

Bond Project Closeout Audit

Audit Plan Code: 22.10.A



Assurance | Insight | Objectivity

Final Report
September 29, 2022

We identified instances where the substantial completion date was not met, and time extension requests were taken to the Board of Trustees after the Substantial Completion date had passed. We also identified instances where inspections/punch lists, equipment certification, permits, and certificates of occupancy were dated after the certificate of Substantial Completion had been executed. Several punch list items for the five projects in our scope were not corrected timely. We identified instances where training sessions did not have sign-in sheets, and where EPISD staff was not present. Additionally, maintenance manuals have not been provided for five of the six projects where the certificate of Substantial Completion has been executed.



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Abbreviations

AOR	Architect of Record
BOT	Board of Trustees
CAP	Corrective Action Plan
EPISD	El Paso Independent School District
FC	Facilities and Construction
GC	General Contractor
GCA	General Construction Agreement
SC	Substantial Completion
TAB	Testing, Adjusting and Balancing Report



Executive Summary

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We have completed the Facilities and Construction Bond Project Closeout Audit. The objectives of the audit were to:

1. Determine if Substantial and/or Final Completion deadlines were met according to the General Construction Agreements for the 2016 Bond Program construction projects or if extension requests were timely filed/approved.
2. Verify that inspections were performed by the Architect and EPISD and punch list items were corrected prior to Substantial Completion and/or Final Payment.
3. Verify the General Contractor (GC) certified equipment prior to Substantial Completion, distributed maintenance manuals to EPISD, and provided training to staff.
4. Verify the certificate of occupancy and elevator permits were secured by EPISD prior to Substantial Completion.
5. Determine if Final Packet included all documentation as required by EPISD.

The scope was the 2016 Bond Program Construction Projects (i) that were in the closeout phase (substantially complete) and (ii) one project for which the final acceptance of work has been approved. The specific projects were: Address HS, Burges HS, Coach Archie Duran ES, Don Haskins PK-8, General D. McArthur PK-8, and Irvin HS.

The Internal Audit Report that follows includes detailed findings, observations, recommendations, methodology, and background.

We would like to acknowledge and thank the Chief Operations Officer, the Executive Director of Facilities and Construction, and the Program Director, Project Controls Manager, and staff from Jacobs who participated in this audit for their time.

What We Found

Our audit identified the following:

1. There were 11 instances where approved Substantial Completion (SC) dates were not met and nine (9) time extension requests were taken to the Board of Trustees (BOT), for approval, after the approved date of SC had passed.
2. There were 53 instances out of 170, where inspections/punch lists, equipment certification, permits, and certificates of occupancy were dated after the certificate of SC had been executed.
3. Several punch list items for five projects were not corrected timely.
4. Thirty-four (34) out of 121 training sessions did not have sign-in sheets. Additionally, EPISD staff was not present at eight (8) training sessions.
5. Maintenance manuals have not been provided for five (5) of the six (6) projects where the certificate of SC has been executed.

What We Recommend

Internal Audit made 12 recommendations to address the findings and two observations reported. Recommendations include:

- The Executive Director of Facilities and Construction should remind Jacobs and the GC of the General Construction Agreement (GCA) and Board Policy requirements regarding time extension requests. Additionally, the FC Department and Jacobs' staff should develop a process to monitor and report project timelines and due dates to provide reasonable assurance that time extension requests are submitted to the BOT for approval, as required by Board Policy CV(Local).
- The FC Department and Jacobs' staff should develop a process to monitor the completion of pending items on the SC punch lists. The process should include ensuring items are completed/corrected within the number of days stated on the certificate of SC. The FC Department should notify the Chief Operations Officer and the Superintendent when timelines are not met.
- The FC Department and Jacobs' staff should develop a process to monitor the completion of SC punch lists. The process should include ensuring items are completed/corrected within the number of days stated on the certificate of SC. The FC Department should notify the Chief Operations Officer and the Superintendent when timelines are not met.
- The FC Department and Jacobs' staff should work with the AORs and GCs to ensure:
 - All necessary inspections/punch lists, equipment certifications, permits, and certificates of occupancy have been performed/obtained prior to the date the certificate of SC is executed.
 - Items listed on punch lists are in the scope of work.
 - All pending punch list items are cleared prior to reaching Final Acceptance and Final Payment.
 - Sign-in sheets be maintained for every training session.
 - Attendees' names are verified at the end of the training and make any adjustments to sign-in sheets if they were not able to complete the training.
 - Maintenance manuals are provided to EPISD for the five construction projects where the certificate of Substantial Completion has been executed.

Management's Response

Management and leadership agreed with the audit findings. District management and leadership submitted a Corrective Action Plan (CAP) outlining 10 activities to be implemented. All recommendations made by Internal Audit were incorporated into the CAP. The CAP appears to be sufficient to address the findings outlined in this report. Internal Audit will conduct follow-up reviews to validate CAP activities have been implemented.



