

***LOS ANGELES UNIFIED SCHOOL DISTRICT
PROPOSITION BB BOND PROGRAM***

**A REVIEW OF
PROJECT AND PROGRAM MANAGEMENT
FOR
THE PROPOSITION BB BOND PROGRAM**

**Prepared by Deloitte & Touche LLP
350 South Grand Avenue
Los Angeles, CA 90071**

February 28, 2002

TABLE OF CONTENTS

I Executive Summary	
A Brief history of the project and rationale for review	3
B Summary of risk analysis and recommendations	6
II Review Methodology	
A Summary of the approach taken in Program and Project Management Review	7
III Organizational Structure	
A Review	
i) Data Requested	8
ii) Feedback	9
B Assessment	12
C Findings	
i) Apparent Risks	15
D Recommendations	17
IV Policies and Procedures	
A Review	
i) Data Requested	19
ii) Feedback	20
B Assessment	22
C Findings	
i) Apparent Risks	24
D Recommendations	25
V Management, Monitoring and Control	
A Review	
i) Data Requested	26
ii) Feedback	27
B Assessment	29
C Findings	
i) Apparent Risks	32
D Recommendations	34

VI Costs Incurred

A	Review	
	i)	Data Requested 36
	ii)	Feedback 37
B	Assessment	38
C	Findings	42
D	Recommendations	43

VII Appendices

A	Organization Chart	44
B	Quantitative Questionnaire and Results	45

I EXECUTIVE SUMMARY

A) **Brief History of the Program and Rationale for Review**

This is a review of the organizational structure, policies and procedures, management, monitoring and control, and costs associated with the Proposition BB Bond Program (the “BB Program”). This review is an update to the “Report of Findings” prepared and submitted by The Office of the Inspector General (the “OIG”) in March 2000 (the “Report of Findings”). In contrast to that investigative report, this is a review and takes a macro-level approach to assess the overall functionality and competency of the Facilities Services Division of the LAUSD (“LAUSD Facilities”) in executing the BB Program. An approach was taken to identify areas that have improved and areas in which there is still opportunity for improvement, subsequent to the Report of Findings.

Program History

In April 1997, Proposition BB was approved by voters to fund the repair and construction of new school facilities in order to mitigate the challenges created by school overcrowding. In addition, the Proposition BB funds were earmarked for the repair and the upgrade of Existing Facilities. Of the total amount approved, \$900 million was dedicated to new construction, and nearly \$1.5 billion was targeted for work on Existing Facilities.

In November of 1998, a new State bond measure was approved that provided \$2.3 billion in funds for school facilities modernization and \$2.9 billion for new school construction statewide. Proposition 1A required a local match of 50%, subsequently enabling LAUSD to leverage Proposition BB funds and utilize an additional \$900 million of Proposition 1A funds for new construction.

In December of 1999, the Los Angeles Unified School District (“LAUSD”) brought to the attention of the LAUSD Chief Operating Officer a summary of the Proposition BB school repair and construction expenditures to date. The summary indicated that a total of \$74 million was projected to be spent for contracted program and project management services. The report also stated that these costs represented approximately 19% of the total Proposition BB expenditures for projects.

Following this report, the Chief Operating Officer for LAUSD proposed to LAUSD’s Board of Education that the OIG conduct an investigation into the Proposition BB expenditures for program and project management costs. Subsequent to this recommendation, the OIG investigated the activities of the program and project management firms providing services under the Proposition BB effort. On March 28, 2000, the OIG delivered a detailed Report of

Findings (the “OIG Report”) addressing the facts regarding: a) LAUSD adequately managing and monitoring the Program Manager and Project Managers; and b) costs incurred in the program being allowable and reasonable. In summary, the OIG Report found that the LAUSD was paying higher construction program and construction management fees than were being paid by other school districts around the state and country for similar services, and the LAUSD was paying in excess for what were previously the guidelines for school construction program and project management fees.

Approximately one year later, on February 23, 2001 and on April 25, 2001, two reports were generated internally by the LAUSD Facility business unit: the Proposition BB Report Card on Existing Facilities, and the Proposition BB Report Card on New Construction (the “LAUSD Reports”). Both reports, not consistent in their methodology or content, represent an internally generated assessment of the status of the Proposition BB projects and the results of the restructuring at the LAUSD based on the OIG Report of March 2000.

The February report validated the earlier findings of the OIG and specifically highlighted that by early in 2000, it was clear that the management of existing facility modernization projects was in trouble. Specifically, project costs were running far in excess of the budgets established in school contracts, projects were slipping behind schedule, and both program/project management and change order costs were exceeding industry norms by substantial margins. The report also found that sufficient controls had not been put in place to manage budgets or schedules. The report further outlined that the Program was on track to spend all of the \$1.5 billion available without completing a significant portion of the work included in school contracts.

On a more positive note, the February report concluded that since the OIG Report, the Proposition BB Bond Program had undergone a process of reassessment and restructuring. The report described that realistic project budgets and schedules were established, a more sensible and effective management structure was in place, experienced construction professionals were hired to provide leadership, and improved controls were implemented.

The report further highlighted that the re-baselined budget provided a comprehensive picture of how available funds would be used to complete all school contract work. Specifically, the report emphasized that the re-baselined budget provided funding for all school contracts, and project budgets reflected 10 percent contingency. Finally, the report concluded that the District was in a far better position to effectively manage the remainder of the BB Program and to ensure that Bond proceeds were used judiciously to improve schools for the students they were intended to serve.

In November 2001, however, just 9 months after the Facilities Services Division reported that the BB Program was back on track, LAUSD officials announced that the Program faced a potential \$600 million shortfall. LAUSD officials said that millions of dollars were wasted because of poor management, miscalculated environmental and inflation costs, and a lack of proper controls involving hundreds of projects.

This Review

A point of clarification should be noted about this review to the reader. There are two distinct groups executing project management for the BB Program: New Facilities, which is managing and executing all construction for new schools in the various local districts, and Existing Facilities, which is managing and executing the modernization and upgrade projects at existing schools in the various districts. There are major differences in the scope and the approach to BB Program administration for each, and this report addresses both the positive steps taken and the needs for improvement within each, as well as the LAUSD organization as a whole in executing the BB Program.

This report is not intended to be a complete synopsis of all challenges that exist within the LAUSD facilities organization. Its purpose is to highlight those issues that present the most obvious opportunities for improvement.

B) Summary of risk analysis and recommendations

There are five issues that are of critical importance and in need of immediate attention by the LAUSD. These major areas of concern are:

1. **Cost Control:** There is substantial inadequacy in identifying, tracking, predicting, and controlling the costs and budgets associated with the projects under the BB Program.
2. **Reporting Structure:** The reporting structure and lines of communication at the project management level in Existing Facilities are possibly inadequate to effectively plan, control, and manage the BB Program projects.
3. **Outsourced Staffing Costs:** The costs of outsourced staffing in management roles and performing construction management may be substantially reduced by hiring contract positions within the LAUSD.
4. **Project Management Firms (“PMFs”):** There may be an excessive number of outside PMFs being utilized for the execution of the BB Program.
5. **Integrated Financial System (“IFS”):** The IFS may not be capable of providing reliable, detailed, or timely data for the management of the BB Program.

There are a number of other significant issues that do not pose the same risk or require attention as immediately as the aforementioned, but are equally as important for the LAUSD to address. Specifically, these are:

1. **Policy and procedures:** There is a lack of development, issuance, implementation, and adherence to a comprehensive set of policies and procedures for Existing Facilities.
2. **E-rate and other funds:** These funds require more sensible integration with the BB Program to avoid waste and inefficiency.
3. **BB Program Deputy Controller position:** There is a lack of single-point responsibility and control over the budget for the BB Program.

II REVIEW METHODOLOGY

A) **Summary of the approach taken in Program and Project Management Review**

An open and interactive process was utilized to obtain constructive feedback from the interviewees. The intent of this effort was to identify both areas in which the Program is working well and which aspects of the program require improvement. Interviewees and other personnel were asked where they felt change was needed, what they thought was working well, what problems they could shed light upon, and what input they had for an applicable solution.

Specifically, risk was assessed through the following steps:

Interviews and Discussions

Interviews and discussions were held with key personnel within the LAUSD and PMFs. During this process, enterprise, department, and project management personnel were interviewed. Various applicable questions were posed, and interviewees consisted of a cross-section of personnel that could provide the most beneficial feedback. The intent was to gain overall understanding of the LAUSD organization, the interrelationship between PMFs, local districts, and LAUSD management, as well as feedback on areas for improvement related to the administration and execution of the BB Program.

Documentation Requests

Augmenting the interview process, organizational charts, policies and procedures, budgets and costs were requested from LAUSD and LAUSD Facilities. This documentation was the basis used to assess risk for procedures in place, costs associated with the BB Program, and the function of the organization. In addition, we conducted follow-up interviews to clarify certain information.

