



LONG BEACH COMMUNITY COLLEGE DISTRICT

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

**For the Fiscal Year Ended
June 30, 2005**





CPA ACCOUNTANTS CERTIFIED PUBLIC

January 21, 2006

Eloy Oakley
Vice 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, 2005. This performance audit evaluated the processes and controls needed to achieve construction program cost, scope and schedule goals established by the bond measure, and to provide commentary on cost factors which affect the facilities improvements within the Long Beach Community College District (District). 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 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 Curtis Matthews at (503) 704-6943 if you have any questions regarding this report.

Sincerely,

MOSS ADAMS LLP



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LBCCD Audit Resolution Status

Source	Issues Identified	Issues Resolved	Solutions Being Implemented *	Unresolved Issues **
Interim Audit 2004	13	11	1	1
Audit 2004	66	55	10	1





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





The District should procure services from an independent third party to perform pay application review (Moss Adams, Report dated June, 2004).

- The District is assigning an accounting technician to handle the basic accounting functions of the Bond Program and will conduct pay application reviews of the Bovis invoices.

District procedures covering the evaluation of professional service contracts should be documented (Moss Adams, Report dated June, 2004).

- The District Handbook of Purchasing Regulations and Procedures is being updated by the District and will address professional service contracts.

A lessons-learned methodology and project close-out procedure should be developed by the District (Moss Adams, Report dated June, 2004).

- The District will adopt a lessons-learned methodology from BMT and incorporate this in the District Measure E Bond Program Policies and Procedures.

A formal contract close-out process should be developed by the District (Moss Adams, Report dated June, 2004).

- The District Handbook of Purchasing Regulations and Procedures is being updated by the District and will address a





Improvement Opportunities:

High Priority —

- a) 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).

Management Response: The District concurs with the recommendation and will work with the BMT to amend the PMP.

2. Regulatory Compliance

We evaluated 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 District Facilities Department communicates with the California Community College Chancellor's Office (CCCCO) regarding the Bond Program.
- b) The Bond Management Team has defined safety practices, as evidenced by the Bovis Lend Lease/State of California Injury and Illness Prevention (IIP) Program and Safety and Environmental Management System (SEMS) manual, and posted safety and emergency information in the Bond Management Team trailer.
- c) The Labor Compliance Plan is established as required by Assembly Bill 1506, Senate Bill 1646, and Proposition 47, is defined in the Bond Program Management Plan, and is implemented by the Solis Group.
- d) The Facilities Master Plan and Environmental Impact Report (EIR) have been completed and approved by the Board of Trustees.
- e) The District has revised its Injury and Illness Prevention Plan (IIPP) and has begun the process of training and implementation.

Improvement Opportunities:

High Priority —

- a) The District should continue with efforts to update and publicize the hazard communication plan and evacuation plans.



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Improvement Opportunities:

Medium Priority —

- a) 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.

Management Response: The District concurs with the recommendation and the BMT will incorporate into the PMP a formal lessons-learned process and reporting. The report findings will be reviewed with BMT and District staff to identify improvement opportunities.

- b) 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.

Management Response: The District concurs with the recommendation and the BMT will work with the Facilities, Maintenance and Operations Department and Support Services to provide enhanced signage and communications targeted to increase awareness for construction, safety, way-



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- i) 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.
- j) District Design Standards and Specifications and the Infrastructure Master Plan have





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- c) The Program Management Plan includes competitive bidding processes for vendors and contractors that address bidder prerequisites and selection criteria. The





Medium Priority —

- a) 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.

Management Response: The District concurs with the recommendation and the BMT will incorporate a formal contractor evaluation as part of the PMP close-out procedures. The findings will be made available for contractor debriefings if requested.

6. 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) There is a higher likelihood of user acceptance and facility acceptability because of input from faculty, staff, facilities, students, District adm



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- f) End-users are included in the final walk-through and facility acceptance process.
- g) The District includes a notation in the file for construction contracts indicating the Notice of Completion date.





- d) Project schedules are reviewed, updated, and published on a regular basis, and impacts and deviations are brought to the attention of the District. The “trends” module of Expedition is used for forecasting.
- e) 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.
- f) The Bond Management Team indicates, in a summary format on the Payment Application letter, the distribution of labor between funds.
- g) Payment Applications are reviewed in the field with the architect, inspector of record, program manager, and contractor prior to Payment Application submission at the end of the month. The review of percentage of completion prevents early payments for work not performed, and helps to manage Bond fund cash flow. A checklist is attached to Payment Applications by the Bond Management Team to communicate items reviewed and approved.
- h) The Bond Management Team utilizes Bovis Lend Lease National Accounts for preferred pricing on site expenditures, and also works closely with District Contracts and Purchasing to take adv .





8. Program Staffing

Through interviews of key operational personnel, review of progr





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APPENDIX B – BOND PROGRAM SUMMARY OF PROJECTS

Campus	Facilities Master Plan	EIR	Land Acquisition	Deleted / Suspended	Not Started	Programming	Design	DSA	Bid/Award	Construction	Closeout	Complete	Total	New	Modernization	Campuswide / Infrastructure
LAC	NA	Accepted	NA	1	18	1	2	1		3			26	3	22	1
PCC	NA	Accepted	NA	4	6	3	4	1		2	1		21	7	5	9
East Campus (Los Coyotes)	NA	Accepted	Accepted										0			
Districtwide	In Progress	NA	NA						1				1			1
Total				5	24	4	6	2	1	5	1	0	48	10	27	11

*** College Project Planning**

Accepted - final report/study completed and accepted by the Board of Trustees

In progress - Report/study/land acquisition in process and going through required public hearings, negotiations, reviews and/or approvals.