Internal Audit Report

ASSURANCE • INSIGHT • OBJECTIVITY

Objective and Scope

The objectives of the audit were to:

1. Determine if Substantial and/or Final Completion deadlines were met according to the General Construction Agreements for the 2016 Bond Program construction projects or if extension requests were timely filed/approved.
2. Verify that inspections were performed by the Architect and EPISD and punch list items were corrected prior to Substantial Completion and/or Final Payment.
3. Verify the General Contractor (GC) certified equipment prior to Substantial Completion, distributed maintenance manuals to EPISD, and provided training to staff.
4. Verify the certificate of occupancy and elevator permits were secured by EPISD prior to Substantial Completion.
5. Determine if Final Packet included all documentation as required by EPISD.

The scope was the 2016 Bond Program Construction Projects (i) that were in the closeout phase (substantially complete) and (ii) one project for which the final acceptance of work has been approved. The specific projects were: Andress HS, Burges HS, Coach Archie Duran ES, Don Haskins PK-8, General D. McArthur PK-8, and Irvin HS.

Results and Recommendations

We identified instances where:

1. The substantial completion date was not met, and time extension requests were taken to the Board of Trustees (BOT) after the approved SC date has passed.
2. Inspections/punch lists, equipment certification, permits, and certificates of occupancy were dated after the certificate of SC had been executed.
3. Punch list items for five projects were not corrected timely.
4. Training sessions did not have sign-in sheets, and where EPISD staff was not present.

Additionally, maintenance manuals have not been provided for five (5) of the six (6) projects where the certificate of Substantial Completion has been executed.

We would like to acknowledge and thank the Chief Operations Officer, the Executive Director of Facilities and Construction, and the Program Director, Project Controls Manager, and staff from Jacobs who participated in this audit for their time.

Finding 1

There were 11 instances where approved Substantial Completion dates were not met and nine (9) time extension requests were taken to the Board of Trustees (BOT), for approval, after the approved SC date had passed

The nine (9) time extension requests extended the SC dates for four (4) construction projects. When the FC Department took the time extension requests to the BOT for approval the previously approved date of SC had already passed. See Table 1 for details.

For two (2) projects, the latest approved SC date was not met, and an extension request was not taken to the Board for approval.

- For the General D. MacArthur PK-8 project, SC was reached on July 28, 2021, 82 days after the approved substantial completion date of May 7, 2021.
- For the Andress HS project, SC was reached on November 29, 2021, 194 days after the approved substantial completion date of May 19, 2021.

Policy CV(Local) states that "Changes to construction time exceeding 30 days in the aggregate or individually shall be presented to the Board for approval. All change orders approved by the Superintendent or designee for time extensions of less than 30 days shall be reported to the Board quarterly." When time extensions are taken to the BOT after the approved SC date has passed, they are not truly exercising their duty to approve additional days which affect a project's completion date.

Table 1: Time Extension Requests Taken to BOT After Approved SC Date Had Passed

	(A)	(B)	(C)	(D)	(E)	
Project Name	Approved SC Date	Extension Request Date	BOT Approved Date	# of Days Requested (Extension)	New Approved SC Date	BOT Approval vs SC Date (Days after SC date passed) (C) - (A)
Don Haskins PK-8	9/30/2021	3/3/2022	6/23/2022	111	1/18/2022	266
General D. MacArthur PK-8	1/12/2021	3/4/2021	4/20/2021	90	4/12/2021	98
	4/12/2021	5/10/2021	6/15/2021	15	4/27/2021	64
	4/27/2021	7/7/2021	8/17/2021	10	5/7/2021	112
Coach A. Duran ES	04/03/2021	3/12/2021	4/20/2021	84	6/26/2021	17
	6/26/2021	2/10/2022	4/19/2022	331	5/23/2022	297
	5/23/2022	7/14/2022	8/16/2022	42	7/4/2022	85
Andress HS	7/22/2020	8/14/2020	9/10/2020	253	3/31/2021	50
	3/31/2021	5/12/2021	6/15/2021	49	5/19/2021	76

(A) Approved SC date either per the GCA or by the BOT through a time extension

(B) Date on the change order document (time extension request) presented by Jacobs

(C) Date when the BOT approved time extension request change order

(D) Number of days requested per time extension change order

(E) New substantial completion date as approved by the BOT

According to Article II of the GCA, "If the Contractor fails to achieve Substantial Completion of the Work within the Contract Time, the Owner shall be entitled to retain or recover from the Contractor and the Contractor's surety, as liquidated damages and not as a penalty, ...per diem amounts commencing upon the first day following expiration of the Contract Time and continuing until the actual Date of Substantial Completion." When a certificate of SC is executed, the General Contractor (GC) is no longer liable for liquidated damages.

