

FI (11) Work Step

Conduct appropriate investigative steps to:⁴⁴²

- Determine whether Primavera has been fully adopted and is being updated as required **(A)**.
- Review recent projects to determine whether PCOs have been entered into Primavera **(B)**.
- Determine whether any change orders from the period when Primavera went down are currently not recorded in Primavera **(C)**.
- Determine if multiple purchase orders were created for a single contract and determine the control deficiencies that allowed this to occur **(D)**.
- Determine if the KPI and CAMP reports historically provided to the Board were inaccurate **(E)**.

Results of Testing

(A) Work Step - Conduct appropriate investigative steps to determine whether Primavera has been fully adopted and is being updated as required.

Related Allegations

GOV (4) - SGI was slow to adopt and enforce the use of Primavera

PAP (3) - SGI is not inputting information accurately in Primavera

Results of Work Performed

The Primavera software is the District’s project management system that includes the P6 Module and PCM Module (see below for an explanation of these modules).⁴⁴³ Based on interviews with the District, the Primavera system is used for master scheduling and tracking of project information. Additionally, the District obtains reports (such as the Change Order Log, the Proposed Change Order Log and Status Reports) from Primavera that are used to review the potential risk of projects related to the project objectives in terms of time and cost. The Primavera modules are explained below.

- The **P6 Module** is used for planning, managing, and scheduling projects and programs. The Master Scheduler creates a “Master Schedule” for a bond project, which enables the District and construction management firm to envision and assess the impact of their decisions on a project. A Master Schedule consists of several project activities

⁴⁴² The letters included in parenthesis after each sentence provides a reference to the applicable section within this work step.

⁴⁴³ The District’s Primavera software license will expire in December 2016.

(stages) as listed below with estimated dates from start to finish. See **Exhibit F111-01** for a sample of the Master Schedule.

- 1A – Planning: In the planning stage (or predesign stage) for a project, the architect meets with key District personnel (such as the Chief Engineering Officer, Director of Facilities & Construction, school principals, etc.) to gather information to define the scope of the project.⁴⁴⁴ The architect will then prepare a conceptual plan with rough cost estimates. The District and architect will review and revise the conceptual plan until an agreement is reached as to the scope of the project.
- 2A – Design: In this stage, the architect draws the architectural plans and specifications for the construction project based on the decisions made during the Planning stage.
- 2C – DSA: In this stage, the architectural drawings and specifications prepared by the architect are reviewed by the Division of the State Architect (DSA) under the supervision of the California Department of General Services (DGS).⁴⁴⁵
- 3A – Bid: In this stage, the District complies with Public Contract Code Section 20111(a) related to formal bidding procedures for public projects.⁴⁴⁶ See FI (8) Section that addresses the District’s bidding procedures.
- 4A – Award: In this stage, the District, upon opening of all the bids for construction work, proposes to the Board of Education (Board) at its regular meeting to award a public project to the lowest responsible bidder or else reject all bids. Upon the award of a public project by the Board to the lowest responsible bidder, the District will issue a Notice to Proceed in order for the construction phase of the project to commence.
- 5A – Construction: In this stage, the licensed contractor begins the construction work for the public project based on the date specified in the Notice to Proceed. The

⁴⁴⁴ This includes information such as type of project, size of the building, number of classrooms, number of bathrooms, number of students, etc.

⁴⁴⁵ The DGS has the responsibility of supervising the design and construction/reconstruction of any school building to ensure that plans and specifications comply with the rules and regulations according to the Education Code Sections 17280-17317 and building standards published in Title 24 of the California Code of Regulations.

⁴⁴⁶ Public project means a project for the construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility per PCC Section 22002(c).

construction phase may occur in one fiscal year or across several fiscal years, depending on the scope of the project.

- 6A – Close Out: In this stage, the architect, District and contractor(s) conduct due diligence related to project closeout responsibilities.⁴⁴⁷
- The **PCM Module** (Project Construction Management) is used to keep track of approved contracts for a bond project once the master schedule is established in Primavera. The Module is also used by general contractors, Construction Managers and District Project Managers to enter data such as Requests for Information (RFI) or Proposed Change Orders (PCOs). See Work Step (B) included below for a detailed explanation of PCOs.

The TC (15) Section discusses the testing of 20 bond related professional service contracts in which 18 of the contracts had not been entered into Primavera at the time of testing.⁴⁴⁸ The TC (15) Section further discusses the research that the Master Scheduler has to conduct in order to determine which bond related contracts (construction and professional services) are currently not in Primavera. Currently, the District intends to use Primavera only for the tracking of RFIs, PCOs, and COs and for monitoring the construction status of each project. Therefore, the District does not intend to enter professional services contracts in Primavera as they do not impact the construction portion of the projects. District staff will continue the current practice of entering only construction contracts into the Primavera system upon approval by the Board.

Conclusion

The District is currently using the Primavera system for monitoring the construction status of projects and for tracking RFIs, PCOs, and COs. Therefore, the District does not intend to enter professional services contract in Primavera as they do not impact the construction portion of projects. This appears appropriate based on the current use of the Primavera system. Refer to section TC (15) for TC15-2 recommendation for this area.

