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Internal Audit of the Design and Construction Department

*for the Fort Bend Independent
School District*

PREPARED AND SUBMITTED BY:

GIBSON
CONSULTING GROUP

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Introduction

This report presents the results of an internal audit of Fort Bend Independent School District's (FBISD) construction management function. Construction management was identified as an area of risk in the district's 2013 risk assessment.

This audit is different from a typical internal audit in that it is "preemptive," meaning the focus is more on what is expected to happen in the future as opposed to what happened in the past. The objective of this audit was to evaluate the district's "readiness" for the \$484 million bond program approved by voters in November 2014.

Audit Scope and Approach

The construction management audit addressed the following questions which were approved by the Board of Trustees audit committee:

- Have comprehensive policies and procedures been established for the Construction Department, including the bidding process and contract management?
- Are there adequate controls in place for monitoring construction and renovation projects?
- Have contractors complied with contract provisions? Is FBISD staff conducting necessary activities to ensure contract compliance?
- Are contractor invoices reviewed to ensure that only proper and authorized payments are made?
- Have historical projects been completed on time and within budget?
- Are changes to contracts reasonable, authorized, and properly documented?
- Is there adequate oversight and supervision of the construction department employees?
- Does the district use a stakeholder committee to oversee construction programs, and does this committee receive the information needed to fulfill its purpose?

Procedures for this audit included the review of department organization, the bidding and award process, execution and administration of contracts, change order procedures, and budget control. The audit team evaluated applicable board policies and district procedures and controls for construction management, including management reporting. The audit also included a review of district processes to determine whether opportunities for efficiency improvements exist. Limited audit testing of historical construction projects was performed to better understand current processes and corroborate information obtained through interviews and document reviews.

Appendix A includes the initial data request provided to the district for this audit. Appendix B provides a list of FBISD staff interviewed for the project.

This internal audit was conducted between October 2014 and February 2015.

Audit Recommendations

Many of the audit findings in this report are expected to be addressed through the district’s planned selection of an outside program manager. “Program” management is defined as the management of a related series of project completed over a period of time, to accomplish broad goals to which the individual (construction) projects contribute. It is differentiated from construction “project” management, which is the overall planning, coordination, and control of an individual project from beginning to completion. In the coming years, the district will need to focus most of its efforts in the Design and Construction Department on holding the program manager accountable for performance.

Recommendations resulting from this audit are presented in Table 1.

Table 1. Summary of Recommendations

No.	Recommendation
A.1	Modify board policy and reporting for project changes supported by contract contingency funds.
A.2	Enhance and finalize design and construction procedures manual, and include procedures for working with the bond program manager.
A.3	Finalize contracts and documents to be used for the 2014 bond program and include in the procedures manual.
B.1	Update FBISD design standards for use on internal projects and for incorporation into the program manager’s design management process.
B.2	Develop safety and security standards for contractors working at active school sites.
C.1	Enforce responsibility for daily site inspections and the use of daily inspection reports.
C.2	Modify construction progress reports to provide more meaningful information to district management and other stakeholders.
D.1	Change approach for selecting architects and engineers.
D.2	Evaluate construction contracting options with new program manager.
E.1	Re-engineer invoice processing to maximize the use of current technologies.
E.2	Negotiate the <i>use of the program manager’s PMIS for FBISD internal construction project management.</i>

Source: Gibson Consulting Group

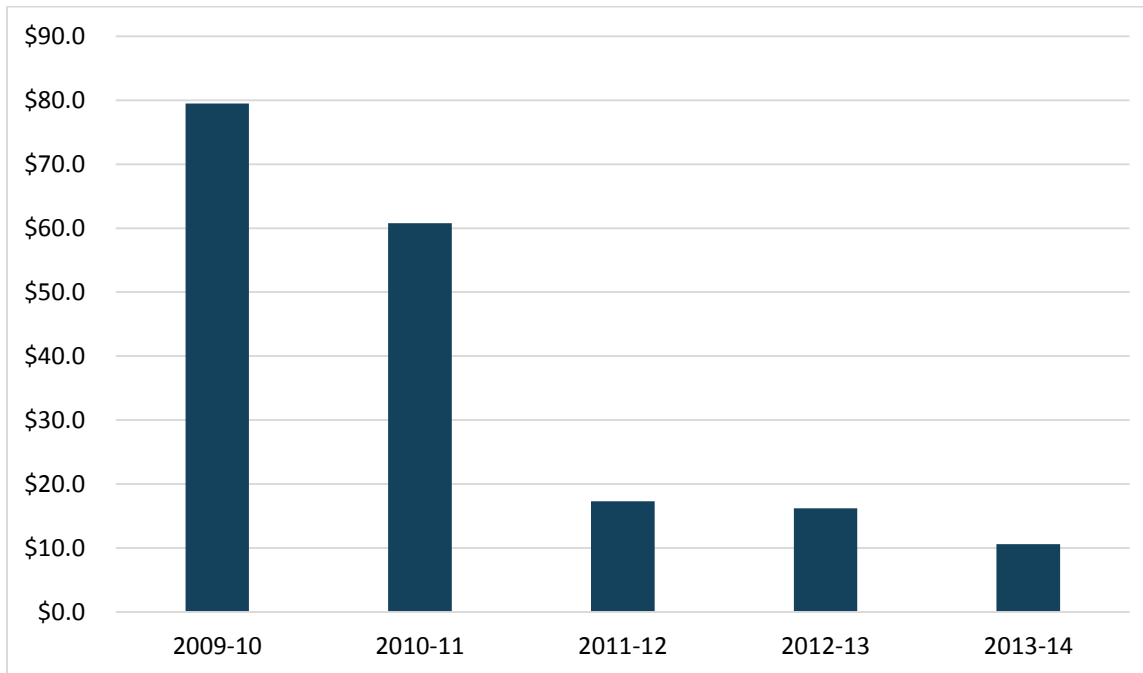
The remainder of this report presents detailed findings and supporting information related to each recommendation. It is organized into the following sections:

- Background
- A. Policies and Procedures
- B. Work Standards
- C. Project Controls
- D. Contracting
- E. Department Efficiency
- F. Audit Testing Results

Background

FBISD construction spending has declined over the past five years, reflecting the winding down of the district's most recent 2006 bond program. Figure 1 presents total construction spending since 2009-10.

Figure 1. FBISD construction spending, in \$ millions, 2009-10 through 2013-14



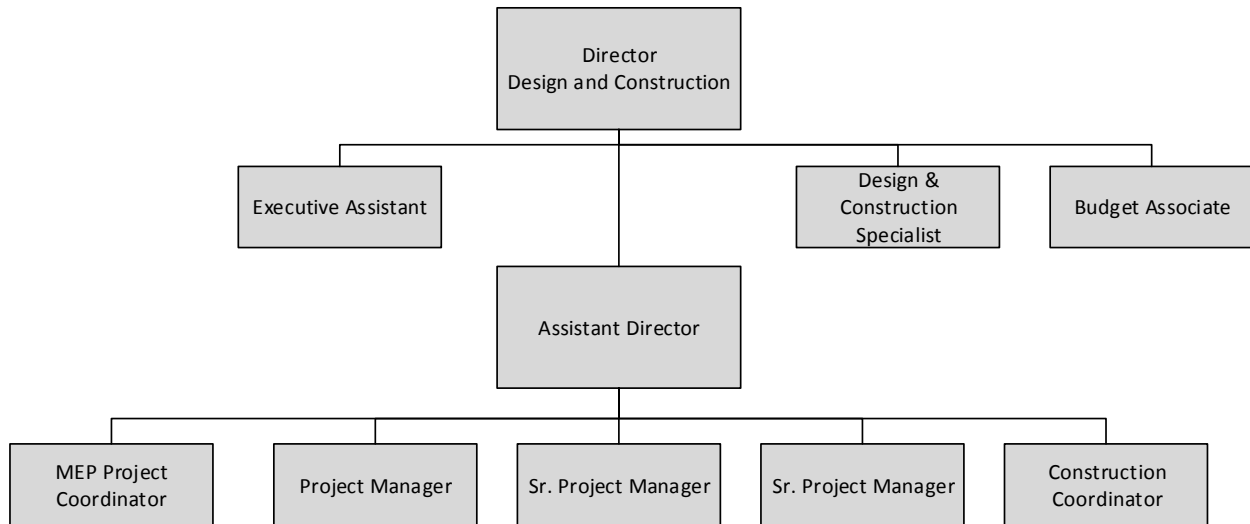
Source: TASBO eFACTS+ expenditure data

On November 4, 2014, FBISD voters overwhelmingly approved a \$484 million bond program to fund significant investments to address the district's growth, improve safety and security in schools, and upgrade the technology infrastructure. This bond program specifically includes:

- \$365.4 million for new construction and classroom additions
- \$26.9 million of safety and security improvements
- \$15.9 million for new school buses and equipment
- \$39.4 million for technology infrastructure
- \$36.5 million for land purchases and other needs

The district has a Design and Construction Department that is responsible for the success of the district's building programs. The department currently has 10 positions, led by a Director who reports to the district's Chief Operations Officer. Figure 2 presents the organization chart of the department.

Figure 2. FBISD Design and Construction Organizational Chart



Source: FBISD DC Org chart.pdf

The organization structure was recently changed in anticipation of the new bond program. An architect position was converted to a senior project manager position, and a project designer position was converted to a construction coordinator position.

The district has a Bond Oversight Committee charged with preparing for the bond program and monitoring the district's building program. This committee was convened during the summer of 2014. The purpose of the committee is to work with the district in an advisory capacity in: (1) the development of a bond proposal (successfully completed), and (2) reviewing the status of the bond program and individual projects. This committee, which meets quarterly, consists of 23 external stakeholders and six FBISD employees.

In fall 2014, a Request for Qualifications (RFQ) was issued by the district for a Bond Program Manager. This program manager will be responsible for managing the entire bond program and each individual bond-funded project. The program manager is expected to be selected by early 2015.

Section A – Policies and Procedures

This section discusses findings and recommendations related to construction management policies and procedures. There were four findings noted in this audit with respect to policies and procedures. It is important to note that many of the procedural findings will be addressed through the district's planned use of a program manager for most of the future construction spending. However, it is expected that some non-bond funded projects could be managed internally.

Findings

Finding: FBISD Board Policy framework is complete.

There are 29 board policies that reference facilities construction; however, the core policy framework for construction is found in Policies CS (Facility Standards) and CV (Facilities Construction).

Policies CV (Legal) and CV (Local) represent the primary guidance for construction management at FBISD. Policy CV (Legal) specifies the board's legal authority and its ability to delegate authority. This policy also provides a summary of contracting options (discussed in greater depth in Policies CVA – CVF), and establishes requirements for public notices, contractor selection criteria, change order limitations, and facility acceptance criteria, among other requirements.

Board Policy CV (Local) defines FBISD specific requirements contracting, change order management, vendor/bidder disclosures, board member disclosures, and notices to bidders.