Follow-up Meetings and Review

Subsequent to the review of documentation and the initial interviews, analysis of the data was performed to assist in identifying trends. Both, the most apparent risks to the LAUSD, and the appropriate recommendations for change are noted herein.

III ORGANIZATIONAL STRUCTURE

A) Review

i) Data Requested

The data for the organizational structure was assembled by issuing data requests for organizational charts from various departments within the LAUSD and conducting multiple interviews.

The data requests for organizational charts were issued to Existing Facilities, New Facilities, Facilities Support Services (“Support Services”), Finance, and the Information Technology Department (“ITD”). Names and titles were requested of individuals whose role is to execute some aspect on the BB Program. All groups, with the exception of ITD, provided their organizational charts.

In order to gain a better understanding of the issues and opportunities for improvement for the BB Program, interviews, approximately one to two hours in length, were conducted with enterprise, department, PMFs, and employees of the LAUSD. The interviewees were asked a variety of questions.

To confirm the overall organizational relationships, follow-up interviews were performed.

ii) Feedback

All interviewees were asked to rate *Organizational Structure* on a scale of one through five, with one representing their lowest level of confidence, and five representing their highest level of confidence. Attached in Appendix B is a summary of the statements presented to each interviewee and a compilation of the answers given by the LAUSD personnel.

The responses were gathered from approximately 20 interviewees, chosen specifically for their functional responsibility.

Two areas with which most interviewees expressed the greatest enthusiasm are improvement in the organizational structure for the execution of the BB Program, and the organizational structure being streamlined and more effective. Clearly, improvement has been made, but there remains opportunity for further change.

Following is a summary of confidential responses given by interviewees regarding issues they felt strongly about and would be constructive to the overall process.

Responsibility

- The organizational structure of New Facilities and Existing Facilities are quite different from one another.
- New Facilities clearly delineates responsibility throughout its departments, but Existing Facilities does not have a clear delineation of responsibility, specifically at the local district level.
- Departmental roles for each group do not need to change dramatically, but steps are needed to change its current structure to better facilitate management and direction within Existing Facilities.

Structure to Meet Needs

- The current organizational structure does not fully meet the needs of the BB Program.
- New Facilities does not interface well with Existing Facilities, and there are numerous barriers that exist between the two groups.
- The communication within Facilities could be improved, and there is potential benefit in bringing the two groups together as one entity.
- Developing a structure that incorporates New and Existing Facilities will aid in the lines of communication not only between the two groups but also among the various other departments that support Facilities.

Communication

- The reporting relationships for Existing Facilities are unclear and they do not always function as well as they should.
- The local district project managers (“LDPMs”) and local district facilities directors (“LDFDs”) have undefined lines of communication and interface within the current organizational structure.
- There is a need to address overall coordination between the LDFDs and facilities management on lines of authority.
- Most interviewees felt that there has been a significant improvement in the organizational structure as a result of the recent decentralization.

Costs

- LAUSD Facilities, as an organization, is in need of improved financial systems.
- All interviewees agreed that the systems used to manage costs were in need of improvement.

Technical Support

- The staff in ITD, who print all reports for the LAUSD, is over-burdened with requests from the entire LAUSD.
- There is no one individual in ITD designated to the BB Program, and only one individual designated to Facilities.
- ITD employees are paid from the general fund and not from the BB Program, therefore making it difficult to scale in response to BB demands.
- A technical expert is also needed for the planning of Safety and Technology (“S&T”) and, more specifically, the E-rate funding of projects. Currently, there is no dedicated LAUSD technician or E-rate representative included in the planning of the technology package, which includes installing networks, wiring, and placing computers into schools.

Focus on Priority Issues

- New Facilities has a quality structure in place that focuses priority attention on critical issues.
- The prioritization methods deployed within Existing Facilities are currently undefined. The current organizational redesign process may alleviate some of these issues.

Project Management Firms

- The PMFs' internal organizational structure has not been changed and does not need to be changed because they are essentially managed by the LAUSD.
- The LAUSD currently mandates that PMFs provide the best possible resources.
- There are PMFs that are outstanding, and there are others that have fewer "best" resources.
- LAUSD Facilities has expressed continued desire to source the best possible resources at the lowest possible cost; hence, it is unclear whether the current PMFs contractual arrangements will remain intact.

Approvals

- LAUSD Finance, which has become a reporting entity for the BB Program, has little authority to scrutinize invoices. Finance does not approve invoices as they are already coded and approved by the Project Managers.
- Finance issues checks and is uncertain whether the appropriate quality and budget checkpoints exist.
- Timely payment to vendors has improved dramatically.

B) Assessment

The organizational structure is the framework upon which LAUSD Facilities empowers its personnel to make decisions, communicate, and manage its efforts. Placing qualified personnel in the correct reporting structure enables decision-making and information to flow through the chain of command and facilitate effective execution of work.

New and Existing Facilities

There are two major implementation groups in the BB Program. New Facilities is responsible for new construction, i.e. “greenfield” construction of new schools. Existing Facilities is charged with the repair, modernization, and upgrade of existing schools and facilities. The organizational structure further illustrates the independence of each entity.

It is apparent that there have been a number of changes in the New Facilities group. All indications from our interviews and data are generally positive regarding the execution approach underway. A number of key points include responsibility and accountability for projects under the Project Managers. This has established “ownership” and direct responsibility for each project. New Facilities has also issued a project execution plan, which, aligned with the Policies and Procedures Manual, is a positive path forward for new construction.

The Existing Facilities organization is still in a state of flux, with newly hired personnel in key positions. It has recently implemented changes to its organizational structure with the most significant being the decentralization of project management to the eleven local districts, placing LDPMs on-site to execute work. However, Existing Facilities has a number of reporting and organizational issues that need to be addressed in order to increase its effectiveness. For example, although efforts are underway, there has been no issuance of a project execution plan for Existing Facilities. Existing Facilities is still validating scope, schedule, and cost to complete remaining projects. After the “validation” process is complete, an execution plan should be forthcoming.

The overall BB Program organization is large and is comprised of multiple groups. Communications between these groups have improved, and are much better than in the previous year between the LAUSD and the PMFs. There is no doubt this is a result of a number of factors, primarily the decentralization of the project management and the creation of the LDPM position. In addition, the implementation of a more expedient payment process has alleviated some tension that existed between outside firms and the LAUSD. The Chief Facilities Executive has been instrumental in these and other improvements.

However, there is still a lack of effective communication between a number of groups, such as ITD, Support Services, and Engineering, which may lead to inefficiency and waste for the BB Program and the LAUSD.

LDFD, LDPM & Senior Project Management

The most visible and obvious area of instability in the organizational structure is within the Existing Facilities group at the local district project management level. Currently, there is uncertainty around reporting roles among the LDPMs, the LDFDs, and the Senior Project Managers.

This is a sensitive area for the local districts given “competing priorities”. This instability in the organizational structure is a hurdle to project execution and effective management. There is clear communication between LDPMs and LDFDs, but a lack of communication and structure with the Senior Project Manager.

Other Issues

Communications

The disconnects that exist between New and Existing Facilities may not assist the overall program in effective execution. Any quick, drastic change of direction in the organizational structure may be detrimental to the current execution underway. One obvious issue is the lack of effective coordination of the LDFDs, local superintendents, maintenance and operations, and other departments within LAUSD that require input on school design and operational specifications.

Information Services/IT

New Facilities has its own IT resources to support the needs of new construction. This has been instrumental in facilitating progress within LAUSD Facilities.

Outsourced Staffing

There is a high level of outsourced staffing within the BB Program structure, not only at the project management level, but also at high enterprise levels within the organization. The cost of these individuals is substantially higher than if the position were an LAUSD employee. There may not be sufficient expertise with the LAUSD staff to execute the program, thus requiring an outsourced approach. There may exist the need for an evaluation of personnel throughout the organization to identify other opportunities for improvement and promotion.

Design Group

New Facilities out-sources all design to architectural and engineering firms for scope, design, engineering and assistance in estimating projects. Existing Facilities performs these activities in-house. This raises concerns around the efficiency of a centrally based design group working to support a decentralized project management structure. In support of this, issues

have arisen between the design and eventual construction in Existing Facilities. The considerable number of change orders that have occurred in Existing Facilities projects supports this.

Project Management Firms

There are multiple PMFs involved in the execution of the BB Program. For Existing and New Facilities there is one firm per district. Some PMFs are joint ventures that are comprised of a number of different firms.

C) Findings**i) Apparent Risks****Local District Facilities Director—Direct Report**

There is a potential risk to LAUSD with the established reporting and communication between the LDFDs, the LDPM and the Senior Project Manager, under the Director of Projects. From data gathered in meetings and from organizational charts, an overall Organizational Chart (Appendix A) was prepared for the BB Program. The direct report of the LDFD is the local district Superintendent. The LDPM has responsibility to the LDFD and the Facilities Senior Project Manager. There is informal communication between the LDFD and Facilities but no formal reporting. This communication varies from district to district, as does the effectiveness in managing projects.

