

**OFFICE OF THE
INSPECTOR GENERAL**
LOS ANGELES COMMUNITY COLLEGE DISTRICT



REPORT OF AUDIT

**SELECTION OF CONSTRUCTION
CONTRACTORS**

OIG-003

OCTOBER 10, 2011



LACCD OFFICE OF THE
INSPECTOR GENERAL

INTEGRITY • TRUST • COMMUNICATION

October 10, 2011

Dr. Daniel LaVista
Chancellor
Los Angeles Community College District
770 Wilshire Blvd, 9th Floor
Los Angeles, CA 90017

Chancellor LaVista:

This is our audit report on the Selection of Construction Contractors for the LACCD Bond Program.

The audit report addresses the Bond Program's process for the selection of contractors for construction contract award, specifically for formal bids Design-Bid-Build and Design-Build procurement.

I appreciate the courtesies and cooperation extended to us by the District and Program Management staff during the audit process and completion of this report.

Sincerely,

Christine E. Marez
Inspector General
Los Angeles Community College District

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EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) has examined the Bond Program's process for the selection of contractors for construction contract award.

The objective of this audit was to provide reasonable assurance that the Los Angeles Community College District (LACCD) Bond Program processes for the selection of contractors for both formal bids Design-Bid-Build and Design-Build procurements are compliant to LACCD policies and procedures as well as applicable statutory requirements. The audit also reviewed internal controls and denoted deficiencies related to the efficiency and effectiveness of the procurement processes.

To achieve the audit objective, the OIG performed an extensive sample testing of documentation related to the selection of construction contractors, conducted interviews with District, Program Management (PM), and College Project Management (CPM) staff.

Summary of Results

The audit finds that the District is in compliance to LACCD policies and procedures as well as statutory requirements for the selection of contractors for both formal bids Design-Bid-Build and Design-Build procurement, with one exception:

- The audit finds noncompliance to policies and procedures for Design-Build selection of contractors, specifically, the lack of evidence of a quality assurance/quality control (QA/QC) review of several score sheets and summary score sheets. The OIG considers this a moderate risk although errors in the tabulation of scores could affect the outcome of the selected contractors.
- An additional observation, formerly an exception that was later removed, was noted in the audit and related to the District's compliance to statutory safety requirements for the prequalification of Design-Build bidders. The District utilizes a 1.24 Experience Modification Rate (EMR) vs. the required 1.00 EMR per CA Ed Code 81700 to prequalify bidders. The OIG agrees with the LACCD Management's response and interpretation of the statutory requirements; and has removed this item as an exception. The item is being included in this audit report to ensure clarification of any future issues or disputes related to the interpretation of CA Ed Code Section 81700 statutory requirements.

The audit identifies the following internal control deficiencies and views these deficiencies as opportunities for improvement.

- Insufficient Document Controls: Certain procurement documents were missing or not available in the PM's centralized document control system (DocView); and certain documents are retained by the CPM and have not been forwarded to the PM for archiving. Additional controls are required to ensure that all documentation from procurement processes are maintained in the PM's centralized document control system.
- No Evidence of Conflict of Interest Management: There is no evidence of the conflict of interest checks completed for Selection Committee members for sampled Design-Build

projects; and there are no written procedures for managing conflicts of interest by panel members and evaluators.

- No Formal Process for Determination of Design-Build Selection Committee Members: There are no written policies or procedures for the selection and approval of the Design-Build Selection Committee members. The current practice for the submittal and approval of the Selection Committee members process is inconsistent and lacks clarity for the PM and CPM responsibilities. Improved controls are required to ensure that the Selection Committee members understand the scoring process and that the committee includes a minimum representation by college administrators (i.e., building user groups).
- Inconsistencies in the Administration of the Design-Build Scoring Process: Observations of several inconsistencies in the administration and management of the Design-Build scoring process noted from several test samples include: no evidence of written instructions to Selection Committee members prior to scoring; score sheets tabulated at various stages in technical review; the introduction of proposed pricing; and the adjustments of scores. The assessed risk of observed inconsistencies in the administration and management of the Design-Build scoring process could result in inappropriate practices during the scoring process and possible bias of the results.
- Insufficient Due Diligence in Receipt of Bids and Proposals: Additional controls are required to ensure the proper recording of the receipt of bids and related documents such as statements of qualifications, bid proposals, and Best and Final Offers (BAFOs) including evidence of date and time stamps on bid envelopes; currently not recorded in DocView. Also, there is no requirement in the policies and procedures for recording of bids or a defined process to date and time stamp the receipt of bid documents.