Policy CS defines “educational specifications” of facilities and establishes the district's responsibility for their development. Other general construction quality standards are discussed under this policy, as well as specific standards for items such as outdoor lighting, natural gas piping, and playground equipment.

Construction and capital program management is mentioned in other policies, including CH (Purchasing and Acquisition), BBA (Board Legal Status, Powers, and Duties), CE (Annual Operating Budget) and CL (Buildings, Grounds and Equipment Management). Appendix C provides additional details of the core policy framework for construction management.

The policy framework at FBISD includes all the legally required policies, and is effectively supplemented by local policies.

Finding: FBISD Board reporting does not currently specify the use of contingency funds for project changes. .

A change order represents one or more changes in the scope of work that are agreed to by the owner (FBISD) and the contractor. A change order must be approved by the FBISD board if the dollar amount exceeds the contract amount by a certain level. FBISD Board Policy CV (Legal) establishes criteria for board approval of change orders. This policy states:

If a change in plans or specifications is necessary after the performance of a contract is begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, the District may approve change orders making the changes. The District may grant general authority to an administrative official to approve the change orders.

The total contract price may not be increased because of the changes unless additional money for increased costs is approved for that purpose from available money or is provided for by the authorization of the issuance of time warrants.

A contract with an original contract price of \$1 million or more may not be increased by more than 25 percent. If a change order for a contract with an original contract price of less than \$1 million increases the contract amount to \$1 million or more, the total of the subsequent change orders may not increase the revised contract amount by more than 25 percent of the original contract price.

Education Code 44.0411

Policy CV (Local) provides more specific guidance related to required board approvals of change orders.

Change orders valued at or above \$50,000, alone or in the aggregate during the fiscal year, shall require Board approval. The Superintendent or designee shall be authorized to approve change orders of a lesser amount.

Other Texas school districts vary on their local policy with respect to approval of change orders. Below are excerpts from the Katy ISD and Austin ISD Board Policy CV (Local).

Katy ISD – Change orders permitted by law shall be approved **by the Board or its designee** prior to any changes being made in the approved plans or the actual construction of the facility.

Austin ISD – Change orders permitted by law shall be approved **by the Superintendent or designee** prior to any changes being made in the approved plans or the actual construction of the facility.

FBISD’s current policy lies in between the two above policies, allowing the superintendent to approve change orders under a certain level.

In practice, some of FBISD’s contracts have contingency amounts that are included in the total contract amount. If any additional expenditure resulting from a change is within the contingency amount, then board approval is not necessary since by definition the contract amount has not changed and a change order is not required.

The current approach allows for project “changes” without change orders, as long as the dollar amount is within the established contingency. The primary disadvantage of this approach is that project changes that would otherwise meet the criteria are not required to be communicated to the board. Table 2 presents an example of how current policy is applied at FBISD. In this example, a project change under a

\$10,000,000 contract with a contingency could reach 5.5 percent of the total project cost without the board needing to approve a change order. Without a contingency, the board would have to approve any change reaching \$50,000 or 0.5 percent of the contract amount.

Table 2. Comparison of Change Order Approvals for Contracts with and without Contingency Amounts (sample only)

Description	Contract with Contingency	Contract without Contingency
Estimated Project Cost	\$10,000,000	\$10,000,000
Contingency	\$500,000	\$0
Contract Amount	\$10,500,000	\$10,000,000
Project cost before change (formal change order) requires board approval	\$10,550,000	\$10,050,000
Total amount of changes that can occur before board approval	\$549,999	\$49,999
Percentage of Estimated Project Cost of Changes not requiring board approval	5.5%	0.5%

Source: Gibson Consulting Group

Current board reporting does not include information regarding the use of contingency amounts.

Finding: The district's construction procedures manual is not current or complete.

In response to the audit team's request for operating procedures, the district replied that these procedures were under construction. The audit team reviewed the office copy of the procedure manual at the 2323 Texas Parkway office. This document and several other documents were provided as described below.

The district provided a large binder of information in response to a request for a procedures manual. Much of the contents were marked up with blue pen indicating changes had been made, but based on the audit team's review of the entire document, this information did not include typical operating procedures. The procedures manual is more of a compilation of documents, including:

- General conditions of construction contract
- Contract templates
- Design standards
- Inspection and other forms

The district provided a separate procedures outline which appears to be reflecting enhancements for the procedures manual (Appendix D), but this list only contains two procedural items – the remaining references are to forms, contract templates, standards, and other documents.

In addition to the procedures outline, three (3) pages of procedures were provided separately, but these were not part of the design and construction procedures manual (see Appendix E).

This document includes bulleted lists of procedures for the following areas:

- Contracts
- Competitive Sealed Proposals
- Notices to Proceed
- Certificate of Substantial Completion
- Budget Amendment Request and Forms (no forms were included)
- Pay applications/ invoices
- Deductive change orders

A third document, a Project Management Task List, was provided. This document, dated 5/8/2012, included many activities required for effective construction project management. The list contained check boxes to be completed by project managers. However, none of the project files reviewed during audit testing included these completed lists. Further, this document was not referenced in the operating procedures manual.

With the exception of the table of contents, there was no referencing schema in the manual or in the 3-page list of operating procedures. Further there was no policy reference in any of the procedures (if applicable), nor were there any other forms or contracts referenced on this list.

FBISD appears to be in the process of creating procedures, but based on the audit team's review of what is available now, the procedures need to be integrated and referenced in a single document. Best practice construction procedures include the following items:

- Communications protocol
- Stakeholder engagement
- Advertising for design selection
- Negotiating a design contract
- Managing the design process
- Decision support process for project delivery and approval
- Advertising for construction
- Evaluating construction proposals
- Construction contract award
- Project kick-off
- Quality control and quality assurance procedures for construction
- Project management responsibilities (district has list, but it does not appear to have been used to date)
- Project close out and Commissioning
- Invoice review and payment processing

The procedures manual should also include the following elements:

- Person responsible for the procedure

- Frequency of updates
- Information systems used to support the procedures
- A single, integrated referencing schema
- Page numbers
- Policy references where applicable
- Date of most recent update

The above procedures should apply to any future projects that FBISD manages in-house. Additional procedures will need to be developed for the district's responsibilities in monitoring and managing the external 2014 bond program manager. For example, procedures that cannot be delegated to the Program Manager include:

- Approval of program manager contract and invoices
- Review and approval of program manager monthly report
- Review and approval of any program manager staffing changes
- Negotiation of any program manager annual renewals

Finding: Project close-out procedures and forms are inadequate.

The district completes a project close-out form once the project is finished. This form contains the following questions:

- All invoices against this Blanket Purchase Order (BPO) paid?
- All retainage paid?
- All funds transferred to contingency?

This form is required to be signed by the Project Architect/Designer, the Project Manager, and the Director of Design and Construction. These forms were only close-out forms found in the construction project files.

A separate close-out checklist was provided by the district that includes approximately 30 elements of project close-out classified by the following eight areas:

1. Project specifications
2. Full-size plan set
3. Half-size plan set
4. Color binder
5. General contractor's original print set
6. General contractor close-out documents
7. Subcontractor close-out documents
8. Equipment demonstration

This checklist represents a more comprehensive set of close-out procedures representing contractual requirements. However, there was no evidence in the construction project files that this checklist was actually used.

Finding: Job descriptions adequately define major position responsibilities, but reference positions that are no longer in place in the Design and Construction Department.

The job descriptions contained the best guidance of procedural requirements for the Design and Construction Department by defining the major responsibilities and duties of each position. In the absence of a current and complete procedures manual, the job description requirements were used as the source document for the testing conducted during this audit.

Several of the job descriptions were outdated, not in defining job duties or responsibilities, but in the reference of positions (supervisors). Several positions are referenced in job descriptions that no longer exist at FBISD.

Recommendations

Recommendation A.1: Modify board and management reporting to disclose and explain uses of contract contingency funds.

While some changes in the scope of work do not meet the requirements of a change order requiring board approval, they should still be disclosed to district leadership and the board. The superintendent could implement this recommendation through an administrative regulation. Alternatively, the board could establish criteria for the use and reporting of contingency amounts and establish limits in policy. This could help balance the need for appropriate controls with the need for an efficient process.

Management Response A1: *Staff supports this recommendation. During the development and update of the district design and construction procedures manual (see Recommendation A.2), staff will seek legal guidance and evaluate best practices in other districts to determine whether it would be appropriate to propose revisions to current policy for board consideration, or whether we simply need to update procedures to clearly define authority for approving the use of contingency funds.*

Recommendation A.2: Enhance and finalize design and construction procedures manual and include procedures for working with the bond program manager.

FBISD will be able to take advantage of the program manager's construction procedures, but should not rely exclusively on their manual. The district will need to develop its own procedures for: (1) construction projects managed in-house, and (2) monitoring program manager performance.

Management Response A2: *Staff supports this recommendation. Staff will develop a comprehensive design and construction procedures manual incorporating best practices for the effective and efficient management of construction projects, including those managed in-house and those monitored by a program manager. The procedures manual will also include new documents related the use of a program manager and current construction management documents into an easy to use format with proper referencing schema.*

Recommendation A.3: Finalize contracts and documents to be used for the 2014 bond program and include in the procedures manual.

FBISD should ensure that all current standard contracts, forms, and other documentation are finalized and appropriately referenced in the procedures manual for all project delivery options. The project close-out checklist referenced above should be reviewed by FBISD and the new program manager to finalize for use in the bond program and any construction projects managed in-house.

Management Response A3: *Staff supports this recommendation. Staff anticipates the use of both AIA contract forms and FBISD contract forms for 2014 Bond Projects, based on the scope of the project. Staff will continue to consult with legal counsel in developing procedures to govern the use of the various forms, including when it is most appropriate to use each form, and the review process related to each contract form.*

Section B – Work Standards

FBISD Board Policy CS (Legal) requires that all new facilities and major space renovations approved by the board after January 1, 2004 shall meet the facility standards established by the Commissioner as set out in 19 Administrative Code 61.1036.

The required standards relate to design and construction; however, additional standards for project management are also important for a successful construction program. This section contains three audit findings related to work standards for FBISD's construction program.

Findings

Finding: Design standards are outdated.

The most recent design standards were adopted by the board in 2012. Since that time, new IT standards, new security standards, new access control standards, and other standards have been developed by other FBISD departments. However, other standards need to be updated and integrated into a single, consolidated set of design standards. Examples of other standards that are outdated or needing completion include:

- Architectural standards (finishes, surfaces, material selections, etc.)
- Educational specifications for new bond projects (instructional goals, technology needs, instructional space needs, lab space requirements)
- Commissioning procedures (specifications, functional testing, start-up, etc.)

An opportunity exists to update the district's design standards in connection with the new program manager contract. The draft contract included in the RFQ for the Program Manager (Section 3.3.4) states that "the Program Manager shall assist the Owner (FBISD) and the Owner's Design Manager in developing and periodically updating Design Standards for the Owner's approval...The Design Standards shall incorporate any existing Owner design standards." FBISD, as the owner, needs to have current standards to support this requirement.

Finding: The district does not have sufficient safety and security standards for its contractors.