⁴⁴⁷ Project closeout responsibilities have different meaning to each participant. To the contractor, as an example, it means resolving the punch list items, reconciling the job cost, compiling lien waivers from subcontractors and suppliers, submitting notice of completion, collecting the final payment, etc. To the architect, it means reviewing the contractor's punch list, reviewing closeout materials for compliance, inspecting the project to determine final completion, etc. To the District, closeout means accepting the project as stipulated in the certification of completion and making the final payment, to name a few.

⁴⁴⁸ VLS testing occurred in April 2016.

(B) Conduct appropriate investigative steps to determine whether PCOs have been entered into Primavera

Related Allegations

COA (2) - PCOs not in Primavera

Results of Work Performed

The General Contractor (GC), Construction Manager (CM) and District Project Manager (PM) enter data into the Primavera PCM Module, as mentioned previously. Below is a brief summary of the steps in the processing of Request for Information (RFIs), Proposed Change Orders (PCOs), and Change Orders (COs):

- When a GC requires clarification on a particular aspect of a project (or the construction drawings), he submits an RFI.⁴⁴⁹
- The RFI is entered into Primavera and the system automatically determines the required date for the response to the RFI, which is scheduled to be seven days from the receipt of the RFI.⁴⁵⁰
- The CM reviews the RFI and involves the PM and Architect of Record (AOR) where appropriate. For example, the RFI may require the AOR to respond to a specific question the GC has regarding the drawings.
- The AOR prepares a response to the RFI (within seven days from the receipt of the RFI).
- The CM and PM review the response and forward it to the GC.
- If the GC believes that the response to the RFI involves a scope change, the GC submits a PCO, which formally documents the GC's request for additional time or additional funds related to the scope change. The specification section 0070 under General Conditions

⁴⁴⁹ An RFI is a communication tool to confirm or clarify the interpretation of a detail, specification, or note on the construction drawings, or to secure directive or clarification from the Architect of Record (AOR) or District that is needed to continue work. It is also used by subcontractors to state concern(s) related to the scope of work in terms of product quality or omission or misapplication of a product. See **Exhibit F111-03** for an example of an RFI.

⁴⁵⁰ According to page 3 of 5 of the Construction Manual dated 3/4/2014 Section 1.8 Requests for Information, the CM is responsible for ensuring that RFIs that may affect progress of the work receive expedited responses within 14 calendar days of receipt of the RFI. According to the Master Scheduler, the Primavera system is set up to provide a seven-day window from the receipt date of the RFI in order to accelerate the process.

included in the contract with the GC discusses the requirement that the GC “*shall submit its PCO within five days of the date GC discovers or reasonably should discover the circumstances giving rise to the PCO, unless additional time to submit a PCO is granted in writing by the District.*” See **Exhibit FI11-02** for an example of a PCO.

Not all RFIs will result in a PCO as the response to the RFI does not always result in a scope change. However, some PCOs are the result of an RFI as that is the formal process for the GC to obtain clarification from the District and/or AOR regarding the scope of work and/or construction documents. The process for submitting, reviewing, and responding to RFIs and PCOs is tracked through the Primavera system.

- The PCO is then reviewed by the appropriate parties. The CM, DPM and GC meet to review the PCO’s proposed adjustments for labor, material, equipment costs and proposed adjustments to the contract. The DPM reviews a hard copy of the document(s) with the Engineering Officer and if approved, the document(s) is initialed by both District personnel.⁴⁵¹
- If it is approved by the District, it must be incorporated into a CO within 7 days from the date of the agreement.⁴⁵²
- COs shall be processed for approval (by the Board) within 45 days from receipt of a PCO.⁴⁵²

The proper and timely processing of RFIs and PCOs are critical to the efficiency of construction management as PCOs may significantly affect the cost of construction and its completion.

VLS selected five schools with an approved budget to determine if PCOs were entered into Primavera within the time period required by the District.⁴⁵³ It would be difficult to identify PCOs that were not entered in Primavera as they do not exist within the Primavera system; therefore, VLS tested the timeliness of when RFIs are “converted” to PCOs. The District provided VLS a list of RFIs (*Request Status Log*) and PCOs (*Proposed Change Order Log*) from Primavera for the 2013/14 fiscal year through April 2016. Figure 23 and Figure 24 include images of the data included in the *Request Status Log* and *Proposed Change Order Log*, respectively.

⁴⁵¹ See TC (13) Section for testing performed by VLS related to approval of PCOs.

⁴⁵² See page 2 of 10 of the Construction Manual dated 3/4/2014 Section 1.11 Change Order Procedures.

⁴⁵³ The five schools selected were obtained from the last EAW approved by the Board on 11/12/2014.

