



Agreed-Upon Procedures

Various Americans with
Disabilities Act Renovation
Projects

&

Various Department of Justice
Mandated Americans with
Disabilities Act Corrections
Projects

SCHOOL BOARD OF BROWARD COUNTY

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

Various Americans with Disabilities Act Renovation Projects

School Board of Broward County
Sunrise, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Broward County ("SBBC"), solely to assist you with determining compliance with contract terms and conditions and the requirements of SBBC policies and procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We have applied the agreed-upon procedures to the schools listed on Exhibit D. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the documents relative to the scope and budget for the ADA projects and performed the following:
 - a. Determined that the scope and budgets for each project were identified in the Adopted District Educational Facilities Plan ("ADEFP").
 - b. Determined that the scope and budget were identified in the Invitations to Bid ("ITB") or the Request for Qualifications ("RFQ") and actual contracts.
 - c. Compared the budgeted amount for the project to the estimated amount and the actual amount at completion. See Exhibit C – Schedule of ADEFP Budget, Bid Amount and Contract Value to Date for a comparison of these amounts.
 - d. Identified those projects that had scope combinations (bundled projects) and related cost breakdowns.
 - e. Determined the completeness of intended ADEFP scope within the bundled projects.
- 2) We reviewed all change orders to the projects and performed the following:
 - a. Reviewed the pricing of the change order to determine compliance with the terms of the contract documents.
 - b. Reviewed evidence indicating that the scope of the change order was not within the original scope of the project.
 - c. Reviewed documentation in the file to determine the cause of the change order (i.e. E&O, unforeseen conditions, owner request, etc.)
- 3) We identified the delivery method and the rationale for the assigned delivery method (hard bid, total project management, construction manager at risk negotiation of continuing contract, etc.).
- 4) We verified and documented approval by SBBC of the ADA project. If applicable, we documented explanations for any variances from SBBC policy.
- 5) We identified the design consultant for the project and verified the issuance of the building permits for the project. We documented variances from the building code requirements.
- 6) We reviewed SBBC's files for documentation evidencing that the Contractor provided insurance coverage in accordance with the terms of the contract documents and change orders.
- 7) We determined and documented the date of the notice-to-proceed and the start date of construction activity. We compared the dates to determine if construction began prior to the date of the notice-to-proceed. We obtained an explanation for any variance from the requirements of the contract.

- 8) We documented all purchase orders issued by the District for the projects. We inquired and documented the status of each purchase order. If the project is complete, we determined if all related purchase orders are closed, and obtained and documented explanations for all purchase orders that remain open.
- 9) We identified the status of all amounts retained on the projects. If the project reached substantial completion, we reviewed the punch list items by examining evidence of completion in SBBC's files.
- 10) If applicable, we examined documentation relative to substantial completion, final completion, and the Certificate of Occupancy, noting the dates, referencing the evidence obtained in other procedures.
- 11) We compared the required date of substantial and final completion, as identified in the agreements plus any days authorized through change orders, to the actual date of substantial and final completion and calculated liquidated damages where applicable.

The results are shown in Exhibit A – Schedule of Specific Findings and Recommendations for each school. Exhibit B – Schedule of General Findings and Recommendations includes other items that came to our attention during our fieldwork.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The School Board of Broward County and is not intended to be and should not be used by anyone other than those specified parties.

Chris Riggs | STN LLC

June 3, 2010

School Board of Broward County
Various Americans with Disabilities Act Renovation Projects

Exhibit A

Schedule of Specific Findings and Recommendations

Project 1 - Horizon Elementary School – New Fire Sprinkler Protection System and ADA Restroom Renovation
Design consultant – Jacobs Engineering Group
Contractor – SA Consultants LLC

Finding A:

This job was given two project numbers by the District. One was given for the ADA restroom renovation project and another for the fire sprinkler protection project. However, these projects were bundled into one contract. During the application of our procedures we located information in both project files.

Recommendation:

Once a contract has been executed and the work is to commence, the District should ensure that there is only one project file for each contract. This will ensure that all of the pertinent documentation is readily accessible to the District for review and reference.

Management Response:

Facilities and Construction Management agrees with this recommendation and has implemented same.

Finding B:

Contractor change order numbers 1 and 2 did not have sufficient back up in the file to determine whether or not it was priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor and equipment rates, and markups

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, "...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Project 1 - Horizon Elementary School – New Fire Sprinkler Protection System and ADA Restroom Renovation – continued:

Finding C:

Based on the facts and circumstances noted in the project file, we have calculated liquidated damages of \$28,000 if 25 days have been added, but \$53,000 if no days have been added. The file is unclear as to whether or not these days have been added as there are notes on the change order documents that seem to indicate that consideration was given to not allowing the days requested. However the change order requesting 15 days appears to have been fully executed, but the change order requesting 10 days did not bear evidence of signature for SBBC.

Additionally, we are unable to calculate the amount of liquidated damages associated with final completion as it appears, based on our review of the file as well as discussions with the SBBC Project Manager, this project has not yet reached final completion. However, it is our understanding, in accordance with those discussions, that there is an issue with the City of Sunrise relative to an easement. Although the contractor has received a temporary Certificate of Occupancy, we understand that the fire sprinkler protection system is not yet operational and has not been adequately tested because of this issue with the City. We would like to point out that the school does currently have a fire sprinkler system which is fully operational.

Recommendation:

The addition of contract days as regards substantial and final completion should be clearly documented in the file to support the need to increase or decrease the contractually required date of substantial and final completion. This substantiation will be important if the District exercises the liquidated damages clause in the contract or if a contractor files a claim against the District.