The district has a newly approved "Safety Security Master Plan" and also requires a Contractor Safety Profile form from all contractors. The profile is a questionnaire that each contractor must reply to that relates to their safety and security policies and procedures.

Other than these documents, there are no current minimum safety standards for contractor operations on school sites. The types of areas which would be addressed by these standards include:

- Coordination requirements with district safety and security staff for construction activities
- Coordination requirements with school district administrative staff and facility department

- Coordination and approval by district police for any traffic impact or lane closures
- Coordination and approval of any activity which impacts student areas and auto traffic

These types of standards ensure that campus-based risks are minimized during the construction process.

Finding: The new program manager is required to develop a program management plan that will address standards and procedures for bond funded projects.

Section 3.2.1 of the sample contract included in the RFQ requires the Program Manager to develop a Program Management Plan. This plan will address many of the standards and procedural shortfalls in the district's current standards and procedures. The RFQ specifies that this plan is to address the following elements:

- Program management approach and organization
- Program planning and development activities, including strategic planning, prioritizing, and defining scope, schedule and budget of the projects in the program.
- Program management controls, including scope, budget/cost, schedule and quality management plan
- Procurement strategies and procedures
- Authorization processes and procedures
- Program communication procedures
- Development of design process guidelines
- Development of construction process guidelines
- Project acceptance and turnover guidelines

The program management plan is to be approved by FBISD and updated every six months. This program management plan framework provides for very comprehensive and robust project management and operating procedures.

Recommendations

Recommendation B.1: Update FBISD design standards for use on internal projects and for incorporation into the program manager's design management process.

FBISD should not rely exclusively on the program manager's design standards. Much work has been accomplished by FBISD in information technology and establishing new standards for security and control. All current standards should be incorporated into a single consolidated document for the 2014 bond program.

Management Response B1: *Staff supports this recommendation. The FBISD board adopted educational specifications and design standards in 2012, and the document should be updated annually, or as new initiatives develop. Staff will develop an administrative procedure and, if necessary, proposed Board Policy*

that clearly establishes the timeline and process that will be used to update educational specifications on a periodic basis.

Recommendation B.2: Develop safety and security standards for contractors working at active school sites.

Additional security standards for construction at active school sites should be implemented. These standards will help ensure that school construction activities are planned, coordinated and conducted at the appropriate time of day and with the necessary precautions.

Management Response B2: *Staff supports this recommendation. The district requires contractors to have an identification badge while on FBISD property, but the procedure is not well-documented. Staff will address safety and security standards during the development of the procedures manual.*

Section C – Project Controls

Project controls relate to specific activities to be performed in the management of a construction projects to ensure that the projects meet or exceed expectations with respect to quality, budget, and schedule.

Historically, each construction project has been assigned to a FBISD project manager. The district’s project manager job description includes the following elements that relate to project controls:

- Expedite the successful the successful completion of assigned construction projects within the constraints of the budget, schedule, and scope of work.
- Visit assigned job sites daily to view construction progress, quality of work, and expedite resolution of project issues. Prepare written observation report daily.
- Monitor the critical path schedule as submitted by the contractor.
- Assist in the preparation of daily observation reports and monthly work-in-progress summaries.
- Review project submittals with FBISD construction manager for compliance with project documents.
- Review pricing and time extensions on all proposed changes.
- Monitor construction costs, schedules and changes in scope of work.
- Monitor the overall quality of work in accordance with contract documents.
- Review monthly payment applications and time extensions for accuracy.

Findings

Finding: Construction project files do reflect evidence of project control procedures required by the project manager job description.

The project manager job description includes the following requirement for the development of daily inspection reports.

Visit assigned job sites daily to view construction progress, quality of work, and expedite resolution of project issues. Prepare written observation report daily.

Audit testing of construction project files (Section F) showed evidence of site inspections on a sporadic basis. Construction management leadership also stated that inspections were not occurring on a daily basis.

The lack of daily inspection reports adversely affects the district’s ability to effectively monitor and control project quality, cost and schedule. These reports provide supporting documentation as the “receiving report” in supporting payments to contractors. Less frequent inspections can lead to the following implications:

- Non-compliant work is not detected in time for corrective action

- Information related to work quality not timely enough
- Potential schedule delays
- Potential cost increases/change orders
- Payments made to contractors before work is completed

Finding: No process to capture "exposure" for pending change orders is in place.

Change orders are not presented on any monitoring report until the change order has been approved. In most situations, the potential financial exposure of a change order is known beforehand. This lack of forecasting for potential work order amounts can lead to an artificial sense of budgetary security. All pending designer or contractor issues that will likely require funds to resolve should be captured early and tracked to advise the Board of how outstanding issues are affecting available financial reserves on a monthly basis.

Finding: Construction project status reporting does not contain the essential elements needed to effectively monitor project cost and schedule.

There were three types of status reporting provided by FBISD through this internal audit: a monthly Construction Progress Report that is posted on the district web site; an Interim Statement of Budget and Expenses provided to the Board Oversight Committee and the Board of Trustees on a monthly basis; and a Budget Status Report generated on demand from the district's Oracle/PeopleSoft financial information systems showing additional line item details. These reports are discussed further below.

FBISD construction management develops a monthly Construction Progress Report to support the monitoring of projects by district leadership, the Bond Oversight Committee, the Board, and the general public. This report is posted on the district web site and includes the following information:

- Project Number
- Facility name
- Architect / Engineer
- Contractor
- Description
- Contract amount
- Project start
- Percent complete
- Expected completion date
- Remarks

A sample progress report for September 2014 is included in Appendix F.

A separate report entitled Interim Statement of Budget and Expenses is also provided to the Board and the Bond Oversight Committee on a monthly basis. This report includes the original budget, bond proceeds, expenses and encumbrances, unspent funds (bond proceeds less expenses and encumbrances),

status and comments, and estimated completion date. This report is broken down by bond fund and by project. Appendix G presents a sample of this report from March 31, 2014.

Additional reports are used internally by construction management to monitor expenditures at a lower level of detail. A Budget Status Report is similar to the Interim Statement of Budget and Expenses, but also includes detailed account number information and budget amendments. This report includes detailed expenditures only for the current fiscal year.

Individually and collectively, the district's construction status reports described above do not provide sufficient information for the reader to determine the relationship between budgeted and actual costs and the project's status and schedule. The reports also do not provide enough information about changes, including budget changes, schedule changes, contract changes, and the impact of any pending changes that are known and that can be reasonably estimated. The information shortfalls are described below:

- The monthly Construction Progress Report contains only one data element for cost – the contract amount. Most of this report provides text descriptions of the project and status, but does not provide sufficient information with respect to budgeted versus actual expenditures, original versus planned schedule, change orders, and project financial risks.
- The Interim Statement of Budget and Expenses contains additional financial information, but does not provide information with respect to amended budgets and the reasons for the amendments, change orders and their explanations, potential change orders or other financial risks, and project schedule status or risk.
- The Oracle/PeopleSoft Budget Status reports are generated for activity within a current fiscal year. If the report is generated in a year after the project was commenced, the budgeted amounts may be zero since the amounts were entered in a prior year. The Oracle/PeopleSoft financial (general ledger) module used to generate these reports is not designed to monitor multi-year projects. A separate module to do this is offered by PeopleSoft but is not used by the district. As a result, other than for reviewing line item details, these reports are not useful in monitoring project spending status, and must be merged with other data to provide such information.

Table 3 provides examples of the types of information that should be disclosed in construction project status reports.

Table 3. Best Practice Reporting Elements for Construction Status Reporting.

Budget Information	Project Status / Schedule Information
Original Budget	Contract start date
Budget Changes	Contract project duration (days)
Current / Revised Budget	Contract completion date (CSC date per contract)
Original Encumbrances (contract amounts)	Approved time extensions (days)
Change order amounts	Pending time extensions (days)
Revised Encumbrances	Revised project duration (days)
Actual Expenditures	Revised project completion date
Total Project Commitments	
Actual Budget Balance	
Estimate of Pending Changes	
Estimated Budget Balance	

Source: Gibson Consulting Group

Recommendations

Recommendation C.1: Enforce responsibility for daily site inspections and the use of daily inspection reports.

FBISD should enforce daily inspections and the use of daily inspection reports – internally and for the projects managed by the program manager. These reports will help enforce accountability and provide adequate documentation for (1) monitoring project status and (2) supporting contractor payments.

Management Response C1: *Staff supports this recommendation. The new procedures manual will address this practice. Staff will also assess current department staffing to determine availability of resources to fulfill this new expectation. The district will also leverage the partnership of the program manager to provide effective and timely site inspections.*

Recommendation C.2: Modify construction progress reports to provide more meaningful information to district management and other stakeholders.

Reporting requirements and specifications should be enhanced for internal reporting and reporting to the superintendent, the Bond Oversight Committee and the FBISD Board of Trustees. The reports should have varying levels of detail based on the audience, and should provide adequate transparency over the progress of construction projects and any potential risks facing them. Any favorable and unfavorable variances in the reports should be highlighted and explained. Additional information and recommendations regarding the district's information systems can be found in Chapter E.

Management Response C2: *Staff supports this recommendation. The implementation of a Program Management Information System (PMIS) will allow FBISD to develop custom reports that will support more timely and effective reporting for the district's various audiences.*

Section D – Contracting

Contracted construction services are a major portion of a school district’s building program. Because of the complex nature of design and construction work, and the non-recurring nature of the related expenditures, much of the work in a building program is contracted to third parties. Accordingly, it is important that these contracts be managed effectively and provide a means to hold contractors accountable for performance.

Findings

Finding: The district is moving towards standard American Institute of Architects (AIA) contracts for certain types of contracts.

FBISD district management has decided to abandon the use of previously used internally developed contracts and are now moving toward AIA standard contracts and documents for certain types of contracts. FBISD is modifying the AIA documents for the Construction Manager at Risk contract (A-133), related General Conditions (A-201), and has developed a substantial Supplementary Conditions which amends AIA A-201. For Lump Sum (Competitive Sealed Proposal) Construction projects, the district is planning to use their own custom contract in lieu of AIA A-101 for use in the 2014 bond program. These revisions to the AIA contracts are not yet included in the binder the district provided that contains the contract and document templates.

The audit team supports the movement towards AIA standard agreements.

Finding: FBISD’s approach for selecting architects and engineers does not ensure matching their current capabilities and capacities to district needs.

FBISD’s historical practice for selecting some of the outside architectural and engineering services has been to establish a pool of vendors that meet established criteria. As individual projects come up, vendors could be selected from the list and assigned to the project. This approach, while perhaps more efficient, may not always lead to the right vendor being assigned to the project. Below are observations related to the district’s current approach:

- Vendors that may have had the capacity to do a project when approved for the vendor pool may not have the capacity for the project when the project needs arise months or years later.
- Some vendors appear to be selected because they are next on the list; however, the particular vendor may not be best suited for the type of project.
- Some vendors were approved for the most recent list but were never used. This likely generates negative perceptions about the vendor selection process by allowing the district to select whichever vendor they prefer off the list.

