

Bond Performance Audit Tracker
 Status of Performance Audit Recommendations
 January 2022 - BAC Report

| 2018: FHS/RHS Construction Audits Controls Recommendations | | | | |
|--|----|--|---------------------|----------|
| Bond Year | # | Abbreviated Recommendation | Response | Status |
| 2012 | 1 | Require documented review and approval of all agreed upon self-performed work cost and pricing. Where insufficient competitive bidding is available for establishment of self-performed subcontract price: a) obtain independent cost analysis to support self-performed work pricing and negotiate a fair and reasonable price and/or b) price lump-sum work on a not-to-exceed cost reimbursable basis on future projects. Obtain self-performed work subcontracts to better establish self-performed work scope, pricing and payment terms. [FHS #12] | Completed | Complete |
| 2012 | 2 | Require visibility and reconciliation of project management systems and accounting systems of record utilized for project cost accounting and subcontractor payments. [FHS #13] | Concur with comment | Complete |
| 2012 | 3a | Perform quarterly review of project change order files for application of expected cost analysis and related approval requirements. [FHS #14] | Concur with comment | Working |
| 2012 | 3b | Add approval controls designed to prevent proceeding with work prior to full vetting of project design along with related budget. Verify architect progress against key milestones to help ensure timely and complete project work scope inclusion in plans. To prevent untimely and expensive owner-directed changes, require further approval controls for work scope modification. [FHS #14] | Completed | Complete |
| 2012 | 4 | To strengthen existing District controls over system information integrity and consistent with good payment application approval control practices, prior to each payment require eBuilder to include monthly secondary review of the reconciliation between District electronic records to Contractor cumulative payment application contract totals, commitments and costs incurred. [FHS #15, RHS #12] | Concur | Complete |
| 2012 | 5 | Require consistent and compliant application of contract rates to deduct change orders. [FHS #16] | Concur | Working |
| 2012 | 6 | On future projects, require contractors to identify and account for changes by contract line item and in compliance with contract requirements. Require maintenance of an allowance log that specifies budget as included under the GMP schedule of values, cost support for proposed uses of allowance amounts, approved allowance amounts used along with approval documentation by project allowance item. [FHS #17, RHS #13] | Concur | Complete |
| 2012 | 7 | Verify application of the contractual requirement for fixed fee calculation. [FHS #18] | Concur | Complete |
| 2012 | 8 | For future projects, add approval controls designed to prevent proceeding with work prior to full vetting of project design, along with related budget and to reduce owner-directed changes, where possible. [RHS #10] | Completed | Complete |
| 2012 | 9 | Implement construction program oversight controls to document verification of independent cost analysis performed on self-performed work procurements, when District competitive bidding procedures are not applied. [RHS #11] | Completed | Complete |
| 2012 | 10 | District project management personnel should require visibility, timely access and sign-off on work cost application applied by the Contractor. [RHS #14] | Concur with comment | Complete |

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| <u>Audit Year</u> | <u>Summary of Recommendations</u> | <u>Percent Completed</u> |
| 2018 | 11 Recommendations, 9 completed | 82% Completed |

Status Notes on Recommendations Not Completed

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| 2018 | 3a | OSM is developing a Standard Operating Procedure for internal audits of change order files. |
| 2018 | 5 | This audit observation noted change order mark-ups had not been applied consistently to deductive changes. OSM is reviewing the Standard Operating Procedure for change requests to ensure that this issue is addressed as part of project staff review of change orders. |

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

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| <u>Audit Year</u> | <u>Summary of Recommendations</u> | <u>Percent Completed</u> |
| 2019 Ph 2 | 11 Recommendations, 7 completed | 64% Completed |

Status Notes on Recommendations Not Completed

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| 2019 Ph 2 | 3 | OSM is working on revising its Standard Operating Procedure (SOP) on cost estimating to specifically require written documentation supporting cost estimates, in addition to continuing to direct project management staff in best practices. Once the SOP has been finalized, this recommendation will be marked as complete. |
| 2019 Ph 2 | 7 | OSM has ordered and distributed PPS computer equipment for all non-PPS staff and requires that all PPS-related work be performed on PPS equipment utilizing PPS document management systems. A working group of staff and program management was convened to develop revised file naming and document management systems. A new file naming convention has been implemented. Folder structure revisions are under discussion. |
| 2019 Ph 2 | 9 | Education Specifications are updated on a scheduled basis, with significant, organized stakeholder input, and approved via the BOE. Discussions are underway with the PPS teams that manage the Design Guidelines. |
| 2019 Ph 2 | 10 | This recommendation is under review by the AIT. OSM is developing decision examples and working with project staff to identify inconsistencies or questions that will need to be addressed by the guidance. |