Several good practices were observed regarding the continuous improvement of the Design-Build contractor selection process. The Program Manager has taken lessons learned from early Design-Build project procurements and revised administration practices, including the following recent improvements implemented over the last twelve months:

- Implementation of Design-Build interim interviews which Selection Committee members are required to attend prior to a selection session to ensure understanding of responsibilities, scoring process, and confidentiality requirements.
- Design-Build procedure checklists and forms developed and implemented by the Program Manager to increase internal controls and administration of Design-Build processes (Annex D).
- Enhanced presentations, training sessions, and briefings given to ensure that stakeholders are educated about the Design-Build procurement process. Training sessions are presented to college administration, building user groups, program management, and college project management staff.

Recommendations

We recommend that the District implement the following actions to address audit findings and exception denoted in the expanded sections of this report. These recommendations are necessary to assure that the Bond Program's contractor selection process is compliant and guarantees a fair and impartial process.

In summary, the OIG recommends that the District:

- Develop and implement controls to prohibit Design-Build Selection Committee members from revising their scores once a Design-Build contractor is identified during the scoring session,
- Require self-reporting of potential conflicts of interest by all Selection Committee members prior to scoring,
- Develop, or update, and implement procedures with adequate internal controls to ensure the Design-Build contractor selection process is consistently administered,
- Require deviations from the established procedures to be reported, reviewed and approved by the District, and
- Scan and verify the upload of all project and procurement documents to the online archival/document retention system within 60 days from contract award.

Review of Report

The OIG discussed the findings noted in this final report with the District and Program Management representatives throughout the audit process and at formal meetings held on August 10, 2011 and August 25, 2011. The draft audit report was distributed for review to the District and Program Management staff, College Presidents, and College Project Managers. The OIG considered all written comments provided in making some clarifying revisions to the final report. The OIG would like to thank the District and Bond Program staff for their full cooperation and assistance during this audit.

BACKGROUND

The Los Angeles Community College District (LACCD) \$5.7 Billion Bond Program is funded by Propositions A, AA, and Measure J, and was approved by voters in 2001, 2003, and 2008, respectively. The Executive Director of Facilities Planning and Development oversees the Bond Program Manager, BuildLACCD/URS.

The Program Manager (PM) is responsible for providing overall program management, budget, and schedule “roll-up” reporting from all nine colleges; establishes overall Bond Program policies and procedures; as well as administration, review and oversight of procurement, bidding, contracting, payment, and general ledger accounting for all bond expenditures.

The nine (9) College Project Management (CPM) firms report directly to the College Presidents and are responsible for performing services to oversee campus master planning, environmental impact studies, programming, design, construction, closeout, and occupancy; and oversee design consultants, contractors, and vendors.

The audit reviews the processes for the selection of construction contractors for the award of Bond Program construction contracts. The LACCD Bond Program utilizes three types of procurement processes for the selection of construction contractors:

- Formal Bidding (or Design-Bid-Build)
- Design-Build
- Informal Bidding¹

Formal Bid (Design-Bid-Build) Process

The LACCD Board of Trustees elected by resolution to become subject to California Uniform Public Construction Cost Accounting Act (Act) (CUPCCAA) enacted in 1983 under Public Contract Code Section 22000. The District formally bids all projects greater than \$175K².

The CUPCCAA bidding process is a formal bid selection of contractors requiring the notification of bids in specific trade journals; a 30-day advertisement period; submittal of sealed bids; public bid opening; tabulations of bids; verification of contractor bonding; insurance and other items to establish bid responsiveness; the recommendation of a lowest responsive bidder; and award by the Board of Trustees.

It should be noted that the District does not utilize a prequalification process to prequalify contractors for projects formally bid.

The PM administers the formal bid process for all colleges and bond projects, including West Los Angeles College (WLAC), which up until 6 months ago was managed directly by the college WLAC/CPM firm (Turner Construction).

¹ The selection of contractors through the quoted (construction projects less than \$30K) and informal bidding process (construction projects \$30K to \$175K) was not included in the scope of work for this audit; it will be reviewed by the OIG and reported as a separate audit.