Management Response:

Facilities and Construction Management agrees with this recommendation. All contract days are now documented by the Time Extension Review Committee and through use of a change order requiring board approval.

Finding D:

Contractor change order number 5 indicates that it is an owner directed change. However, in the "reason for change" section of the change order it states that it is required to meet code. It appears that this change order, based on this information, would be classified as a consultant error or omission. Additionally, contractor change orders 1 and 2 state that the reason for the change relates to a consultant error.

Recommendation:

The Project Manager should review each change order in detail and determine that the reason for the change is properly documented. This will allow the District to accurately analyze change orders once the project is closed out and determine whether or not it should seek compensation for errors or omissions.

Management Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies and staff has been successfully seeking compensation for errors and omissions.

Project 1 - Horizon Elementary School – New Fire Sprinkler Protection System and ADA Restroom Renovation – continued:

Finding E:

The project is listed as complete on the District's website, but has not yet been issued a certificate of final completion.

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Project 2 - Nova Blanche Forman Elementary School – ADA Retrofit of Elementary Playground Total Program Manager (TPM) – Recreational Design & Construction, Inc.

Finding A:

Contractor change order number 3 did not have sufficient back up in the file to determine whether or not it was priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups.

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 27.01.1 states the following, "Each adjustment in the GMP resulting from a change order shall clearly separate the amount attributable to the Cost of the Project." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation.

Finding B:

The District had tax savings on this project from owner direct purchases. The contract value has been reduced on the pay application for the savings of the material as well as the tax, but a formal change order has not been executed.

Recommendation:

In accordance with Article 27 of the General Conditions of the Contract, all contract changes should be formally documented through the execution of a change order. While it appears that the District reduced the amount of the purchase order for this change, it would be advantages for the District to formally document all changes through the use of a formal change order.

Project 2 - Nova Blanche Forman Elementary School – ADA Retrofit of Elementary Playground - continued:

Management Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies.

Finding C:

A fully executed Agenda Request Form relative to the Authorization to Request for Proposals was not found in the project files. Additionally, we were unable to locate the executed form on the District's website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding D:

The contract states that the deductible amount relative to the professional liability is to be stated on the certificate of insurance. However, the certificate of insurance did not state the amount of the deductible.

Recommendation:

District personnel should diligently compare the insurance requirements as outlined in the contract documents with the documents supplied by the Total Program Manager ("TPM") in order to determine whether or not all of the requirements have been met by the TPM.

Management Response:

The Risk Management Department agrees with this recommendation.

Finding E:

Based upon the required date of final completion as documented on the Notice to Proceed and as amended through change orders (October 24, 2007), and the actual date of final completion as documented on the Certificate of Final Inspection (December 14, 2007), we have calculated liquidated damages of \$7,650. However, it should be noted that the Certificate of Final Inspection was not completed and signed until March, 2010

Project 2 - Nova Blanche Forman Elementary School – ADA Retrofit of Elementary Playground - continued:

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding F:

Article 44 of the General Conditions of the Contract allows the District the right to audit the cost records of the TPM. However, it is our understanding that the District did not exercise their full rights to examine the cost records of the TPM.

Recommendation:

Because a project contracted for under the TPM method of delivery is not hard bid and is dependent on an accountable relationship between the TPM and the District, we recommend that the District take full advantage of their auditing rights and examine the TPM records to ensure that the final contract value is supported by the actual costs plus fee.

Management Response:

Facilities and Construction Management agrees with this recommendation. We do exercise the right when necessary. In this case, we evaluated costs throughout the project and determined that they were in line with industry standards. We are currently in the process of closing out this project, including addressing time extensions.

Project 3 - Nova Dwight D. Eisenhower Elementary School – ADA Restroom Renovation and Fire Sprinkler Addition
Design consultant – Tercilla Courtemanche Architects, Inc.
Contractor – Padula & Wadsworth Construction, Inc.

Finding A:

This job was given two project numbers by the District. One was given for the ADA restroom renovation project and another for the fire sprinkler protection project. However, these projects were bundled into one contract. During the application of our procedures we located information in both project files.

Recommendation:

Once a contract has been executed and the work is to commence, the District should ensure that there is only one project file for each contract unless the project is bundled with projects for another school. This will ensure that all of the pertinent documentation is readily accessible to the District for review and reference.

Management Response:

Facilities and Construction Management agrees with this recommendation.

Project 3 - Nova Dwight D. Eisenhower Elementary School – ADA Restroom Renovation and Fire Sprinkler Addition - continued:

Finding B:

Neither the ADA restroom renovation nor the fire sprinkler addition were included in the appropriate Adopted District Educational Facilities Plan (“ADEFPP”). We were not able to locate information that explained why the projects were not included in the ADEFPP.

Recommendation:

All projects should be identified in the ADEFPP or documented as to why it is an exception to the ADEFPP or be included as an amendment to the ADEFPP.

Management Response:

Facilities and Construction Management agrees with this recommendation. The projects were included in a previous ADEFPP.

Finding C:

Contractor change order numbers 1, 2 and 3 did not have sufficient back up in the file to determine whether or not they were priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups. Additionally, these change orders were not included in the most recent pay application.

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, “...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Finding D:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the District website.

Project 3 - Nova Dwight D. Eisenhower Elementary School – ADA Restroom Renovation and Fire Sprinkler Addition - continued:

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding E:

Based upon the required date of substantial completion as documented on the Notice to Proceed (November 1, 2009), and the actual date of substantial completion as documented on the Consultant's Letter Establishing Substantial Completion Date (March 30, 2010), we have calculated liquidated damages of \$119,200. Additionally, the District's website states the date of substantial completion was February 26, 2010.

