate that the scope of the audit as described above will require recommendations and/or findings and the scope review should not be limited to these points. Any findings that may warrant further investigation will be identified with district administration and receive prior authorization to extend scope and/or audit costs prior to the start of work.
- F. Practical and attainable recommendations within the environment in which the District's bond program must legally and realistically operate.

- G. When recommendations involve major additions of a shifting of resources, the Performance Auditor should identify alternative procedures and controls that can be implemented in the interim until such additions or resources can be in effect.
- H. Interviews of key personnel including but not limited to senior management responsible for the overall Bond program, District office personnel, program management, accounting and control personnel. Interview should also include key or major contractors to the program.
- I. Include review of agreements and subsequent billings for consultants with testing and follow-up to verify compliance of contracts to approved and good business practices.
- J. Preparation of a draft report in advance of due date to allow for a review with the designated district administration officials and BAC Audit Sub-Committee prior to finalized report.
- K. Any additional audit services as may be requested by PPS through the Sr. Director of OSM.

## **2. Performance Audit report standards**

- A. Each Performance audit will be well-written and include the following:
  - a) Positive program performance noted
  - b) Findings for areas needing attention
    - i. Criteria
    - ii. Cause
    - iii. Effect
    - iv. Recommendation
    - v. Benefit
  - c) Practical and attainable recommendations are clearly articulated within the environment of the bond program and are legal and realistic.
  - d) If shifting of resources is recommended, the Performance auditor should identify alternative procedures and controls that can be implemented
- B. Draft reports are for the purpose of discussing the issues, findings, and recommendations contained in the report. The draft report will incorporate District/management responses and comments prior to final submission to the Board of Education. Devote such diligence, skill, and time necessary to complete the Performance Audit by April 30th of the fiscal year following the date this agreement goes into effect so that the report will be presented by June 30th to the BAC and BOE in the final form.
- C. Render periodic reports on the progress of the Performance Audit and examinations whenever requested by the Sr. Director of OSM.
- D. Provide fifteen double-sided hard copies of each Performance Audit, an unbound reproducible copy, and an electronic version (single file, searchable .PDF format) for the District.
- E. Prepare periodic status reports for the audit areas completed, in-progress, and to be completed, including dates of completion, expected start dates and expected dates of completion.
- F. The Performance Auditor shall retain all working papers for a period of five (5) years, unless otherwise specified in writing by the District. Such papers shall be available for review and audit by the District, representatives of the federal/state governments, subsequent audit firms and other individuals as directed by the Executive Director, Facilities, Planning and Development. Working papers must be submitted to the requesting party within thirty (30) days of the request.