



RSM US LLP

100 N.E. 3rd Avenue
Suite 300
Ft. Lauderdale, Florida 33301
T +1 954 462 6351
www.rsmus.com

March 28, 2017

Leo Bobadilla, Chief Facilities Officer
Broward County Public Schools
600 SE 3rd Avenue, 10th Floor
Ft. Lauderdale, FL 33301

Re: Program Manager Monitoring Evaluation

Pursuant to your request and our engagement letter dated April 13, 2016, RSM has performed an evaluation of the District's two (2) Program Managers; Atkins North America, Inc. ("ATKINS" or "CPCM") and Heery International, Inc. ("HEERY" or "OR").

Scope

The scope of our evaluation was limited to SMART program activities managed by ATKINS and HEERY since the inception of their contracts with the District; September 17, 2015 and August 19, 2015, respectively.

Objectives

- Assess deliverable compliance with requirements of the RFP, contract, and District direction
- Understand key controls for schedule, and assess current state of program – as of January 2017
- Understand key controls for cost, and assess current state of program – as of January 2017

Procedures

- Obtained original master schedules level 1, 2 and 4 – developed March 2016
- Obtained eBuilder milestone report for each SMART project – as of January 2017
- Performed schedule analysis – original schedule vs current status
- Obtained and analyzed eBuilder financials report for each SMART project – as of January 2017
- Obtained and conducted deliverable compliance analysis on Monthly SMART Program Report
- Obtained draft copies of select Standard Operating Procedures
- Obtained and analyzed all HEERY and AKINS invoices since contract inception
- Conducted interviews with HEERY, ATKINS, and SBBC personnel

Observations & Analysis

Schedule Controls –Early program scheduling challenges seem to be the result of both Program Managers adjusting to the way the District procures and executes projects. Program Managers' noted opportunities for efficiency gains and process improvements in the areas of insurance, QSEC, ATP and PSA negotiation have been identified and implemented, and should drive a more streamlined design procurement effort going forward.

Further, we noted that the Monthly SMART Program Report and the Master Program Schedule Variance Report was not provided regularly to District Management during Program Year 1. These reporting mechanisms have continued to evolve since the inception of both program management agreements, and are now being distributed regularly to District Management for review and evaluation. However, we noted that the Monthly SMART Program Report does not contain sufficient information to accomplish the objectives of RFP Article 6.4.2.1. Specifically, the report does not include sufficient project level scheduling data to allow District Management the ability to identify the current status of a project, or the number of days a project is ahead or behind schedule. Lastly, we noted the Monthly SMART Program Report does not include an executive summary or an amalgam of project information to provide District Management with insight into the scheduling status of the Program as a whole.

We recommend the following actions to remediate schedule control issues identified above:

- Whether incorporated into the Monthly SMART Program Report or shared as a separate report, current period eBuilder milestone data for each school should be provided to District Management on a monthly basis. This should include a calculation of schedule days ahead or behind schedule, using a fixed baseline schedule.
- Whether incorporated into the Monthly SMART Program Report or shared as a separate report, an executive summary that aggregates program level scheduling data should be developed and provided to District Management on a monthly basis.
- A process reengineering analysis should be performed for the construction procurement process. This effort should help to avoid expectation gaps and delays comparable to those encountered in design procurement.

Budget & Cost Controls – Our analysis revealed that 2.4% of SMART funds have been committed (P.O. / Contract), and 0.5% of SMART funds have been expended, as of January 2017. We noted that current budget, commitment and expenditure data is being tracked in eBuilder at the project level, but due to complexities encountered integrating SAP and eBuilder, is not being tracked or reported at the more detailed Project Funds Allocation (“PFA”) level (as implicitly required by ATKINS RFP Article 6.4.2.2). It appears PFA level budget analysis is being performed by program management on an as needed, school by school basis, but should be aggregated into a monthly report that is shared and discussed with District Management. This information will help to identify trends in budget variances across the program, and will serve as a means of improving upon future CPCM risk assessments through the incorporation of budget vs. actual data.

We recommend the following action(s) to remediate budget and cost control issues identified above:

- Through collaboration with SBBC Capital Payments, CPCM should begin tracking budget, commitment and expenditure data at the PFA level. Further, this information should be aggregated into a monthly report and shared with District Management.

Knowledge Management – Our analysis revealed that pursuant to RFP Article 6.4.2.5, HEERY endeavored to provide District Management with a Standard Operating Procedures (SOP) Manual to facilitate execution of key processes within the program. This deliverable was submitted in draft form to District Management in September of 2016 (approximately 12 months after contract execution), and was determined by the District to be insufficient to accomplish the objectives of the RFP.

We recommend the following action(s) to remediate the knowledge management issues identified above:

- The SOP Manual be expanded to accomplish District objectives, and resubmitted for review, approval, implementation no later than April 30, 2017.

Overall Comments - The process for developing RFP compliant deliverables that help to drive a more comprehensive understanding of the program's current status have been slow to evolve since inception of the OR / CPCM agreements in 2015. In Program Year 1, regular monthly reporting requirements were set aside in an effort to address more pressing tactical matters, and the quarterly reports being presented to oversight committees and the Board were supplemented in their place. As the program has matured, it appears monthly project status and schedule variance reporting has improved, and has been discussed / shared with OFC on a regular basis since the last calendar quarter of 2016. The incorporation of recommendations noted herein will help to refine schedule and cost reporting to a more compliant and usable level; and will provide District Management with an acceptable foundation for conducting regular assessments of SMART Program status.

We would like to thank ATKINS, HEERY and District Management for the assistance afforded to us throughout this evaluation.

Sincerely,

A handwritten signature in black ink that reads "RSM US LLP". The letters are cursive and slightly slanted to the right.

RSM US LLP