Finding: FBISD is planning to use construction management approaches that may not be best suited for the type of project.

Section 44.031(a) of the Texas Education Code (also found in FBISD Board Policy CV-Legal) allows for the following construction contracting methods to be used by school district for projects that equal or exceed \$50,000 in a fiscal year:

- An interlocal contract
- Competitive bidding
- Competitive sealed proposals (CSP)
- Construction manager-agent method (CMA)
- Construction manager-at-risk method (CMAR)
- Design-build method
- Job order contract
- The reverse auction procedure as defined by Government Code 2155.062(d). [See CH]

Two of the methods used by FBISD, CMAR and CSP, are defined below in Board Policy:

Policy CVD (LEGAL) – CMAR - *“Construction manager-at-risk method” is a delivery method by which the District contracts with an architect or engineer for design and construction phase services and contracts separately with a construction manager-at-risk to serve as the general contractor and to provide consultation during the design and construction, rehabilitation, alteration, or repair of a facility. Gov’t Code 2269.251(a)*

A construction manager-at-risk may seek to perform portions of the work itself if:

1. *The construction manager-at-risk submits its bid or proposal for those portions of the work in the same manner as all other trade contractors or subcontractors; and*
2. *The District determines that the construction manager-at-risk’s bid or proposal provides the best value for the District.*

This approach provides more flexibility for project management, managing change, selection of sub-contractors and addressing uncertainties.

CVB (LEGAL) – CSP - *“Competitive sealed proposals” is a procurement method by which the District requests proposals, ranks the offerors, negotiates as prescribed, and then contracts with a general contractor for the construction, rehabilitation, alteration, or repair of a facility. Gov’t Code 2269.151*

This approach is more suited to projects that are well-defined and less susceptible to change in work, and ultimately change in cost.

Board Policy CV (Local) states the following with respect to FBISD preferred construction contracting methods:

Construction Contracts – The project delivery/contract award method to be used for each construction project or construction services-related contract valued at or above \$50,000 shall be the competitive sealed proposal method as allowed under Texas Government Code Chapter 2267, Subchapter D, as determined and approved by the Board to be the best value. For construction contracts values at or above \$50,000, the Superintendent shall also submit the resulting contract to the Board for approval. Lesser expenditures for construction and construction-related materials shall be at the discretion of the Superintendent and consistent with law and policy.

If another method is deemed more appropriate for a particular construction project, the Superintendent or designee shall submit a recommendation for the Board to consider, determine, and approve, prior to advertising, such delivery method that provides the best value to the District.

In the past, district administration has brought forth CMAR contracts for board approval on a case by case basis. However, it appears based on board policy that CSP is the preferred contracting method.

Based on interviews conducted by the audit team, the Design and Construction Department is currently leaning towards using CMAR for new schools and CSP for renovation projects; however, no formal contracting plans have been recommended to the board by the superintendent.

Based on the definitions above, CMAR appears to be more suited for renovation projects and CSP for new construction projects. New schools should have complete plans and specifications before construction begins, and less uncertainty about being able to meet those specifications. With a lower degree of uncertainty, contractors are able to price their proposals more aggressively. The CSP is more conducive to this approach because fewer changes are expected and contractor price certainty is higher, thus allowing for more price competition and lower overall cost to the district.

Renovations projects are less well defined at the outset, and are subject to more changes due to unforeseen conditions. Changes on renovation projects are also typically a higher percentage of cost, and flexibility is critical to keep renovation projects on track. The CMAR contract is more conducive to managing projects with expected changes. Funds (allowances) can be allotted for unexpected changes in the work, and small subcontracts can be let to do exploration of them.

Recommendations

Recommendation D.1: Change approach for selecting architects and engineers.

FBISD should re-visit its approach for selecting architects and engineers and consider abandoning the “pre-approved list.” The district should work with the new program manager to ensure that the best architectural and engineering firms are selected based on technical capabilities and experience as well as internal capacity to perform the work when the work is needed.

Management Response D1: *Staff agrees with this recommendation. The use of a pre-approved list is a holdover from the previous administrative team and prior bond programs. Going forward, professional*

services will be selected based on demonstrated competence through the use of a well-developed procurement process. In regard to the 2014 bond program, staff has issued an RFQ for professional services. Submissions will be selected in partnership with the identified program manager.

Recommendation D.2: Evaluate construction contracting options with new program manager.

FBISD should re-visit its use of contracting methods for bond projects, and work with the new program manager to ensure that the contracting options selected are the best suited to the particular type of project. If the board decides to apply different contracting methods for specific types of projects, board policy CV (Local) may need to be changed.

Management Response D2: *Overall, Staff agrees with this recommendation. Contracting options should be evaluated and determined for each individual project. The District has complied with Board Policy CV (Local) by seeking Board approval of procurement method when methods other than CSP have been used.*

Staff does not concur with the auditor’s statement that “CMAR appears to be more suited for renovation projects and CSP for new construction projects,” as application of this viewpoint does not account for the various factors that must be considered when determining a procurement method. Many school districts successfully use CMAR for new construction under the right conditions. Further, based on our discussion with other public school districts, in the current market, the use of CSP on new construction has resulted in inadequate or less than desirable competition and lack of interest/response from qualified construction firms. The FBISD Design & Construction Department has used competitive sealed proposal (CSP), job order contracting (JOC), and CMAR to complete construction projects this year.

Staff will address this decision-making process in the newly developed procedures manual, and will work with legal counsel and industry practice leaders to ensure the development of sound procedures.

Section E – Department Efficiency

Operating efficiency in any area, including Design and Construction, is dependent on the effective use of current information systems combined with work processes that take advantage of these system capabilities. One of the ways in which efficiency is reflected today is a paperless work environment, relying on a wide range of software to electronically initiate, send, and approve transactions online.

The FBISD Design and Construction Department still applies many manual and paper-intensive procedures, and does not take advantage of current technologies to support the management of construction projects. Below are specific findings related to FBISD's efficiency in the Design and Construction Department.

Findings

Finding: Processing of invoices is involved and paper intensive.

The construction department's current process for processing invoices is manually intensive and does not take advantage of available software. Currently, construction management uses spreadsheet software for invoice tracking, and also enters invoices (as well as other documentation received by the Department) on a manual log. Appendix G presents a sample page of the logging sheet used by FBISD construction management to track any documents sent or received by the department. Manual logs are highly inefficient tracking mechanisms and are subject to a higher risk of error.

FBISD's current approach to construction invoice processing involves the following steps:

- Receive invoices via mail from vendors
- Enter receipt of invoices on manual log
- Route invoices to appropriate project manager
- Project manager reviews and recommends approval of invoice to the Director of Design and Construction
- The Director of Design and Construction approves invoices
- Approved invoices sent to FBISD accounts payable for payment
- Copies of supporting documents are stored in the project files in the Construction and Design Department

The capabilities of the district's Oracle/PeopleSoft system are not being maximized with respect to invoice processing. The system supports electronic downloads of invoice from vendors, automatic routing to approvers based on defined criteria, and electronic payments to vendors. Many of these capabilities are not maximized within the FBISD finance office for processing accounts payable invoices (see separate internal audit report dated February 2015). However, a pilot program is in place at FBISD to address this issue.

Finding: FBISD does not have sufficient software to support effective project control.

The district uses two software products to support the management of construction project activities and budgets:

- *Oracle/PeopleSoft* – this software is the district’s financial management software. While the software includes several modules for project cost and schedule management under the Primavera product line (sold through Oracle/PeopleSoft), the district does not own these modules. The district currently uses the Financial Control and Reporting (General Ledger) module of Oracle/PeopleSoft to support year to year construction expenditures tracking. However, the General Ledger module does not maintain – nor is it designed to maintain – multi-year project cost details.
- *Microsoft Project* – this product is used by FBISD for construction project scheduling. However, it is not specifically designed for managing multi-project construction programs, and is not integrated with any construction project management software.

Several construction management functional and reporting needs are not available through existing software applications, including:

- Request for Information Tracking
- Contractor Submittal Tracking
- Daily Reports
- Invoice Submittal Tracking
- Notices of Non-compliance
- Document collaboration
- Project to date financial reporting
- Contract (versus budget) overruns

Because of the lack of integrated project management software, the construction department uses *Microsoft Excel* to generate project level (multi-year) and other reports.

The RFQ for the district’s new program manager includes a sample contract provision (section 3.3.1) for a Program Management Information System (PMIS). This system must meet the following requirements:

- Be web-based
- Receive, distribute and maintain program reports, program schedules, and other information as agreed to by the Owner (FBISD) and the program manager
- Organize information by project, activity or relevant categories as determined by the program manager and FBISD.
- Update the PMIS on a weekly basis unless otherwise agreed
- Contain at a minimum current status on contracts, budget, schedule and quality on a program and project basis

- Allow FBISD access to all information in the PMIS
- Provide a copy to FBISD of information and documentation contained in the PMIS upon completion of each project in the program
- Develop protocols and standards for the exchange and use of information in digital form

The sample contract is silent on the possibility of using the program manager's PMIS for FBISD internal construction projects.

Recommendations

Recommendation E.1: Re-engineer invoice processing to maximize the use of current technologies.

FBISD should enhance its use of the Oracle /PeopleSoft system capabilities, or purchase another construction management information system, for the Design and Construction Department. A re-engineered process will remain important even with the use of a program manager. This will help eliminate excessive paperwork and the use of manual logs, supporting a more efficient process with less chance for error.

Management Response E1: *Staff agrees that it is important to leverage technology in the payment of invoices, and will be working with the identified Program Manager to implement a robust, scalable construction management information system.*

Recommendation E.2: Negotiate the use of the program manager's PMIS for FBISD internal construction project management.

FBISD should evaluate the option of using the program manager's PMIS software for its own projects, thus allowing the district to manage all of its construction projects through a single integrated system. Additional licensing fees may be required however.

Management Response E2: *Staff agrees with this recommendation. It is the district's intention to move forward with a non-proprietary PMIS that can be used to track all projects.*

Section F – Audit Testing Results

The audit team executed a number of audit tests in the Construction and Design Department. The purpose of the audit test was to evaluate compliance with applicable laws, policies and procedures, review applicable records and documentation retention, and to verify processes within the department. This section of the report outlines each of the tests executed and the findings from each test.

Tests were based on a randomized sample selection of projects from the department. During the initial project data collection the district provided two project listings:

- FBISD Design/Construction Projects in the past 5 years
- Major Construction Projects (greater than \$1 million) for the last two years.

From this population the audit team selected 10 construction projects for testing. During testing, the audit team corroborated each aspect of the transaction selected through the review of all documentation retained for the transaction. The selection of samples for testing is based on experienced auditor judgment and was driven by information gained during interviews and data analytics. The following projects were selected for testing:

1. Heritage Rose Elementary School
2. Lakeview Auditorium Renovations
3. Bowie Middle School
4. Ridge Point High School
5. Clements High School Fine Arts Addition
6. Ferndell Henry Learning Center
7. Ridgemont Early Childhood Center
8. Aquatic Practice Facility (Natatorium II)
9. Mercer Stadium/Hall Stadium Turf Replacement
10. Dulles Middle School Fine Arts Addition

The summarized results from audit testing are presented in Table 4. In addition to testing each project for the specific items referenced in Table 4, the audit team also reviewed the project file documentation and various hard copy logs that referenced these files. Additionally, the audit team obtained access to the district's Oracle/PeopleSoft financial system and tested various invoices within this system against hard copies provided.