Figure 23: Image from *Request Status Log*

West Contra Costa Unified School District		BOND MANAGEMENT PROGRAM		1300 Pobero Avenue Richmond, CA 94804 Main: (510) 412-5657 Fax: (510) 412-5661		SGI CONSTRUCTION MANAGEMENT		
Coronado ES* New School				Request Status Log				Date: 4/29/2016
Project No: 1121341-00								Page: 1 of 26
Priority	Number	Dated	Title	Required	BIC	Status	Responded	Elapsed
1	00001	12/30/2013	WF-1 Metering Valve	1/6/2014	CVP	CLO	1/8/2014	6
1	00002	1/9/2014	Project Control	1/16/2014	CVP	CLO	1/13/2014	3
1	00003	1/9/2014	Seismic Attach. @ Suspended Ceiling	1/16/2014	CVP	CLO	1/9/2014	-1
1	00003.1	1/17/2014	Seismic Attach. @ Suspended Ceiling	1/24/2014	JMR	CLO	1/22/2014	4
1	00004	1/10/2014	Bio Swale Invert Elevations	1/17/2014	CVP	CLO	1/13/2014	2
1	00005	1/16/2014	Abandoned Sewer Pipe	1/23/2014	CVP	CLO	1/17/2014	0
1	00005.1	1/24/2014	Abandoned Sewer Pipe	1/31/2014	JMR	CLO	2/10/2014	16

Figure 24: Image from *Proposed Change Order (PCO) Log*

West Contra Costa Unified School District		BOND MANAGEMENT PROGRAM		Coronado ES* New School				
Proposed Change Order (PCO) Log				Date: 5/2/2016				
Project No: 1121341-00				Page: 1 of 6				
PCO Number	To	Title	Dates		Proposed Cost	Collected Into Change Number	Reason code	
			Issue	Status				
00001	WCCUSD	Existing subsurface sidewalk removal	CLO	3/5/2014	3/12/2014	\$5,100.00	00001	1
00002	WCCUSD	Existing Foundation	CLO	3/12/2014	3/19/2014	\$4,380.00	00001	
00003	WCCUSD	Audio Visual Floor Boxes	CLO	3/12/2014	3/19/2014	\$46,198.00	00001	1
00004	V006162	Over Excavation at Footing	CLO	3/20/2014	3/27/2014	\$851.00	00001	1
00005	WCCUSD	Unforeseen Brick Removal	CLO	4/7/2014	4/14/2014	\$16,581.00	00004	1
00006	V006162	Excavate, Mix and Place Wet Soils	CLO	4/7/2014	4/14/2014	\$3,593.00	00004	1
00007	V006162	Crush 60' of 8" SS Clay Pipe	CLO	4/7/2014	4/14/2014	\$810.00	00004	1
00008	WCCUSD	Revised Floorboxes at Speedline	CLO	4/18/2014	4/25/2014	\$969.00	00002	2
00009	WCCUSD	Block Out Bldg. M Footing For Well	CLO	5/15/2014	5/22/2014	\$922.00	00004	1

Table 61 includes a summary of the RFIs, PCOs, and the ratio of PCOs to RFIs for the selected projects. Out of 3,884 RFIs listed in the *Request Status Log* (column 3), there were 1,218 PCOs created in Primavera according to the *Proposed Change Order Log* (column 4) or an average of 31.4%. The columns included in Table 61 are explained below:

- Column (1) – School: Identifies the school site tested
- Column (2) – Project No.: Standard project number assigned by the District.⁴⁵⁴
- Column (3) – Number of RFIs: Total number of RFIs entered into Primavera per *Request Status Log*.
- Column (4) – Number of PCOs: Total number of PCOs entered into Primavera per *Proposed Change Order Log*.
- Column (5) – Ratio of PCOs to RFIs: Percentage of PCOs over RFIs – Column (4) divided by Column (3).

⁴⁵⁴ This is discussed in TC (15) Section on page 101 and included in the TC15-1 recommendation.

Table 61: Summary of RFIs and PCOs for Selected Schools for 2013/14 through April 2016

(1) School	(2) Project No.	(3) Number of RFIs	(4) Number of PCOs	(5) Ratio of PCOs to RFIs
Coronado Elementary School	1121341-00	623	191	30.7%
De Anza High School	3521208-02	192	83	43.2%
Portola/Korematsu Middle School	2141103-06	1,246	353	28.3%
Nystrom Elementary School	1441205-02	520	129	24.8%
Sylvester Greenwood Academy/LPS	3581366-05	1,303	462	31.4%
Total		3,884	1,218	31.4%

Additionally, VLS analyzed the same lists of RFIs and PCOs provided by the District to determine the number of days that had lapsed between the RFI required date and PCOs initiated date in Primavera to determine if there appeared to be a lag in PCOs being created.⁴⁵⁵ If there is a significant amount of time elapsed between the RFI required date and the PCO initiated date, this may indicate that PCOs are not being entered/created in a timely manner. VLS selected five PCOs from each school site; therefore, 25 PCOs were tested as shown in Table 62 column (7).