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding F:

The certificates of substantial completion, final completion, and occupancy as well as the start date of construction were not in the project files. Per discussion with the Project Manager the certificates were received during our fieldwork and were in the process of being forwarded to Facilities Management. The Project Manager had to locate documentation to substantiate the date construction started.

Recommendation:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses, as well as provide an audit trail of the facts and circumstances surrounding the project.

Management Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Project 4 - Stoneman Douglas High School – ADA Restroom Renovations
Design consultant – Tercilla Courtemanche Architects, Inc.
Contractor – Zurqui Construction Services, Inc.

Finding A:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the District website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding B:

Since this project has not yet reached substantial completion, we were unable to calculate liquidated damages. However, based on the current facts and circumstances noted in the file, the contractor did not meet the substantial completion deadline as outlined in the contract documents. (Per the agreement, the required date of substantial completion was November 5, 2009 and was amended to November 19, 2009 through executed change orders.)

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding C:

The most recent punch list was not located in the project files. The Project Manager had to locate the list.

Recommendation:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Project 4 - Stoneman Douglas High School – ADA Restroom Renovations – continued:

Management Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Finding D:

Contractor change order number 3 did not have sufficient back up in the file to determine whether or not it was priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups.

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, "...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Finding E:

Contractor change order number 5 appears to have included sales tax for material twice. While the amount is relatively insignificant, the detail from the subcontractor states that the total includes all applicable sales tax, but the change order summary form added additional sales tax.

Recommendation:

Prior to accepting a change order the Project Manager should thoroughly review all supporting documentation and report any discrepancies to the contractor and come to a resolution. Additionally, if this is found to be double charged, the District should adjust future payments to recover this amount.

Management Response:

Facilities and Construction Management agrees with this recommendation.

Project 4 - Stoneman Douglas High School – ADA Restroom Renovations – continued:

Finding F:

Contractor change orders 5 and 7 and District change orders 6 and 7, totaling \$52,811, have been approved by the Board. However, these change orders have not been included in the most recent pay application. It should be noted that a pay application has not been received since these change orders were approved. (The last pay application received from the contractor was dated January 31, 2010).

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding G:

The project is listed as substantially complete on the District's website, but a certificate of substantial completion has not yet been issued.

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding H:

Per review of purchase order number 7509009897 and the SAP Requisition report dated May 28, 2010 the purchase order balance as stated on the SAP requisition report is understated by change orders 3, 4, 5, 6 and 7. While the purchase order itself has been updated for change orders 3, 4, 5 and 6, the SAP system was not updated. Change order number 7 was in the process of being reviewed and executed during our field work, but has subsequently been added to the purchase order.

Recommendation:

Each time that a change order is executed, the District should update the purchase order amount in the SAP system so that the District knows what is encumbered at a specific point in time. This will provide the District with an accurate status snapshot of where the project is in the billing cycle. This information will also be useful when determining whether or not to reduce retainage during the construction phase, and evaluating amounts still open on the purchase order against the work needed to complete punch list items.

Management Response:

Facilities and Construction Management agrees with this recommendation and will present this recommendation to the Capital Payments Department and Brite staff for implementation. From the Facilities & Construction Management perspective, staff has no access to SAP to enter any of this information.

Project 5 - Village Elementary School – ADA Restroom Renovations
Design consultant – Vaughn Wunsch Masullo Architects, P.A.
Contractor – SA Consultants, LLC

Finding A:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the District website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding B:

The start date of construction was not documented in the project files. The Project Manager was able to substantiate the date construction started.

Recommendation:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Management Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Finding C:

Contractor change orders did not have sufficient back up in the file to determine whether or not it was priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups.

Project 5 - Village Elementary School – ADA Restroom Renovations – continued:

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, "...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Finding D:

Contractor change order numbers 1 and 5 state that the reason for change is consultant error. However, there is no documentation in the file documenting whether or not the District plans to seek damages or reimbursement from the consultant.

Recommendation:

The District should document its intended actions relative to all change orders related to consultant errors in the project files. This will provide a trail of the facts and circumstances as well as document the Board's consideration of seeking compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the "follow up" process on change orders that may result in compensation from others.

Management Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney's Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Finding E:

One hundred and seventy-five days elapsed between the issuance of the certificates of final completion and the certificate of occupancy.

Recommendation:

The District should make every effort to closeout projects as quickly as possible. This will help to ensure that all warranties and benefits due to the District will be received.

Project 5 - Village Elementary School – ADA Restroom Renovations – continued:

Management Response:

Facilities and Construction Management agrees with this recommendation. However, completion of this project is contingent upon completion of another project.

**Project 6 - Whispering Pines Center – ADA Restroom Renovations
Design consultant – Crain Atlantis Engineering, Inc.
Contractor – Thornton Construction Company, Inc.**

Finding A:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the County website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding B:

Contractor change order numbers 1, 3 and 4 did not have sufficient back up in the file to determine whether or not they were priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups.

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, "...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Project 6 - Whispering Pines Center – ADA Restroom Renovations – continued:

Management Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Finding C:

Contractor change order numbers 2 and 3 state that the reason for the change is consultant error. However, there is no documentation in the file documenting whether or not the District plans to seek damages or reimbursement from the consultant.

Recommendation:

The District should document its intended actions relative to all change orders related to consultant errors in the project files. This will provide a trail of the facts and circumstances as well as document the Board's consideration of compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the "follow up" process on change orders that may result in compensation from others.