Budget Integrity

Notwithstanding the need for input by the various LDFDs and Superintendents, controls of project execution may be disadvantaged by not formally including the Senior Project Managers, and the Director of Projects. The current structure allows the LDFD to direct the LDPM regardless of what the overall Facilities Project Manager decides.

The LDFDs are focused on their own district; it appears they employ leverage to ensure the BB Program funds are directed to the implementation of district specific projects. In contrast, the responsibility of the Senior Project Manager spans a number of local districts. The accountability for cost, schedule, quality, etc., lies with the Senior Project Manager. Local districts should cooperate on schedule and budget, as well as participate in project prioritization for multiple districts.

Synergies for Cost Savings

There appears to be issues resulting in cost-savings opportunities that could be deployed throughout the local districts. By not awarding contracts for multiple projects by discipline, or based on volume of work, facilities may not realize all potential cost savings.

Number of Project Management Firms

There may be risk regarding the number of PMFs currently supporting both the New and Existing Facilities. Based on LAUSD staff comments, there appears to be too many interests, lines of communication, cost accounts, etc., resulting from multiple PMFs, to be effectively managed by the LAUSD. There is consensus within the LAUSD that there is a need for fewer PMFs in the newly competitive market for projects, additionally, in the current marketplace, contracts may be more aggressively priced.

Several staff members raised the issue that the current number of PMFs and their reporting structures represent risk and potential cost overruns to LAUSD. The task alone of managing up to a dozen firms puts additional strain on the organization, its financial reporting and accounting functions, internal project managers, and perhaps ultimately, projects at the local district level.

A consensus within LAUSD Facilities is that with such a large group of PMFs, the District may not be receiving the best and most efficient delivery mechanism for projects. Additionally, LAUSD staff confirms that the sheer magnitude of managing the number of firms, their varying quality of work, and changing personnel presents a risk. There is also consensus that the rates being charged by PMFs in the current market may be too excessive considering the current economy and market for like services.

D) Recommendations

Reporting Lines

Recommendation 1: Enhance the Senior Project Manager's ability to direct Existing Facilities project and program execution. Decisions might be made in coordination with the various LDPMs' and LDFDs' input.

Recommendation 2: Redefine the LDFD's reporting structure, perhaps as a dual responsibility to the Senior Project Manager and to the local district Superintendent. The LDFD's reporting responsibilities to the Senior Project Manager should be reviewed for the BB Program.

Recommendation 3: Reinforce the direct report of the LDPM to the LDFD with a communication responsibility to the Senior Project Manager.

Responsibility and roles need to be more clearly defined by the local district Superintendent and the Senior Project Manager. Final responsibility for budget, cost, schedule, and prioritization of work for the BB Program should include the Senior Project Manager.

Accountability for project execution should include the LDFD and LDPM, under the control of the Senior Project Manager. LDFDs should participate in project prioritization, as they are close to the realities of the various local districts and student needs. Senior Project Managers should be involved in accountability for final execution.

The organizational structure should change to enable the appropriate reporting lines in order to avoid confrontation and conflicting agendas.

The LDFD and LDPM are "on the ground" and know the needs of the local districts and individual schools. It is recommended that such knowledge be more effectively utilized in project execution. The individual districts should have the ability to influence priority and schedule on their projects. This working relationship should be enhanced to assist all parties in executing the projects to benefit students.

The current validation process accommodates input from individual districts for project execution. This process, albeit late in the program cycle, should be key in completing this effort.

Facilities, LDFDs, LDPMs, and the Senior Project Manager who has responsibility for execution, should adhere to a formalized process to agree on and finalize scoping, budgeting, and scheduling.

Project Management Firms

Recommendation 4: Consider reducing the number of PMFs to between two and four firms for Existing Facilities and New Facilities. The LAUSD should take advantage of the current “buyers” marketplace for PMF services and this should translate into lower project management fees, as well as resulting in a more efficient and manageable structure with fewer firms to control.

IV POLICIES AND PROCEDURES

A) Review

i) Data Requested

The data for the policies and procedures review was assembled by issuing requests from various departments within the LAUSD and conducting multiple interviews. The requests were issued to Existing Facilities, New Facilities, Support Services, and LAUSD Finance. All groups provided their policies and procedures related to the BB Program.

Interviews, approximately one to two hours in length, were conducted with enterprise, department, PMFs, and employees of the LAUSD in order to gain a better understanding of the issues and opportunities for improvement for the BB Program. The interviewees were asked a variety of questions.

ii) Feedback

All interviewees were asked to rate *Policies & Procedures, Work Flows, and Methods* on a scale of one through five, with one representing their lowest level of confidence, and five representing their highest level of confidence. Attached in Appendix B is a summary of the statements presented to each interviewee and a compilation of the answers given by the LAUSD personnel.

The responses were gathered from approximately 20 interviewees chosen specifically for their functional responsibility.

The data gathered is supportive of the fact that the policies and procedures, and work flow methods have considerably improved from where they were a year ago. There is still ongoing concern about adherence to such documentation, and procedures that address Existing Facilities are lacking.

Following is a summary of confidential responses given by the interviewees regarding issues they felt strongly about and would be constructive to the overall process.

Improvements made

- Reports, such as the BB Quarterly Report and Strategic Plans, represent a considerable improvement over past years.
- Progress has been made in developing policies and procedures, and improvement is ongoing.
- The pre-construction policies and procedures are solid but the construction policies have a considerable need for development.

Commonality and Consistency

- Policies and procedures are in place for New Facilities while Existing Facilities has far fewer.
- Existing Facilities might consider customizing the New Facilities policies and procedures to maintain some level of consistency.
- New Facilities and Existing Facilities should consider separate policies and procedures sensitive to the scope of work for each and supportive of unique objectives.
- The procedures relating to project cost within Facilities Support Services are established, but it is unclear how they function in coordination with New Facilities and Existing Facilities.
- The LDPMs would benefit from policies and procedures that are thoroughly explained and diagrammed regarding approval of funding requests.
- An analysis was done two years ago to determine where the bottlenecks were located in the payment of invoices. It was determined that Finance was completing its task quickly and efficiently, but by the time Finance received invoices, the payment of the

invoice was past due. LAUSD may benefit from detailed procedures around payment and processing of invoices, and regular instruction for the same.

Approval Process

- Since the reorganization centralized the invoice process within Facilities last year, there have been more efficient controls, yet the number of processing bottlenecks has increased.
- Problems arise when an individual responsible for a portion of the approval process is absent or unavailable.
- There is no comprehensive set of policies and procedures around the new processes that exist as a result of centralized processing.
- There is no comprehensive set of policies and procedures around work authorizations and funds required for work authorization.
- There is no comprehensive set of policies and procedures around the Budget Administrators role, responsibility, and authority related to the BB Program.
- There is no comprehensive set of policies and procedures around Safety and Technology projects that coincide with E-rate funding.

B) Assessment**Policies & Procedures**

Facilities has recently issued official policy & procedures documents, however, they are not fully implemented and adhered to in the BB Program. Furthermore, the procedures do not address all the needs of the BB Program; they are not readily available to everyone or known at every level, and there is no enforcement or system of enforcement currently in place.

Not Meeting Needs

The policies and procedures are written for New Facilities and reflect its needs for larger projects. Existing Facilities, however, does not have a comprehensive policies and procedures manual.

The new contract format was prepared by New Facilities and reflects its needs for projects that typically start at the \$5 million range, and this contract is expected to be used universally. Since most of the Existing Facilities projects fall under \$1,000,000, and are often less than \$500,000, the new contract format may be a burden more than an enabling document.

Documented Procedures

A review of the *Facilities Service Division Policies and Procedures Manual* raises concern around scoping, estimating, and cost control for the BB Program. There are policies and procedures in place for New Facilities, but apparently not for Existing Facilities. Briefly, the Policy and Procedures Manual is lacking in the following areas:

Facilities Planning

This includes Strategic Master Plan Development, Overall Program Planning Process, and Asset Management. These procedures are not in place in the manual and are noted as “Procedures Pending”.

Schedule Development & Management

This section includes Project Schedule Development & Management and Construction Schedule Management. The procedures are in place for Project Schedule Development & Management but refer only to the New Facilities projects; they do not address Existing Facilities. Construction Schedule Management again is lacking altogether, and noted as “Procedure Pending”.

Budget & Cost Controls

This section covers Development of New Construction Project Budgets, Budget Modifications, and Cost Management (New Construction). The first procedure specifically expresses the approach for New Facilities and does not include Existing Facilities. Budget Modification covers both groups, and there is a draft due on 12/21/01 for Cost Management, which does not cover Existing Facilities.

Throughout the balance of the manual, there is a multitude of other sections that are marked “draft” or are “pending”. It appears this manual was developed by New Facilities and does not include complete procedures for Existing Facilities.

C) Findings**i) Apparent Risks**

Policies and Procedures are still in a state of assembly. This is a clear indication that the form, function, and methodology of management is at risk. Since the modernization work has been underway for almost five years, this underscores the immediate need to develop, implement, and adhere to procedures quickly and efficiently to control the remaining work.

