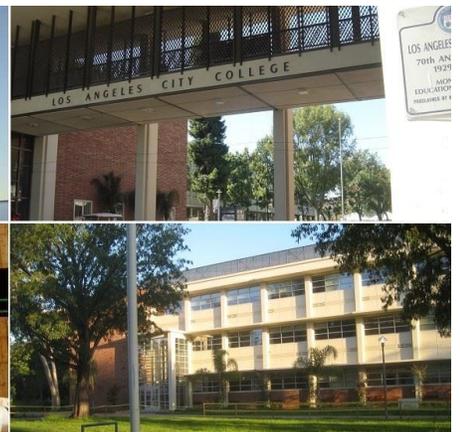


Bond Program Monitor Activities Report

Third Quarter: July 1 - September 30, 2019

Submitted to the Board of Trustees
and Chancellor, October 15, 2019



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INTRODUCTION

BuildLACCD is the Los Angeles Community College District (“LACCD” or “District”) Building Program funded mainly by bonds approved by the voters of Los Angeles County.¹ The Bond Program Monitor (“BPM” or “the Monitor”) position was created in January 2011 by the District’s Board of Trustees (“BOT” or “Board”) to function as an independent guardian of its Bond Program. The BPM’s mission, authority and duty is to ensure the Bond Program is performing with the utmost integrity by reviewing day-to-day operations to detect, prevent, and respond to any identified or reported misconduct.²

The Monitor began its duties on January 1, 2019, starting with the collaborative development of an Annual Workplan designed for the purpose of deterring and detecting misconduct.³ Misconduct within the construction Bond Program could include corruption, fraud, violations of non-discretionary laws, rules or regulations, abuse of discretion, or other actions or inactions occurring in the context of a deliberate or reckless disregard of an actual or probable waste of District funds.

BPM ACTIVITIES

This is the BPM’s third activities report covering the period from July 1 through September 30, 2019 and is intended to provide information that informs the reader about general activities performed. The report follows the same structure as the BPM’s First Annual Workplan mentioned above, the objectives of which are listed below and were identified as the initial steps towards first establishing and then institutionalizing the District’s Office of the BPM.⁴

- Comprehensive Reviews of Policies and Protocols
- Establish a Visible Presence
- Establish a Data Gathering Protocol
- Set up Reporting Protocols
- Conduct Investigations and Targeted Reviews, as needed

¹ BuildLACCD is the LACCD’s Building Program funded mainly by bonds approved by Los Angeles Voters in 2001 (Proposition A: \$1.245 billion), 2003 (Proposition AA: \$980 million) 2008 (*Measure J*: \$3.5 billion) and 2016 (*Measure CC*: \$3.3 billion).

² The BPM function is required pursuant to LACCD Board Rules that were adopted by the on January 12, 2011. A copy of the LACCD Board Rules 17300-17307 pertaining to the Bond Program Monitor can be found at: <https://www.laccd.edu/Board/Pages/Board-Rules.aspx>

³ Through a Request for Proposal (RFP) process, the LACCD conducted a search and in October of 2019, Exiger, with Deirdre Waldron Power leading, was selected as the Bond Program Monitor. The BPM’s key staff include Denise Lewis of Exiger as Deputy Bond Program Monitor; William O’Brien of Exiger as the Senior Professional Investigator; and, Joy Charles of Armand Resource Group (“ARG”) as Senior Professional Examiner. ARG is a certified small business and a subcontractor of Exiger.

⁴ A copy of all the Bond Program Monitor’s Quarterly Reports will be found at: <http://www.laccd-oig.org/>. We note that the domain, or link name of the website refers to the OIG rather than the Bond Program Monitor due technical issues beyond our control.

The BPM's work in the above areas has helped us gain an understanding of the particular environment in which the Build-LACCD operates in furtherance of finding ways to improve processes and provide information that supports effective decision making. The BPM's activities during this reporting period towards the above ongoing objectives are detailed in the remainder of this report.