The columns included in Table 62 are explained below:

- Column (1) – School: Identifies the name of the school site tested.
- Column (2) – Days Lapsed < 30 Days: Number of days lapsed between the RFI required date and the PCO initiated date was less than 30 days.
- Column (3) – Days Lapsed > 30 Days: Number of days lapsed between the RFI required date and the PCO initiated date was more than 30 days but less than 60.
- Column (4) – Days Lapsed > 60 Days: Number of days lapsed between the RFI required date and the PCO initiated date was more than 60 days but less than 90.
- Column (5) – Days Lapsed > 90 Days: Number of days lapsed between the RFI required date and the PCO initiated date was more than 90 days.
- Column (6) – Not Applicable: Number of PCOs that VLS could not match with the corresponding RFIs.
- Column (7) – Total: Total number of PCOs tested for each site – sum of Columns (2) through (6).

⁴⁵⁵ The RFI required date represents the date required for reviewer to respond to the initiator of the RFI. This date is automatically determined by Primavera and set to be 7 days after the RFI was entered into the system. The PCO initiated date represents the date of when the PCO was received from the GC.

Table 62: Summary of Lapsed Time between RFI Required Date and PCO Initiated Date

(1) School	(2) Days Lapsed < 30 Days	(3) Days Lapsed > 30 Days	(4) Days Lapsed > 60 Days	(5) Days Lapsed > 90 days	(6) Not Applicable	(7) Total
Coronado Elementary School	1	1	1	0	2	5
De Anza High School	3	0	0	0	2	5
Portola/Korematsu Middle School	1	0	0	3	1	5
Nystrom Elementary School	1	1	0	1	2	5
Sylvester Greenwood Academy/LPS	0	1	0	2	2	5
Totals	6	3	1	6	9	25

Based on Table 62, the results are the following:

- Six PCOs had initiated dates that were within 30 days of the RFI required dates (Column 2);
- Three PCOs had initiated dates between 30 and 60 days of the RFI required dates (Column 3);
- One PCO had an initiated date between 60 and 90 days of the RFI required date (Column 4);
- Six PCOs had initiated dates of more than 90 days of the RFI required dates (Column 5); and lastly,
- Nine PCOs had no corresponding RFIs (Column 6).

See Work Step (C) on page 354 of this report for additional testing performed by VLS pertaining to the completeness of PCOs in Primavera. Additionally, see TC (16) Section that discusses the Change Order Report provided by the District Chief Engineering Officer.

Conclusion

There is often a significant delay between the RFI required date (when the District or AOR responds to an RFI) and the PCO initiated date. For approximately 76% of the PCOs tested, this delay was more than 30 days. It appears that the GC is not complying with Specification Section 0070 under General Conditions included in the contract with the GC, which requires that PCOs be submitted within five days of discovering the circumstances giving rise to the PCO. See FI11-1 recommendation for this area.

Based on the additional testing performed by VLS in Work Step (C), it appears that the PCOs for 30 approved COs have been entered into Primavera. Three approved COs were not recorded in

the PCO log. These three COs were for the lease of portable buildings. Because the lease of portable buildings is not a construction project, these COs were not tracked as a project in Primavera and therefore not part of the PCO log. This is not considered an issue and is discussed further in work step (C) below.

(C) Determine whether any change orders from the period when Primavera went down are currently not recorded in Primavera

Related Allegation

COA (6) - Information for expected COs was lost when the Primavera server went down. These expected change orders are currently uncoded

Results of Work Performed

According to the interviews with the Master Scheduler, the District encountered issues with the Primavera server between the period of 4/23/2014 and 5/13/2014. The dates and descriptions included below provide a timeline of the server issues that were experienced:

- 4/23/2014 – low memory
- 5/1/2014 – attachment failed
- 5/2/2014 – catastrophic system failure
- 5/9/2014 – system down for one week
- 5/10/2014 – Primavera Controls team allowed to take over the system to solve the problem
- 5/13/2014 – Primavera went back online at 8:00 p.m.

The District provided VLS a list of PCOs and COs that the Master Scheduler recaptured when the Primavera server went down (see **Exhibit FI11-04**). Based on the recaptured list of PCOs and COs, testing was performed by VLS to determine if the PCOs and COs were in Primavera (See Table 63). According to the Master Scheduler, the Primavera Controls team⁴⁵⁶ rebuilt the production database that was corrupted due to the system failure. The team performed data verification and system testing. Additionally, the team performed a full backup of the repaired database before allowing users to access the Primavera system.

Table 63 includes a summary of the recaptured PCOs and COs. There were 18 PCOs (Column 3) and 11 COs (Column 5) that were recaptured during the period of 4/23/2014 through 5/13/2014. These recaptured PCOs and COs amounted to \$415,697.96 (sum of Column 3 plus Column 5).

⁴⁵⁶ The Primavera Controls team consisted of the Master Scheduler, District IT personnel, and the SGI Programming Engineer.