Budget Modification is the only procedure that covers both New Facilities and Existing Facilities. If the approach to continuously change the budget by a modification continues, then the overall BB Program will fall short of required capital, and projects will not be completed, or substantial additional funding will be required. Conversely, if each project budget is more accurately scoped, estimated, and controlled utilizing complete policies and procedures, the LAUSD can mitigate this risk.

Responsibility and accountability is not clearly defined for budget and cost control within the policies and procedures. Feedback indicates that responsibility is widespread in the organization as opposed to being defined to particular individuals, and accountability is unclear per policies and procedures. The policies and procedures for invoice approval, budget release, etc., ask for approvals by project managers, LDFDs, senior project manager, upper management, contract invoice personnel and the finance department. Not only might this be a considerably cumbersome and time-consuming process; it also may facilitate a lack of ownership and accountability.

New Facilities has prepared procedures and is implementing them throughout the lifecycle of projects. They are continuing to develop procedures as they move towards construction and appear to have a solid process in place.

Existing Facilities still lacks numerous procedures specific to its needs, and is in need of a comprehensive set of policies and procedures to address the work responsibilities.

D) Recommendations

Budget and Cost Procedures

Recommendation 1: Aggressively pursue the development, issuance, implementation, and adherence to a comprehensive set of policies and procedures for Existing Facilities. In particular, a complete audit should be conducted for the procedures associated with budget allocation, cost controls, and payment authorizations to ensure that LAUSD understands exposures within the system.

Recommendation 2: Create a more identifiable point of responsibility and control of the budget for the BB Program. A deputy position under the Controller might be a logical place for this position; a person with sole focus on the BB Program funds.

Recommendation 3: Develop, implement, and adhere to policies and procedures to enable a systematic approach to providing information necessary to management for project execution.

Recommendation 4: Implement a third party quality assurance and control process to be performed initially on a monthly basis and then twice annually to ensure that policies and procedures are being followed and adhered to at all levels of the organization.

Recommendation 5: Improve procedures that link Support Services to New and Existing Facilities. Current inefficiencies and bottlenecks inhibit the ability to manage the BB Program. Challenges should be identified and resolved as soon as possible.

Recommendation 6: Concurrently finalize, implement, and monitor procedures that address project planning, scoping, estimating, and scheduling. These steps are critical for the long-term success of the BB Program.

V MANAGEMENT, MONITORING AND CONTROL**A) Review****i) Data Requested**

The data for management, monitoring, and control of program and project management was assembled by issuing requests of various departments within the LAUSD and conducting multiple interviews. New Facilities provided its *Strategic Plan*, while Existing Facilities, in coordinating the current BB Program validation is in the process of developing its *Strategic Plan*. Existing Facilities returned little information.

Interviews, approximately one to two hours in length, were conducted with enterprise, department, PMFs, and employees of LAUSD in order to gain a better understanding of the issues and opportunities for improvement. The interviewees were asked a variety of questions.

ii) Feedback

All interviewees were asked to rate *Management, Monitoring, and Control of Information* on a scale of one through five, with one representing their lowest level of confidence, and five representing their highest level of confidence. Attached in Appendix B is a summary of the statements presented to each interviewee and a compilation of the answers given by the LAUSD personnel.

The responses were gathered from approximately 20 interviewees and chosen specifically for their functional responsibility.

For Management, Monitoring, and Control, there was a lack of positive feedback in terms of the controls, procedures, and methods in place. Consensus is that they have improved but still require substantial ongoing improvement. The same is true for workload and workload measurement for the BB Program.

Following is a summary of confidential responses given by interviewees regarding the issues they felt strongly about and that would be constructive to the overall process.

Management

- The management of the BB Program was inadequate a year ago, but is now approaching quality, primarily as a result of the current Chief Facilities Executive's management of the BB Program.
- The current validation process will facilitate scope, schedule, and management of the projects in the future.
- The validation is not complete, and not until then will data be available to determine its level of success.

Monitoring

- The Senior Project Managers do not speak directly to the PMFs so it must therefore be trusted that the LDPMs are adequately monitoring the PMFs.
- To help monitor the program, each group issues reports, budgets, and responsibilities, but nobody reads the reports and responds as they should to the content contained within the reports.
- There seems to be an absence of an ongoing quality and monitoring program.

Work Load

- The LDPM reduced staff last year to reduce costs, and as a result, the construction manager has additional responsibility.

- This has been working well to reduce costs, but the construction manager is now responsible for performing a substantial amount of additional work, which prevents the construction manager from adequately managing projects.

Communications

- Communication with the local district Superintendents and the LDFD is very effective. Before construction takes place, the local Superintendent is given a tour and description of the site and a review of its construction schedule. After the tour, a memo is sent to the LDFD to ensure that the appropriate information is documented and timing is explained to all parties.

Project Controls

- New Facilities has been successful in creating schedules and detailed plans for moving forward.
- Existing Facilities is only now coming out with detailed schedules.
- Managing projects for Existing Facilities is more difficult than for New Facilities. It is difficult to monitor and control certain projects when students are in session, and existing conditions preclude unobstructed project execution.

Outsourced Staffing

- Many of the employees working in Facilities are outsourced staff that are compensated by the PMFs. These same positions, if filled by qualified LAUSD staff, could save the District millions of dollars.

Change Orders

- Many projects involve additional challenges as Existing Facilities discovers existing conditions. Additional challenges are more frequent in some older schools.
- These problems result in change orders, which are scrutinized.

Tracking Costs

- For Existing Facilities, most local districts use an Excel spreadsheet to monitor funding and project costs. The Excel spreadsheets and the Project Information Control System (“PICK”) are not adequate for managing the costs of the project.
- New management procedures are being developed as the new system is being created.
- Calculating the percentage of capital spent on management fees is complex. It is difficult to accurately arrive at a sum for total construction costs and management costs when invoices are still outstanding and no total of this outstanding amount can be validated.

B) Assessment**Project Controls**

This topic continued to be of concern throughout the review process. Project controls for cost, schedule, and materials should be interrelated. System improvements should be designed to ensure full accountability. The LAUSD should improve integrated project control.

Cost Control

A more effective cost breakdown structure for the LAUSD may provide the basic layout for better cost control and budget control. Currently, it is not designed to track budgeted, encumbered, and real time actual expenditures for identifying problems, establishing trends during the course of a project, and providing valuable data for planning future projects. Since a major cost variable is labor productivity, a major component of the cost control subsystem might be the tracking of work hours and quantity. Current project controls do not allow for preparation of reports for management at all times and on short notice.

In general, there is a lack of structure around who can access, control, and who has responsibility for maintaining budget control, for the BB Program. There is no dedicated controller assigned to the BB Program. For such a large capital spend, this is clearly an area in which the LAUSD should have concerns.

New Facilities

New Facilities spent a substantial amount of up-front time and energy in pre-planning projects and laying the foundation for project controls utilizing Expedition for cost control and P3 for scheduling. In doing so they have a system in place that enables them to understand contract commitments, payment and cost incurred, progress vs. contracts and trending of costs for future activities.

Existing Facilities

In contrast to New Facilities, management on the modernization project did not have the foresight to invest the time in front-end planning to create a cost control system. Existing Facilities is currently in the process of implementing a pilot program for Expedition. However, this is very late in the process, and creates difficulty for implementation. With multiple local districts using Excel or other stand-alone spreadsheet applications, management's ability to control costs with accurate reporting is nearly impossible.

Financial Systems

For LAUSD, the lack of a comprehensive and robust financial system with a job cost accounting capability creates multiple problems within the overall organization. The legacy systems, such as PICK, within IFS are antiquated and cannot provide timely or accurate data required to effectively manage the BB Program.

Scheduling

Both New and Existing Facilities are utilizing Project Planner (P3) by Primavera, allowing them to schedule projects and enable management to understand project status at any given time.

However, scheduling & cost control tools, such as P3 and Expedition, are limited. As a result of the recent validation effort by Existing Facilities there has been a multi-million dollar shortfall in funds. Thus, the original cost data and the scheduling data were insufficient. This shortfall stems from projects that have either not been accurately scoped or not accounted for.

There is inadequate scoping and estimating to the degree necessary. The process of scoping, estimating and scheduling a project is not the foundation of the LAUSD execution plan. Without a solid understanding of what the work is, how much it will cost, and how long it will take, it will be impossible for LAUSD to accurately plan or effectively manage the BB Program work.

Existing Facilities has recently implemented P3 as its scheduling tool at the eleven local districts and will manage data integrity. The validation process may provide this detail, but may not be thorough enough to establish a comprehensive and final schedule or cost basis. Execution plan work currently undertaken by Existing Facilities at the local districts is definitely the right step. This however, should involve the appropriate scope, estimate, and scheduling effort required to be meaningful and realistic. Existing Facilities requires substantial improvement in these areas.