According to the Executive Director of Facilities and Construction, "Sometimes time extensions are gathered into a single future change order and presented at a time when there is an impact to a project's critical path schedule and the end date does need to be extended. Additionally, a GC may wait to submit a time extension request until they know exactly how many days are needed so as not to keep submitting multiple requests. After submittal by a GC, the project manager and design consultant are still required to review these requests and recommend the number of days they believe are appropriate, if any, for each request. This process can take from several days to several weeks to complete."

Recommendations

- 1.1 We recommend the Executive Director of Facilities and Construction remind Jacobs and the GC of the GCA and Board Policy requirements regarding time extension requests (change orders). Additionally, the FC Department and Jacobs' staff should develop a process, to monitor and report project timelines and due dates, that provides assurance that time extension requests are submitted to the BOT for approval, as required by Board Policy CV(Local).

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity one (1).

Person(s) Responsible: Executive Director of Facilities and Construction and, JACOBS

Implementation Date: 10/07/2022

- 1.2 The FC Department and Jacobs' staff should review all Bond Project contracts not included in the scope of this audit, and develop a process of reporting projects that have not met the contractual substantial completion date to the Superintendent and the BOT, and determine and document how to proceed in the best interest of the District.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity two (2).

Person(s) Responsible: Executive Director of Facilities and Construction and, JACOBS

Implementation Date: 10/07/2022

Finding 2

There were 53 instances out of 170, where inspections/punch lists, equipment certification, permits, and certificates of

In 35 of the 53 instances, third-party (sub-consultants) inspections/punch lists, equipment certification, and permits were dated after the certificate of SC was executed as summarized below.

- 14 Inspections/Punch Lists were dated between one (1) and 112 days after the SC date
- 3 Elevator Inspections were dated between 20 and 455 days after the SC date
- 18 TAB Inspections were dated between one (1) and 222 days after the SC date

For the remaining 18 instances, certificates of occupancy were dated between three (3) and 536 days after the certificate of SC was executed.

occupancy were dated after the certificate of Substantial Completion had been executed

In addition, there were two (2) inspections/punch lists not dated. Three (3) inspections/punch lists were not provided to us.

See Table 2 for a summary by project of instances where inspections/punch lists were dated after substantial completion.

Per the GCA Section 9.7.1, "Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use; provided, however, as a condition precedent to Substantial Completion, the Owner has received all certificates of occupancy and other permits, approvals, licenses, and other documents from any governmental authority having jurisdiction thereof necessary for the beneficial occupancy of the Project (or if the same cannot be delivered for reasons not the fault or responsibility of the Contractor, nevertheless all Contractor's obligations necessary to the issuance of such certificates, permit, approvals, or licenses will have been performed...." If the AOR certifies that a construction project has reached SC prior to sub-consultants performing/obtaining inspections, punch lists, equipment certification, permits, and certificates of occupancy, they are not in compliance with the contractual requirements.

Table 2: Instances where Inspections/Punch list were Dated after Substantial Completion

	(A)	(B)	(C)	(D)	(E)	(F)
Project Name	Punch lists/ Inspections	TAB Reports	Elevator Permits	Total Inspections/ Punch Lists (A)+(B)+ (C)	Certificate of Occupancy	Total By Project (D) + (E)
Andress HS*	0	1	0	1	0	1
Burges HS	10	5	1	16	9	25
Coach Archie Duran ES	0	1	0	1	1	2
Don Haskins PK-8	3	2	0	5	0	5
General D. MacArthur PK-8*	1	3	0	4	1	5
Irvin HS*	0	6	2	8	7	15
Totals				35	18	53

*Additionally, Andress HS had one (1) inspection/punch list not dated. General D. MacArthur PK-8 had two (1) inspections/punch lists not provided; Irvin HS had one (1) inspection/punch list not dated, and two (2) not provided

According to the FC Department and Jacobs' staff, they rely on the AOR to ensure that inspections/punch lists, equipment certification, permits, and certificates of occupancy are performed before Substantial Completion.

According to Jacobs' staff, there is only one contractor in the city that can conduct the Testing, Adjusting, and Balancing (TAB) which leads to delays in obtaining the TAB reports. In addition, Temporary Certificates of Occupancy were secured and forwarded to the campus administrators at the time of occupancy. These temporary certificates allowed the buildings to be occupied. However, copies of the temporary certificates were not kept on file. For our testing, the dates on the certificates of occupancy provided were used.

Per the Executive Director of Facilities and Construction, "The Certificate of Substantial Completion is a consultant-driven process and document. Consultants, either architects or engineers, are required to review the work performed and certify that the project is sufficiently complete such that the owner

can use it for its intended purpose. It is the consultant's responsibility to make sure that all his sub consultants have reviewed the work and are in concurrence with this date. Subsequently, the consultant gathers each subs documentation and therefore, those inspection reports may be signed after the SC certificate. However, this does not mean that the agreed upon date of Substantial Completion is incorrect or must be changed as that is the date all agreed to certify the project was substantially complete.”