In Table 4, each testing attribute is reflected in the column to the left with the corresponding project number in the row at the top. As noted in the table, attributes that pass the attribute are marked as "P"

and shaded green, attributes that have failed are marked as “F” and shaded red, and when a project was missing or did not include applicable data, that attribute was coded “M” and shaded yellow.

Table 4. Construction Audit Testing Results

Audit Test	1	2	3	4	5	6	7	8	9	10
There is documentation that verifies board approval for the project.	P	P	P	P	P	P	P	P	P	P
Applicable contracts are signed and dated by appropriate parties.	P	P	P	P	P	F	F	F	P	P
Change orders are approved by applicable parties.	M	P	P	P	P	P	P	P	P	P
Costs associated with change orders include sufficient supporting information validating the change.	M	P	P	P	P	P	P	P	P	P
Invoices are signed, dated and approved by all applicable parties.	P	P	P	P	P	P	P	P	P	P
Invoices passed the "three way match" test.	M	M	M	M	M	M	M	M	M	M
Pay applications are signed, dated, and approved by all applicable parties.	P	P	P	P	P	P	P	P	P	P

Table Note: *P - denotes Pass, *F - denotes fail, M - applicable record did not include all documentation

Three of the ten files tested did not contain complete contract information or the contracts were not fully executed/signed. One project file had incomplete information with respect to change orders under two separate tests. None of the files passed the three-way match test whereby the invoice, purchase order and receiving report (or other evidence of completion) are matched before payment. Because none of the files had a complete set of daily inspection reports, the support for payment was based exclusively on the signature of the project manager verifying that the work was completed. Accordingly, these files were noted for incomplete documentation.

Below are descriptions of each of the audit tests conducted.

Board Approval

The test for this audit area was to determine compliance with applicable rules and regulations for project approval. During this portion of audit testing, the audit team reviewed various proposals, the bid and award process, and board approval for construction awards. The audit team reviewed the evaluation of various awards and verified approval of each award through board minutes and agenda packet

documentation. Additionally corresponding project contracts for board approval were reviewed. That test is discussed in more detail in the construction administration section.

Test 1: There is documentation that verifies board approval for the project.

All projects tested for board approval had supporting evidence of board approval.

Contract Administration

The objective of this test was to ensure that contracts for the department were completed and fully executed. Testing in this area include examination of contracts for completeness and proper approval as well as review of special contract provisions, amendments, and rates. Records reviewed included contracts from all phases of a construction project.

It was determined early during the review that the department uses both AIA contracts and internally created contracts and agreements. Contracts reviewed during this test included:

- Architect's Contract (AIA Standard, B141)
- Architect's Contract (FF&E)
- Contractor's Contracts (AIA Standard, A121, A201)
- Consulting Services Contracts (FBISD Standard Agreement)
- Certificate of Document's Authenticity (AIA Standard, D401)
- Additional Contracts to include – surveying, testing, traffic studies, etc.

Test 2: Determine if contracts are signed and dated by appropriate parties.

As noted in Table 4, Project # 6 (Ferndell Learning Center), Project # 7 (Ridgemont Early Childhood Center), and Project # 8 (Aquatic Practice Facility) failed in some measure during this test. The audit team noted the following:

- Project 6 – A consulting agreement was missing an authorized signature from a FBISD representative.
- Project 6 – An agreement for surveying services effective date between the survey company and FBISD was left blank.
- Project 7 – AIA document D401, *Certificate of Document's Authenticity*, did not contain a signature.
- Project 8 – A consulting agreement for materials testing was missing an authorized signature from the consultant.

Change Order Processing

The objective of change order testing was to determine if the district and applicable parties have agreed and authorized all change orders. Additionally the team reviewed change orders to ensure changes made represented added work not work that should be covered under the scope of the original contract. Additional testing was completed to determine if supporting evidence for change orders were appropriate and adequately documented.

Test 3: Change orders are approved by applicable parties.

This test for change order approval identified one project that had incomplete information. Project # 1 included four change orders. The audit team was unable to locate change order number 2, and when uploaded in to the file share system by FBISD staff, staff noted that change order number 2 was missing. According to the documentation that was included in the change order file, change order 3 notes that the net change by the previously authorized change order (change order number 2) represented a total value change of \$19,659,090. Additionally change order number 1 was completed using an AIA document (G701) and the remaining change orders that were in the files were completed using the general contractor's documents. The audit team was unable to verify the actual value of change made by change order 2 and unable to determine what form was used for this change order.

All other project files had complete change order approval documentation.

Test 4: Determine if costs associated with change orders include sufficient supporting information validating the change.

This test identified two instances in which there was no supporting evidence for various change orders. Project #4 only included the executed change order form and there was no supporting evidence for the change. Project #2 contained a change order in the amount of \$65,400 and did not include supporting evidence for the additive cost. Further, this test could not be performed on the missing change order for Project #1, noted above in the previous test.

All other project files had sufficient supporting information for change orders.

Invoice Processing

The objective for this test was to perform a "three-way match" for a random selection of invoices. From the population, the review team randomly selected invoices for each of the projects in the testing sample for a total of 30 invoices. Third party invoices were reviewed to validate a match with the approved purchase order, and a document indicating that the work was actually performed in accordance with the contract (e.g., daily inspection report). Third party invoices were examined to determine that the invoice date occurred after the purchase order date. Additionally, the audit team reviewed invoices to determine that they were properly signed (approved) and dated by all applicable parties, and paid timely.

Test 5: Determine if invoices are signed, dated and approved by all applicable parties.

All projects passed this test.

During this test, the audit team noted that the department invoice process is very paper intensive. The department maintains a hard copy log for receipt of invoices and manually logs the receipt. For the sample size selected, all invoices were signed, dated, and had approval from various parties. See discussion of department operating efficiency in *Section E – Department Efficiency* of this report.

Test 6: Perform a "three way match" test.

For the sample selected for this test, all invoices were dated after the initial purchase order was created and the amounts billed matched the scheduled amounts on the contracts if applicable. However, while some daily inspection reports for some days existed in the project files, they were not conducted frequently enough to support the validation that the work was complete and performed in accordance with the contract. Consequently, none of the project files passed this element of the three-way match.

Payment Application

Construction payment applications require various approval levels and must be made in accordance with the terms of the original contract. The objective of this test was to determine that pay applications contained all levels of required approval and to determine that the request for payment was in accordance with the payment terms specified in the original contract. Payment applications can be 80 or more pages in length and contain numerous tabulations describing work, scheduled values, materials, balance, and retainage amounts.

Test 7: Pay applications are signed, dated, and approved by all applicable parties.

For test selection, the audit team selected all pay applications from the following projects:

- Project #6 – Ferndell Henry Learning Center
- Project #7 – Ridgemont Early Childhood Center
- Project #8 – Aquatic Practice Facility
- Project #9 – Mercer/Hall Stadium Turf Replacement
- Project #10 – Dulles Middle School Fine Arts Addition

All pay applications tested contained the required approval, were signed, dated, and contained sufficient evidence to support payment.

Appendix A – Data Request

#	Description
1.	Design and Construction Department Organization Chart
2.	Resumes of department staff
3.	Board Policies for the department including capital projects
4.	Department operating procedures manuals
5.	Copy of district safety manual for construction projects at operating schools
6.	Copies of minutes from stakeholder meetings, if any, from previous bond program
7.	List and status of all major construction projects (> \$1 million) for the last two years
8.	Listing of design firms (and their sub-contractors/consultants) and construction companies who have direct contracts with the district in the last 5 years. Include contact name, phone number, and email address.
9.	Monthly construction financial or budget status reports for the last two years
10.	Construction project actual expenditures, past five years, in PEIMS extract format
11.	District audit report and management letters, past three years
12.	Invoice history from recent projects (actual invoices from a construction contract beginning to finish) and change orders
13.	Copies of the following standard agreements - <ul style="list-style-type: none"> - Preconstruction Agreement - Construction Agreement - General Conditions Agreement (on district web site) - Construction Management Agreement - Program Management Agreement - Architect Agreement - Subcontract agreements - Labor schedules used in projects
14.	Executed contracts <ul style="list-style-type: none"> - Construction contract - Design contract (most recently used)
15.	Copy of bid/award evaluation worksheets used to hire contractors and subcontractors
16.	Listing of application software used for department including, <ul style="list-style-type: none"> - Vendor name - Product name - Description of software (general purpose) - Original purchase cost/license fee - Date of purchase

#	Description
	<ul style="list-style-type: none"> - Annually recurring fee - Version used - List of users
17.	List of personnel authorized to approve change orders, vendor invoices, and payment applications, including their corresponding approval limits.
18.	<p>Monthly progress reports for the last two years to include –</p> <ul style="list-style-type: none"> - Project Name - Architect/Engineer - Contractor - Description - Contract Amount - Project Start/Completion Date - Percent Complete
19.	Copies of monthly reports form program manager if the district used a PM firm in the last bond program
20.	<p>Standard sample documents to include –</p> <ul style="list-style-type: none"> - Closeout Checklist - No Pay Letters - Warranty Period Documentation - Budget Worksheets/Preliminary Estimator Worksheets - Sample Schedules - Verification of Insurance - Interim Change Authorization - Change Order Request

Appendix B – Interview Roster

Interviewee	Date
Kick-Off Meeting	10/27/2014
Tom Cooper, Director of Design and Construction	10/27/2014
Long Pham, Chief Information Officer	10/27/2014
Max Cleaver, Chief Operations Officer	10/27/2014
Cynthia Rincon, General Counsel Michelle Morris: Rogers, Morris and Grover – <i>Rescheduled</i>	10/28/2014
David Rider, Police Chief	10/28/2014
Nancy Porter, Chief Communications Officer and Stacey Crews, Director of Communications	10/28/2014
Dr. Charles Dupre, Superintendent and Dr. Christie Whitbeck, Deputy Superintendent	10/28/2014
Steven Bassett, Chief Financial Officer and Executive Director of Finance	10/29/2014
Cynthia Rincon, General Counsel Michelle Morris: Rogers, Morris and Grover – <i>Rescheduled</i>	10/29/2014
Allen Bassham, Executive Director of Facilities	12/3/2014

