

Bond Performance Audit Tracker
 Status of Performance Audit Recommendations
 January 22, 2020 - Quarterly Report

2016 Bond Performance Audit Recommendations				
Year	#	Abbreviated Recommendation	Response	Status
2016	1	Update monthly project budget projections in timely way and include ROM estimates of potential changes.	Concur	Complete
2016	2a	CM/GC contracts to require proactive participation of CM/GC with architect.	Nonconcur	Complete
2016	2b	Ensure GMPs are executed at contractually proscribed point in design.	Concur with comment	Complete
2016	3	Ensure GMP amendments are consistent with applicable law and policy.	Completed	Complete
2016	4	Consider increases for general conditions work for change orders only when time is extended.	Concur	Complete
2016	5a	Provide a format in e-Builder for processing CM/GC contract changes quickly.	Completed	Complete
2016	5b	Ensure that CM/GC change orders and draw downs receive appropriate approvals.	Completed	Complete
2016	6	Provide more information to evaluation committee to help in scoring proposals.	Completed	Complete
2016	7	Complete any VE, scope reductions, budget increases, etc by end of SD.	Completed	Complete
2016	8a	Modify SOPs to add more specific project contingency ranges at different design stages.	Nonconcur	Complete
2016	8b	Modify SOPs to add more specificity on how program provides project budget oversight.	Nonconcur	Complete
2016	8c	Develop comprehensive and detailed PTMP templates for renovation projects, new construction projects, and IP work.	Concur with comment	Complete
2016	8d	Hold PMs accountable for creating PTMP prior to beginning SD phase (at latest).	Concur with comment	Working
2016	8e	Develop and record lessons learned from completed projects.	Completed	Complete
2016	9	Modify SOPs to add specific guidelines for line item budgeting for master planning.	Nonconcur	Complete
2016	10a	Assess reasons for IP projects bidding over budgets.	Completed	Complete
2016	10b	Start design of IP projects earlier and issue ITB earlier.	Completed	Complete
2016	10c	Add minimum quals for designated systems into bid specs.	Concur	Complete
2016	11a	Provide greater oversight of program during transition period.	Completed	Complete
2016	11b	Update the PMP/SOP, and train/require staff to use it.	Concur with comment	Working
2016	12	Evaluate effectiveness of CM/GC and consider other delivery models.	Completed	Complete
2016	13	Procure CM/GC by beginning or mid-point of schematic design.	Completed	Complete
2016	14	Complete Ed Specs sufficiently ahead of master planning for projects.	Completed	Complete
2016	15	Allow CM/GC to procure subcontractors by competitive quote up to defined dollar limit without prior approval of district.	Completed	Complete

<u>Year</u>	<u>Summary of Recommendations</u>	<u>Percent Completed</u>
2016	24 Recommendations, 22 completed	92% Completed

Status Notes on Recommendations Not Completed

2016	8d	Final PTMPs have been completed for Kellogg and Madison. Draft PTMPs have been completed for Lincoln and Benson. OSM is reviewing an e-Builder workflow that will require completion of the PTMP before the project can proceed into SD Phase.
2016	11b	The PMP/SOPs are reviewed and updated on an annual basis (please see 2017 audit findings for comment on most recent updates). Comprehensive trainings were last provided in 2015. OSM has completed a first draft of the 2019 PMP and will roll out training once this issuance has been finalized.

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2017 Bond Performance Audit Recommendations				
Year	#	Abbreviated Recommendation	Response	Status
2017	1	Utilities for unoccupied sites should be paid for by the contractor.	Concur with comment	Complete
2017	2	Provide contingency in bond program budget for unforeseen scope changes.	Concur with comment	Complete
2017	3a	Do outreach to contractors.	Concur with comment	Complete
2017	3b	Research why contractors don't want to bid on PPS projects.	Concur with comment	Complete
2017	4	Develop a BIM model that works for both OSM and FAM.	Completed	Complete
2017	5	P&C and legal counsel to review all proposed OSM contract changes.	Concur with comment	Complete
2017	6	Reduce profit and overhead percentages for change orders.	Concur with comment	Complete
2017	7a	Additional GMP contingency only allowed for scope increases.	Concur	Complete
2017	7b	Notify contractors of personnel's limits of authority.	Concur	Complete
2017	8	Start projects earlier and allow more time contingency in project schedules.	Concur with comment	Complete
2017	9	Hold CM/GC accountable for GMP. Identify what changes must be covered in the GMP.	Concur with comment	Complete
2017	10	At time of GMP amendment, identify alternates that could be added back later at the same price.	Concur	Complete
2017	11	Audit FHS and RHS CM/GC monthly billings. For GHS, evaluate benefit of monthly audit of billings against a schedule of values vs billings of actual costs.	Concur with comment	Working
2017	12	Amend Heery contract to reflect levels of financial authority for Heery personnel.	Concur	Complete
2017	13a	Reduce employee turnover.	Concur with comment	Complete
2017	13b	Provide promotional opportunities when vacancies occur.	Concur with comment	Complete
2017	14a	P&C should stop scoring cost of work in CM/GC proposals and only score proposed fees.	Concur	Complete
2017	14b	Review and negotiate profit and overhead rates to ensure they are industry-standard.	Concur	Complete
2017	15	Update the PMP/SOP, and add a template for the PTMP.	Concur	Working