Change orders for Existing Facilities have been substantial both in project management fees and in construction costs. Some of this may be attributed to scope definition. Some justification for this is found in the original scope being defined by architects and engineers not at the physical location of the project.

Specific details of such projects are virtually impossible to quantify. Modernization/rehabilitation projects provide a reasonable uncertainty that all aspects of a project will be covered. As a direct result of the inaccurate scope, change orders drive projects substantially over budget.

Design and Engineering

There has historically been a lack of pre-construction planning and constructability review. The number of change orders has resulted from multiple issues. Lacking a more detailed construction review there will continue to be change during construction. Additionally, some quality of design has been sacrificed to meet timelines, and consequently there are gaps in performance expectations.

Qualified Personnel

There is still a need to recruit top quality and experienced personnel for both New and Existing Facilities to execute the BB Program. As a result, there has been an effort to place quality personnel in top-level positions. A continuing review of personnel qualifications actually implementing the work should be performed on an ongoing basis.

E-rate

E-rate is a federally funded program that has provided Internet access to numerous schools and libraries, designed to help schools and libraries move forward in the “Information Age” by granting discounts on telecommunications and Internet access. Planning for networks, wiring, and computers requires an appropriate amount of diligence and overall management involvement. Currently, planning for these projects does not include an LAUSD IT technician, E-rate representative, or most importantly an educator. Consequently, projects are not comprehensively scoped for the correct technical specifications or in line with the overall master plan. Communication in this area is exceptionally poor.

Facilities is responsible to build the networks but occasionally fails to integrate networks. Specifications are not defined by an IT employee or specialist, resulting in additional costs from errors in original installation.

C) Findings**i) Apparent Risks****Project Controls**

As mentioned previously in the Organizational section of this report, project controls are the infrastructure upon which LAUSD management relies to keep projects running on track. Without the tools, controls, and personnel in place, data is not gathered or interpreted and LAUSD management does not receive the information it needs to address the situation.

New Facilities seems to have the control tools and methodologies in place for managing the work. Scheduling and cost control tools (P3 and Expedition) are implemented for all project work. New Facilities has made great progress in these areas.

There remains risk with Existing Facilities in the execution of the modernization work. There is no consistent approach for controlling costs, scope, and schedule, and estimates are still being developed. At present, there is a pilot program in place to implement and train personnel at Local District A on Expedition. This initiative has yet to be rolled out to other local districts.

Financial System

It is clear that the IFS is not capable of providing reliable, detailed, or timely data for the BB Program. More robust and effective tools are required for executing a program of this magnitude for an entity the size of LAUSD. The current system is appropriate to provide budget information to staff for typical activities. The tremendous challenges experienced by this team in obtaining cost data illustrates the lack of “system” ability, not of personnel capability, to provide the data requested.

Validation Process

In the validation process, essentially a re-baseline of the original work estimate, there is risk that the effort may not be comprehensive and will again fall short in scope definition and cost estimation.

E-rate

Continuing to manage this with no change poses a significant cost and functional risk to the LAUSD. Additional attention involving the right personnel may achieve significant cost savings, and a better product for students.

Account Accessibility and Control

There is major risk surrounding the way accounts can be accessed by multiple entities within the LAUSD. Whether design, inspection, project management or other personnel, there seems to be a lack of control around who can charge against specific budgets and who has control and knowledge of these abilities. One area of special concern are open accounts accessed once every year and apportioned to various charge codes. Charging to these open accounts and account control responsibility is questionable.

As LDPMs begin construction, they find that capital has been committed to other projects. The concern here relates to single point accountability for budget control. This is an important issue that should be addressed within LAUSD as soon as possible.

D) Recommendations**Project Controls**

Recommendation 1: Continue implementing scheduling and cost control systems as soon as possible at all locations for Existing Facilities. It is also advised that competent and trained personnel be placed in positions to manage this critical tool.

Financial Systems

Recommendation 2: Conduct a full analysis and audit of the current financial systems to enlighten the LAUSD on the capability and shortfalls of the current financial system and compare those against current systems in the marketplace. Benefits for implementing an upgraded financial reporting application with the capabilities required of LAUSD and programs like BB, should far outweigh the costs of such an application, if implemented correctly.

Validation

Recommendation 3: Ensure support and resources are provided to adequately complete the validation of the Existing Facilities scope of work. With a suggested \$600 million overrun as a preliminary result of this validation, it is recommended that a complete audit of the process, including the scope and estimate methodology be undertaken.

Design and Engineering Group

Recommendation 4: Analyze the effectiveness of the design and engineering group within Existing Facilities. New Facilities does not utilize this group for any substantial undertakings and would not need such a review.

Recommendation 5: Increase emphasis on design quality, scope, and reliability through the use of metrics that are defined and measurable.

E-rate

Recommendation 6: Better coordination to avoid waste and inefficiency. It may be appropriate for an IT technician, an E-rate representative, and an educator to be involved in the design, front end planning, and technical reviews for the implementation of E-rate funds. It is recommended that further analysis in this particular area be undertaken, as there may be substantial elimination of waste for both the E-rate and BB Program funds.

Controller Position

Recommendation 7: Create a control position specifically responsible for the BB Program funding. With a program of this magnitude, a Deputy Controller position focused only on the funds that come from the BB Program may greatly benefit the LAUSD.

VI COSTS INCURRED

A) Review

i) Data Requested

The data gathered for the costs incurred by LAUSD for program and project management, was done in two phases. One, gathering data through the interview process and two, by requesting and reviewing the cost data received.

The data request was issued to Existing Facilities, New Facilities, and Support Services requesting the costs incurred on the BB Program to date. The costs were gathered from the IFS for all groups.

Interviews, approximately one to two hours in length, were conducted with enterprise, department, PMFs, and employees of the LAUSD in order to gain a better understanding of the issues and opportunities for improvement for the BB Program. The interviewees were asked a variety of questions.

Multiple follow-up interviews were held with IFS and other parties to piece together the various sets of data provided by LAUSD.

ii) Feedback

All interviewees were asked to rate *Cost Accounting and Controls* on a scale of one through five, with one representing their lowest level of confidence, and five representing their highest level of confidence. Attached in Appendix B is a summary of the statements presented to each interviewee and a compilation of the answers given by LAUSD personnel.

B) Assessment**Cost Data***Background and Definitions*

On March 28, 2000, the OIG delivered a detailed Report of Findings, addressing whether the LAUSD was adequately managing and monitoring the PMFs, and to ensure that the cost incurred for the PMFs were allowable and reasonable. In summary, the OIG Report found that the LAUSD was paying considerably higher construction and program management fees than were being paid by other school districts. Further, the OIG Report found that LAUSD was paying in excess of previously established guidelines for school construction management fees.

On a monthly basis the General Accounting Branch (the “GA”) issues the *Building Fund – Bond Proceeds Activity Status of the \$2.4 Billion Voter Approved BB Bonds*, (the “GA Report”). The GA Report is published monthly documenting original budget, modified budget, encumbrances, expenditures, and balance through that period. To gather the data, the GA uses the IFS. Within the IFS, the relevant data for this study is found in Fund 45, which is intended to include all expenditures coded to Proposition BB Funding to date.

Within the GA Report, Fund 45 is broken down into various project numbers. The project numbers identify categories of cost, not individual school projects.

Methodology

The initial process included interviews with Existing Facilities cost control managers, the New Facilities program controls consultants, and the Information Technology Department (the “ITD”) within LAUSD to determine generally the best way to obtain this data.

Two sources of data were available under existing resources: IFS queries and the GA Report through November 30, 2001.

Expenditures posted in IFS from April 1997 through November 30, 2001 relevant to Proposition BB Funding were reviewed. Currently IFS is the only source of actual data, which LAUSD has to query for analysis. The IFS allows for an incremental amount of time for totaling current fees paid to PMFs under the BB Program, including the LDPMs.

The GA Report was used as a basis because it represents all of Fund 45 construction costs broken down into various project numbers.

The initial query specifically looked at data to identify all vendors which had been coded to IFS project number 0067, the category for program / project manager’s fees.

To eliminate the possibility that management fees were not captured in other project numbers, an additional data query was performed requesting all vendors who were in project number 0067 to be compared against all of Fund 45.

This query revealed that in fact a number of Program Management expenditures had been captured in other project numbers. Other categories that included payments to Management providers were:

- 0030 Construction (Matching Funds)
- 0033 Site (Matching Funds)
- 0034 Plans (Matching Funds)
- 0058 Roofing
- 0068 New Schools / Class Size Reduction

Discussion / Data Perspectives

Local District Project Managers

LDPMs are included in this analysis, however, the LDFDs are not. LDPMs directly serve an oversight/management function on construction projects. LDFDs, for the purposes of this discussion, are considered to represent fixed cost.

The Denominator

In the project management fee calculation, the denominator represents all work performed under the BB Program. An argument can be made that all expenditures are not related to “expenditures subject to management fees” as is pointed out by the monthly report from the Office of the Chief Financial Officer. The data available does not allow for a detailed accounting of directly correlated work managed. Thus, there is no accurate way to segregate this information.