² The previous statutory threshold of \$125K was revised to \$175K effective July 1, 2011.

Design-Build Selection Process

The Design-Build contract delivery system is governed by California Education Code Section 81700 et. seq. and applicable sections of the Public Contract Code and related government codes. It is intended to provide benefits to a Community College District including: an accelerated completion of projects; cost containment; reduction of construction complexity; and shifting the exposure of risk to the contractor. Cost benefits are achieved by the shifting of liability and risk for cost containment and project completion to the Design-Build entity.

The PM staff provides oversight for the Design-Build selection process and assists the CPM staff to facilitate the Selection Committee scoring sessions. The contractor selection process involves a three-step process:

- Step 1: District-Wide Pre-Qualification of Design-Build Teams.
- Step 2: Project Specific Short List of Project Design-Build Teams; includes a submittal of Statements of Qualifications (SOQ) from proposers previously qualified.
- Step 3: Selection of a Project Design-Build Team for a specific project; Selection Committee scores based upon presentation, design, project management, safety, labor workforce, and price, etc.

SCOPE, OBJECTIVE, AND METHODOLOGY

The objective of this audit was to provide reasonable assurance that LACCD's Bond Program's process for the selection of contractors, specifically for formal bidding (Design-Bid-Build) and Design-Build procurements, are compliant to (i) LACCD policies and procedures, as well as (ii) applicable laws and regulations. The audit also reviewed internal controls and denoted deficiencies related to the efficiency and effectiveness of the procurement processes.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Controller General of the United States. The standards require that the OIG plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

To achieve the audit objectives, the OIG performed a sample testing of supporting documentation related to the selection of construction contractors for 20 selected projects encompassing approximately 8% of all projects awarded by both procurement methods from June 2007 through August 2010. In addition, the OIG conducted interviews with District, PM, and CPM staff and performed a "walk-through" of both the Formal Bid (Design-Bid-Build) and Design-Build cycles.

The audit results may include exceptions, defined as a deviation from standards, statutory regulations, or policies and procedures; exceptions note the condition, criteria, effect, and management response. Observations are included when the audit identifies a possible (a) opportunity for operational improvement; (b) discrepancy; (c) error; (d) irregularity; (e) weakness; or (f) deviation from internal control standards.

AUDIT RESULTS

The audit results include specific findings related to issues noted during our test work. The audit results report observations and exceptions to criteria established in each of the following objective areas:

- Compliance to LACCD Policies and Procedures
- Statutory Compliance to Laws and Regulations
- Internal Control Deficiencies

Overview of LACCD Policies and Procedures

The audit noted that the District has no formally adopted detailed policy or procedure documents for the selection of construction contractors. Bond Program utilizes the draft *Program Touchpoints Handbook* (revised October 2010) developed by the PM, and related check lists and forms along with the actual RFP/RFQ documents, which were developed by outside counsel. The *Program Touchpoint Handbook* is intended to provide guidelines for interactions between the program management and CPM staff during various phases of a project, but not intended to provide detailed step-by-step instructions for performing any specific task. The only other document that provides detailed procurement procedures was identified as the *Program Management Plan* (PMP) last revised in July 2006; however it does not include any procedures for the Design-Build procurement process.

For the purpose of this audit, the OIG utilized the following information as the test criteria for procedure compliance: (i) process flow charts of the formal bid and Design-Build processes developed out of interviews and a walk-through with the PM Director of Contracts and staff, and (ii) the guidelines for selection of contractors from the *Program Touchpoints Handbook*.

Compliance to LACCD Policies and Procedures

The following exception was noted during the test work related to the District, PM, and CPM compliance to LACCD policies and procedures for Formal Bid and Design-Build processes for the selection of construction contractors.

1. Design-Build Contractor Selection

Condition: Several score sheets and/or summary of scores did not have any evidence of review or QA/QC by the PM Design-Build staff.

Criteria: The draft *Program Touchpoints Handbook* (page 90) directs the PM to conduct QA/QC of data entry and confirm formulas following a scoring session.

Effect: Errors in tabulation of scores could affect the outcome of the selection of contractors.