Per the GCA Section 9.7.2, “...When the Architect, on the basis of an inspection, determines that the Work or designated portion thereof is substantially complete, the Architect will then prepare a Certificate of Substantial Completion for review and approval by the Owner, Contractor and the Owner's Architect, which, when so approved, shall establish the Date of Substantial Completion, and shall fix the time within which the Contractor shall complete the items listed therein.”

Recommendation

2.1 The FC Department and Jacobs’ staff should communicate expectations to the AOR that include ensuring that all necessary inspections/punch lists, equipment certifications, permits, and certificates of occupancy have been performed/obtained prior to the date the certificate of SC is executed.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity three (3).

Persons Responsible: Executive Director of Facilities and Construction

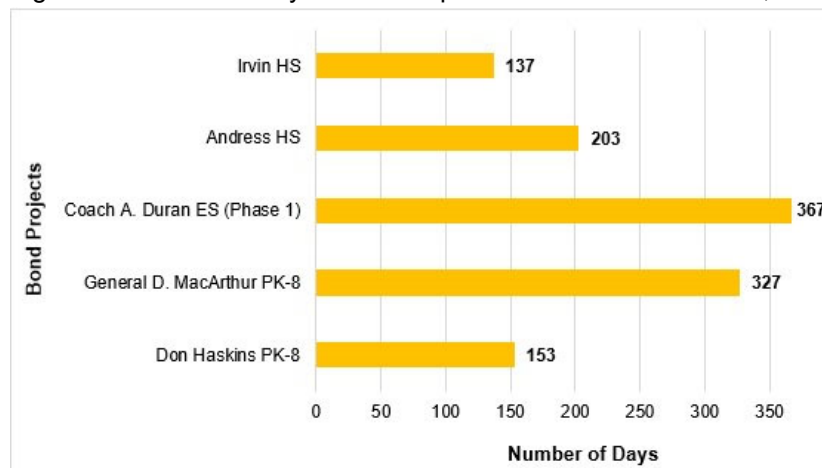
Implementation Date: 10/21/2022

Finding 3

Several punch list items for five projects were not corrected timely

According to the certificates of SC, items on the attached punch lists must be corrected within the specified number of days stated on each certificate of SC. The number of days specified on the certificates of SC ranges from 30 to 60 days. Figure 4 provides a summary of the number of days that have passed from the date on the certificate of SC for the five projects, for which final payment has not been made yet.

Figure 1: Number of Days that have passed from SC to June 20, 2022



We selected a sample of 10 punch list items that were pending at the time the certificate of SC was executed (across the five (5) construction projects that were at SC). On June 20, 2022, we performed a walk-through to verify the status of the sampled punch list items and noted the following:

- a. Two (2) punch list items illustrated in Figures 2 and 3, at Coach Archie Duran ES (1) and Irvin HS (1), had not been corrected.

Figure 2: Duran ES Punch List Item Not Corrected

Restroom 6/20/2022



Sand & resurface
floor. Repolish to
match all floor

From Punch List

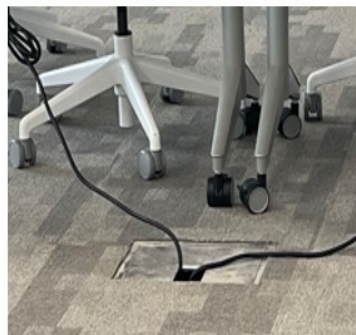


8/9/2022- GC Email-floor polish required was not notified prior to punch list. Don't know how Jacobs wants to proceed with this issue.

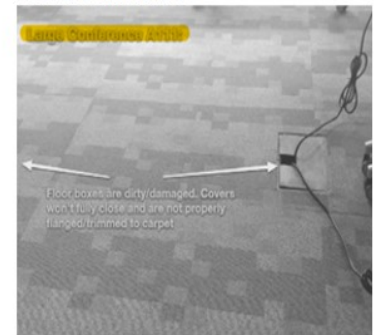
Figure 3: Irving HS Punch List Item Not Corrected

IRVIN HIGH SCHOOL

Conference Rm 06/20/2022



From Punch List



8/11/2022 - GC Email - They will look into.

- b. One (1) punch list item at General D. MacArthur PK-8 was corrected by EPISD's Maintenance Department and not by the GC. According to the AOR, the GC did not contest this repair during the walkthrough or asked for clarification on how to proceed. Refer to Figure 4 for pictures of the punch list item and response for AOR.