<u>Year</u>	<u>Summary of Recommendations</u>	<u>Percent Completed</u>
2017	19 Recommendations, 17 completed	89% Completed

Status Notes on Recommendations Not Completed

2017	11	The FHS audit is complete. The RHS and GHS audits are being finalized. Work to evaluate benefit of monthly audits of billings against schedule of values indicated that it would be beneficial to proceed with monthly audits. Such audits took place with Grant and have been implemented for all future CM/GC projects. Once the RHS audit is final, this recommendation will be marked as complete.
2017	15	Preliminary draft of the October 2019 PMP update has been distributed to operational staff for review. A template for the PTMP was previously provided as part of the PMP; it is also being revised to better address project needs. SOPs are being developed on prioritized basis and rolled out bi-weekly at PM/CM dept meeting.

Recommendations Marked as Complete Since Last Reporting

2017	7a	For the Grant project, the original focus of the recommendation, no increases in GMP contingency without concomitant increase in scope have been allowed. That constraint has been frequently been communicated to the CM/GC. Contract language has been revised in the CM/GC contract template (including LHS, MHS and BHS contracts) to explicitly state this constraint.
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2019 Phase 1 Bond Performance Audit Recommendations				
Year	#	Abbreviated Recommendation	Response	Status
2019 Ph I	1	Develop and consistently apply a formal cost estimation methodology across projects regardless if developed in-house or by external consultants, including documentation of the reasons for any deviations from the established methodology.	Concur	Complete
2019 Ph I	2	Compare and analyze cost estimate assumptions and factors with historic practices and other comparable bonds or districts to determine whether adjustments to estimation methodology seem warranted.	Concur	Working
2019 Ph I	3	Establish a central location to retain final estimates at each project phase (master planning, schematic design, design document, construction documents), including any supporting documentation used to develop each estimate.	Concur	Complete
2019 Ph I	4	Discuss comparison of cost estimation methodology used with past PPS experiences, current market conditions, and estimates developed by peer districts when presenting cost estimates to the Board and public stakeholders.	Concur	Working
2019 Ph I	5	Categorize the reasons for variances in project costs, and aggregate those changes to the program-level to provide information on why costs varied from original bond, as well as report this information to the Board and public stakeholders.	Concur	Complete
2019 Ph I	6	Conduct an analysis to determine to what degree various factors, especially scope changes and changes in construction costs, caused an increase in construction costs for the 2017 Bond projects. This could include comparing assumptions used across various project milestone reports and/or reconciling line items amounts to subcontractor bids.	Concur	Complete
2019 Ph I	7	Analyze results of variances to make adjustments to future estimation models and methodology as well as to analyze whether changes are needed in the delivery of projects to ensure stronger cost containment.	Concur	Complete
2019 Ph I	8	Ensure project milestone reports use consistent data across all projects and clearly identify deviations.	Concur	Complete

<u>Year</u>	<u>Summary of Recommendations</u>	<u>Percent Completed</u>
2019 Ph I	8 Recommendations, 6 completed	75% Completed

Status Notes on Recommendations Not Completed

2019 Ph I	2	2020 Bond planning efforts for modernization projects (as seen in the 2020 Conceptual Master Plan projects for Jefferson HS, Wilson HS and Cleveland HS) are utilizing professional cost estimators for hard costs. These professional cost estimators will also provide recommendations for escalation and soft costs. Soft costs will be reviewed against the cost estimating methodology already established by OSM. Escalation and soft cost assumptions will be reviewed with the Bond Accountability Committee per their revised charter, prior to use for bond planning. Once 2020 Bond planning efforts are complete, this recommendation will be marked as complete.
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2019 Ph I	4	2020 Bond planning efforts intend to incorporate this recommendation. Once 2020 Bond planning efforts are complete, this recommendation will be marked as complete.
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Recommendations Marked as Complete Since Last Reporting