Appendix C – FBISD Construction Management Policy Framework

Policy	Excerpts
CS (LEGAL)	<i>Facilities Standards</i> – All new facilities and major space renovations approved by the Board after January 1, 2004, shall meet the facility standards established by the Commissioner as set out in the 19 Administrative Code 61.1036. This section details facility standard requirements.
CV (LEGAL)	<i>Facilities Construction</i> – All district contracts values at \$50,000 or more in the aggregate for each 12-month period shall be made by the method that provides the best value for the district. This section of the policy addresses contract selection criteria to include determination of award of a contract. Regarding change orders, this section of the policy states – if a change in plans or specification is necessary after the performance of a contract is begun, the District may approve change orders making the changes. The total contract price may not be increased because of the changes unless additional money for increased costs is approved for that purpose from available money. A contract with an original contract price of \$1 million or more may not be increased by more than 25 percent. This section of the policy details regulations on right to work, payment bonds, prevailing wage, retainage, worker’s compensation coverage, criminal history, and attorney’s fees for general construction.
CV (LOCAL)	<i>Construction Contracts</i> – The project delivery/contract award method to be used for each construction project or construction services-related contract valued at or above \$50,000 shall be the competitive sealed proposal method as allowed under Texas Government Code Chapter 2267, Subchapter D, as determined and approved by the Board to be the best value. For construction contracts values at or above \$50,000, the Superintendent shall also submit the resulting contract to the Board for approval. Lesser expenditures for construction and construction-related materials shall be at the discretion of the Superintendent and consistent with law and policy. <i>Change Orders</i> – Change orders permitted by law shall be approved prior to any changes being made in the approved plans or the actual construction of the facility. Change orders values at \$50,000, alone or in the aggregate during the fiscal year, shall require Board approval. The Superintendent shall be authorized to approve change orders of a lesser amount. <i>Project Administration</i> – All construction projects shall be administered by the Superintendent or designee.
CVA (LEGAL)	<i>Competitive Bidding</i> – The competitive bidding procurement method, by which the District contracts with a contractor for the construction of a facility, is governed by the process outlined in this section of the policy.
CVA (LOCAL)	<i>Competitive Bidding</i> - This section of the policy assigns duties to the Superintendent or designee to ensure that detailed specifications are prepared for any construction project for which competitive bids are sought. All bids shall be submitted in sealed envelopes and handled as described in more detail in this section.

Policy	Excerpts
CVB (LEGAL)	<i>Competitive Sealed Proposals</i> – The procurement method by which the District requests proposals, ranks the offerors, negotiates as prescribed and contracts with a general contractor for the construction, rehabilitation, alteration, or repair of a facility is governed by the process outline the this section of the policy.
CVB (LOCAL)	<i>Competitive Sealed Proposals</i> - The Superintendent or designee shall prepare a request for proposals for any construction project for which competitive sealed proposals are sought. This section details the processes for competitive sealed proposals.
CVC (LEGAL)	<i>Construction Manager Agent</i> - If the District uses the construction manager agent method as described in this section of the policy, it must comply with applicable legal requirements. The contract between the District and the construction manager agent may require the construction manager agent to provide administrative personnel, equipment necessary to perform duties under this policy, on-site management, and other services specified in the contract. A construction manager agent represents the District in a fiduciary capacity. The District shall select a construction manager agent on the basis of demonstrated competence and qualification under Government Code 2254.004. If the district uses the construction manager agent method, the District shall procure in accordance with Government Code Chapter 2269.
CVD (LEGAL)	<i>Construction Manager At Risk Method</i> - If the District uses the construction manager at risk method as described in this policy, it must comply with applicable legal requirements. The District must follow specific bid processes as defined in this policy.
CVE (LEGAL)	<i>Design Build</i> – This project delivery method applies only to a facility that is a building or an associated structure. The District must follow specific bid processes as defined in this policy. The District shall select the design-build firm that submits the proposal offering the best value.
CVF (LEGAL)	<i>Job Order Contracting</i> – If the District uses the job order contracts method as described in this policy, it must comply with applicable legal requirements. The district shall establish the maximum aggregate contract price and approve each job, task, or purchase order that exceeds \$500,000. The District may the competitive sealed proposal method for job order contracts. Job order contracts must be signed by the District’s representative and the contract and the term must not exceed two years with an optional renewal period not to exceed an additional three years.
CH (LOCAL)	<i>Purchasing and Acquisition</i> – The Board delegates the Superintendent or designee the authority to make budgeted purchases for goods or services in accordance with CH(LEGAL), and make budgeted purchases up to \$50,000. The Board delegates to the Superintendent or designee the authority to determine the method of purchasing in accordance with CH(LEGAL). An employee at the principal, director, or above shall be authorized to sign contracts of up to \$10,000. The Superintendent and Cabinet members shall be authorized to sign contracts valued under \$50,000 and contracts above \$50,000 shall require approval by the Board.
BAA (LOCAL)	<i>Board Legal Status Powers and Duties</i> - The Board is responsible for overseeing management of the District’s systems of operations including capital projects. The administration shall provide management oversight reports to the Board annually for capital projects (when projects are in process).

Appendix D – FBISD Procedures Outline



PROCEDURAL DOCUMENTS

Table of Contents

- FBISD Employee Manual
- **PROJECT MANAGEMENT documents**
 1. Project Management General Task List
 2. Project Management Task List for Minor Projects
 3. D&C Project Contact List
 4. Notice to Proceed
 5. Certificate of Substantial Completion
 6. Turn Over Documents Transmittal
 7. FBISD RFI Form (Draft)
 8. FBISD RFI Log (Draft)
 9. FBISD Submittal Log (Draft)
 10. FBISD CPR Form (Draft)
 11. FBISD Daily Progress Report Form (Draft)
 12. Observation Request Form
 13. Weather Day Request
 14. Project Punch List Form
 15. Contractor Safety Profile
 16. Warranty Package
 17. Building Modification Request
 18. Architectural Firm Reference Questionnaire
 19. Information for Building Insurance Coverage
- **BUDGET & INVOICING documents**
 1. FBISD Professional Services Invoice
 2. FBISD Construction Progress Payment Application Approval
 - Used in conjunction with AIA Pay Application G702
 3. FBISD Miscellaneous Professional Services Invoice
 4. Owner’s Contingency Authorization
 5. D&C Construction Change Order
 6. FBISD Requisition Form
 7. Retention Release / Reduction Worksheet
 8. Consent to Transfer Funds to Contingency
 9. Budget Amendment Request
 10. Request to Release Funds on BPO’s

➤ **CONTRACT documents**

1. AIA 101-2007 Owner/Contractor Stipulated Sum
2. Agreement for Professional Services
3. Agreement for Construction Services
4. Consulting Agreements for;
 - a. Civil Engineering
 - b. Traffic Engineering
 - c. HVAC Test & Balance
 - d. Material Testing
 - e. Geotechnical Study
 - f. Asbestos Abatement
 - g. Topographic & Boundary Survey
 - h. Phase I Environmental Services
 - i. Architectural Services
5. Scope of Professional Services
6. General Conditions of Construction Contract
7. Competitive Sealed Proposal (CSP) RFQ Package
8. CSP Proposal Evaluation & Rubrics
9. Contract Template Checklist
10. Contract Approval Request
11. Contract Worksheet Template
12. Construction Bond & Insurance Requirements
13. Bonding Capacity Certification Letter
14. Proposal (Bid) Bond Form
15. Payment Bond Form
16. Performance Bond Form
17. Statutory Lien Waiver Forms
18. Certification of Project Compliance
19. Conflict of Interest Questionnaire
20. Conflict of Interest Disclosure
21. Felony Conviction Notification
22. Affidavit of Non-Collusion
23. Certificate of Residency
24. Affidavit of Non-Discriminatory Employment
25. All Rights Letter
26. Professional Services RFQ 10/2014 (DRAFT)
27. CMA RFQ – Issued 10/27/14

Appendix E – FBISD Construction Procedures



NTP (Notice to Proceed)

- PM completes NTP template & notifies Budget Associate (BA)
- BA creates NTP, prints and presents to PM for review
- BA makes PM changes if needed
- PM gives to Director for review and signature
- BA make changes if needed
- When fully executed distribute appropriately

CSC (Certificate of Substantial Completion)

- PM completes CSC template & notifies BA
- BA creates CSC, prints and presents to PM for review
- If no changes PM attaches punch list and sends to Contractor & Architect (if applicable) for signatures
- When returned PM acquires appropriate signatures
- When fully executed, PM returns to BA
- BA distributes appropriately

BUDGET AMENDMENT REQUEST FORM/TRANSFER FUNDS

- PM completes form from Fort Share
- PM signs
- Director signs
- Scan & email to COO, COO's Ex Asst, Director, PM - brief description of request in email

PAY APPLICATIONS/INVOICES

- Pay app/invoice is received via U.S. Mail, email or hand delivered
- Admin Asst logs in pay app/invoice then gives to BA
- BA logs in pay app/invoice in project file on X-drive (Excel spreadsheet)
- BA distributes to appropriate PM
- PM approves/denies pay app/invoice
- If approved, PM signs and returns to BA; If denied, PM gives to Admin Asst for return to architect/contractor/vendor
- BA receives in Peoplesoft *activity summary*
- BA submits to Director for approval *print out recent summary*
- If approved, return to BA; if denied, return to PM for resolution
- BA creates voucher in Peoplesoft
- Director approves voucher in Peoplesoft and returns pay app/invoice to BA
- BA sends originals to Accounting & files copies

When receiving contractor pay apps with retainage verify total – receive “This application” column on FBISD form or “Completed Work “ on contractor pay app.

DEDUCTIVE CHANGE ORDER

- Get form in 2013 D&C Standards folder
- Get information from contract to complete
- Obtain all signatures
- Distribute – original to architect/contractor – email copy to Legal, Purchasing, & Risk Mgt, D&C file, scan & save on X-drive project file

CONTRACTS

- PM gives Exhibit F to Director for review & approval
- PM emails that contract template is completed & saved in project file
- Go to 2013 D&C Standards for Contract template and save to project file
- Enter contract template information into yellow highlighted areas of contract
- Print 2 sided copy and review
- Give to PM for review and comment – ask about C of I and Contract Approval Request form
- Make changes per PM and return
- PM gives to Director for review
- Make changes per Director
- Email draft copy of contract, Exhibit F, CAR & C of I to legal (Attorney, Paralegal, Ex Asst) and copies to PM, Director, COO, Director of Purchasing, Risk Management, COO's Ex Asst.(allow 10 working days for review and return from legal) If vendor not in Peoplesoft need W-9 attached with draft copy
- When contract returned from legal make changes
- Print 3 originals and give to PM
- PM sends to consultant/contactor for signatures
- When contract returns obtain department signatures
- If BOT approval needed send to COO by Wednesday before BOT meeting
- If no BOT approval needed send to COO for Superintendent's signature
- After executed log in at front desk
- Distribute per agreements distribution list
- Scan and file on X-drive under project

CSP (Competitive Sealed Proposal)

- Verify CSP#, advertising dates, scope of work was approved by Purchasing Director
- PM to complete CSP template and email when done
- Fill in yellow highlighted areas of template
- Give to PM for review and comment
- Make PM changes
- PM to submit to Director for review
- Prepare front end documents from folder – add name on Perf/Pay bonds - save documents in Editable folder
- Create PDF's of all documents (11 PDF's)
- Make CD of all project PDF's for Director of Purchasing