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| 2020 Bond Performance Audit Recommendations | | | | |
|---|----|--|---------------------|----------|
| Bond Year | # | Abbreviated Recommendation | Response | Status |
| 2017 | 1 | Provide the Board an analysis discussing implications if voters do not approve the November 2020 Bond on the Benson High School Project, in particular, as well as other 2017 Bond projects, as appropriate. At the minimum, this analysis should provide cash flow projections for the Benson High School project, and deliberate on the effects of a full faith and credit loan option to ensure the Board can make informed decisions going forward. | Nonconcur | Complete |
| 2017 | 2 | Implement plans to ensure project team members have needed access to e-Builder and that key non-PPS employees in critical project roles have computers to access project information. | Completed | Complete |
| 2017 | 3 | Revisit systems and tools used on a go-forward basis for capturing H&S project expenditure and status data to be able to more efficiently generate reliable data to address H&S project status reporting needs to oversight bodies and the public. | Concur with Comment | Complete |
| 2017 | 4 | Complete the development of the interactive map tool and ensure the map is supplemented with summary information about the H&S program. At the minimum, the public information should provide common data from each H&S category in a standardized format that provides easy tracking of current budget, schedule, status, and delivery plans in relation to initial Bond plans. | Completed | Complete |
| 2017 | 5 | Require and maintain more consistent documentation associated with the review of price proposals or quotes from construction contractors related to change orders through means such as incorporating project team notes, uploading negotiations in email correspondence, or marked-up price proposals, into the e-Builder system to provide evidence of OSM's due diligence in reviewing contractor change order prices. | Concur | Working |
| 2017 | 6 | Prohibit contractors to perform any work for the district until a fully executed contract is in place or a formal written authorization is provided to allow for pre-contract execution work to start. | Concur with Comment | Working |
| 2017 | 7 | Conduct a post-project completion analysis for the Madison and Lincoln High School projects to evaluate benefits and challenges of the CM/GC delivery method overall, as well as specific aspects such as timing of Guarantee Maximum Price (GMP) contract amendments, and make process changes as warranted. The evaluation should consider components suggested by ORS279.103 and provide a comparison of actual project cost against original project estimates, change order number, value and type, as well as descriptions of success and failures during design and construction. | Concur with Comment | Working |
| 2017 | 8 | Memorialize and discuss underlying rationale and decisions related to the timing of GMP negotiations with the Bond Accountability Committee, and present to the Board for future CM/GC GMP contract amendments as appropriate. | Concur with Comment | Working |
| 2017 | 9 | Clarify and incorporate language in CM/GC contracts, as appropriate, related to contractor financial records in accordance with generally accepted accounting principles. | Completed | Complete |
| 2017 | 10 | Address inconsistencies between the contract for architect/engineer services and the CM/GC contract for construction services related to the timing of reconciled cost estimates for future projects by ensuring that the same deliverable milestones are included in both contracts. | Concur | Working |
| 2017 | 11 | Evaluate payment terms and conditions for all H&S low-bid lump-sum contracts to ensure consistency between procurement documents, contract language, and actual payment process practices. | Concur | Working |

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| <u>Audit Year</u> | <u>Summary of Recommendations</u> | <u>Percent Completed</u> |
| 2020 | 11 Recommendations, 5 completed | 45% Completed |

Status Notes on Recommendations Not Completed

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| 2020 | 5 | Through additional training, staff has improved their attachment of change order review materials to provide documentation of their change order analysis and recommendations. OSM is working on incorporating explicit language into OSM's Standard Operating Procedure (SOP) for Change Orders. |
| 2020 | 6 | This recommendation is under review by the AIT. Contract language already requires that the contract be fully executed prior to commencing work. PPS Public Contracting Rules also prohibit contract work from commencing without a fully executed contract (with some limited exceptions). The AIT is reviewing staff training on this issue. |

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| 2020 | 7 | Post-project analysis of the Madison and Lincoln High School CM/GC contracts is already required by Portland Public Schools Public Contracting Rules for contracts procured through an alternative delivery method, following the requirements of ORS 279C. However, this analysis cannot be completed until after the later of the date of final payment or the date of final completion. As such, this recommendation will not be able to be resolved until 2022 at the earliest for the Madison project and 2024 at the earliest for the Lincoln project. |
| 2020 | 8 | This recommendation is under review by the AIT. GMP timing has already been set for all of the current 2017 Bond CM/GC projects, so this recommendation will not be able to be resolved until a new CM/GC project is undertaken. |
| 2020 | 10 | Staff are reviewing all contract templates to identify the specific discrepancies. |
| 2020 | 11 | Staff are reviewing H&S contract templates to determine if additional templates are needed to accommodate all industry-standard payment practices. |