Views of Responsible Officials and Planned Corrective Action

Management agrees with this exception as it relates to the sampled projects. It is noted that Management had begun to perform initially of the score sheets prior to this audit; however, the practice was not uniformly applied. BuildLACCD has now formally adopted this practice.

2. Formal Bid (Design-Bid-Build) Contractor Selection

No exceptions were noted from testing samples for compliance to policies and procedures for the selection of construction contractors for projects delivered by Formal Bid.

Compliance to Design-Build Statutory Requirements

The LACCD Design-Build process for the selection of contractors is regulated by California Education Code Section 81700 and by reference to applicable sections of the California Public Contract Code, Civil Code, Education Code, Government Code, Code of Civil Procedure, and Labor Code.

The following observation was noted during the test work related to the District, PM, and CPM compliance to statutory requirements for the selection of construction contractors for projects that are delivered by Design-Build procurement.

1. Compliance to Contractor Safety Prequalification Requirements

Condition: The District allows contractors with more than a 1.00 Experience Modification Rate (EMR) to prequalify for Design-Build projects. The District currently utilizes a 1.24 EMR to prequalify contractors.

Criteria: California Education Code Section 81703 requires a bidder's "safety record" be deemed "acceptable" if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury or illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category, or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

Effect: The District's interpretation of the CA Ed Code requirements is the basis for compliance; this interpretation could be challenged and would require the District's Design-Build prequalification criteria to comply with a 1.00 EMR.

Views of Responsible Officials and Planned Corrective Action

Management agrees with this observation and conclusion. The EMR limitation, derived from Ed Code 81703, includes the following section, "or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code" and identifies the 1.0 EMR limitation as non-mandatory. The Labor Code reference states:

(1) An alternative dispute resolution system governing disputes between employees and employers or their insurers that supplements or replaces all or part of those dispute resolution processes contained in this division, including, but not limited to, mediation, and arbitration.

The LACCD Project Labor Agreement (PLA) includes a worker's compensation carve out agreement which falls into this category. As such, since the "or" in the above process is disjunctive and the LACCD complies with the latter option, the current process is in compliance with the statute. The more inclusive nature of the 1.24 vs. 1.00 can be considered to be more in line with the expansive nature of the Board's policies regarding small business participation.

OIG Response:

We agree with Management Response and have removed this as an exception and noted it, instead, as an observation. This item is being included in this audit report to ensure clarification of any future issues or disputes related to the interpretation of CA Ed Code Section 81700 requirements.

Compliance to Formal Bid (Design-Bid-Build) Statutory Requirements

The LACCD Design-Bid-Build (formal bid) process for the selection of contractors is regulated by applicable sections of the California Public Contract Code, Civil Code, Education Code, Government Code, Code of Civil Procedure, and Labor Code.

No exceptions were noted from testing samples for compliance to statutory requirements for the selection of construction contractors for projects delivered by Formal Bid.

Internal Control Deficiencies

The audit identified the following internal control deficiencies related to effectiveness and efficiency of the administration of Formal Bid and Design-Build contractor selection. Although not required by policies and procedures, or laws and regulations, we consider these findings opportunities for improvement and proper due diligence.

1. Insufficient Document Controls

Additional controls are required to ensure that all documentation from procurement processes are archived in the PM centralized document control system (DocView). Since certain steps of the process are administered either by the PM or CPM, not all documents were available from DocView. Although the PM submitted most of the sample testing documentation, the process for retrieval was lengthy. Certain documents were not available in DocView until after completion of the testing process or could not be located. Specific testing examples include:

- a. Score sheets of individual scorers were not available for some of the selected Design-Build project samples.
- b. Various missing documents, including notifications of approval by College Presidents for Step 3 scoring summaries (several samples).
- c. Insufficient documentation on a few of the selected project samples for Formal Bids. [*The PM indicated that this finding relates to sampled project at West Los Angeles College; the procurement processes were previously managed by the CPM and are now overseen by the PM*].

Views of Responsible Officials and Planned Corrective Action

Additional process changes have been implemented to require scanning of all pertinent project related formal bid documents to the program's document management system (DocView), plus a requirement for a second party review of all bid archive packages.

The majority of the selected projects for the Design-Build testing are from the beginning of this newer construction process. As noted in this audit's good practices section, The PM has taken lessons learned from these early projects and enhanced the procedures. Most of the requested documents were not available to the IG as they are new requirements and not executed in the earlier projects.