Figure 4: MacArthur Punch List Item Corrected by EPISD

GENERAL D. MACARTHUR PK-8

Snack Bar 06/20/2022



From Punch List



Corrected by EPISD Maintenance Department

8/9/2022 AOR Letter - As built drawing and field observations did not reveal if the ceramic floor tile was extended to the wall underneath the existing millwork that was removed. The ceramic floor was installed to the front edge of the cabinets. When the cabinets were removed, the unfinished floor below was discovered. Therefore, the existing condition – incomplete ceramic floor tile, is unforeseen; the Contractor did not request a clarification, even though this was noted in the punch list as his/her responsibility.

- c. Additional pending items across the five construction projects were brought to our attention by campus administrators. Not all the items brought to our attention were included in the punch lists attached to the certificates of substantial completion. However, according to the certificates for SC for the five projects, “The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents”

Examples of pending items included holes in walls/ceilings, gaps between ceiling and windows, open/unfinished electrical boxes, and the installation of card readers for doors. Refer to Appendix B for pictures of these pending items and responses/explanations from Jacobs’ staff.

- d. Pictures were forwarded to the FC Department and Jacobs’ staff for follow-up. Jacobs’ response to these pending items included the following:
- Some items were identified as warranty items.
 - The AOR has not certified five (5) of the six (6) projects; meaning the AOR has not yet certified that all punch list items have been addressed.
 - Some items are pending Scope of Work that has not been completed to date by the EPISD Information Technology Team.
 - Some items are owner-caused issues.

Recommendations

- 3.1 The FC Department and Jacobs’ staff should develop a process to monitor the completion of SC punch lists. The process should include ensuring items are completed/corrected within the number of days stated on the certificate of SC.

The FC Department should notify the Chief Operations Officer and the Superintendent when timelines are not met.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity four (4).

Persons Responsible: Facilities and Construction Project Manager and JACOBS Project Manager

Implementation Date: 10/14/2022

3.2 The FC Department and Jacobs' staff should work with the AOR and GC to ensure that all pending punch list items are cleared at each of the five (5) construction projects prior to reaching Final Acceptance and Final Payment.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity five (5).

Persons Responsible: Facilities and Construction Project Manager and JACOBS Project Manager

Implementation Date: 10/28/2022

Finding 4

Thirty-four (34) of 121 training sessions did not have sign-in sheets.

Additionally, EPISD staff was not present at eight (8) training sessions

According to training schedules, training was scheduled for staff in all six construction projects where the certificate of SC has been executed. However, without sign-in sheets we cannot verify the training took place and confirm staff participation for the 34 training sessions. Additionally, EPISD staff was not present at eight (8) training sessions.

A sample of 11 across the six construction projects was selected to verify the selected individual's attendance. The following was noted:

- One individual who signed in at two (2) of the training sessions was not provided training. To reduce the number of people in the room, due to COVID-19, the group was divided into levels of experience and those with less experience were asked to wait outside. According to the individual, he was not asked to come back in and left without attending either training.
- One individual stated that when he arrived for training, the system was inoperable and the training representative was not present. The training was never rescheduled.
- In both instances, training sign-in sheets were not adjusted to remove the individuals' name.

According to Jacobs' staff, training sign-in sheets are provided by the AOR. However, Jacobs' staff does not confirm with the AOR if any trainings were not held. Without proper training, there is a risk that staff may not be aware of the proper procedures for repairs and risk voiding warranty and/or causing further damage to equipment.

Per the General Services Agreement for Architect Services, Section 6.10.2, "...Architect shall confirm all training required for the local staff for all systems and operations equipment. Architect shall obtain a written receipt for these and forward

same to the Project Manager, together with copies of all guarantees and warranties.”

Per Bond Program Management Services Agreement, Section 5.21.1 “Program Manager will assist District in coordinating and scheduling training sessions for District’s maintenance and operational personnel and enforce Construction Contractors obligation to provide training of all staff.”

Recommendations

- 4.1 The FC Department and Jacobs’ staff should work with the AOR to ensure that sign-in sheets are maintained for every training session to verify that training took place and the attendance of individuals. District representatives at training sessions should verify attendees’ names at the end of the training and make any adjustments to sign-in sheets if they were not able to complete the training.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity six (6).

Persons Responsible: Executive Director of Facilities and Construction and, JACOBS

Implementation Date: 10/21/2022

- 4.2 For training to be useful to the District, we recommend the Executive Director of Facilities and Construction require at least one EPISD staff member, working with the equipment, to be present at each training.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity seven (7).

Persons Responsible: Chief Operations Officer and Executive Director of Facilities and Construction

Implementation Date: 10/07/2022

- 4.3 We recommend the FC Department and Jacobs’ staff develop a process to verify with the AOR that all required training sessions were held, and all pertinent sign-in sheets be submitted.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity eight (8).

Persons Responsible: Executive Director of Facilities and Construction and, JACOBS.

Implementation Date: 10/21/2022

Finding 5

Maintenance manuals have not been provided for five (5) of the six

For the project where manuals have been provided, the manuals were in binders but were not in the format specified per the GCA. Per the GCA, Section 32, “Maintenance Manuals shall be bound in sturdy three-ring binders with an index on the outside explaining the contents. Each piece of equipment shall be separated by tabs identifying that piece of equipment (“Equipment Tab”)....”