For the purposes of this calculation, it was assumed that all work performed under the BB Program required, at some level, program and project management to complete the task.

Program and Project Management Fee as a Percentage of Work Managed

Empirically there are problems using expenditures to determine percent of program and project management fees. A construction project recently kicked off may have a high proportion of project management fees (i.e., through planning, design, and bid / award phase). Similarly a project, which is well under construction, would typically be expected to show a significant drop in program and project management fees as a percent of work managed.

It is assumed, for purposes of the calculations performed that at this point in the BB Program, that the total expenditure analyzed included a mix of projects that were well under way which would have low management fees as a percentage of total costs, and projects still in early stages which may have higher management fees.

Detailed Analysis by Management Firm

It is our understanding that under the New Facilities current philosophy of project management, the goal is to assemble the best possible team for a school project. When a position needs to be filled, a notice is posted and project management firms submit resumes to the project manager. The position is then filled with the most qualified candidate regardless of project management firm affiliation. A particular project may have multiple project management firms' staff overseeing the construction of a project. Thus, the current system does not allow for analysis of project management firms based on performance of specific projects as multiple firms may have staffed a project.

This would require a system to apportion the expenditures of the project management firm back to the project managed, or, more logically, an improved method of sourcing and staffing projects.

New Facilities / Program –Analysis

The New Facilities program team has taken a more traditional approach to managing costs. Rather than controlling costs as incurred, costs are controlled at the commitment level. At the project level, this system allows management, at particular intervals, to roll up the amount of fees paid generally to management firms.

The advantage to a commitment analysis is that once the major bids have been tendered through contracts and purchase orders, a more realistic picture of the total project costs, including management fees, can be realized. This allows for a comparison of baseline scope at the budgeting phase of the project versus the current scope of work and committed capital to complete the total project. This process, properly executed, is likely to give a more accurate analysis of the program and provide data that will enable management to be proactive in decision making, as opposed to a comparison of costs incurred on a monthly or quarterly basis.

New and Existing Construction

Other than looking at costs incurred through IFS, there is no common system or method of analysis to compare or discuss New Facilities and Existing Facilities.

The IFS does not have the level of detail available to provide information on a project-by-project basis as it only captures categorized costs. It would be useful to have a different means to discuss New and Existing Facilities other than an accounting system such as the IFS.

Other Observations

Cost of Outsourced Staffing

There are a number of outsourced staff executing work within the BB Program. These staff are at every level of the organization, from top management positions through to construction management and support. This represents a substantial cost to the LAUSD as the rates for these positions are upwards of twice the cost of the position, including benefits, if these were in-house employees. There is potential for substantial and immediate savings to the BB Program if contract positions or full time employees were to be substituted. The LAUSD should take a hard look at identifying each outsourced staff position within the organization and quantify the aggregate cost.

This may lower costs and could instill a sense of teamwork that cannot be realized with outsourced staff. The end result could be a more closely integrated team at possibly a much lower cost for the execution of the BB Program.

C) Findings

The analysis takes into consideration the whole BB Program, also known as Fund 45. The findings capture a moment in time without comparison of expenditures in a historical perspective.

The initial approach to the GA Report, November 30, 2001 data would suggest that all management expenditures would be captured within project number 0067 which is used to capture all work coded to program and project management. However, through discovery, and the efforts of the ITD, program and project management expenditures were found outside this category based on a data query from the IFS.

There are two observations. The first is that Project Number 0067 does not represent all expenditures paid to management firms. The second is that construction dollars within these other categories are not pure construction data or direct costs- (traditional bricks and mortar data). The data in these categories do not solely represent category construction costs because management expenditures are captured within these categories.

This discussion does not address why management expenditures are captured within other funds.

Included in the management number are the LDPMs. The LDPMs are District employees who are assigned direct project supervision and are on the LAUSD payroll.

Calculation

Using a download from the IFS accounting system for management expenditures through November 30, 2001, and the GA Report through the same period, our calculation for management fees as a percentage of expenditures from Fund 45 Proposition BB Funding is 14% (Total costs paid to management firms =x, Total costs of Fund 45 =y, or x/y).

D) Recommendations**Expenditure Control**

Recommendation 1: Establish a written policy outlining how expenditures are going to be controlled and accounted for on a monthly or quarterly basis to enable tracking of management fees as a percentage of work managed. This policy would serve two functions.

First, it would give management a consistent method from which to gauge project management firms since the inception of Proposition BB. Second, it would eliminate the need to constantly look for a new means to analyze and track this data. Updates would be regularly available on a monthly or quarterly basis.

As noted in the background, during the March 2000 analysis the OIG office requested copies of invoices from select PMFs of work they had performed since the inception of Proposition BB. From these invoices, the amount of fees invoiced and the relevant direct construction costs managed by firm were captured.

Under the current project management structure this same process would be effective. However, since teams managing a particular project can be from multiple firms, additional time would be required to allocate a particular project management firm's expenditures such that they accurately represent the correct proportion of direct construction or work managed.

A written policy and process on how costs are going to be controlled and accounted for would be an effective means to track data rather than consistently investigating new methods to determine the percentage of project management fees paid for work managed.

Management Fee Percentage

Management fees as a percentage of Fund 45 is 14%. This is excessive. However, this percentage will fluctuate as individual construction projects begin and others end.

To do a more detailed analysis, a system needs to be available to determine at the end of a given period where the percent of fees actually are, by firm, relevant to only direct construction cost managed by that firm.

Cost of Outsourced Staff

Recommendation 2: Aggressively pursue replacing a number of the outsourced staff currently within the organization with either full time LAUSD employees or entering into contracted positions to fill those capacities.