2. No Conflict of Interest Management

There is no evidence of the conflict of interest checks completed for Selection Committee members for sampled Design-Build projects; and there are no written procedures for managing conflicts of interest of panel members and evaluators. The assessed risk is low for conflicts to occur in the Formal Bid process due to the submittal of sealed bids. However, there exists a significant risk in the Design-Build procurement due to an undefined process for the selection of committee members and a "3-Step" evaluation and selection process that includes multiple representatives from the PM, CPM, and College administration.

Views of Responsible Officials and Planned Corrective

In the first statement, the OIG states there are no written procedures for managing conflicts of interest in panel members and evaluators. The Design Build process does include actions to address conflict related issues in briefings and orientations with Selection Committee members; however, the Management agrees and is currently developing a conflict of interest policy and procedure that will require signed disclosure forms from Design-Build Step III selection committee members and/or in any of the Step I and/or Step II reviews for all of the evaluators.

3. No Formal Process for Determination of Design-Build Selection Committee Members

There are no written policies or procedures for the selection and approval of the Design-Build Selection Committee members, except for the draft Program point Manual (page 88) guideline that lists a step to "determine Selection Committee members (campus design manager and member of CPM team)", however, it does not indicate which party is responsible for the performance of this action.

The current practice for the submittal and approval of the Selection Committee members during the Step 3 process is inconsistent as reported by PM and CPM staff (e.g., CPM staff report that the PM selects and approves the Selection Committee, and PM staff reports that it is the CPM or College President who is responsible for approval and notification of the committee members).

Improved controls are required to ensure that the Selection Committee members understand the scoring rules and that the committee includes a minimum representation by college administrators (i.e., building user groups.)

Views of Responsible Officials and Planned Corrective Action

The PM solicits the direction of the College administration to determine the appropriate and necessary representation from the staff and faculty, which adequately reflect the end users and stakeholders for the facility being delivered and achieve the ends of effective participatory governance. The PM agrees with and will supply more training of the selected committee members on the rules for scoring. While the PM disagrees with circumventing or prescribing the College's participation in the selection committee, the PM agrees with stipulation of the participation of both PM and CPM personnel.

4. Inconsistencies in the Administration of the Design-Build Scoring Process

The OIG has observed several inconsistencies in the administration and management of the Design-Build scoring process noted from several test samples; specifically in the following areas:

- a. Submittal of 2 sets of BAFOs (from two selected samples)
- b. Score sheets tabulated at various stages in the technical review, or score sheets tabulated at completion of the scoring session.
- c. Score sheet revisions (handwritten "markups" or "strikeouts") are not documented with appropriate reasons or validation that revisions occurred prior to completion of scoring session and recording of results.
- d. No evidence of written instructions to Selection Committee members prior to scoring.
- e. Inconsistent process for the introduction of proposed contractor pricing during the scoring sessions; and instructions for the adjustment of scores by Selection Committee members.

The assessed risk of observed inconsistencies in the administration and management of the Design-Build scoring process could result in inappropriate practices during the scoring process and possibly bias of the results.

Views of Responsible Officials and Planned Corrective Action

- a. *In cited instance, a second BAFO was solicited from proposers due to budgetary limitations of the Colleges and proposals, which exceeded these budgets received in the initial BAFO. In consultation with outside counsel, an additional addendum was issued to require the additional BAFO based upon a reduced scope of work. Citation of this as an "inconsistency" is misleading, as specific requirements of each project, college and set of proposals require review and evaluation.*
- b. *This refers to the preliminary tabulation of scores during a scoring session at the request of the Selection Committee. While this practice is a benefit to the Selection Committee in the process of creating consensus and recommending an awardee, the PMT agrees with the creation of a policy prohibiting tabulation of current scores in light of the misinformation and misunderstanding surrounding this tabulation.*
- c. *The new procedure to eliminate any revisions to score sheets once the tabulation is completed, addresses the OIG's request.*

- d. *New procedures have been implemented and include written instruction to Selection Committee members during the mandatory interim interview process. This new procedures ensures that Selection Committee members are aware of scoring responsibilities and guidelines.*
- e. *Management agrees with this statement and is developing policies and procedures to standardize the introduction of proposed pricing and instructions to the selection committee.*

5. Insufficient Due Diligence in Receipt of Bids and Proposals

Additional controls are required to ensure the proper recording or the receipt of bids and bid related documents. There is no requirement in the policies and procedures for recording of bids or a defined process to date and time stamp the receipt of bid documents.