Table 63: List of Projects with Recaptured PCOs and COs dated between 4/23/2014 and 5/13/2014

Ref No.	(1) Project Name	(2) Project No.	(3) Number of PCOs	(4) Total Amount of PCOs	(5) Number Of COs	(6) Total Amount of COs
1	Helms MS Sports Field & Landscaping	2101101-16	2	\$ 1,426.44	0	\$ -
2	Hercules HS Health Center	3761395-00	2	5,344.05	0	-
3	Kennedy HS Science Wing Renovation	3601211-13	1	1,166.00	3	12,854.00
4	Korematsu MS New Building	2141103-06	0	-	2	34,122.64
5	Ohlone ES Phase 1 – New Classroom	1461206-04	3	59,348.00	6	241,147.00
6	Pinole Valley HS Ph1 Detention Basin	3621377-01	1	12,937.83	0	-
7	Pinole Valley HS Ph2A Interim Campus ⁴⁵⁷	3621377-02	6	(254.00)	0	-
8	Sylvester Greenwood Academy/LPS	3581366-05	3	47,606.00	0	-
Totals			18	\$ 127,574.32	11	\$ 288,123.64

VLS verified that the PCOs and COs listed in Table 63 were included in the appropriate PCO Logs (indicating that they had been captured in Primavera). VLS verified that the COs included in Column 5 were included in a Board précis for approval. Sixteen PCOs were “converted” into twelve COs which were included in a Board précis dated between 1/29/2014 and 3/4/2015. One PCO was not converted into a CO and one PCO was rejected.⁴⁵⁸

Additional Testing:

To verify that the recaptured PCOs and COs were complete, VLS selected 33 approved COs from the Board Précis dated May 2014 through July 2014 and verified that the related PCOs were included in the appropriate PCO logs.⁴⁵⁹ The results are listed below:

- Thirty approved COs were included in the PCO logs and the dollar amounts matched what was approved by the Board.

⁴⁵⁷ The amount in Column 4 of Table 63 is the net amount of the six PCOs in Column 3. Five PCOs are additive (increases) for a total of \$34,536, and one PCO is a deduction (decrease) of \$34,790; therefore, the net difference is a decrease of \$254.00.

⁴⁵⁸ PCO 00007 for Pinole Valley HS Ph2A-Interim Campus was rejected, and PCO 00071 for Helms MS Sports Field & Landscaping was not converted into a CO.

⁴⁵⁹ The change order summary included in the Board Précis includes the CO number(s) and total CO amount; however, it does not list the related PCO numbers. One CO can consist of multiple PCOs. The PCO log lists the CO number for closed PCOs. VLS identified all PCOs with the CO number obtained from the Board Précis and verified that the total of the individual PCO amounts matched the CO amount approved by the Board. If the amounts matched, it was assumed that all corresponding PCOs were appropriately shown in the PCO log.

- Three COs were adjustments to a contract for a portable buildings lease and were not tracked as a project in Primavera; therefore, a PCO log is not available.

Conclusion

According to the testing performed by VLS, all recaptured PCOs and COs identified by the Master Scheduler were recorded in Primavera. Based on the additional testing performed by VLS, 30 of 33 approved COs were included in the PCO logs and the dollar amount agreed to the amount that was approved by the Board. There were three COs that were approved by the Board for the lease of portable buildings for Pinole Valley HS. Since the lease of portable buildings is not tracked as a project in Primavera because it is not construction project, it is appropriate that a PCO log is not available.

(D) Work Step – Determine if multiple purchase orders were created for a single contract and determine the control deficiencies that allowed this to occur.

Related Allegation

PAM (3) – Munis does not have the ability to control payments to contract amounts – multiple purchase orders were written for a single contract and there is no control to prevent this.

Results of Work Performed

VLS selected a sample of 55 invoices related to bond construction projects that were paid through BiTech during the 2008/09 through 2012/13 fiscal years to determine if multiple purchase orders were created for a single contract.⁴⁶⁰ The sampled 55 invoices (Column 3 in Table 64) represent a total of 12 vendors and 14 separate contracts.⁴⁶¹ From the 14 contracts issued, the District created 43 purchase orders (Column 4 in Table 64) in order to make payments for 55 invoices. See FI (5) Section for further discussion of issuance of multiple purchase orders for a single contract.

Table 64 summarizes the results of the testing performed by VLS. The columns included in Table 64 are explained below.

- Column (1) – Vendor Name: Name of the vendor.
- Column (2) – Contract No.: The number assigned to the contract.

⁴⁶⁰ BiTech is the District's previous financial accounting system.

⁴⁶¹ Two vendors (Young Office Solutions LLC and ERA Construction Inc.) were listed more than once with different contract numbers.

- Column (3) – Number of Invoices: The number of invoices sampled for the specific contract listed in Column 2.
- Column (4) – Number of Purchase Orders: The number of purchase orders created for the specific contract listed in Column 2.
- Column (5) – Total Amount Paid: The total amount paid for the sampled invoices included in Column 3.
- Column (6) – School: Identifies the school project/site for which the contract was issued.