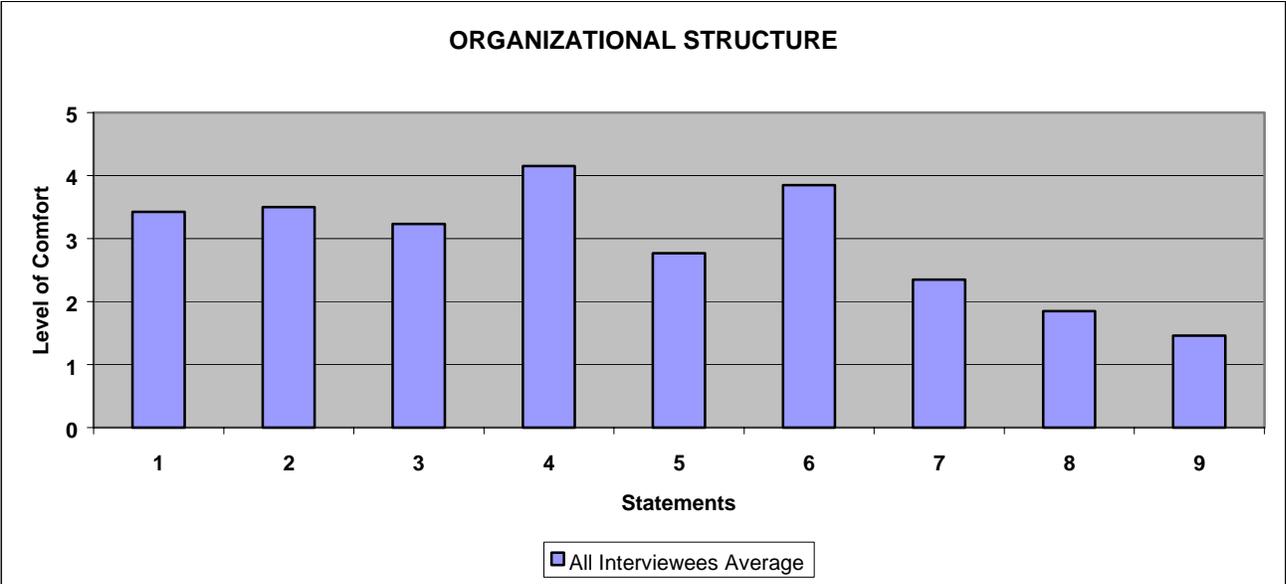
VI APPENDICES

A) Organization Chart

B) Quantitative Questionnaire and Results

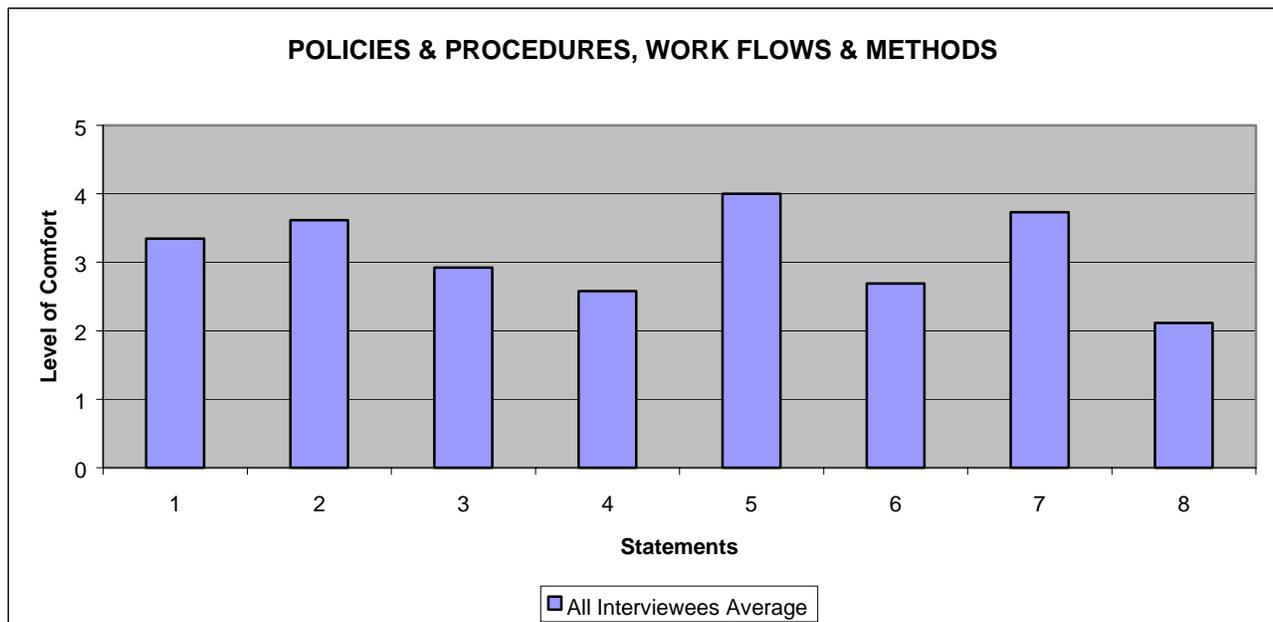
III Organizational Structure

Organizational Structure Statements	
1	There is an existing, established and published Organizational Structure for the management of the BB Program.
2	The LAUSD Organizational Structure is very effective for the management of the BB Program.
3	The PMFs Organizational Structure is very effective for the management of the BB Program.
4	The LAUSD Organizational Structure has greatly improved for the execution of the BB Program from where it was last year.
5	The PMFs Organizational Structure has greatly improved for the execution of the BB Program from where it was last year.
6	The LAUSD Organizational Structure could be streamlined to be more effective at managing the BB Program.
7	The PMFs Organizational Structure could be streamlined to be more effective at managing the BB Program.
8	The LAUSD Organizational Structure for the management of the BB Program is inadequate.
9	The PMFs Organizational Structure for the management of the BB Program is inadequate.



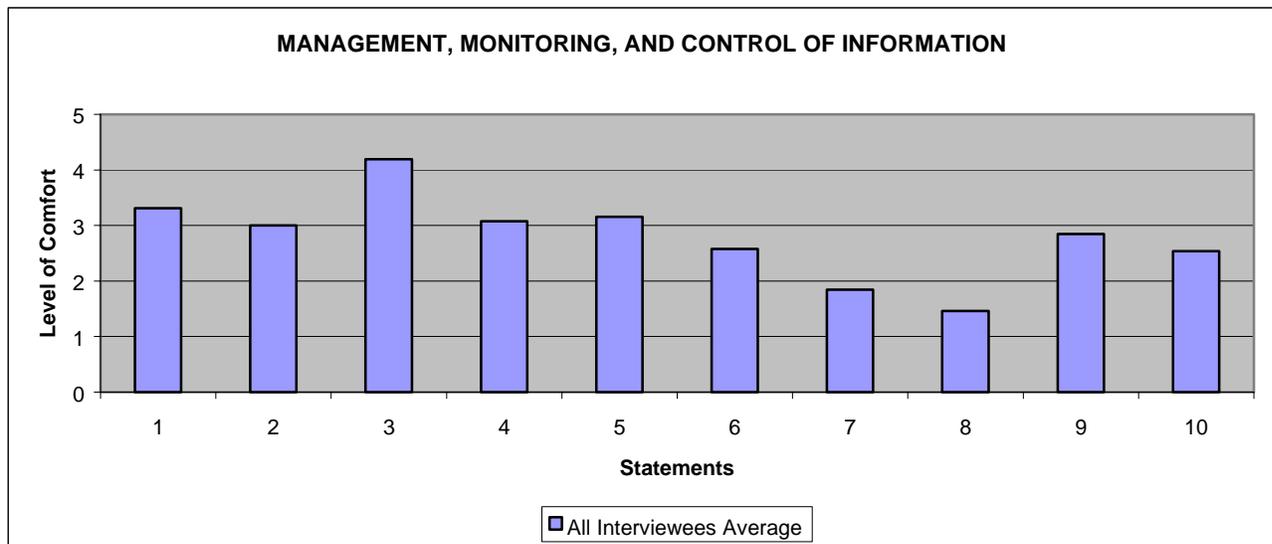
IV Policies and Procedures

Policies & Procedures, Work Flows and Methods	
1	There are comprehensive, published Policies & Procedures, Work Flows and Methods for the BB funds.
2	You are aware of the Policies and Procedures and you know where to access them for reference on a regular basis.
3	The LAUSD Policies & Procedures, Work Flows and Methods are very effective for the management of the BB funds.
4	The PMFs Policies & Procedures, Work Flows and Methods are very effective for the management of the BB funds.
5	The LAUSD Policies & Procedures, Work Flows and Methods have greatly improved for the execution of the BB funds from where they were last year.
6	The PMFs Policies & Procedures, Work Flows and Methods have greatly improved for the execution of the BB funds from where they were last year.
7	The LAUSD Policies & Procedures, Work Flows and Methods could be streamlined to be more effective at managing the BB funds.
8	The PMFs Policies & Procedures, Work Flows and Methods could be streamlined to be more effective at managing the BB funds.



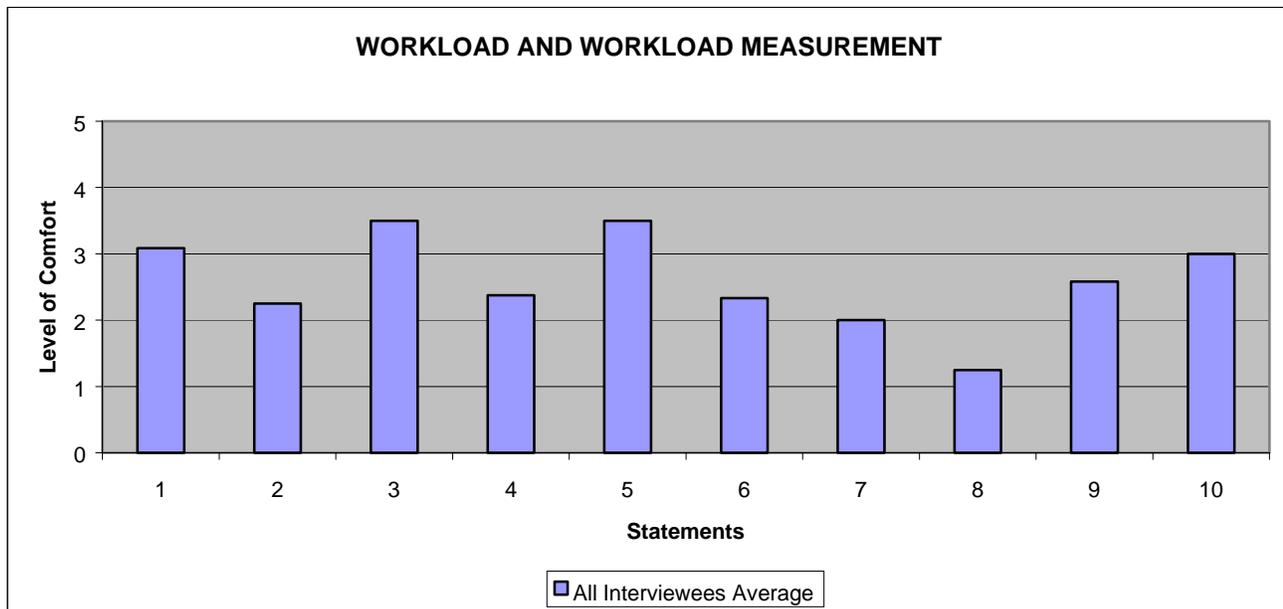
V Management, Monitoring and Control

Management, Monitoring and Control of Information	
1	The LAUSD Management and Control is very effective for the management of the BB funds.
2	The PMFs Management and Control is very effective for the management of the BB funds.
3	The LAUSD Management and Control of the Program and Project Management Firms has greatly improved for the execution of the BB funds from where it was last year.
4	The PMFs Management and Control has greatly improved for the execution of the BB funds from where it was last year.
5	The LAUSD Management and Control could be streamlined to be more effective at managing the BB funds.
6	The PMFs Management and Control could be streamlined to be more effective at managing the BB funds.
7	The LAUSD Management and Control of the Program and Project Management Firms is inadequate.
8	The PMFs Management and Control is inadequate.
9	There are complete and comprehensive LAUSD Management and Control Procedures for the BB funds.
10	The Management and Control Procedures are always adhered to in every instance.