In the Formal Bid process, envelopes from the sealed bids received are date/time stamped, however, copies of the date/time stamp are retained in hard copy, but not archived in centralized document control. There is no evidence in the test samples to indicate the timely receipt of Design-Build Step 2 Statements of Qualifications (SOQs), or Step 3 Requests for Proposals (RFPs), or Best and Final Offers (BAFOs). It also appears that certain documents received by the CPM are not forwarded to the PM for archiving.

Views of Responsible Officials and Planned Corrective Action

Additional process changes have been implemented in the Design-Bid-Build selection process to require scanning of all pertinent project related bid documents to the program's document management system (DocView), plus a requirement for a second party review of all bid archive packages.

Management agrees to the addition of a procedure to timestamp submissions upon receipt of all relevant receipts for Design-Bid-Build bids.

RECOMMENDATIONS AND COMMENTS

Recommendation 1.0

The OIG recommends that the District develop and implement controls to prohibit Design-Build Selection Committee members from revising their scores once a Design-Build contractor is identified during the scoring session.

Additionally, the OIG recommends that the District create a written policy stating what an appropriate composition of the Design-Build Selection Committee should be for various procurements; and that the Program Manager maintain a *written record of attendees at all Design-Build mandatory interim meetings, and Step 3 Selection Committee scoring sessions identifying roles of all attendees, i.e., Selection Committee members (scorers), PM, CPM, and college staff.*

Views of Responsible Officials and Planned Corrective Action

The first part of this recommendation concerns the preliminary tabulation of scores during a scoring session at the request of the Selection Committee. While this practice is a benefit to the Selection Committee in the process of creating consensus and recommending awardees, the PM agrees with the creation of a policy prohibiting tabulation of current scores in light of the misinformation and misunderstanding surrounding this tabulation.

The second portion of this recommendation questions the creation of the Selection Committee comprised of PM, College Project Manager (CPM), and college personnel. As a matter of practice, the PM solicits the direction of the college administration to determine the appropriate and necessary representation from the staff and faculty, which adequately reflect the end users and stakeholders for the facility being delivered and achieve the ends of effective participatory governance.

The third portion of the recommendation questions the documentation of attendance at the RFP interview and meetings maintained and made available for review. If the recommendation solicits a field in the sign-in sheets indicating the specific role of the individual at the meeting, we agree with such minor modification.

Finally, Management agrees with the recommendation to formally institute sign-in sheets for all attendees to any Step 3 scoring session.

Recommendation 2.0

The OIG recommends the District require self-reporting of potential conflicts of interest through the completion of *Conflict of Interest/Confidentiality Disclosure Forms* to be signed by all Selection Committee members prior to scoring. Persons with a real or perceived conflict of interest should recuse themselves prior to scoring sessions; disclosure forms should be maintained by the PM and copies forwarded to the Office of General Counsel.

Views of Responsible Officials and Planned Corrective Action

While the PM includes this content within briefings and orientations with Selection Committee

members, the PM takes no exception to the codification of such a signed disclosure form from all Selection Committee members. The District agrees with this recommendation and is currently developing a protocol to manage conflict of interests, which includes signed disclosure forms from Design-Build Step III selection committee members and/or in any of the Step I and/or Step II reviews for all of the evaluators.

Recommendation 3.0

The OIG recommends that the District develop, or update, and implement procedures with adequate internal controls to ensure that the Design-Build contractor selection process is administered consistently to assure continued compliance with laws and regulations. The Program Manager should ensure all procedures are communicated and understood by PM, CPM, and college administration staff.

Specific controls should be added to ensure the proper recording of bids—date and time stamped to indicate the timely receipt of the bid packages.

Views of Responsible Officials and Planned Corrective Action

The first portion of this Recommendation addresses written policies and procedures governing the Design-Build process. The PM has provided the process guidelines as well as the execution and authorization forms and checklists, which capture multiple requirements and stages in the process. The granularity of the established processes, checklists and verification forms have been focused on the areas of specific risk and based on lessons learned rather than exhaustively address all potential nuances of the process in the interest of efficiency and clarity, and to avoid unnecessary consulting expenses in preparing such a deliverable. Multiple training sessions, documents, “road shows” and committee presentations have been made by the PM to the College and CPM to communicate these processes. The PM agrees with allocating the resources to increase the specificity of the process and procedure manuals and associated documents.