POLICIES & PROTOCOLS REVIEW

As reported in its first quarterly report, the BPM began its policy review by focusing on the highest risk areas including procurement and labor compliance. As part of its review process, the BPM interviews key staff and reviews District policy and the Program Management Office (PMO) Standard Operating Procedures (SOP) for Program Management Administration (PMA), and the SOPs for Construction Procedures (CP), along with any related audits. The specific policies under review include:

- SOP PMA 1.0 Overview and Internal PMO Policy
- SOP PMA 2.0 Communications
- SOP PMA 4.0 Document Control Management Plan
- SOP PMA 8.0 Contracts Management
- SOP PMA 10.0 Risk Management
- SOP PMA 12.0 Labor Compliance
- SOP CP 2.0 Construction Management

During the third quarter, the BPM completed its review of several of the above SOP's and is currently preparing a report for the District's consideration which will include several recommendations. These recommendations are currently being discussed with appropriate District and PMO staff prior to finalization and reporting. The BPM notes that given the recent and upcoming changes in the personnel management at the level of the Chief Facilities Executive (CFE) the BPM will also provide the District with its analysis of the current and proposed CFE role and organizational structure and offer some best practice examples for contemplation.

The BPM will continue its review of policies and SOPs as they relate to the Bond Program throughout the monitorship, and will focus next on those associated with Chapter VII, Article XV and I; specifically, Board Rules 71501 and 7103.17 which establish a 30% participation goal to give contract opportunities to Small, Local, Emerging, Disabled Veteran ("LSEDEV") businesses.

VISIBLE PRESENCE

During the third quarter, the BPM and its inspection team attended Bond Program related meetings on a regular basis, and individual meetings with the PMO staff and College Project Teams (CPT)

while on campus jobsites. In addition to all Facilities Master Planning Oversight Committee (FMPOC) meetings, the BPM also attended a meeting with the college Vice Presidents of Administration to introduce our staff and explain the BPM’s mission.

The BPM’s inspection team consists of field staff who are experienced compliance monitors including seasoned law enforcement investigators with construction experience and a construction professional with California construction code experience. The overall objective of our onsite presence is to create a deterrent effect; assess compliance with applicable laws, regulations and policies; to identify areas of potential weaknesses or vulnerabilities for fraud, waste or abuse; and, to determine where there are opportunities for improvement. The BPM’s field presence is also critical for establishing working relationships with construction teams and keeping the lines of communication open.

ONSITE INSPECTIONS

During the second quarter, the BPM continued to attend PMO and campus construction team meetings and has conducted continuous in-field onsite inspections of the nine college campuses. The following chart illustrates the timeframe and location of the BPM onsite field campus visits:

As illustrated, a total of 133 unannounced onsite visits were conducted at the nine LACCD college campuses and the ELAC annex campus in Southgate during which 150 prevailing wage interviews were also performed.

LACCD Campus	3rd Quarter BPM Onsite Inspections					
	July	August	September	Weekends /Off hours (included in total)	Total Inspections Conducted	Prevailing Wage Interviews
LA City	2	4	3		9	2
East LA	3	3	2		8	6
<i>Southgate</i>	6	4	11	2	21	10
West LA	4	5	3		12	14
Mission	2	5	6	1	13	9
Pierce	3	3	3		9	25
LA Valley	5	2	8	1	15	26
LA Harbor	3	4	7	1	14	19
Southwest	3	3	4		10	4
Trade Tech	7	8	7		22	35
Totals	38	41	54	4	133	150

The inspections are mainly conducted during the weekdays during construction activity in progress but also on the weekends and off hours, when notified of scheduled weekend work, and occasionally we spot check to ensure that unauthorized work is not taking place.

During the onsite inspections of campus jobsites, the BPM inspection team walks the site making observations and documents their observations and interviews by completing internal site visit reports. Construction work in progress is noted along with delays of work expected and the results of inquiries on the status of such work including change orders. In some cases surveillance may be conducted and photographs are taken to visually document the inspection process and/or specific issues noted.

A few issues noted during construction activity include sign-in and out sheets not consistently being completed or even used; persons onsite not wearing their Personal Protective Equipment (PPE); ineffective individual performance by field personnel; questions related to the handling and removal of hazardous and non-hazardous materials; and, work that was being conducted without proper notification or supervision. In addition, we have worked to identify areas where communication between the field and the program-wide staff could use improving, and bridge that gap when possible. While vigilant to remain non-operational, any safety or security concerns observed during the BPM's inspections are addressed immediately through direct communication to the onsite Safety Officer and College Program Team (CPT) staff. When appropriate, the BPM also raises these issues to the PMO and District management.

LABOR COMPLIANCE

As shown in the above table, in the 3rd quarter, the BPM performed 150 interviews during its onsite inspections to determine compliance with prevailing wage requirements. As a result of the interviews this quarter, an investigation has been initiated.