Management Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney's Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Finding D:

The certificate of insurance could not be located in the project files. However, we were able to obtain this certificate from the contracts department.

Recommendation:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Management Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Project 7 - Wingate Oaks Center – ADA Restroom Renovations
Design consultant – Perez and Perez Architects Planners, Inc.
Contractor – West Construction, Inc.

Finding A:

This project has not yet received the certificate of final completion. Therefore, we are unable to determine the amount of potential liquidated damages. However, It can be determined that the contractor did not meet the contractual final completion date, which is September 3, 2009 (30 days after the date of substantial completion).

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding B:

Contractor change order number 1 states that the reason for the change is a consultant error. However, there is no documentation in the file documenting whether or not the District plans to seek damages or reimbursement from the consultant. Additionally, a portion of change order number 9 relates to a change required by the mechanical inspection report and is noted as an owner request.

Recommendation:

The District should document its intended actions relative to all change orders related to consultant error in the project files. This will provide a trail of the facts and circumstances as well as document the Board's consideration of seeking compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the "follow up" process on change orders that may result in compensation from others.

Management Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney's Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Finding C:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the County website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Project 7 - Wingate Oaks Center – ADA Restroom Renovations – continued:

Management Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Finding D:

Per our discussion with the Project Manager, the District has reduced the scope of the contract for changing tables that were to be installed as part of the original scope of work. It was subsequently decided not to install the changing tables. Per our review of the change orders associated with this project, the District has not yet reduced the contract value for this reduction in scope.

Recommendation:

When scope changes are identified and agreed upon a change order should be promptly prepared and executed so that the contract value is adjusted to agree with the scope of the work.

Management Response:

Facilities and Construction Management agrees with this recommendation.

**Project 8 - Winston Park Elementary School – ADA Retrofit of Elementary Playground
Total Program Manager – Recreational Design & Construction, Inc.**

Finding A:

A fully executed Board Request Form relative to the Authorization to Advertise for Bids was not found in the project files. Additionally, we were unable to locate the executed form on the County website.

Recommendation:

The District has implemented purchasing policy 3320 relative to the Authorization to Advertise for Bids. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Management Response:

Facilities and Construction Management agrees with this recommendation. In the future, should we have multiple projects under one single RFQ, there will be reference made to the locations of the RFQ in the file.

Finding B:

The District had tax savings on this project from owner direct purchases. The contract value has been reduced on the pay application for the savings of the material as well as the tax, but a formal change order has not been executed.

Project 8 - Winston Park Elementary School – ADA Retrofit of Elementary Playground – continued:

Recommendation:

In accordance with Article 27 of the General Conditions of the Contract, all contract changes should be formally documented through the execution of a change order. While it appears that the District reduced the amount of the purchase order for this change, it would be advantages for the District to formally document all changes through the use of a formal change order.

Management Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies.

Finding C:

Contractor change order number 1 did not have sufficient back up in the file to determine whether or not it was priced in accordance with the terms of the contract. While the increase may be contracted as a lump sum, the supporting documentation should include adequate detail for evaluation of material costs, labor rates, rental rates and markups.

Recommendation:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 27.01.1 states the following, "Each adjustment in the GMP resulting from a change order shall clearly separate the amount attributable to the Cost of the Project." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Management Response:

Facilities and Construction Management agrees with this recommendation.

Finding D:

The contract states that the deductible amount relative to the professional liability is to be stated on the certificate of insurance. However, the certificate of insurance did not state the amount of the deductible.

Recommendation:

District personnel should diligently compare the insurance requirements as outlined in the contract documents with the documents supplied by the Total Program Manager ("TPM") in order to determine whether or not all of the requirements have been met by the TPM.

Management Response:

The Risk Management Department agrees with this recommendation.

Finding E:

Article 44 of the General Conditions of the contract allows the District the right to audit the cost records of the TPM. However, it is our understanding that the District did not exercise their full rights to examine the cost records of the TPM

Project 8 - Winston Park Elementary School – ADA Retrofit of Elementary Playground – continued:

Recommendation:

Because a project contracted for under the TPM method of delivery is not hard bid and is dependent on an accountable relationship between the TPM and the District, we recommend that the District take full advantage of their auditing rights and examine the TPM records to ensure that the final contract value is supported by the actual costs plus fee.

Management Response:

Facilities and Construction Management agrees with this recommendation. We do exercise the right when necessary.

Finding F:

Based on the most recent pay application, it appears that the TPM did not use all of the contingency or builders risk.

Recommendation:

If in fact the TPM did not use all of those line items, a deductive change order should be executed to reduce the contract value and return the savings to the District.

Management Response:

Facilities and Construction Management agrees with this recommendation. This has been addressed as part of the final accounting of the project and was submitted for approval by the Board on July 20, 2010.

Finding G:

Based upon the required date of final completion as documented on the Notice to Proceed and as amended through change orders (October 25, 2007), and the actual date of final completion as documented on the Certificate of Final Inspection (December 20, 2007), we have calculated liquidated damages of \$8,400. However, it should be noted that the Certificate of Final Inspection was not completed and signed until March, 2010

Recommendation:

The above finding is for information purposes only.

Management Response:

Noted.

Finding H:

Per review of purchase order number 2700028799, pay application number 7, the most recent one, and the SAP Requisition report dated May 28, 2010 the purchase order balance as stated on the SAP requisition report is overstated by \$4,150.