Appendix F – FBISD Construction Progress Report



DESIGN AND CONSTRUCTION DEPARTMENT - September 2014

Project #	Name of Facility	Architect/ Engineer	Contractor	Description	Contract Amount	Project Start	Percent Complete	Expected Completion Date	Remarks
1	Elementary School 46 (Aliana)	AutoArch Architects	Bartlett Cocke General Contractors	Construct a new 850 capacity elementary school in the Aliana Master Planned Community. The school was designed to achieve Leadership in Energy and Environmental Design (LEED) Certified Level.	GMP \$20,479,282	August 2014	0%	August 2015	Bartlett Cocke has received their signed contract, purchase order and have mobilized on site. Perimeter fencing and SWPPP are completed with topsoil stripping in process. The building layout and benchmark are complete.
2	Elementary School 47 (Riverstone)	SHW/Stantec	TBD	Construct a new elementary school in the Riverstone Community.	TBD	July 2014	0%	August 2016	The Schematic Design and CMAR were approved at the September 15, 2014 Board meeting.
3	Meadows ES Security Vestibule	TBD	TBD	Construct security vestibule with control system to restrict access to the building.	TBD	TBD	0%	TBD	Preliminary design is in development stage. Procurement will be by Job Order Contract (JOC).
4	Hodges Bend Transportation Center Fuel Tank Upgrade	Johnston, LLC	TBD	The existing unleaded fuel dispenser will be converted to diesel. An above ground fuel tank and unleaded dispenser will be added to the site.	TBD	TBD	0%	Fall 2014	The scope of work is in process.
5	Lakeview ES HVAC Controls System	Johnston, LLC	TDIndustries, Inc.	Upgrade electrical service and HVAC controls to support recently installed chiller and to allow better management of building temperature.	\$172,616	July 2014	100%	August 2014	Project is complete and all equipment is fully functional. The closeout documents are in process.
6	Christa McAuliffe MS Marquee	N/A	Nevco, Inc.	The District plan is to replace older marquees at select schools	\$39,990	TBD	TBD	TBD	The project is on hold per Purchasing and Business/Finance.

Project #	Name of Facility	Architect/ Engineer	Contractor	Description	Contract Amount	Project Start	Percent Complete	Expected Completion Date	Remarks
7	Cafeteria Serving Lines Upgrades at Willowridge HS Elkins HS Kempner HS Clements HS	SHW Group Architects	Purcell Construction, Inc.	The project is to replace the food service lines, add roll down security gates and replace warewash equipment.	\$3,850,000	March 2014	100%	August 2014	All of the food service equipment is installed and in use. The punchlist and closeout are in process.
8	Dulles HS Gym Foundation	Aestimo	Facilities Sources	The project includes lifting the foundation and slab, repairing cracks in interior walls, replacement of the gym floor, exterior sidewalks, and resurfacing main gym.	\$213,299	March 2014	99%	September 2014	The installation of the new wood floor in the girl's gym is complete. The final floor painting is complete. The volleyball and badminton sleeves are being installed.
9	ELKINS HS Door & Hardware Replacement	SBVV Architects	Polasek Construction	This scope of work includes the replacement of exterior doors, door hardware and sidewalks, as well as the addition of a security vestibule.	\$545,700	September 2013	100%	August 2014	The closeout documents are in the review process.
10	Ridge Point HS Classroom Buildout	PBK Architects	DT Construction	The project will add three classrooms, a large capacity lecture theater classroom and two ROTC classrooms with adjoining storage and changing rooms. Board approved the schematic design in February 2014	\$595,000	June 2014	99%	September 2014	The punchlist items are complete and final closeout is in process.
11	Child Nutrition Department Renovations @ FBISD Warehouse	PBK Architects	Pepper Lawson Construction	This scope of work includes renovating a portion of the District warehouse for use by the Child Nutrition Department.	\$2,795,000	October 2013	99%	September 2014	The Certificate of Occupancy was received September 15, 2014.. The equipment demonstrations are complete and the punchlist is in process.
12	Ridgemont ES Foundation Repairs	Aestimo	TBD	The scope of this project includes foundation and wall repair in classroom areas and exterior brick work.	TBD	TBD	0%	Spring 2015	Due to lessons learned at the Clements HS Fieldhouse regarding plumbing lines, staff does not recommend lifting the slab in the same manner. We are researching alternatives to lifting the slab.

Project #	Name of Facility	Architect/ Engineer	Contractor	Description	Contract Amount	Project Start	Percent Complete	Expected Completion Date	Remarks
13	Kempner HS Pig Pens	In-house scope of work	TBD	The project will include the replacement of original animal pens and gates.	TBD	March 2015	0%	TBD	The Competitive Sealed Proposal (CSP) is in process.
14	Hightower HS Intercom	JSE Consulting Engineers	FireTron, Inc.	The project will replace the main program control equipment, drops to classrooms, replace handsets, speakers and the existing clock system.	\$300,000	June 2014	100%	August 2014	The Telecenter 6 system is fully operational and demonstration for the campus Administrators is complete. The punchlist is in process.
15	Dulles HS Track Repairs	Brooks & Sparks	AAA Asphalt	The project will replace damaged sections of the track.	\$54,710	May 2014	100%	August 2014	The closeout documents are in process. Quotes for the removal of selected trees is in process.
16	Dulles ES Exterior Doors and Security Vestibule	Matrix Design Companies	LMC Corporation	The scope of the project will include replacing exterior doors and hardware and replacing the sidewalks to comply with Americans with Disabilities Act. Construct a security vestibule with control system to restrict access to the building.	\$410,554	September 2014	0%	February 2015	The pre-construction meeting is scheduled for September 24, 2014.
17	Willowridge HS Foundations	Aestimo	Jamail Smith JOC	The scope of the project is to remove concrete slab at selected locations to access plumbing, replace sewer lines and replace the slab and floor.	\$155,926	June 2014	100%	August 2014	The punchlist is complete and the financial closeout is in process.
18	Central Warehouse Foundation Repairs	Aestimo	Jamail Smith JOC	The scope of the project is divided into two phases. Phase I was to remove trees and to install a foundation irrigation system, which is complete. Phase II includes the repair of the CMU in the two stair towers and repainting.	Phase I \$21,381; Phase II \$63,010	June 2014	Phase I 100% Phase II 100%	August 2014	The punchlist is complete and the financial closeout is in process.
19	Austin Parkway ES Kitchen Plumbing Repairs	Aestimo	Jamail Smith JOC	The scope of the project is divided into two phases. Phase I was to cut and remove concrete slab at select locations, replace damaged sewer lines and replace the slab and floor, which is complete. Phase II includes the replacement of approximately 200 linear feet of sewer line.	Phase I \$36,000; Phase II \$41,485	June 2014	Phase I 100% Phase II 100%	August 2014	The punchlist is complete and the financial closeout is in process.

Project #	Name of Facility	Architect/ Engineer	Contractor	Description	Contract Amount	Project Start	Percent Complete	Expected Completion Date	Remarks
20	Fort Settlement MS Terrazzo Repairs	Aestimo	Jamail Smith JOC	The scope of the project is to repair damaged terrazzo and remove, replace and refinish damaged CMU walls due to foundation movement.	\$97,437	June 2014	100%	August 2014	The punchlist is complete and the financial closeout is in process.

Appendix G – FBISD Statement of Budget and Expenses for Construction Program

FORT BEND ISD - BOND FUNDS
Interim Statement of Budget and Expenses
 May 31, 2014

	<u>Proj</u>	<u>Original Budget</u>	<u>Bond Proceeds</u>	<u>Expenses & Encumbrances</u>	<u>Unspent Proceeds</u>	<u>Status & Comments</u>	<u>Est Compl Date</u>
PRIOR BOND FUNDS:							
ME - Security Vestibule	9999982	0	40,000	0	40,000	Preliminary design phase.	Aug-15
DHS - Track Repair	9999984	0	93,574	54,710	38,864	Site construction to begin May 1, 2014.	Jul-14
Contingency-Prior to 1999 Bond-Int Inc	9999998	0	28,138	0	28,138 (a)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
Contingency-Prior to 1999 Bond	9999999	11,491,626	642,331	578,211	64,120 (a)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
<i>Completed Projects</i>		<u>1,604,212</u>	<u>12,291,795</u>	<u>12,291,795</u>	<u>0</u>		
Total Prior Bond		<u>13,095,838</u>	<u>13,095,838</u>	<u>12,924,716</u>	<u>171,122</u>		
1999 BOND FUND:							
Contingency - 1999 Referendum	0000584	0	64,939	0	64,939 (a)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
Contingency - 1999 Interest Income	0000607	970	153,894	0	153,894 (a)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
<i>Completed Projects</i>		<u>25,641,396</u>	<u>25,423,532</u>	<u>25,423,532</u>	<u>0</u>		
Total 1999 Bond		<u>25,642,366</u>	<u>25,642,365</u>	<u>25,423,532</u>	<u>218,833</u>		
2003 BOND FUND:							
Contingency - 2003 Referendum	0000222	3,500,000	2,743,925	0	2,743,925 (b)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
DISTW Classroom Printers	0000117	933,800	560,280	250,258	310,022	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
DISTW Math/Science Projectors	0000118	1,200,000	1,277,846	1,194,846	83,000	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
DISTW Servers/Network Gear	0000119	2,500,000	2,499,999	2,490,219	9,780	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
DISTW Cabling/Switches	0000121	2,500,000	2,871,481	2,780,337	91,144	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
DISTW Improve Campus MDFs/IDFs	0000122	976,670	880,883	793,078	87,805	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
<i>Completed Projects</i>		<u>288,339,530</u>	<u>289,115,585</u>	<u>289,115,585</u>	<u>0</u>		
Total 2003 Bond		<u>299,950,000</u>	<u>299,949,999</u>	<u>296,624,323</u>	<u>3,325,676</u>		
Contingency - Interest Income	0000583	1,285,551	6,026,661	0	6,026,661 (b)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
DE - Security Vestibule	0000620	0	40,000	0	40,000	Preliminary design phase.	Aug-15
HB Trans - Fuel Storage Tank	0000621	0	125,000	0	125,000	Preliminary assessment & cost analysis in process.	TBD
<i>Completed Projects</i>		<u>18,260,510</u>	<u>13,354,472</u>	<u>13,354,472</u>	<u>0</u>		
Total 2003 Bond - Interest Income		<u>19,546,061</u>	<u>19,546,133</u>	<u>13,354,472</u>	<u>6,191,661</u>		
2003 BOND TOTAL:		<u>319,496,061</u>	<u>319,496,132</u>	<u>309,978,795</u>	<u>9,517,337</u>		
2007 BOND FUND:							
MANAGING RAPID GROWTH							
Elem School #47 - Riverstone #152	0000626	0	830,936	830,936	0	Land cost only. Architect selection - 6/09/14 BOT meeting.	Aug-16
Elem School #54 - Sienna South #159	0000628	0	653,400	653,400	0	Land cost only. Capital Planning Phase 3.	TBD
NEW CONSTRUCTION:							
Elem School #46 - Aliana #151	0000254	17,968,964	1,558,614	975,093	583,521	Contractor approved 6/02/14 BOT meeting.	Aug-15
Middle School #15 - Campus 055	0000256	47,304,947	6,842,287	4,573,914	2,268,373	Construction on Hold.	TBD
Ridge Point High School	0000257	73,156,500	72,666,927	72,634,226	32,701	Original construction complete. Classroom build out in Summer 2014	Aug-14
Land Purchase - Future Schools	0000258	6,750,000	2,905,502	2,859,015	46,487	Funds for future land purchases.	TBD
DESIGN & CONSTRUCTION PROJECTS:							
APE - Kitchen Plumbing Repairs	0000282	50,000	50,000	50,000	0	JOC project. Phase I complete - Phase II Summer 2014.	Aug-14
CHS - Design & Const. Projects	0000312	6,565,000	5,991,615	4,695,674	1,295,941	Athletic Field RR completed.Foundation repair,repl exterior concrete,interior floor.Closeout in progress.	Jun-14
CHS - Fieldhouse Foundation Repair	0000315	150,000	520,000	519,500	500	Fieldhouse foundation repairs. Closeout in progress.	Jun-14
DE - Exterior Doors/Locks Repl	0000332	110,000	361,500	39,823	321,677	JOC project. Contract under review by COO.	Oct-14
DHS - Design & Const. Projects	0000336	600,000	813,299	716,994	96,305	Athletic Field restrooms completed. Gym floor leveling in progress	Aug-14
EHS - Design & Const. Projects	0000347	1,562,000	1,548,498	1,161,660	386,838	Tech Lab renovations completed. Door and hardware replacement, concrete & entry. 98% complete.	Aug-14
FCMS - Terrazzo Repair	0000364	110,000	110,000	15,009	94,991	Construction completed. Removal of trees Summer 2014.	Jul-14
FSMS - Terrazzo Repair	0000365	100,000	160,000	106,062	53,938	JOC project. Summer 2014.	Aug-14
GMS - Intrusion Alarm System	0000369	177,000	77,000	11,642	65,358	Original project completed. Remaining funds to be used for Network Camera Solution.	Dec-14
HHS - Intercom Sys Expansion	0000382	20,000	320,000	315,511	4,489	Summer 2014.	Aug-14
HGE - Intrusion Alarm System	0000400	35,000	35,000	2,696	32,304	Original project completed. Remaining funds to be used for Network Camera Solution.	Mar-14
KHS - Intrusion Alarm System	0000417	282,000	282,000	0	282,000	Funds to be used for Network Camera Solution.	Dec-14
LVE - HVAC Controls System	0000428	245,000	245,000	17,500	227,500	Bids Received. Evaluation in progress.	Dec-14
LLE - Foundation Repair	0000432	500,000	118,000	116,750	1,250	Construction completed. Closeout in process.	Jun-14
CMMS - Foundation	0000441	500,000	265,000	262,370	2,630	Construction completed. Closeout in process.	Jun-14
MBE - Design & Const. Projects	0000452	2,790,000	2,827,306	2,826,957	349	Classroom enclosures completed. Additional HVAC sensors installed. Closeout in process.	Jun-14