(6) projects where the certificate of Substantial Completion has been executed

Per Jacobs' staff, the current practice is for maintenance manuals to be provided to EPISD until the project is certified by the AOR and reaches Final Acceptance.

The GCA Section 32 states, "The contractor shall prepare three (3) copies of the Maintenance Manual assembled on the specified equipment. Two (2) copies of this information shall be delivered to the Owner within seven (7) days following completion of installation of that particular piece of equipment if the Owner is to operate that equipment prior to final completion of the Project. The remaining copy of the maintenance manuals shall be delivered to the Architect within thirty (30) days following substantial completion of the Project along with all other close-out documents."

The General Services Agreement for Architect Services, Section 6.10.2 states, "ARCHITECT shall receive, review and forward to the Project Manager guarantees, operation and maintenance manuals, keys and other close-out documents as required by the Contract Documents as required by the Contract Documents..."

The GCA, Section 9.7.4 states, "...Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion." Without maintenance manuals, EPISD maintenance staff may not have the correct direction for preventive maintenance, repairs, and risk voiding warranty and/or causing damage to equipment.

Recommendations

5.1 The FC Department and Jacobs' staff should work with the AOR to ensure maintenance manuals are provided to EPISD for the five construction projects where the certificate of Substantial Completion has been executed.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity nine (9).

Persons Responsible: JACOBS

Implementation Date: 10/21/2022

5.2 The FC Department and Jacobs' staff should work with the AOR to ensure that maintenance manuals are provided to EPISD in accordance with the timelines stated in the GCA, Section 32 and in the format that works best for the District.

Management and Leadership Response: Concurred with recommendation and incorporated into the CAP as activity 10.

Persons Responsible: Executive Director of Facilities and Construction and, JACOBS

Implementation Date: 10/21/2022

Observations and Recommendation

Observation 1

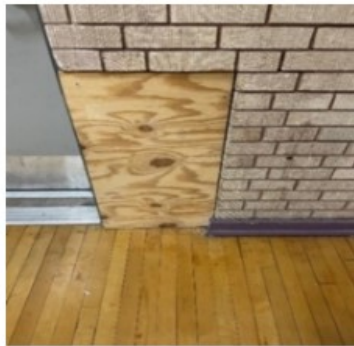
Items reflected on the AOR punch list, for Burges HS, were noted as not being completed by campus administration during a walk-through. After follow-up with

Jacobs, items were noted as not being in the GC's scope of work. Figures 5 and 6 are examples of items on the punch list that were not in the GC's scope of work.

Figure 5: Punch List Item in Gymnasium

BURGES HIGH SCHOOL

GYM 6/20/2022



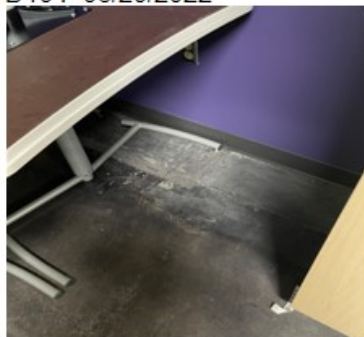
From Punch List



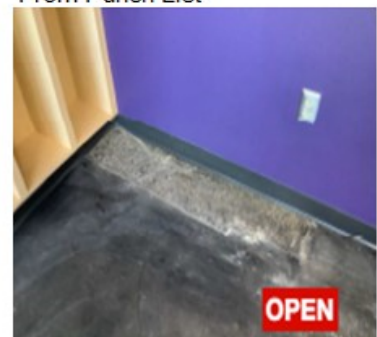
8/8/2022 - GC Letter - GC did not have scope of work in Gymnasium. Punch list item was a request of the AOR. GC will paint piece of wood as soon as possible at no cost.

Figure 6: Punch List Item in D104

D104 -06/20/2022



From Punch List



Concrete Not Polished

8/8/2022 - GC Letter - When Terrazzo flooring was removed as part of renovation of Area D scope of work, the floor condition was such. Scope of work was to polish existing floor. GC will investigate to determine if anything can be done to existing conditions.

Recommendation

On future projects, we recommend the FC Department and Jacobs' staff work with the AOR and the GC to verify that all punch list items are in the GC's scope of work. In addition, an FC staff member should verify that all punch list items have been corrected by the GC, and sign and date the punch list. It should be brought to the GC's attention that items not completed/repared in the time period stated on the certificate of SC will affect the GC's evaluation for consideration on any future projects.