Table 64: Sample of Bond Project Contracts and Number of Purchase Orders Issued

Ref No.	(1) Vendor Name	(2) Contract No.	(3) Number of Invoices	(4) Number of Purchase Orders	(5) Total Amount Paid	(6) School
1	Young Office Solutions LLC	3541110-20	6	6	\$ 480,732.16	El Cerrito HS
2	Young Office Solutions LLC	2121110-08	3	3	197,598.54	Pinole Valley MS
3	Dell Computer Corporation	6151221-17	2	2	56,698.17	Central
4	Young Office Solutions LLC	1321220-03	2	2	32,234.30	King ES
5	AT&T Internet Services	6151221-04	3	3	66,525.00	Central
6	RGA Environmental Inc.	1000000030	7	7	127,042.50	Gompers ⁴⁶²
7	Mobile Modular Management Corp	2121102-28	9	2	139,536.82	Pinole Valley MS
8	ERA Construction Inc.	1151201-37	4	4	20,145.00	Dover ES
9	Production Technical Services	1000000016	5	4	59,062.00	Various ⁴⁶³
10	Hamilton and Aitken Architects	1000000062	3	1	23,528.87	Vista Training Center
11	Davillier Sloan	1000000021	4	3	108,242.42	Various ⁴⁶⁴
12	Ninyo and Moore Geotechnical	1000000025	2	2	40,000.00	Gompers
13	ERA Construction Inc.	1000000072	2	2	17,550.00	Gompers
14	HMC+Beverly Prior Architects	1000000084	3	2	54,962.50	Gompers
Totals			55	43	\$ 1,423,858.28	

Additionally, VLS selected a sample of 18 invoices related to bond construction projects that were paid through the Munis financial system during the 2013/14 through 2014/15 fiscal years. The 18 invoices represent a total of 13 vendors and 14 contracts.⁴⁶⁵ In the Munis financial system, the contract number and purchase order number are the same. Since the District is using the Purchase Order Module in Munis, which generates the purchase order number, the District implemented a process that requires the use of the purchase order number as the

⁴⁶² Also known as Sylvester Greenwood Academy/LPS.

⁴⁶³ Coronado ES, Ohlone ES and De Anza HS.

⁴⁶⁴ Nystrom ES, Ohlone ES and De Anza HS.

⁴⁶⁵ Two separate contracts were issued for AM Woo Construction.

contract number. In reviewing the invoices selected for testing, the invoices that related to the same contract had only one contract/purchase order number.

Conclusion

According to the analysis performed by VLS, there were multiple purchase orders created by the District for a single contract. It appears that the District often issued a separate purchase order for each invoice received and paid. This process for creating multiple purchase orders for one contract was limited to when the District was on the BiTech financial system. Beginning with the 2013/14 fiscal year, when the Munis system was implemented, the District began assigning the same number for both the contract and purchase order. See FI (5) section for further discussion of issuance of multiple purchase orders for a single contract. See FI11-2 recommendation for this area.

(E) Work Step – Determine if the KPI and CAMP reports historically provided to the Board were inaccurate.

Related Allegation

FRP (4) - KPI and CAMP reports prepared were not accurate

Results of Work Performed

Construction Asset Management Program (CAMP) reports were prepared by SGI and used by the District to provide detailed financial and non-financial information related to the bond funded projects. According to the Agreed Upon Procedures report prepared by Vavrinek, Trine, Day & Company, LLP (VTD) as of 6/30/2014, the monthly CAMP reports were no longer provided to the Citizen’s Bond Oversight Committee (CBOC) as of April 2013. The District replaced this report with the Key Performance Indicator (KPI) report beginning with January 2015.

VLS selected six reports from the Citizens’ Bond Oversight Committee (CBOC) website for review:

- CAMP as of 1/28/2009⁴⁶⁶
- CAMP as of 8/24/2011
- CAMP as of 4/17/2013
- KPI as of 1/28/2015 (**Exhibit FI11-05**)
- KPI as of 7/15/2015
- KPI as of 2/29/2016

⁴⁶⁶ Due to the size of the CAMP report, it is not included as an exhibit.

Due to the size of the reports, VLS selected the same five sites from each report for closer examination. The selected sites are Coronado Elementary, De Anza High, Korematsu/Portola Middle, Nystrom Elementary and Sylvester Greenwood Academy/LPS.

Testing Mathematical Accuracy of Reports:

VLS identified instances where the subtotal and/or grand total was not equal to the sum of the individual line items listed for the sites (see Table 65). Table 65 includes the CAMP Report dates, page numbers in which the subtotal and/or grand total are not accurate, and the differences between the amounts reported and the VLS recalculated amounts. See **Exhibits FI11-06, FI11-07, and FI11-08** for copies of the individual pages listed in Column 3 of Table 65.⁴⁶⁷ The columns included in Table 65 are explained below:

- Column (1) – School: Identifies the name of the school.
- Column (2) – Report and Date: Identifies the name and date of the report.
- Column (3) – Page No.: Identifies the page number in which the mathematical error was found.
- Column (4) – Project Budget Amount per Report: The project budget amount listed on the page in column 3 for the identified school.
- Column (5) – Project Budget Amount per VLS Calculation: The subtotal and grand total of the items listed on the page in column 3 as calculated by VLS.
- Column (6) – Difference: The difference between what VLS calculated as the project budget and the amount shown on the specific page – difference between columns 4 and 5.