The second portion of the recommendation references the time stamping of “bids” and recording receipt of the different process deliverables during the competitions. While the PM has not encountered procedural problems regarding this, the PM agrees to add additional processes to achieve this.

Additionally, a process is currently in place for ensuring timely delivery of formal bids including retaining the time stamped envelope as evidence of compliance. Current checklists will be reviewed and additional review signatures will be added.

Recommendation 4.0

The OIG recommends that a policy document be created and communicated to the PM staff members that in the event of any instances of management suggested deviations from the current policies and procedures (or request for such override of established procedures) be communicated to the Program Director and the Facilities Executive. A communication can also be made to the OIG via the Whistleblower Hotline, which would protect the whistleblower from retaliation.

Views of Responsible Officials and Planned Corrective Action

Management agrees with this recommendation. It is felt that making this recommendation to solicit District and/or higher-level approval from any current policy and/procedure can be added to the Touchpoint Handbook. Additionally, we agree to coach, remind, and instruct the PM team members about their options when any potential deviation is noted.

Recommendation 5.0

The OIG recommends that all project documents be scanned and uploaded to the online archival/document retention system, DocView, within 60 days from contract award to ensure the accuracy and completeness of the documents. Upon completion of the contractor selection and award process an archival form with list of all essential documents, and approval communications required, should be uploaded into DocView; two parties responsible for the accuracy and completeness of the archived documents should approve the archival form.

Views of Responsible Officials and Planned Corrective Action

We concur with the OIG Recommendation. A comprehensive checklist for archiving project documents for the Design-Build process is in use and has been provided in the Annex. The checklist was first implemented in August 2009 with continuous expansions. Currently, there are no formal signatures on the form; however, the PM agrees to add such signatures to the form. Additionally, all formal bidding documents shall be archived within 60 days from contract award. A process change for formal bid projects has already been implemented to require scanning of all pertinent bid/contract related documents. The archive document will now require review and approval from a second party.

ANNEX

Annex A – Report Distribution

Annex B – Audit Team

Annex C – Interviews Performed

Annex D – BuildLACCD Design-Build Procedure Updates (*New Checklists and Forms Implemented 2010-11*)

ANNEX A – REPORT DISTRIBUTION

Board of Trustees
Chancellor Dr. Daniel J. LaVista
Deputy Chancellor, Dr. Adriana Barrera
Office of General Counsel
Facilities Planning & Development
Program Manager (BuildLACCD)

ANNEX B – AUDIT TEAM

Sonia Luna, Principal, CPA
Amit Dewan, Senior Supervisor
Ken Lin, Auditor
Aileen Yu, Auditor

ANNEX C – INTERVIEW LIST

Interviews were conducted with the following staff:

- Kelly Cauvel, BuildLACCD, Design-Build
- Todd Cozolino, BuildLACCD, Construction Support Group Manager
- Helen Ferraro, BuildLACCD, Design-Build
- Mona Garber, BuildLACCD, Compliance Manager
- John Harmer, BuildLACCD, Deputy Director
- Magdalen Hron, BuildLACCD, Design-Build
- Michael Mallery, BuildLACCD, Design-Build
- Werner Wolf, BuildLACCD, Contracts Group Manager

CPM Interviews³

- Ed Bilezikjian, CCG, Los Angeles Southwest College
- Ed Cadena, Swinerton, Pierce College
- Christopher Dunne, Harris, Los Angeles City College

³ The listed CPMs were interviewed regarding the process for Design-Build (Architect) selection as part of the Professional Services selection for projects at their respective Colleges; all comments have been incorporated.

- Bob Herrman, Jacobs, East Los Angeles College
- Tom Johns, Arcadis, Los Angeles Harbor College
- Deba Mohapatra, AVA, Los Angeles Trade Tech
- Eloy Retamal, Yang, Los Angeles Valley College
- Bruce Riskey, Arcadis, Los Angeles Harbor College

ANNEX D – DESIGN-BUILD CHECKLISTS AND FORMS