

# Corrective Action Plan Follow-up Review: Bond Project Closeout Audit

Audit Plan Code: 22.10.FF



Assurance | Insight | Objectivity

Final Follow-up Report  
February 9, 2023

Management implemented nine (9) out of 10 corrective action plan (CAP) activities. The remaining activity was not effectively implemented. This report represents the closeout of the CAP.

However, we will continue to perform audits of Bond Construction projects' closeouts to validate that newly implemented procedures by the Facilities and Construction Department are being adhered to.



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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
IIA	Institute of Internal Auditors
SC	Substantial Completion



## Background

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing, Performance Standard 2500 - Monitoring Progress, require we "...establish and maintain a system to monitor the disposition of results communicated to management." Internal Audit has established the Corrective Action Plan (CAP) process to meet this requirement. The process includes monitoring and reporting whether management has implemented corrective actions to address audit findings, observations, and recommendations.

Internal Audit issued the Facilities and Construction Bond Project Audit Report to District management and administration on September 29, 2022. The [original audit report](#) is posted on the EPISD's website. We performed the audit as part of the Board-approved 2021-2022 and 2022-2023 Internal Audit Plans. The objectives of the original 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 the 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.

Our audit 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.

The original audit report included five (5) findings, two (2) observations, and 12 recommendations. For reference, a summary of the original audit report findings is

provided in **Exhibit A**. District management and administration agreed with our recommendations and developed a CAP with 10 activities.

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## Objective and Scope

The objective and scope of this follow-up review were to determine whether management implemented the 10 CAP activities or took other actions to address the five (5) findings, two (2) observations, and 12 recommendations outlined in the Bond Project Closeout Audit Report.

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## Methodology

To achieve our follow-up review objective, we:

- Held meetings and communicated with persons responsible for carrying out the CAP activities.
- Reviewed supporting documentation maintained by management as evidence of completion of the CAP activities provided to Internal Audit.

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## Inherent Limitations

This was a limited-scope follow-up review covering only the actions taken by EPISD administration to address the original audit findings and recommendations stated in the Objective and Scope section of this report. No representations of assurance are made to other areas or periods not covered by this follow-up review.

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## Summary of Results

CAP Activities	Implemented	Overall CAP Status
<b>10</b>	<b>9</b>	<b>Partially Implemented</b>

Management implemented nine (9) out of 10 activities in the CAP. The remaining activity was not effectively implemented. During our walkthroughs on December 8, 2022, and February 1, 2023, we observed that some of the punch list items noted in the original Bond Project Closeout Audit report, issued September 29, 2022, had not been corrected.

This report represents the close-out of the corrective action plan.

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## CAP Activities and Action Taken

Management and leadership agreed with all 12 of the recommendations in the original audit report and incorporated them into 10 CAP activities. The details of the 10 CAP activities, the person(s) responsible, and the action taken are outlined below.

## Activity 1 Implemented

“Develop and implement a procedure for notifying EPISD in writing within 7 days of receipt of time extension request. The procedure will include notification to Superintendent and the Board of Trustees (BOT) as required.”

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** Per the updated Facilities & Construction (FC) Construction Management Procedures Manual, the GC is to notify the Architect and Owner (EPISD) in writing, within 7 calendar days of the commencement of a delay. Upon notification, the Facilities and Construction Department will notify the Superintendent and Board of Trustees of the potential delay or request for a time extension. This procedure is intended to ensure adherence to contract compliance regarding notification of delays and time extension requests.

## Activity 2 Implemented

“Develop and implement a procedure to report projects that have not met the Substantial Completion date. The procedure will include notification to Superintendent and the BOT.”

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** Per the updated FC Construction Management Procedures Manual, on the immediate business day following the date the contractual substantial completion is missed, the Project Manager will prepare a letter and send it to the Executive Director of the Facilities and Construction Department and the Chief Operations Officer (COO). The FC staff will notify the GC about the delay and request a recovery plan be implemented as soon as possible. The Executive Director of FC and the COO will notify the Superintendent that the project in question has missed the contractual Substantial Completion date and the project is delayed.

## Activity 3 Implemented

“Memo to Architect of Record to advise that all required documentation shall be submitted prior to the date the Substantial Completion is executed.”

**Person Responsible:** Executive Director Facilities and Construction

**Action Taken:** The Executive Director of FC sent a letter to the AORs for the five (5) projects as a reminder of their contractual obligations for Substantial Completion. In addition, the FC Construction Management Procedures Manual was updated to include a requirement to notify the Architect/Engineer(s) of their contractual obligation to submit all required documentation prior to the date of Substantial Completion.