Table 65: List of CAMP Reports and Page Numbers with Errors

Ref No.	(1) School	(2) Report and Date	(3) Page No.	(4) Project Budget Amount per Report	(5) Project Budget Amount per VLS Calculation	(6) Difference
1	De Anza High	CAMP 1/28/2009	IX	\$ 160,100,000	\$ 153,230,446	\$ 6,869,554
2	Coronado Elementary	CAMP 8/24/2011	83	32,000,000	31,965,587	34,413
3	Leadership and Gompers ⁴⁶⁸	CAMP 8/24/2011	96	50,024,128	49,968,025	56,103
4	Coronado Elementary	CAMP 4/17/2013	83	32,000,000	31,965,587	34,413
5	Nystrom Elementary	CAMP 4/17/2013	I, 63	32,481,474	32,489,214	(7,740)

Each difference identified in Table 65 is discussed further in the bullets included below:

- De Anza High (#1): The total project budget reported for De Anza High on page IX of the CAMP Report dated 1/28/2009 is \$160,100,000; however, the sum of the individual line

⁴⁶⁷ The notations made in red in the exhibits were added by VLS.

⁴⁶⁸ Also known as Sylvester Greenwood Academy/LPS.

items included for the project equals \$153,230,446 (Exhibit FI11-06). The difference of \$6,869,554 was identified in the Design Phase Services category, and this difference carries through to the project budget total at the bottom of the page.^{469,470} The subtotal listed on page IX for the Design Phase Services is \$26,343,150; however, the sum of the individual line items listed in this category is \$19,473,595; therefore, the difference is \$6,869,554.

- Additionally, VLS reviewed page 70 of the same CAMP Report for De Anza High. Page 70 listed expanded financial information, which includes the budgeted amount, approved commitments, pending commitments, approved COs, invoiced amount, and budget balance for each category of expenditures.⁴⁷⁰ The subtotal reported on page 70 for the Design Phase Services is \$26,343,150, which is the sum of 11 individual line items. VLS compared the 11 individual line items reported under the Design Phase Services category listed on pages IX and 70 of the CAMP Report. Ten of the eleven line items have the same descriptions and budget amounts listed on both pages. One of the eleven line items on page IX has a description of “Bond Program Manager” with a reported amount of \$0; however, the “Construction Manager” description is listed on page 70 with a reported amount of \$6,869,555. Therefore, pages IX and 70 show different line item descriptions that resulted in the difference of \$6,869,555.
- Coronado Elementary (#2 and #4): Page 83 of the CAMP Report dated 8/24/2011 includes expanded information for Coronado Elementary (**Exhibit FI11-07**).⁴⁷¹ The difference of \$34,413 can be found in the total line for the “Budgeted” column. The reported subtotals for all categories are mathematically correct as verified by VLS. The sum of the subtotals is \$31,965,587; however, the total reported on page 83 is \$32,000,000; therefore, the net difference is \$34,413. This incorrect total for Coronado Elementary is also reported in the CAMP Report dated 4/17/2013 (**Exhibit FI11-08**).
- Leadership and Gompers (#3): Page 96 of the CAMP Report dated 8/24/2011 includes expanded information for Leadership Public Schools (**Exhibit FI11-07**).⁴⁷² The difference of \$56,103 can be found in the total line for the “Budgeted” column. The reported

⁴⁶⁹ Page IX of the CAMP Report dated 1/28/2009 listed a summary of secondary schools funded by Measure J which included De Anza HS. The Design Phase Services category listed 11 individual line items such as Bond Program Manager, Master Architect, Design Manager, etc. in which the Bond Program Manager line item is listed twice within the same category.

⁴⁷⁰ The categories are Pre-Design Services, Design Phase Services, Construction Phase Services and Modernization/New Construction.

⁴⁷¹ The expanded financial information includes the budgeted amounts, approved commitments, pending commitments, approved COs, invoiced amounts and budget balance of individual line items for each category.

⁴⁷² Also known as Sylvester Greenwood Academy/LPS.

subtotals for all categories are mathematically correct as verified by VLS. The sum of the subtotals is \$49,968,025; however, the total reported on page 96 is \$50,024,128; therefore, the net difference is \$56,103.

- Nystrom Elementary (#5): Page I of the CAMP Report dated 4/17/2013 includes the Program Budget for each site and project, and page 63 includes expanded information for Nystrom Elementary. The program budget for Nystrom on page I is listed as \$32,481,474. The subtotals for all categories reported on page 63 are mathematically correct and the total reported, as verified by VLS, is \$32,489,214. There is a difference of \$7,740 between the amounts reported on pages I and 63. (**Exhibit FI11-08**)

Testing Roll-Forward Balance of Project Budgets:

VLS compared the project budget amounts for the selected reports and sites identified above with the previous report's project budget amounts to ensure that the correct amounts were brought forward to the subsequent monthly report. VLS found no exceptions on the three selected CAMP reports.