The BPM also provides the PMO's Labor Compliance Unit (LCU) with access to the BPM reports so that the reported wages can be reviewed for compliance. In the next annual period, the BPM plans to conduct a separate review the LCU's procedures, policies and documentation to ensure compliance with the PMO SOPs.

WHISTLEBLOWER HOTLINE

The BPM's toll-free Whistleblower Hotline which is used for the reporting and receiving of complaints and/or allegations of misconduct related to the Bond Program has been operational since early May 2019. The number is on posters on all job sites and the hotline number rings directly to the BPM's phone line to ensure independence and anonymity if desired by the caller. To date, the BPM has received a total of three calls on the hotline: one anonymous complaint, and two hang-ups.

Going into the next annual period, the BPM plans to initiate an outreach campaign to increase the

awareness and visibility of the BPM Hotline among District personnel, vendors, contractors, faculty, parents and students. This campaign will be implemented by promoting the BPM's webpage and its online reporting system during onsite fieldwork work and meetings. As previously reported, the BPM website is linked to both the LACCD and the BuildLACCD websites and includes the BPM's quarterly activities reports, presentations, and BPM contact and whistleblower hotline information.⁵

DATA GATHERING

The BPM receives and reviews documentation including LACCD and PMO policies and SOPs, internal and external audits and other internal documents including contracts and change orders as part of its regular monitoring duties. However, the BPM notes that one of the most effective tools for gathering information is through its networking and relationship building process within the program. The BPM's team of investigators and other staff continually engage PMO and District personnel allowing us to engage on issues in real time and foster communication between and among the centralized PMO staff and the CPTs, as needed.

As mentioned below, the BPM's internal protocols currently under development will also include its Data Gathering procedures.

BPM PROTOCOLS

The BPM's first Annual Workplan includes the creation of written protocols to include plans covering BPM Communications, Reporting, Investigations, and Special Reviews. The development of these protocols are progressing and expected to be finalized in the coming months.

INVESTIGATIONS AND TARGETED REVIEWS

One of the BPM's primary responsibilities is to receive and investigate complaints of possible misconduct. While each investigation is different, there are certain core techniques that form the basis of our investigative methodology as follows:

- Document review;
- Witness interviews;

The Bond Program Monitor's webpage link is can be access via the following link: <http://www.laccd-oig.org/>

- Surveillance;
- Analysis of available electronic data;
- Utilization of Exiger’s due diligence technology resources; and
- Thorough and fair analysis of all information received.

As previously reported, the BPM has received several complaints which are currently being investigated. The BPM is keeping the Chancellor and/or appropriate District staff apprised on the status of these investigations. As appropriate, final reports of investigation will be provided the Board of Trustees and the Chancellor.

RECOMMENDATIONS

The BPM is in the process of presenting a number of recommendations to the District resulting from our work. Specifically, the on-going review of Bond related policies and procedures has resulted in seven (7) recommendations for changes to three (3) PMO Standard Operating Procedures, and/or new SOPs to be developed associated with the Procurement process. In addition, certain issues encountered as part of two separate investigations, led to two recommendations for new policies and procedures to be developed. We expect that these will be fully reported in our next quarterly report.

CONCLUSION

Exiger is proud to perform as the District’s Bond Program Monitor and on behalf of the BPM team, we thank the Board of Trustees, the Chancellor, and the District and PMO staff for their continued collaboration and cooperation. We look forward to continuing this important work.

October 15, 2019

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ABOUT EXIGER

Exiger assists organizations worldwide with practical advice and technology solutions to prevent compliance breaches, respond to risk, remediate major issues and monitor ongoing business activities. In the US, Exiger has offices in New York, Los Angeles, and Silver Spring and employs hundreds of compliance professionals, all of whom have monitorship experience. Exiger’s Construction Integrity Monitoring Program (“CIMP”) is dedicated to preventing fraud, waste and abuse at construction sites, and has on staff highly experienced project managers, engineers, auditors and investigators, many of whom have significant monitorship, law enforcement, and/or construction experience. Exiger’s CIMP has been continuously growing in size since its formation nearly four years ago, and has acquired a highly-experienced project management team and administrative staff, along with a deep “bench” when it comes to our experienced construction monitoring professionals who are available as additional resources if needed to quickly adapt to the changing demands of our customers.

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