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| 2021 Bond Performance Audit Recommendations | | | | |
|--|----|--|---------------------|----------|
| Bond Year | # | Abbreviated Recommendation | Response | Status |
| 2017 | 1 | The PPS Board should revisit its Equity in Public Purchasing and Contracting (“EPPC”) Policy to clarify and define the District’s vision, goals, and commitment to business equity. This should include reassessing the overall intent, determining how equity is characterized, and expanding on what attainment of business equity goals for the District should entail. | Concur with Comment | Working |
| 2017 | 2 | Further develop the Board’s overarching vision into more succinct measurable subgoals or objectives, support new goal setting defensible data, and define qualitative and quantitative metrics to measure against new goals. | Concur | Working |
| 2017 | 3 | Conduct a cost-benefit analysis of available business equity strategies, such as those outlined in this report, and include considerations such as long-term versus short-term strategies, direct versus intangible “investment” type strategies, and unintended consequences. | Concur | Working |
| 2017 | 4 | Develop tools and protocols to capture outcomes of chosen equity strategies, and validate outcome data accuracy. | Concur with Comment | Working |
| 2017 | 5 | Create protocols to expand on existing business equity annual reporting to include an assessment of whether annual equity outcomes realized meet the intent of the EPPC Policy and goals of the Administrative Directive, or if modification to the portfolio of equity strategies is warranted, and based on results, adjust strategies as necessary. | Concur | Working |
| 2017 | 6 | Develop and formalize operating procedures to define the roles, responsibilities and expectations of PPS staff specific to managing contractor and consultant business equity compliance, reporting on outcomes, and coordinating efforts to bolster PPS’ presence and visibility in the certified business community. | Concur | Working |
| 2017 | 7 | Provide context and explanation of nuances and limitations of B2GNow data in presentations and reports to the Board and the Bond Accountability Committee. | Completed | Complete |
| 2017 | 8 | Develop a PPS-led training to provide new and existing contractors and consultants guidance on equity reporting requirements and expectations; and provide refreshers on training materials on an established schedule over the course of the contract duration. | Concur with Comment | Working |
| 2017 | 9 | Conduct a review to explore system capabilities, functions, and reports with the B2GNow vendor that could enhance PPS’ management of business equity efforts. | Concur | Working |
| 2017 | 10 | Develop new and strengthen existing protocols for capturing institutional knowledge currently held by one OSM staff member to ensure information and processes about Bond Communication efforts is retained with PPS. Protocols could include establishing key policies and procedures, cross-training staff on communication activities and knowledge, creating a resource library, and providing data sources, timestamps, “as of” dates, and follow-up contact information, as appropriate. | Concur | Working |

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| <u>Audit Year</u> | <u>Summary of Recommendations</u> | <u>Percent Completed</u> |
| 2021 | 10 Recommendations, 0 completed | 10% Completed |

Recommendations Marked as **Complete** Since Last Reporting

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| 2021 | 7 | All Bond Accountability Committee materials now include a summary of the nuances and limitations in the B2GNow data that is being presented. These materials are also provided quarterly to the Board. |
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| 2021 | 1 | This recommendation is under review by the AIT. PPS staff appreciate the opportunity for updated guidance from the PPS Board on their goals for business equity. Staff has shared this recommendation with the PPS Board, however policy updates are scheduled by the Board and are therefore subject to the Board's timeline. |
| 2021 | 2 | This recommendation is under review by the AIT. Staff concur with this recommendation, noting that the development of new subgoals or objectives may be dependent on potential changes by the Board to the EPPC Policy and/or changes to the Superintendent's Business Equity Administrative Directive 8.50.096-AD. |
| 2021 | 3 | This recommendation is under review by the AIT. |
| 2021 | 4 | This recommendation is under review by the AIT. As noted in the Draft Report, it can be difficult to find a direct correlation between "how a particular strategy employed results in increased or decreased utilization rates." Staff will look to develop tools to capture outcomes, with the understanding that not all outcomes may be able to be directly attributed to chosen equity strategies. |
| 2021 | 5 | This recommendation is under review by the AIT. Staff agrees that an annual review of business equity strategies, and plan of changed or new strategies for the upcoming year, would allow for a more structured framework in which to identify potential changes or new strategies, develop cost-benefit analyses, and collect and analyze outcome data. |
| 2021 | 6 | This recommendation is under review by the AIT. |
| 2021 | 7 | This recommendation is under review by the AIT. Staff concur with this comment while noting that some limitations of the B2GNow data, such as data being based on payments made as opposed to contract total, are already communicated regularly to the Board and Bond Accountability Committee. |
| 2021 | 8 | This recommendation is under review by the AIT. Staff concur with this recommendation but have not been able to implement previously due to lack of staff resources. OSM is in the process of recruiting for a Bond Certified Business Program Manager position; this position will be tasked with creating the training once hired. |
| 2021 | 9 | This recommendation is under review by the AIT. |
| 2021 | 10 | This recommendation is under review by the AIT. A new OSM employee has been hired whose work is related to this, and that individual has begun working to document procedures and collect resources into a library. |