

Capital Asset Advisory Committee Meeting Notes

Thursday, October 21, 2021

4:30-5:30 pm-Special Meeting

809 Quail Street, Bldg. 4, Lakewood, CO 80215

Members Present: Gordon Calahan, Megan Castle (V), Kathy Hodgson (V), Tom Murray (V), Dan Oakley, M.L. Richardson (V), Brittney Warga

Members Absent: George Latuda, Laura Perry

Staff Liaisons: Robin Acree, executive administrative assistant, facilities management; Steve Bell, chief operations officer; Brenna Copland (V), chief financial officer; Tracy Dorland (V), superintendent; Heather Frizzell, supervisor, construction project/project accounting; Bruce Huxley, director, planning and property; Berry Jones, director, construction management; Tim Reed, executive director, facilities and construction management; Nicole Stewart (V), director, budget and treasury; Maureen Wolsborn (V), senior communication specialist

Guests: Moss Adams (V): Stephen Bacchetti, Tammy Lohr, Mark Steranka, Jordan Wahl; JPS Project Managers (V): Danelle Berzoza, Pam Grover, Ed Huszcza, Bernadette Kelly, Kimber Preece, Bill Thaemert; Helen Neal, chief of staff

V=virtual meeting

Action/Decisions

No actions were requested or direction provided by the CAAC at this meeting.

Superintendent Dorland, the Capital Asset Advisory Committee and district staff came together for a special meeting to review the Capital Improvement Program Midpoint Assessment conducted by Moss Adams. The mid-point report was initiated by Superintendent Dorland to review policies and procedures.

This report was not intended to single out any individuals or groups; it is intended to be an organizational improvement strategy.

Context

- Jeffco Public Schools (JPS) has had many successes with the implementation of the bond.
- JPS can and will finish all planned scope of work.
- Districts and entities with large capital improvement projects can and should assess their practices for oversight, controls and transparency through the life cycle.
- JPS wants to continue to enhance the confidence of the community in regard to the capital investments.
- Continuous improvement. The district always needs to look to improve.

Purpose of the Review

- Provide a midpoint review.
- Inform and enhance trust in JPS.
- Receive feedback from an independent consultant about industry best practices.

Process of the Review

- In May, there was discussion with CAAC of obtaining an external midpoint audit. In June, an RFP was issued with 17 questions, four vendors responded and the district selected Moss Adams, based in Seattle.

- Moss Adams conducted interviews with 12 individuals, had detailed discussion with the facilities/construction team, received documents and current systems.

Point of Pride

- To date, construction has completed 231 projects on time and on budget. 69% of work is in progress or complete.
- Most projects are at or near budget. Projects that are over budget are primarily due to scope increases, inadequate budget or economic conditions.
- Over a 1000 stakeholders have been involved and served on committees, including Design Advisory Groups, the Capital Asset Advisory Committee or others.

Moss Adams

The Moss Adams project was focused on providing the district with areas of improvement; this was not a financial audit, a performance audit or a forensic investigation. No Fraud was observed.

- Recommendations have been presented in the report of findings for expenditure management and controls, master planning, project estimating and controls, adherence to design, construction budgets, bidding and procurement procedures, change order reporting and controls.
- Overall, there have been many good practices performed by the district.
- Four key areas of focus Moss Adams believe will support transparency and accountability going forward:
 - Complete and accurate master planning processes, procedures and reporting.
 - Complete and accurate performance tracking against master plan budgets.
 - Policies procedure enhancements to support accountability and transparencies of processes and procedures.
 - Construction audits to validate costs for major projects with guaranteed maximum prices so they are compliant and not excessive.
- Successes Noted:
 - Project delivery able to take advantage of empty schools due to COVID.
 - Every school was touched.
 - Community engagement and parent committees participating in the shaping of projects.
 - Improved reporting about bond program this year.
 - JPS is a big school district, took advantage of the size. Grouped things by project type allowing for economies of scale in project delivery.
- Opportunities for improvement:
 - Master planning
 - Develop a comprehensive prioritized list of projects.
 - Define in policies what the priorities are.
 - Document the decision-making authority for each step.
 - Update reporting on how prioritized needs are being addressed and what changes there are.
 - Track performance to budget.
 - Reporting
 - List projects for all schools and districtwide.
 - Reconcile information and explain.
 - The district has this information available but Moss Adams would like to see it packaged in one location.

- Policies and Procedures
 - Labor allocations, define senior level employee and funding source.
 - A local preference for contractors. District defines local as 100-mile radius. Get in writing and BOE approved.
- Change Orders
 - How are they received?
 - What documentation needs to be maintained?
 - Review and approval processes.
- Construction Audits
 - Need to be conducted early to ensure compliancy.
- **Comments/Questions From CAAC Members**
 - Is Moss Adams formally trained in construction or worked at a management level construction company?
 - Moss Adams conducts 50-70 capital project assessments a year. The team has certified construction auditors and CPA's. Members preparing report do not appear to have experience as design consultant or construction.
 - Is anyone on the Moss Adams staff familiar with the Ed Deming principals of business?
 - Moss Adams is familiar with the person not of the applicability of the question.
 - Was an independent audit on the actual bond vote and promised to voters?
 - There was mention of an individual audit as part of the ballot initiative. The district conducts a third party audit annually but its best practice with a capital program of this size to have an independent audit. (Colorado school districts audit their capital programs using the same methods as JPS).
 - Moss Adams states California has a requirement that they have an independent performance audit with the specific scope of evaluating construction invoices.
 - What is the best practice amongst school districts for audits?
 - California has a state requirement; Colorado does not have an annual requirement but thinks it is in the bond documents. Need to get clarification with bond counsel.
 - CFO spoke with district auditor and they confirmed that they work with approximately 20 Colorado districts, none of which are doing a separate financial audit. This is a recommendation that would put JPS in a unique class in Colorado.
 - What is an expected cost of a financial annual audit and who pays for it?
 - The CFO will research and follow up.
 - The report is done in draft form, what is the rest of the process? When does it become final and who acts on it?
 - Moss Adams will determine when it is final. A management plan will be put together that addresses the findings, working to get the process improvements recommended with a time line to take the next steps. Looking to take action in the next several months.
 - Are there other states used for benchmarking other than California?
 - Moss Adams does a lot of program evaluation in the western United States.

- Committee member supports the initiative of Superintendent Dorland for bringing the evaluation about. “It’s a great time to be looking at it for the mid-term. It’s nice how the superintendent is looking for improvements and not looking to point fingers. The report was very thorough. Thank you to the consultants.”
- Due to the complexity of these programs, have you ever had anyone doing it perfectly?
 - Not often does Moss Adams not find something in their scope. They do have several districts that have been long-term clients that they have collaborated with. Starting out 10-15 years ago with these teams, they may started with a 40-50 page audit but now they may have 1-3 pages.

Next Steps

The internal management team has already been working on some next steps and how to address the findings.

- Articulate between neighborhood school improvement programs through the 2018 Bond and the CIP program so people understand what was approved for the Bond dollars and how we are reporting.
- Identify scope and over budget projects, to be reviewed by BOE. Asking for a review of district and board policies around implementation of CIP and purchasing practices.
- Financial reporting is identified on the CAAC website.
- Evaluate the role responsibility of CAAC members.
- Communicate the official project timelines, scope and financial reporting.
- Create a Facilities Master Plan website.
- Management plan in terms of the findings.

Next Meeting

December 16, 2021 | 8:00-10:00 am | 809 Quail Street, Bldg. 4, Lakewood, CO 80215