The transition from the CAMP report to the KPI report presented complexity in understanding the source of the amounts reported in the KPI report for the selected project budgets. Compared to the CAMP report, the information presented in the KPI report is at a much higher level and consolidates the various projects at each school site. The first KPI report, dated 1/28/2015, was only three pages long; contrary to the previous CAMP report dated 4/17/2013, which was 116 pages. The KPI Report was significantly different from the CAMP Report in terms of format. Below is a brief description of the differences between the two reports:

- The KPI report dated 1/28/2015 listed the school name, project types, number of sub-projects at school location, forecast and actual start dates (of construction), forecast and actual finish dates (of construction), current budget, revised commitment, and spent to date as shown in **Exhibit FI11-05**. The amounts are listed as totals for each school for current budget, revised commitment and spent to date.⁴⁷³
- The CAMP Report dated 4/17/2013 included a cost breakdown summary by bond measure, detailed information for each site by bond measure (such as budget and expenditures for each category), separate pages listing the budgets for Furniture and Equipment (F&E) and Network Technology, etc. as shown on the Table of Contents of **Exhibit FI11-09**.

VLS prepared a summary for the selected site project budgets based on the amounts reported in the last CAMP report dated 4/17/2013 for comparison to the project budgets reported in the

⁴⁷³ See TC (16) Section, which discusses the School KPI Cost Report presented to the Citizens Oversight Bond Committee (CBOC).

first KPI report (subsequent report). See Exhibit **FI11-10** for the summary which includes the name of the selected sites, the construction project budgets for each site, budgets for Quick Start, Tech E-Rate, Additional Projects, Ph2A-3, F&E and Technology & Security and the approved adjustments from the EAWs dated 4/10/2013 and thereafter. The results of this summary are listed in Table 66.

Table 66: Comparison of Project Budgets from 4/17/2013 CAMP to 1/28/2015 KPI

Ref No.	School	Exhibit FI11-10 Prepared by VLS	KPI dated 1/28/2015	Difference
1	Coronado Elementary	\$ 42,778,309	\$ 42,778,309	\$ -
2	De Anza High	131,824,320	132,124,320	300,000
3	Korematsu/Portola Middle	70,781,527	70,781,527	-
4	Nystrom Elementary	49,486,844	49,486,844	-
5	Gompers/Leadership	78,831,895	78,831,895	-

De Anza High School had a \$300,000 budget reduction included in the 4/17/2013 CAMP report that resulted in the difference shown in Table 66. This reduction can be found on page I of the CAMP report under the adjustment column for De Anza High School (see **Exhibit FI11-08**). It appears that the \$300,000 reduction was not taken into consideration when the budget was brought forward to the KPI Report dated 1/28/2015. Furthermore, during the review of the Expenditure Authorization Worksheets (EAWs) discussed in the FI (2) Section, the reduction of \$300,000 for De Anza High was not included in the EAW dated 7/24/2013 and thereafter.

Conclusion

The results of VLS testing show that there was evidence supporting the claim that the KPI and CAMP reports were not accurate. Several pages in the CAMP reports dated 1/28/2009, 8/24/2011, and 4/17/2013 include budget subtotals and totals for De Anza High, Coronado Elementary, Leadership and Gompers, and Nystrom Elementary that do not equal to the sum of the line items. The total budget for Nystrom Elementary included on two different pages of the report listed different amounts. Additionally, the budget reduction of \$300,000 for De Anza High School listed in the 4/17/2013 CAMP report was not taken into consideration when the budget was brought forward to the KPI Report dated 1/28/2015. The CAMP and KPI reports lack explanations necessary for the Board and public to completely understand the changes to the reports. The lack of clarification provides incomplete reports; thereby, inhibiting transparency and impeding public trust. Refer to section TC (16) for the current test of controls for this area.

Recommendations

FI11-1. Enforce the guidelines included in “specification section 0070” of the General Conditions section of general contractor agreements, which requires that general contractors submit Proposed Change Orders within five days of the knowledge of the circumstances resulting in the Proposed Change Order. This will ensure that the District is made aware

of contractor requests in a timely manner and will result in more accurate reporting of potential project costs.

FI11-2. VLS acknowledges that the system the District was using when multiple purchase orders were issued for a single contract was BiTech, the District's former financial software, which is different from the current financial system. The District is currently using the purchase requisition/order and contract module in Munis. VLS recommends that the District continue the use of the **current** numbering system in the Munis financial software for the bond related contracts to prevent the occurrence of issuing multiple purchase orders for a single bond related contract.

See the TC (13) Section for recommendations related to documentation to be maintained as support and inclusion in the CO packet. See the TC (16) Section for recommendations related to bond report preparation, distribution, and presentation.

Response by the District

FI11-1. The District agrees with the recommendation and will continue to enforce the contract terms

FI11-2. The District agrees with the recommendation and will continue to use the current numbering system in the Munis financial software.

VLS's Assessment of Response by District

VLS reviewed the District's response and agrees that the response and planned action are appropriate to address the recommendation(s) made by VLS.