Project 8 - Winston Park Elementary School – ADA Retrofit of Elementary Playground – continued:

Recommendation:

Each time that a change order is executed, the District should update the purchase order amount in the SAP system so that the District knows what is encumbered at a specific point in time. This will provide the District with an accurate status snapshot of where the project is in the billing cycle. This information will also be useful when determining whether or not to reduce retainage during the construction phase, and evaluating amounts still open on the purchase order against the work needed to complete punch list items.

Management Response:

Facilities and Construction Management agrees with this recommendation and will present this recommendation to the Capital Payments Department and Brite staff for implementation. From the Facilities & Construction Management perspective, staff has no access to SAP to enter any of this information.

School Board of Broward County
Various Americans with Disabilities Act Renovation Projects

Exhibit B

Schedule of General Findings and Recommendations

Finding 1:

In several instances Carr, Riggs & Ingram, LLC ("CRI") referenced the District's website. During our review we noted instances where the information on the website did not agree with the status of several projects. For example, Stoneman Douglas High School was listed as substantially complete on the website, but the certificate of substantial completion has not yet been received and per discussion with the Project Manager the project has not yet reached substantial completion.

Recommendation:

The District website is an important source of construction information for the public. Information posted on the website must be verified prior to being posted. Additionally, the District should periodically assign personnel to review selected construction information on the website for accuracy. Such procedures will ensure that the information on the website is true and accurate and is adequately documented.

Management Response:

Facilities and Construction Management agrees with this recommendation. Project Managers have been directed to update project status on the website when significant changes occur and at least monthly.

Finding 2:

Change orders were not always accompanied by detailed support to properly substantiate the pricing of the change order. Additionally, it is our understanding that the District does not use a checklist type document to assign responsibility for various change order review procedures.

Recommendation:

The contract provisions relative to documentation for change orders permits the District to obtain detailed cost information regarding material, labor, equipment rental, and other costs, as well as markup percentages. Project Managers should require sufficient documentation from the Contractors to enable them to adequately analyze the reasonableness of the cost items being submitted. Additionally, we recommend that the District not accept industry standard costs (except possibly for items under a stated amount) as opposed to actual costs. Contractors should be notified prior to the commencement of the project regarding the documentation requirements for change orders, and the District's intent to enforce them. Also, the District should review all future contract documents to ensure that they include provisions requiring detailed breakdown of change order cost items.

Finding 2 - continued:

Recommendation - continued:

As CRI believes that the responsibility for the price testing and general financial review of change orders should be established in writing, we recommend the District consider implementing a change order checklist to record the essential review functions of a change order. Examples of such essential review functions may include:

- Review of the scope of the change order against the scope of the work in the contract.
- Review of the pricing of the change order, including the reasonableness of the labor rates and hours involved in the change, the reasonableness of the amounts passed through from subcontractors, tracing significant material items to vendor invoices, comparison of subcontract amounts to comparable quotes, if available, and agreement of the markup percentages to the provisions of the contract.
- Review of the timing of the change order and the impact on the project schedule.
- Verification of the math accuracy of the change order.

Additionally, the checklist should provide a space for the person responsible for each particular review task to initial as evidence of their review.

Management Response:

Facilities and Construction Management agrees with this recommendation. These projects were completed more than two years ago. In the past six (6) months, the entire change order process has been revised twice to include many of the recommendations addressed herein. As a result, the current process has made the entire change order function more transparent and financially beneficial to the District, while ensuring appropriate justification is captured during the review process.

Finding 3:

Project documents were located in a variety of locations. In some instances, CRI was able to locate documents in the project accordion binders and others were found in the document management system. Other documents were in the possession of the Project Manager or Contract Management Department.

Recommendation:

The District should develop best practices for document management with documents being consistently filed for all projects. Additionally, the District should establish strict guidelines regarding the format and the composition of the project files. All original documents should be promptly forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous recordkeeping allows the District to monitor the status of each project as work progresses. Also, this provides an audit trail of facts and circumstances surrounding the project.

Management Response:

Facilities and Construction Management agrees with this recommendation. These projects were completed under previous leadership. Since then, single point document control has been implemented and project management staff has been re-indoctrinated in the standards for project file management and the need for thorough recordkeeping for both legal and audit purposes.

Finding 4:

Currently, the District's contracts allow the Contractor to receive an increase in job site overhead of 10% on change orders. However, oftentimes, and particularly in cost plus fee type contracts (construction management, design build, and total program manager contracts) these represent period costs that do not necessarily increase with the additional work resulting from the change order.

Recommendation:

We recommend that the following structure be considered for markup of change orders: Relative to a subcontractor, a 10% markup on the direct cost of the change for the entity that performs the work, and a 5% markup to the entity that supervises the work, if applicable. Relative to the Contractor, a maximum markup of 5% (or the fee percentage specifically called for in the Agreement, not to exceed 5%) be allowed on the direct cost of the work.

For example, if a subcontractor performs the work, the subcontractor would be allowed a markup of 10% and the Contractor would be allowed 5%. If the work is performed by a sub-subcontractor, the sub-subcontractor would be allowed a 10% markup, the subcontractor would be limited to a 5% markup on the pass through costs, and the Contractor would also be allowed a maximum 5% markup. The Contractor would only be allowed to add job site overhead costs to their change order pricing in the instance where they are able to demonstrate such increased costs.

We recommend that the District continue to include in their cost plus type contracts wording that eliminates markup on change orders to the Contractor unless the total of the additive change orders exceeds a stated amount (\$100,000 for one of the projects included in our review). Additionally, the District should ensure that there is a contract provision addressing the return of fee in the case of a significant reduction of the scope.