FORT BEND ISD - BOND FUNDS
Interim Statement of Budget and Expenses
 May 31, 2014

	<u>Proj</u>	<u>Original Budget</u>	<u>Bond Proceeds</u>	<u>Expenses & Encumbrances</u>	<u>Unspent Proceeds</u>	<u>Status & Comments</u>	<u>Est Compl Date</u>
MBE - Foundation Repairs	0000453	100,000	100,000	79,001	20,999	Construction completed. Closeout in process.	Jun-14
MCMS Gym/ECC - D & C	0000463	1,100,000	1,100,000	0	1,100,000	Meeting with Architect to discuss scope of work.	TBD
RME - Foundation Repairs	0000613	0	300,000	13,475	286,525	Foundation repair need further investigation. Only exterior brick work will be done.	Dec-14
WHS - Foundation Repairs	0000531	500,000	500,000	175,170	324,830	JOC project. Summer 2014.	Aug-14
WEST SIDE AG - D & C - HOLD	0000547	415,000	415,000	15,808	399,192	On hold, pending possible land acquisition/swap.	TBD
WAREHOUSE - Foundation Repairs	0000549	500,000	324,500	92,413	232,087	Phase I complete. Phase II in progress	Aug-14
WHEELER FH - Fire Alarm Sys	0000570	88,000	88,000	62,811	25,189	Construction completed. Closeout in process.	Jun-14
OTHER PROJECTS:							
Computer Replacement Cycle	0000260	6,400,000	7,380,900	7,046,949	333,951	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
Wide Area Network Redundancy	0000261	3,000,000	1,343,903	193,287	1,150,616	Project in progress. 40% Complete.	Jun-14
Network Equipment	0000262	4,500,000	2,820,527	2,337,986	482,541	Replace outdated network equipment.	Jun-15
Data Projectors in Classrooms	0000264	1,225,000	3,725,000	3,615,770	109,230	Project in progress at Dulles Elem. Fine Arts still to be done.	Dec-14
Software for Dev/Sharing Curr	0000265	4,000,000	4,000,000	3,173,459	826,541	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
Video Conferencing Unit	0000266	475,000	475,000	457,563	17,437	Project completed. Will purchase 2 backup cameras.	TBD
Educational Technology	0000609	0	1,679,473	761,389	918,084	Funds to be used for new technology initiative. Steering committee currently meeting.	TBD
Buses - Growth & Replacements	0000268	10,108,200	7,123,070	7,123,070	0	\$3 million still to be issued in bond sale.	TBD
Security - Support Buildings	0000270	178,485	178,485	30,080	148,405	Original projects completed. Camera System Upgrades-KHS & MHS (start 60 days)	Aug-14
Security - High Schools	0000271	178,965	200,058	144,691	55,367	Original projects completed. Camera System Upgrades-KHS & MHS (start 60 days)	Aug-14
Security - Middle Schools	0000272	136,968	260,968	168,610	92,358	Original projects completed. Remaining funds to be used for Network Camera Solution.	Dec-14
Security - Elementary Schools	0000273	1,005,582	1,001,582	927,097	74,485	Original projects completed. Remaining funds to be used for Network Camera Solution.	Dec-14
Contingency - 2007 Referendum	0000586	0	20,636,711	0	20,636,711 (c)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
Future Bond Initiative	0000588	0	210,000	204,143	5,857	Funds for expenses related to next bond election.	TBD
<i>Completed Projects</i>		<u>235,112,389</u>	<u>213,439,275</u>	<u>213,439,275</u>	<u>0</u>		
Total 2007 Bond		<u>428,000,000</u>	<u>365,000,000</u>	<u>331,962,443</u>	<u>33,037,557</u>		
INTEREST INCOME PROJECTS							
Web Content and Spam Filters	0000574	463,956	463,956	442,872	21,084	Funds to be used for new technology initiative. Steering committee currently meeting.	Dec-14
Contingency - Interest Income	0000601	4,875,564	4,130,466	0	4,130,466 (d)	CFO & COO are working collectively to determine how funds can be utilized.	TBD
<i>Completed Projects</i>		<u>145,659</u>	<u>890,757</u>	<u>890,757</u>	<u>0</u>		
Total 2007 Bond - Interest Income		<u>5,485,179</u>	<u>5,485,179</u>	<u>1,333,629</u>	<u>4,151,550</u>		
2007 BOND TOTAL:		<u>433,485,179</u>	<u>370,485,179</u>	<u>333,296,072</u>	<u>37,189,107</u>		

Contingency Available

(a) 1999 & PRIOR Bond/Interest Income *	311,091
(b) 2003 Bond Interest Income	8,770,586
(c) 2007 Bond Construction Savings	20,636,711
(d) 2007 Bond Interest Income	4,130,466
	<u>33,848,854</u>

* All original 1999 & PRIOR Bond Fund projects are completed. The 1999 & PRIOR amounts remaining are projects using interest income and construction savings.

Notes: The Board approved Elementary School 46 in Aliana to be constructed for \$18,147,517 on June 2, 2014. A budget amendment will be presented to the Board in July 2014 to use construction contingency for this project until the district issues the \$16.4 million of debt for the elementary school of the \$63 million unissued debt.

The Board approved the architect for Elementary School 47 in Riverstone on June 9, 2014. Once the contract has been signed, a budget amendment will be presented to the Board to utilize construction contingency for the architect fees.

The District has \$63 million of unissued debt from the 2007 Bond Referendum. This is comprised of the following:

Buses	\$ 3,000,000
Elementary School	16,400,000
Middle School	<u>43,600,000</u>
Total Unissued	<u>\$ 63,000,000</u>

Appendix H – Construction Document Log



DESIGN AND CONSTRUCTION DOCUMENT RECEIPT OR SENT LOG

YEAR 2014

DATE	SENDER	FOR	PROJ NAME & #	DOCUMENT(S) RECEIVED	COURIER	RECEIVED BY	DESTINATION
3/27/14	D Moore	James S. Moore	DES 300-2 US Serv Lines	3 PSA to James for signature			
3/27/14	11	James S. Moore	11	1 fully executed CSA to Powell			
3/25/14	Hudson	J.C.	DES 300-2	Makeup specs for DES Exp-Doors			
3/27/14	Joe Roe	CWJ	PH-5 EXT-DOORS	3 Signed CSA Responses Communication -			
3/27/14	Cristina	Evelyn R-000	PH-5 EXT-DOORS	3 CSA for 3D Communication for Design signature			
3/27/14	D Moore	11	PH-5 EXT-DOORS	3 PSA for Messah Communication for Design signature			
3/27/14	C. W. Anderson	Cory Kinder	PH-5 EXT-DOORS	1 W/P for Design for Design			
3/27/14	Linney Care	CWJ	PH-5 EXT-DOORS	1 ea reimbursement check			
3/27/14	Richard Phillips	SE/EC	DES 300-2	1 copy cancelled COI for Don for June			
3/27/14	Richard Phillips	SE/EC	DES 300-2	1 Bldg / 1 Proc - Equip Richard Phillips			
3/27/14	Richard Phillips	SE/EC	DES 300-2	3 CSA to Justin for signature			
3/27/14	Richard Phillips	SE/EC	DES 300-2	3 CSA for Firearm signature in Turner & 10/20/14			
3/27/14	Richard Phillips	SE/EC	DES 300-2	3 CSA for Firearm to COO for Dr. Dwyer's signature			
3/27/14	Richard Phillips	SE/EC	DES 300-2	1 Invoice #093309276 4-11-14 \$ 150.92			
3/27/14	Richard Phillips	SE/EC	DES 300-2	1 Receipt Plat for Central Rehabilitation (info)			
3/27/14	Richard Phillips	SE/EC	DES 300-2	Reimbursement check			
3/27/14	Richard Phillips	SE/EC	DES 300-2	Review Samples (see photo color photo sheets)			