

Bond Management

SUBJECT

Fragmented Oversight: The majority of the recommendations (181-199; 201, 202, 206-208) all have to do with problems that were identified by KPMG related to fragmented oversight of the Bond Management Process. Some of KPMG's findings include (finding VIII 18) not incorporating important industry accepted best practices; (finding VII 20) not having a formal Program Management Office for monitoring its own facilities; (finding VIII-23) multiple change orders splitting out work; and (finding VIII 28) Program organization can be improved.

The Bond Task Force reviewed the findings and recommendations very carefully. Additional information was gathered from past contractors, the project manager and PPS staff in an effort to understand how to best remedy the problems that were identified. The Task Force differed from KPMG on how and why some of these problems may have occurred but decided to focus their attention on working with PPS to improve the bond management system. Since the Task Force has been meeting, many changes have occurred and improvements can already be seen.

Ref#	Type	Recommendation	Discussion	Fiscal Comments	Status
181 VIII- 18.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Establish a project management system that will provide for better control and oversight of the Bond Program.	The Taskforce does not believe PMI (Project Management Initiative) standards are appropriate for PPS due to its failure to recognize the need of multiple stakeholders. The KPMG finding does not fully incorporate industry best practices. If the District is going to hire a program manager, then let that person determine the management style.		In Process GENERAL STATEMENT REGARDING BOND RECOMMENDATIONS: Steven Poage has been hired as Program Director for the bond program. Pam Brown has been named Director of Facilities and Asset Management. New policies & procedures reflecting task force recommendations are being implemented. The Program plan is being developed. Project priorities proposed in the plan will be brought to the Board for approval.
182 VIII- 18.2	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Establish training to introduce best practices into PPS' management.			Plan to Implement

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Ref#	Type	Recommendation	Discussion	Fiscal Comments	Status
183 VIII-18.3	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Establish a Program Management team to provide oversight for all bond programs and projects within PPS.	It is essential that oversight be provided by someone with experience in construction management and who has the authority to direct the program.		In Process
184 VIII-19.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	A PPS level Program Management Plan should optimize the management of all aspects of the program.	It is necessary to do more than standardize the management of the program. It is essential that a program plan be developed and followed.		In Process
185 VIII-20.1	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Establish a Program Management Office, the charter of which would be to ensure all project management tools and techniques are used uniformly across the Program.	Do not refer recommendation. Drop because it repeats #183.		Rejected
186 VIII-21.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	The Program Manager should have the proper delegation of authority from the Board and Superintendent with appropriate monetary instructions and legal oversight.	Ensures proper protection of the school District and its employees.		In Process
187 VIII-21.2	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	If it is not within the Director, Physical Plant's responsibility to sign change orders on behalf of PPS, then a committee should be established to review all change orders signed to date.			Rejected
188 VIII-21.3	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Freeze any further change orders unless there has been written agreement and the work has been done by the contractor or designer in good faith.	The freeze would provide time to put best management practices in place. The District needs to take care not to damage their working relationship with contractors who have performed in good faith.		Done

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189 VIII-22.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	All change orders and recommendations must be in compliance of state laws and PPS policies.	The following comment is neither pro nor con: If it was done incorrectly in the past it is irrelevant. Procedures and policies are now established to ensure that no future problems will occur. The District needs to take care not to damage their working relationship with contractors who have performed in good faith.		In Process
190 VIII-22.2	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Review the contracts that exceed the established limits.			Rejected
191 VIII-22.3	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Board should view contracting policies and procedures vis-a-vis current state laws (OAR and ORS) to determine if changes are appropriate.			In Process
192 VIII-23.1	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Establish a Change Control Board chartered to provide the oversight needed to monitor and prevent inappropriate change-order "splitting".			Rejected
193 VIII-24.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	#183 establishes a Program Management team and an alternative structure will be provided by the Taskforce.	Agree with the finding.		In Process
194 VIII-24.2	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	The School Board should assign a designee to serve on the Executive Committee.	Alternative language clarifies the responsibility of the designee. Assures that the School Board's goals are being met.		Further District Review Pending

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195 VIII-24.3	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Establish an Executive Committee composed of a School Board Designee, CFO or CFO designee and two citizen representatives. This committee shall replace the Citizen Bond Advisory Committee.	Useful management practice.		In Process
196 VIII-25.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Re-evaluate the CM/GC goal in seven years.			Plan to Implement
197 VIII-25.2	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Establish an Executive Steering Committee, created as a component of the School Board.			In Process
198 VIII-26.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Transfer the Community Budget Advisory Committee (CBAC) responsibilities to the Executive Committee and eliminate the CBAC. If promotional/educational responsibilities become needed on Bond issues, a new CBAC should be reconstituted.			Rejected
199 VIII-27.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	On large complex projects establish a Work Breakdown Structure and institute a formal authorization process.			Plan to Implement

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Ref#	Type	Recommendation	Discussion	Fiscal Comments	Status
201 VIII-28.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Program should be reorganized as illustrated in Exhibit VIII-14.	Alternative Program Manager structure will result in greater clarity and timely decision making.		In Process
202 VIII-29.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Project Manager is responsible for quality control.	Quality management should be the responsibility of the Project Manger.		In Process
206 VIII-31.1	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Reporting expectations for the new Project Manager should be developed by the Executive Committee.			In Process
207 VIII-31.2	<input checked="" type="checkbox"/> Alt Rec <input type="checkbox"/> KPMG Rec	Program Manager should provide a final report as directed by the Executive Committee.	Improves management practices.		Plan to Implement
208 VIII-38.3	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Its recommended the statement, in the sixth paragraph, stating "...the work was successfully achieved" be considered based on the final agreed upon scope and budget and not in relation to the initial scope of the Facility Improvement Program described projects.			Rejected

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SUBJECT Co-mingling of Funds and Inadequate Accounting Systems: The remaining recommendations have to do with co-mingling of bond and general fund dollars and having inadequate systems in place to track bond projects. To assess the current status of this situation all Phase 3 bond projects were put on hold. A new Bond Project Manager has been hired and the Physical Plant office has been reorganized as Facilities and Asset Management with a new Director. The new Director of Facilities and the new Bond Project Manager are working together to determine and segregate bond and general fund projects.

Ref#	Type	Recommendation	Discussion	Fiscal Comments	Status
200 VIII- 27.2	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Proceed with the Financial Management Information System (FMIS) purchase and installation.	This should be a high priority recommendation.		In Process Part of system replacement project.
203 VIII- 30.1	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	A method to provide sound cost management must be developed.			In Process
204 VIII- 30.2	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Map budget expenditures to actual expenditures.			Plan to Implement
205 VIII- 30.3	<input type="checkbox"/> Alt Rec <input checked="" type="checkbox"/> KPMG Rec	Establish systems to ensure accountability of contingency funds.			Plan to Implement