The FC Department addressed developing and executing a procedure outlining the process for performing punch list back checks for assessing completion status of the punch list items at the 30 and 60-day markers through CAP Activity 4. The markers selected are the frequently used time periods stated on the certificate of

Substantial Completion. The FC Department also stated that “if timelines are not met and punch list items are pending at the 60 day back check, a letter will be sent to the Chief Operations Officer and Superintendent notifying them the punch list has not been completed and advising completion status of the remaining punch list items.” As such, CAP Activity 4 should also address Observation 1.

Observation 2

Jacobs is currently maintaining all construction documents in Prolog, the construction project management software they use. However, the FC Department uses the software Owner Insite to manage construction project documents. Access (licenses) to Prolog is currently provided by Jacobs to the FC Department. Once the Bond Program Services Agreement between Jacobs and EPISD expires on December 2022 access to District personnel will be terminated. However, per Jacobs' staff, files will be uploaded to the cloud where EPISD staff can access files.

Recommendation

The FC Department should collaborate with Jacobs on the document transitioning process to ensure all documents are properly transferred to EPISD before the Bond Program Management Services Agreement between Jacobs and EPISD comes to an end. The transitioning process should begin as soon as possible so there is enough time to enable the FC Department to ensure complete documents are transferred.

During the audit's exit conference, the FC Department informed us they were beginning the process of transitioning documents in order to complete the process before the JACOBS team departs from the district.



Appendix A: Background and Methodology

ASSURANCE • INSIGHT • OBJECTIVITY

Background

On November 8, 2016, El Paso voters approved a \$668.7 million bond program (2016 Bond) for the modernization and rightsizing of the District. On January 18, 2017, the District entered into a contract with Jacobs Project Management Co. (hereinafter referred to as Jacobs/Program Manager) to provide bond program management services. The 2016 Bond funded 17 construction projects, of which 16 are managed by Jacobs and one (1) by the EPISD Facilities and Construction Department (Facilities and Construction).

Jacobs' Role

As stated in the Contract for Bond Program Management Services (the contract) section 2.3.2, "In general, the Program Manager shall have primary management responsibility for Projects assigned to it and more specifically shall coordinate all such Project matters with a goal to attain the completion of Projects on time and within budget." Additionally, per Article IV in the contract, "the Program Manager will undertake many of the daily and routine functions that might otherwise be performed by District staff."

El Paso Independent School District's (EPISD) Role

As stated in Article IV of the contract, "the District intends to manage the Program utilizing a limited number of internal facilities management staff, primarily intended to perform policy, oversight and approval functions." Currently, the Executive Director of Facilities and Construction along with the Chief Operations Officer provide oversight and approval over bond projects managed by Jacobs.

Substantial Completion

As stated in section 9.7.1 of the General Construction Agreement (GCA), "Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use; provided, however, as a condition precedent to Substantial Completion, the Owner has received all certificates of occupancy and any other permits, approvals, licenses, and other documents from any governmental authority having jurisdiction thereof necessary for the beneficial occupancy of the Project. Without limiting the foregoing, in general, the only remaining Work following Substantial Completion shall be minor in nature, so that the Owner could occupy the Project on that date and the completion of the Work by the Contractor would not materially interfere or hamper the Owner's normal business operations."

Final Completion

As stated in section 9.8.1 of the GCA, "When all of the Work is finally completed and the Contractor is ready for a final inspection it shall notify the Owner and the Architect thereof in writing... if the Work is complete in full accordance with the Contract Documents and this Agreement has been fully performed, the Architect will promptly issue a final Certificate for Payment certifying to the Owner that the Project is complete and the Contractor is entitled to the remainder of the unpaid Contract Price, less any amount withheld pursuant to this Agreement."

Per section 8.1.4 of the GCA, "...Unless otherwise agreed in writing by Owner, Contractor agrees that Final Completion shall occur not more than sixty (60) days after the date of Substantial Completion."

The Facilities and Construction Bond Project Closeout Audit was approved by the Board of Trustees as part of the 2021-2022 Internal Audit Plan.

Methodology

To achieve our audit objective(s), we:

1. Researched relevant Board policies and the department manual/guidelines.
2. Used internal control questionnaires, and performed walkthroughs to obtain an understanding of the Substantial Completion and Closeout processes in place.
3. Obtained and reviewed copies of the Contract for Bond Program Management Services, General Construction Agreement and General Services Agreement for Architect Services for the six bond projects in our scope.
4. Performed a risk assessment based on our understanding of the substantial and closeout process and controls in place.
5. Obtained and analyzed time extension requests, substantial completion and final acceptance forms, inspections/punch lists, permits, certificates of occupancy, maintenance manuals, and training sign-in sheets for the scope period.

Because of the inherent limitations in a system of internal controls, there is a risk that errors or irregularities occurred and were not detected. Due professional care requires the internal auditor to conduct examinations and verifications to a reasonable extent. Accordingly, an auditor is able to obtain reasonable, but not absolute, assurance that procedures and internal controls are followed and adhered to in accordance with the federal, state, local policies, and guidelines.