Management Response:

Noted. Some fees are already in contracts. Other fees are negotiated. Your opinion is noted and will be considered in future contract negotiations and contracts.

Finding 5:

For a number of the projects CRI reviewed, the close out period took much longer than would normally be expected.

Recommendation:

The District should make every effort to closeout projects as soon as possible. This will help to ensure that all warranties and benefits due the District will be received.

Management Response:

Noted. Staff is currently closing out projects as fast as they can.

Finding 6:

Changes which were required by inspectors are not always sufficiently documented on the corresponding change orders.

Recommendation:

Project Managers should review and require that the code section cited by the inspector be include on the face of the change order to clarify that the required change is not a preference, but a requirement in order to comply with the building code. Additionally, this will clarify if the change should be reported as an error or omission.

Management Response:

Facilities and Construction Management agrees with this recommendation. Current procedures address this issue.

Finding 7:

The District's cost plus type contracts have effective "audit" provisions that would allow the District or their representatives to review the construction costs of the Contractor to ensure that the cost plus fee appropriately covers the final contract value. However, it is our understanding that the District does not obtain independent verification of the Contractor's accounting records relative to such projects.

Recommendation:

We recommend that the District consider a policy to audit all costs plus type contracts. Because these type contracts are not hard bid, but rather are dependent on an accountable relationship between the District and the Contractor, the District should independently verify that the Contractor has covered the contract value with allowable and reimbursable costs and approved fees.

Management Response:

Noted. Independent verification incurs additional costs. In addition, project management staff and District auditors perform this function: one during the project and the other after it is completed.

School Board of Broward County
Various ADA Renovation Projects

Exhibit C

Schedule of ADEFP Budget, Bid Amount and Contract Value to Date

<u>Facility</u>	<u>Project</u>	<u>Budget per ADEFP</u>	<u>Bid Amount</u>	<u>Contract Value to Date</u>
Horizon Elementary School	Fire Sprinklers & Restroom Renovations	\$ 824,309	\$ 579,000	\$ 609,458
Nova Blanche Forman Elementary School	Retrofit of Elementary Playground	\$ 144,690	\$ 161,518	\$ 113,921
Nova Dwight D. Eisenhower Elementary School	Fire Sprinklers	N/A	\$ 275,279	\$ 275,279
Nova Dwight D. Eisenhower Elementary School	Restroom Renovations	N/A	\$ 74,587	\$ 74,587
Stoneman Douglas High School	Restroom Renovations	\$ 1,731,503	\$ 254,869	\$ 294,966
Village Elementary School	Restroom Renovations	\$ 435,500	\$ 260,000	\$ 268,658
Whispering Pines Center	Restroom Renovations	\$ 795,345	\$ 183,498	\$ 195,118
Wingate Oaks Center	Restroom Renovations	\$ 583,010	\$ 323,000	\$ 338,049
Winston Park Elementary School	Retrofit of Elementary Playground	\$ 158,261	\$ 153,959	\$ 115,335

School Board of Broward County
Various Americans with Disabilities Act Renovation Projects

Exhibit D

Listing of Sampled Americans with Disabilities Act Renovation Projects

<u>ADA Project</u>	<u>Project Scope</u>
Horizon Elementary School	New Fire Sprinkler Protection System and ADA Restroom Renovation
Nova Blanche Forman Elementary School	ADA Retrofit of Elementary Playground
Nova Dwight D. Eisenhower Elementary School	ADA Restroom Renovation and Fire Sprinkler Addition
Stoneman Douglas High School	ADA Restroom Renovations
Village Elementary School	ADA Restroom Renovations
Whispering Pines Center	ADA Restroom Renovations
Wingate Oaks Center	ADA Restroom Renovations
Winston Park Elementary School	ADA Retrofit of Elementary Playground

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Various Department of Justice Mandated Americans with Disabilities Act Corrections Projects

School Board of Broward County
Sunrise, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Broward County ("SBBC"), solely to assist you in developing a better understand surrounding the facts and circumstances of the above mentioned projects. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We have applied the agreed-upon procedures to the schools listed on Exhibit B. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the documents relative to the scope and budget for the Department of Justice ("DOJ") Mandated Americans with Disabilities Act ("ADA") Corrections Projects and performed the following:
 - a. Documented the DOJ scope of the projects.
 - b. Determined and documented the District's response to the DOJ scope (the process involved in determining the response).
 - c. Determined and documented the scheduling of the projects
 - d. Determined and documented the Maintenance Department's estimating process and identified the project's budget.
 - e. Determined and documented the construction status of the projects.

The results are shown in Exhibit A – Schedule of Findings.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The School Board of Broward County and is not intended to be and should not be used by anyone other than those specified parties.

Carr Riggs & Ingram LLC

June 3, 2010

School Board of Broward County

Various Department of Justice Mandated Americans with Disabilities Act Corrections Projects

Exhibit A

Schedule of Findings

Background:

The background of these projects appears to stem from an ADA advocate who noticed that a District facility used as a hurricane shelter did not meet the specifications of certain ADA code requirements. This led to a survey of 19 of the District's facilities used as emergency shelters by Broward County by the DOJ and a report which was issued in December 2007.

Scope of projects:

Carr, Riggs & Ingram, LLC ("CRI") reviewed the DOJ report issued in December 2007. We compared the scope of the projects as outlined in the report with the budgets as supplied by Project Management. We noted that a portion of the scope was not addressed by the estimates. However, per discussion with SBBC personnel the minor items mentioned in the report have been addressed by the maintenance department.