V Management, Monitoring and Control (Continued)

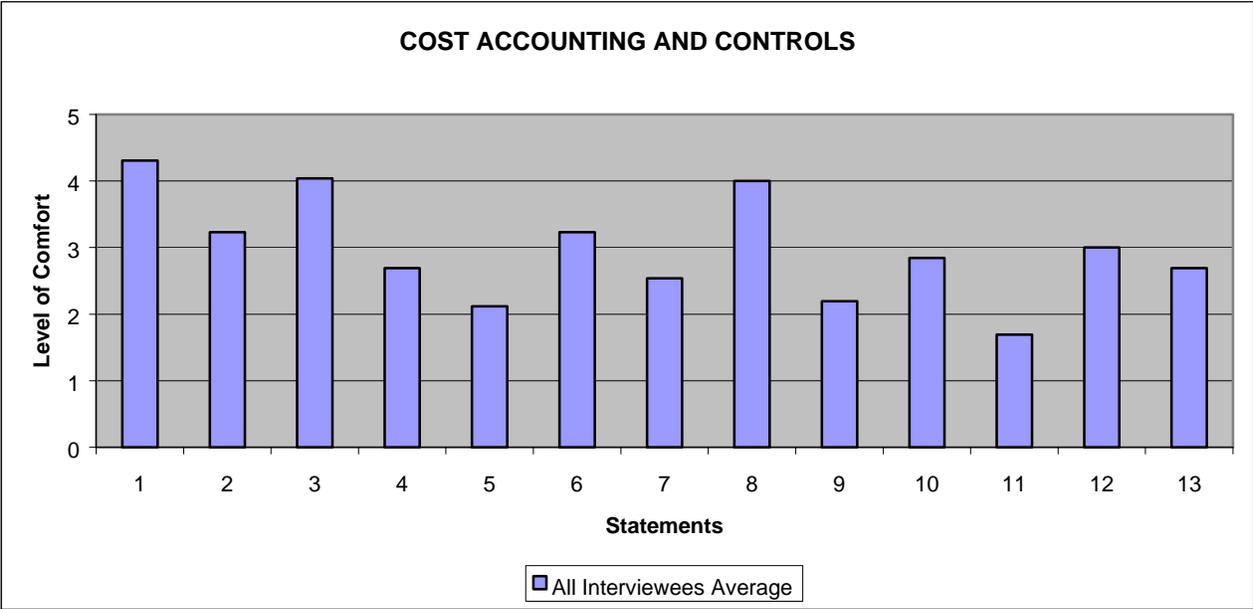
Workload and Workload Measurement	
1	The LAUSD Workload and Workload Measurement methods are very effective for the management of the BB funds.
2	The PMFs Workload and Workload Measurement are very effective for the management of the BB funds.
3	The LAUSD Workload and Workload Measurement methods have greatly improved for the execution of the BB funds from where they were last year.
4	The PMFs Workload and Workload Measurement methods have greatly improved for the execution of the BB funds from where they were last year.
5	The LAUSD Workload and Workload Measurement methods could be improved to be more effective at managing the BB funds.
6	The PMFs Workload and Workload Measurement methods could be improved to be more effective at managing the BB funds.
7	The LAUSD Workload and Workload Measurement methods for the management of the BB funds are inadequate.
8	The PMFs Workload and Workload Measurement methods for the management of the BB funds are inadequate.
9	There are complete and comprehensive LAUSD Workload and Workload Measurement methods for the management of the BB funds.
10	The Workload and Workload Measurement Procedures for the management of the BB funds are always adhered to in every instance.

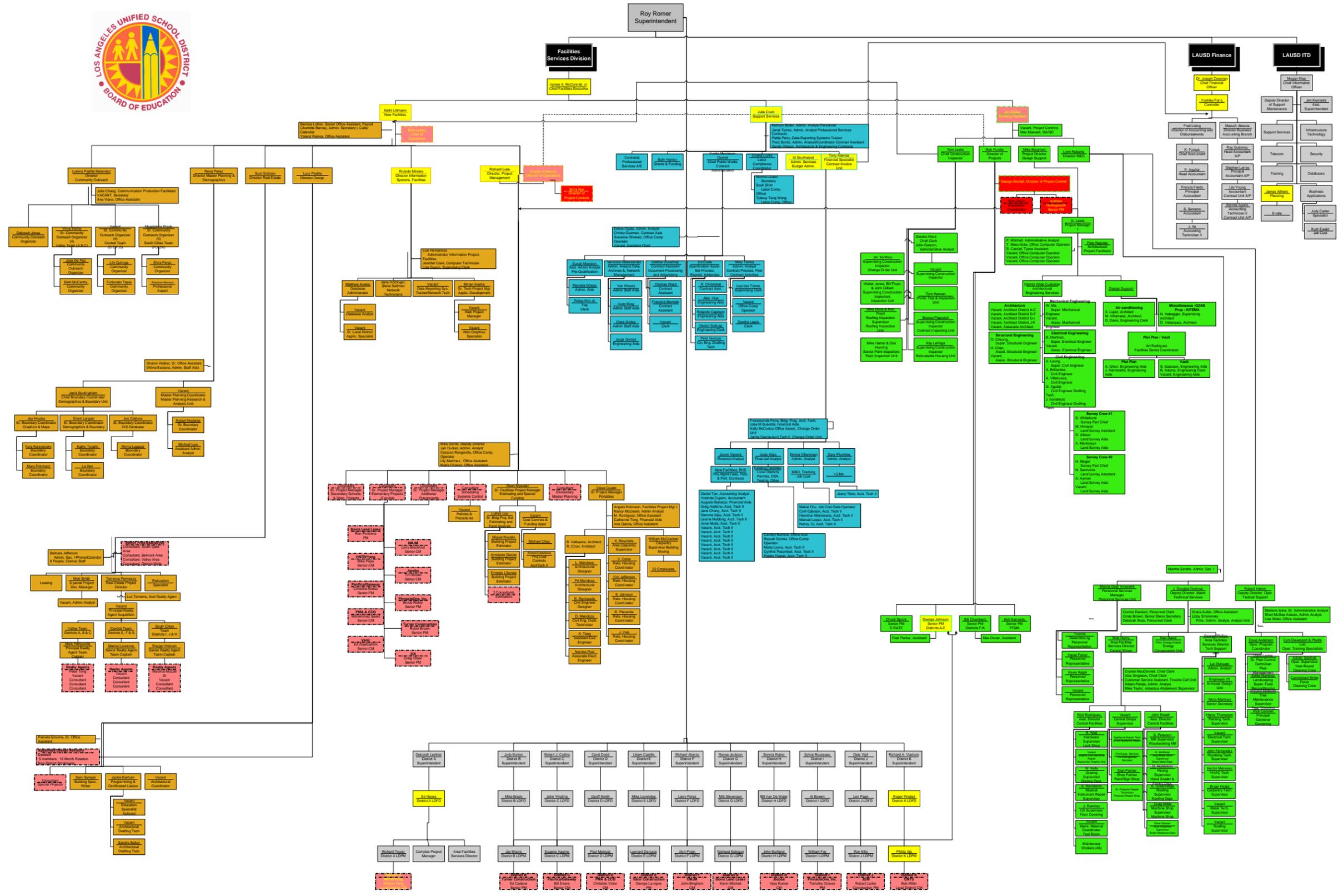


VI Costs Incurred

Cost Accounting and Controls	
1	All costs associated with the Program and Project Management of the BB funds are allowable.
2	All costs associated with the BB funds are reasonable.
3	All costs associated with the BB funds are accounted for.
4	The LAUSD Cost accounting and Controls methods are very effective for the management of the BB funds.
5	The PMFs Cost Accounting and Controls are very effective for the management of the BB funds.
6	The LAUSD Cost Accounting and Controls methods have greatly improved for the execution of the BB funds from where they were last year.
7	The PMFs Cost Accounting and Controls methods have greatly improved for the execution of the BB funds from where they were last year.
8	The LAUSD Cost Accounting and Controls methods could be streamlined to be more effective at managing the BB funds.
9	The PMFs Cost Accounting and Controls methods could be streamlined to be more effective at managing the BB funds.
10	The LAUSD Cost Accounting and Controls methods for the management of the BB funds are inadequate.
11	The PMFs Cost Accounting and Controls methods for the management of the BB funds are inadequate.
12	There are complete and comprehensive LAUSD Cost Accounting and Controls methods for the management of the BB funds.
13	The Cost Accounting and controls Procedures for the management of the BB funds are always adhered to in every instance.

VI Costs Incurred (Continued)





Department

New Facilities LAUSD Employee

Support Services LAUSD Employee

Existing Facilities LAUSD Employee

Other LAUSD Employee

Consultant

Interviewee

Consultant Interviewee