## Activity 4 Implemented

“Develop and execute procedure outlining the process for performing punch list back checks for assessing the completion status of punch list items at 30 and 60-day markers. This process will be documented via the issuance of Punch List Completion Status Letters at the 30 and 60-day marks. 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 the completion status of the remaining punch list items.”

**Persons Responsible:** Executive Director Facilities and Construction and Facilities and Construction Project Manager

**Action Taken:** The FC Construction Management Procedures Manual was updated to include a 30 and 60-day back check on the completion of punch list items. Per the manual, if the GC does not comply with their contractual requirements and fails to complete the punch list within 60 calendar days to obtain final completion, the PM will send a letter signed by the Executive Director of FC to the COO with a copy to the Superintendent. The letter will advise EPISD leadership that the GC failed to comply with their contractual requirements of completing the punch list items.

## Activity 5 Not Effectively Implemented

“Review punch list items for the five (5) projects included in the audit and confirm all are completed.”

**Persons Responsible:** Executive Director Facilities and Construction and Facilities and Construction Project Manager

**Action Taken:** On October 28, 2022, FC provided letters from the AOR/Engineer(s) for each of the four (4) projects stating that there were no punch list items pending. In addition, on November 10, 2022, the Executive Director of FC and the Jacobs Program Director provided a signed letter stating there were no pending scope items. For the fifth project (MacArthur), we received the Mediated Settlement Agreement, dated August 10, 2022, which states that punch list items will be completed within 30 business days from the date of the BOT approval which was on August 16, 2022.

Internal Audit conducted additional walkthroughs, on December 8, 2022, and February 1, 2023, to verify punch list items had been completed. During our walkthroughs, we noted five (5) of the 12 punch list items identified as pending in the Bond Project Closeout Audit report, issued September 29, 2022, had not been completed. As such, this activity was not effectively implemented.

The following was noted during the walkthroughs:

- Coach Archie Duran – One (1) item not completed
- Irvin High School – One (1) item not completed
- Douglas MacArthur PK-8 – Three (3) items not completed

The FC Department submitted final acceptance packets to the Board of Trustees on December 13, 2022, for approval on the above-listed projects. As such, we are closing this CAP. However, we will continue to perform audits of Bond Construction projects' closeouts to validate that newly implemented procedures by the FC Department are being adhered to.

## Activity 6 Implemented

“Send memo to Architect of Record (AOR) to provide sign-in sheets for all equipment/material training provided to EPISD personnel with confirmation of attendance by Jacobs and EPISD Project Managers.”

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** The FC Construction Management Procedures Manual was updated to include the Architect's contractual obligations for training. Per the manual, a memo will be sent to the Architect of Record reminding them of their

contractual obligations to confirm all training is held and to provide sign-in sheets for all equipment/material training. In addition, project managers will confirm the attendance of EPISD staff.

## Activity 7 Implemented

"Memo to Director of Maintenance requesting that at least one EPISD staff member attend each training session and asking that the training be made mandatory."

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

**Action Taken:** The Maintenance, Buildings & Grounds Manual was updated to include that it is mandatory for maintenance staff to attend training on new equipment acquired for the 2016 Bond Projects.

## Activity 8 Implemented

"As part of the documentation for Substantial Completion, the AOR shall confirm all training was held and submit sign-in sheets for each training session."

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** Letters from the Architect/Engineer(s) of Record confirming training was provided for four (4) of the projects that achieved Substantial Completion. In addition, sign-in sheets were also provided for those projects. For the fifth project (MacArthur), a letter was not received from the AOR. However, training sign-in sheets were provided.

## Activity 9 Implemented

"AOR to confirm maintenance manuals for the five (5) projects that have achieved Substantial Completion are submitted to EPISD-Maintenance."

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** Maintenance manuals were received for five (5) of the projects that achieved Substantial Completion.

## Activity 10 Implemented

"Issue memo to AORs informing them of their contractual obligation to provide maintenance manuals to EPISD – Maintenance as per the GCA, Section 32, following the execution of a Certificate of Substantial Completion."

**Persons Responsible:** Executive Director Facilities and Construction and Jacobs

**Action Taken:** The FC Construction Management Procedures Manual was updated to include the Architect's obligation to provide maintenance manuals to EPISD. Per the manual, a letter will be sent to the Architect/Engineer(s) of Record informing them to provide maintenance manuals per the GCA, Section 32 following the execution of a Certificate of Substantial Certificate.

## Exhibit A: Summary of Original Audit/Investigation Results

Finding	Summary of Findings
1	There were 11 instances where approved Substantial Completion (SC) dates were not met and nine (9) time extension requests were taken to the 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 (5) 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.

Observation	Summary of Observations
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.
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.

The complete [original audit report](#) is available on the EPISD website.



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