District Response:

The District originally intended to facilitate the completion of these projects through the use of a Total Program Manager by piggy backing a contract between Miami-Dade Schools and Soares da Costa. However, it was subsequently determined that the District was not able to do this based on the language of the contract. The District then secured the services of Berger Avart to complete the design for the 19 Schools. Berger Avart completed the design phase of the projects and Project Management was then assigned to obtain the services of an open ended contractor to complete the projects. While in the process of selecting a contractor, the District began to feel the effects of the current economic climate and decided to complete the projects in house using the services of the Physical Plant Operations ("PPO") personnel. PPO is completing the list of projects as time permits while maintaining their daily work responsibilities. It is our understanding that PPO has laid off approximately 200 employees in recent months and may impact their ability to complete the projects that have yet to be completed.

Estimating Process:

PPO personnel were used to estimate the cost of the work. All of the items that were identified by the DOJ were separated by trade and given to an estimator within each trade and they performed an analysis of the facility and estimated their portion of the work. After each of the trades turned in their estimate, PPO compiled the estimated cost per school and turned this information into Project Management. The practice of each trade estimating its own work on a single project seems unusual. The District may realize efficiencies monetarily and in scheduling by sending an estimator to each job site (one visit) and estimating the entire scope of the work.

Per review of the PPO estimate the project budgets are as follows:

Coral Glades High School	\$45,427
Falcon Cove Middle School	\$65,575
Millennium Middle School	\$27,590

Current Status:

Based on the May 27, 2010 status report provided by Project Management the construction status is as follows:

Coral Glades High School:	This project is 75% complete.
Falcon Cove Middle School:	This project is currently in the process of securing funding. Therefore, construction has not started.
Millennium Middle School:	This project has just started and is reported to be less than 1% complete.

Management Response:

Facilities and Construction management agrees with this audit. Based on the August 30, 2010 status report, the construction status is as follows:

Coral Glades High School	This project is 95% complete.
Falcon Cove Middle School	This project is currently funded (construction has not started)
Millennium Middle School	This project is 40% complete.

School Board of Broward County

Various Department of Justice Mandated Americans with Disabilities Act Corrections Projects

Exhibit B

Listing of Sampled Department of Justice Mandated Americans with Disabilities Act Corrections Projects

<u>ADA Project</u>	<u>Project Scope</u>
Coral Glades High School	DOJ Mandated ADA Corrections
Falcon Cove Middle School	DOJ Mandated ADA Corrections
Millennium Middle School	DOJ Mandated ADA Corrections

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
FACILITIES & CONSTRUCTION MANAGEMENT

THOMAS E. LINDNER,
ACTING DEPUTY SUPERINTENDENT

Telephone: (754) 321-1510

Facsimile: (754) 321-1681

September 3, 2010

Revised 9/27/10

Revised 9/15/10

TO: Patrick Reilly
Executive Director, Office of the Audits

FROM: Thomas E. Lindner
Acting Deputy Superintendent

SUBJECT: **Draft Audit of ADA Projects "Various Department of Justice Mandated
Americans with Disabilities Act Corrections", Projects**

EXHIBIT A:

**Project 1: Horizon Elementary School - New Fire Sprinkler Protection System and ADA
Restroom Design Consultant - Jacobs Engineering Group Contractor - SA Consultants
LLC**

Recommendation A:

Once a contract has been executed and the work is to commence, the District should ensure that there is only one project file for each contract. This will ensure that all of the pertinent documentation is readily accessible to the District for review and reference.

Administrative Response:

Facilities and Construction Management agrees with this recommendation and has implemented same.

Recommendation B:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, "...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method for COST PLUS PRICE, in subparagraph c. below." This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG

consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Recommendation C:

The addition of contract days as regards substantial and final completion should be clearly documented in the file to support the need to increase or decrease the contractually required date of substantial and final completion. This substantiation will be important if the District exercises the liquidated damages clause in the contract or if a contractor files a claim against the District.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. All contract days are now documented by the Time Extension Review Committee and through use of a change order requiring board approval.

Recommendation D:

The Project Manager should review each change order in detail and determine that the reason for the change is properly documented. This will allow the District to accurately analyze change orders once the project is closed out and determine whether or not it should seek compensation for errors or omissions.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies and staff has been successfully seeking compensation for errors and omissions.

Recommendation E:

The above finding is for information purposes only.

Administrative Response:

Noted.

Project 2: Nova Blanche Forman Elementary School - ADA Retrofit of Elementary Playground Total Program Manager (TPM) - Recreational Design & Construction, Inc.

Recommendation A:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 27.01.1 states the following, “Each adjustment in the GMP resulting from a change order shall clearly separate the amount attributable to the Cost of the Project.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation.

Recommendation B:

In accordance with Article 27 of the General Conditions of the Contract, all contract changes should be formally documented through the execution of a change order. While it appears that the District reduced the amount of the purchase order for this change, it would be advantageous for the District to formally document all changes through the use of a formal change order.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies.

Recommendation C:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation D:

District Personnel should diligently compare the insurance requirements as outlined in the contract documents with the documents supplied by the Total Program Manager (“TPM”) in order to determine whether or not all of the requirements have been met by the TPM.

Administrative Response:

The Risk Management Department agrees with this recommendation.

Recommendation E:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation F:

Because a project contracted for under the TPM method of delivery is not hard bid and is dependent on an accountable relationship between the TPM and the District, we recommend that the District take full advantage of their auditing rights and examine the TPM records to ensure that the final contract value is supported by the actual costs plus fee.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. We do exercise the right when necessary. In this case, we evaluated costs throughout the project and determined that they were in line with industry standards. We are currently in the process of closing out this project, including addressing time extensions.