2019 Ph I	8	2017 Bond modernization project teams utilize the same phase milestones and complete a standardized Design Phase Approval (DPA) process in eBuilder. In addition, teams issue a standardized monthly project status report to track project finances, milestone dates, percentages for construction completed and planned, and other important data such as procurement and design updates. This report is built from a template that does not allow deviation, and therefore all teams are using consistent data.
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2019 Phase 2 Bond Performance Audit Recommendations				
Year	#	Abbreviated Recommendation	Response	Status
2019 Ph 2	1	Develop a written plan for establishing and prioritizing corrective actions needed to address project delivery issues related to change orders, contractor invoices, and other recommendation noted in prior audits of 2012 Bond projects.	Concur	Working
2019 Ph 2	2	Develop a written plan or strategy for identifying and incorporating additional funding options if future bond funds are not available and regularly communicate and discuss progress with the Board and Bond Accountability Committee	Complete	Complete
2019 Ph 2	3	Ensure cost estimates are fully documented with underlying support and rationale used for soft costs and FF&E - in addition to other cost components - including variations or deviations from stated methodology.	Concur	Working
2019 Ph 2	4	Implement the new cash flow planning process as intended at the start of the Fiscal Year 2019-2020, and update cash flows regularly.	Concur w/ comment	Working
2019 Ph 2	5	Immediately allocate and concentrate efforts on completing the overdue Fiscal Year 2018-2019 reconciliations between e-Builder construction management system and the PeopleSoft financial system, as well as ensure future reconciliations are regularly performed in a timely manner	Concur	Working
2019 Ph 2	6	Update and re-issue the PMP, in addition to individual school PTMPs, as well as consider developing quick tools, guides, and checklists to help project teams implement the protocols identified in the PMP and PTMPs.	Concur	Working
2019 Ph 2	7	Formally communicate, clarify and train OSM project teams and individuals involved with project delivery on existing document management protocols including requirements and expectations for usage.	Concur	Working
2019 Ph 2	8	Standardize design deviation logs by identifying consistent information to be maintained for each project and ensure approvals are documented	Concur w/ comment	Working
2019 Ph 2	9	Establish a tracking mechanism to store proposed changes to Ed Specs and Design Standards in an accessible location	Concur w/ comment	Working
2019 Ph 2	10	Supplement the "Decision Making Hierarchy" process with written guidance on what decisions to bring forward and elevate beyond the project team as well as train project teams on standard practice for value engineering deviations - as well as Ed Spec and Design Standard deviations	Concur w/ comment	Working
2019 Ph 2	11	Better document lessons learned by: categorizing lessons learned log items into separate subcategory section allowing project managers to more easily identify relevant items; and summarizing lessons learned and regularly distribute or discuss items with project teams.	Concur	Working

<u>Year</u>	<u>Summary of Recommendations</u>	<u>Percent Completed</u>
2019 Ph 2	10 Recommendations, 2 completed	17% Completed

Status Notes on Recommendations Not Completed

2019 Ph 2	3	OSM is working on revising its Standard Operating Procedure (SOP) on cost estimating to specifically require written documentation supporting cost estimates, in addition to continuing to direct project management staff in best practices. Once the SOP has been finalized, this recommendation will be marked as complete.
2019 Ph 2	4	OSM has completed implementation of a standardized, monthly, project cash flow planning process for the large capital projects using e-Builder. Implementation is in progress with Health and Safety projects. Due to the minimal changes that occur in a month's span, program management cash flow planning has historically been performed on a quarterly basis, and will remain on that timeline. Once all H&S projects are regularly completing monthly cash flow plans, this recommendation will be marked as complete.
2019 Ph 2	5	OSM hired an additional financial analyst in 2019. Reconciliations for Fiscal Year 2018-2019 are now complete through the most recent month of data available. Outliers found through these reconciliations are being addressed. Once all outliers for completed reconciliations are addressed, this recommendation will be marked as complete.
2019 Ph 2	6	Preliminary draft of the October 2019 PMP update has been distributed to operational staff for review. Once this issuance of the PMP has been finalized, this recommendation will be marked as complete. Efforts to develop appropriate tools and guides for staff will continue on an ongoing basis.

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Status Notes on Recommendations Not Completed

2019 Ph 2	7	This recommendation is under review by the AIT. OSM is also in the process of ordering PPS computer equipment for all non-PPS staff; OSM will then require that all PPS-related work be performed on PPS equipment utilizing PPS document management systems.
2019 Ph 2	8	A draft template for the design deviation log has been developed by OSM program management and is being reviewed by the auditors to see if it addresses their concerns.
2019 Ph 2	9	This recommendation is under review by the AIT.
2019 Ph 2	10	This recommendation is under review by the AIT.
2019 Ph 2	11	This recommendation is under review by the AIT.

Recommendations Marked as **Complete** Since Last Reporting

2019 Ph 2	1	OSM has developed an Audit Implementation Team with OSM's Senior Director and program management staff, and assigned staff coordination responsibility to the OSM Program Manager. The AIT team will determine how recommendations should be implemented, and will determine when recommendations can be marked complete. The first meeting of the AIT was 10/15/19. A written Standard Operating Procedures has been developed for establishing and prioritizing corrective actions.
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