Appendix B: Pictures of Pending Items

ASSURANCE • INSIGHT • OBJECTIVITY

ANDRESS HIGH SCHOOL

Key Card Scanners covered but not installed



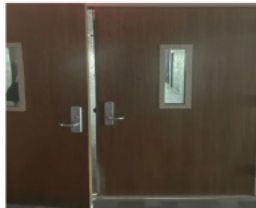
Jacobs: EPISD IT Pending

Lock does not work in Orchestra 160B



Jacobs: Warranty

Lock does not work in Hallway



Jacobs: Warranty

8/9/2022 GC Email: when the keys and cores were turned over to Maintenance Supervisor and Locksmith, there were several of the corridor door cores which were not pinned or supplied with keys. This was at the request of EPISD since at the time, they were not sure how they wanted the cores keyed and wanted their locksmith to pin and install the cores. It appears this is the case with the inoperable corridor lock. Please refer matter to EPISD locksmith for resolution.

COACH ARCHIE DURAN ES

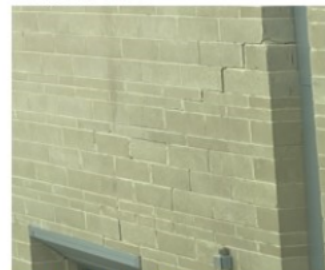
Holes in concrete floor



Jacobs: Not part of punch list-owner caused

8/9/2022 GC Email: Holes were not addressed during punch list nor 11 month walk.

Crack in CMU



Jacobs: Warranty

8/9/2022 GC Email: Scheduled to complete week of 8/10-8/11/2022.

Cabinets do not lock/stay open



Jacobs: Warranty

8/9/2022 GC Email: Cabinet provider adjusted all the cabinets.

Seal missing around window

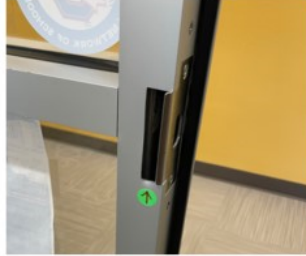


Jacobs: Warranty

8/9/2022 GC Email: All caulking has been completed on all aluminum windows/storefronts.

DON HASKINS PK-8

Card Scanner missing



Jacobs: EPISD IT Scope of work - Strike Plate for card reader locks.
8/9/2022 - GC Letter - in EPISD scope of work.

Dead Landscaping



Jacobs: Out of Warranty but will have GC address during warranty walk on 7/12/22
8/9/22 - GC Letter-Warranty for Phase 2 has expired. Appears to be maintenance issue.

Mailboxes do not align



Jacobs: GC to fix 7/12/22
8/9/2022 - AOR Letter - included in Phase1 punch list, to be drawings.
8/9/22 - GC Letter - not on original punch list. Off by a few millimeters, in line with normal construction practices.

Trophy case peeling



Jacobs: Will address during warranty walk on 7/12/2022
8/9/2022- AOR Letter-GC stated during walk-thru this would be corrected.
8/9/2022 - GC Letter - Warranty for Phase 1 has expired. Peeling appears to be caused by excessive heat in the building, which they have no control over.

GENERAL D. MACARTHUR PK-8

Open boxes



Jacobs: Unfinished boxes



Jacobs: Unfinished boxes

Pony walls not completed and incorrectly placed.
Should be on the sides of TV.



Jacobs: Pony walls not completed and incorrectly placed - Warranty



Incomplete Pony wall



Completed Pony Wall

Hole in Custodial Room



Jacobs: Warranty

Women's Restroom-Hole in ceiling



Jacobs: Punch List

Room 306: Holes in wall



Jacobs: Holes in Wall (Item not under Contractor scope of work).

Punch List Photo



Rm 211/213 Gap between ceiling and window Dead Landscaping



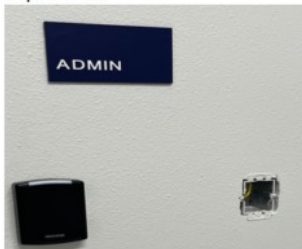
Jacobs: Warranty

Jacobs: Warranty

8/9/22 - GC Letter - Principal and GC are building a schedule with appropriate time to come and complete the items. Currently all punch list items are being reviewed from previous walk-throughs and creating a plan to complete all remaining items. Gaps in ceiling where pipe is protruding were created by EPISD Data Crew after GC completed the scope in the classroom. Empty junction box was installed by Data Team as well. Will review to make sure these items were not missed.

IRVIN HIGH SCHOOL

Open Box



Jacobs: Not a punch list item

B1 Entrance: Carpet wet from rain entering



Jacobs: Not a punch list item. Will follow up with GC

B137: Entire Lab not usable- not complete



Jacobs: Not a punch list item PCO

A119 Janitor Room - Drain higher than floor - does not drain properly.



Jacobs: Not a punch list item



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