Project 3: Nova Dwight D. Eisenhower Elementary School – ADA Restroom Renovation and Fire Sprinkler Addition Design Consultant – Tercilla Courtemanche Architects, Inc. Contractor – Padula & Wadsworth Construction, Inc.

Recommendation A:

Once a contract has been executed and the work is to commence, the District should ensure that there is only one project file for each contract unless the project is bundled with projects for another school. This will ensure that all of the pertinent documentation is readily accessible to the District for review and reference.

Administrative Response:

Facilities and Construction Management agrees with this recommendation.

Recommendation B:

All projects should be included in the ADEFP or documented as to why it is an exception to the ADEFP.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. The projects were included in a previous ADEFP.

Recommendation C:

Prior to accepting a change order and submitting to for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, “...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Recommendation D:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation E:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation F:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses, as well as provide an audit trail of the facts and circumstances surrounding the project.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Project 4: Stoneman Douglas High School - ADA Restroom Renovations Design Consultant - Tercilla Courtemanche Architects, Inc. Contractor: Zurqui Construction Services, Inc.

Recommendation A:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation B:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation C:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Recommendation D:

Prior to accepting a change order and submitting to for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, “...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Recommendation E:

Prior to accepting a change order, the Project Manager should thoroughly review all supporting documentation and report any discrepancies to the contractor and come to a resolution. Additionally, if this is found to be double charged, the District should adjust future payments to recover this amount.

Administrative Response:

Facilities and Construction Management agrees with this recommendation.

Recommendation F:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation G:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation H:

Each time that a change order is executed, the District should update the purchase order amount in the SAP system so that the District knows what is encumbered at a specific point in time. This will provide the District with an accurate status snapshot of where the project is in the billing cycle. This information will also be useful when determining whether or not to reduce retainage during the construction phase, and evaluating amounts still open on the purchase order against the work needed to complete punch list items.

Administrative Response:

Facilities and Construction Management agrees with this recommendation and will present this recommendation to the Capital Payments Department and Brite staff for implementation. From the Facilities & Construction Management perspective, staff has no access to SAP to enter any of this information.

Project 5: Village Elementary School - ADA Restroom Renovations Design Consultant - Vaughn Wunsch Masullo Architects, P.A. Contractor - SA Consultants, LLC

Recommendation A:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation B:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Recommendation C:

Prior to accepting a change order and submitting to for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, “...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Recommendation D:

The District should document its intended actions relative to all change orders related to consultant errors in the project files. This will provide a trail of the facts and circumstances as well as document the Board’s consideration of seeking compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the “follow up” process on change orders that may result in compensation from others.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney’s Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Recommendation E:

The District should make every effort to closeout projects as quickly as possible. This will help to ensure that all warranties and benefits due to the District will be received.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. However, completion of this project is contingent upon completion of another project.

Project 6: Whispering Pines Center - ADA Restroom Renovations Design Consultant - Crain Atlantis Engineering, Inc. Contractor: Thornton Construction Company, Inc.

Recommendation A:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation B:

Prior to accepting a change order and submitting to for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in compliance with the terms of the Agreement. Article 33.02.08b states the following, “...a breakdown of the estimated costs comprising the lump sum price may be required by the Project Consultant for his review. Percentage for overhead and profit shall be determined in accordance with the method listed for COST PLUS PRICE, in subparagraph c. below.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Since March 2010, every change order is reviewed by staff estimators to determine validity of cost data and is then discussed at each Agenda Preparation Group (APG) meeting to ensure proper explanation and justification. APG consists of representatives from the Legal, Audit, Construction, Capital Budget, Contracts and Design Departments.

Recommendation C:

The District should document its intended actions relative to all change orders related to consultant errors in the project files. This will provide a trail of the facts and circumstances as well as document the Board’s consideration of seeking compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the “follow up” process on change orders that may result in compensation from others.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney’s Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Recommendation D:

All project documents should be forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous records allow the District to monitor the status of each project as work progresses as well as provide an audit trail of the facts and circumstances surrounding the project.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Staff has recently implemented single point document control procedures and an internal document routing/tracking system in order to improve the quality of correspondence response and document files.

Project 7: Wingate Oaks Center – ADA Restroom Renovations Design Consultant – Perez and Perez Architects Planners, Inc. Contractor – West Construction

Recommendation A:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation B:

The District should document its intended actions relative to all change orders related to consultant error in the project files. This will provide a trail of the facts and circumstances as well as document the Board’s consideration of seeking compensation relative to errors. Additionally, we recommend that the determination of the cause of the change order be reviewed by someone other than the person making the decision, with the review being evidenced in writing. Subsequently, a person should be assigned to monitor the “follow up” process on change orders that may result in compensation with others.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. There is extensive review by many departments within the District. Also, the Contracts Department, in conjunction with the School Board Attorney’s Office, submits letters of demand to the appropriate architectural firm when it is determined change orders are the result of errors and omissions, and tracks same.

Recommendation C:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and

determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Single point document control, which has been implemented, should ensure more complete project files.

Recommendation D:

When scope changes are identified and agreed upon, a change order should be promptly prepared and executed so that the contract value is adjusted to agree with the scope of the work.

Administrative Response:

Facilities and Construction Management agrees with this recommendation.

Project 8: Winston Park Elementary School – ADA Retrofit of Elementary Playground Total Program Manager – Recreational Design & Construction, Inc.

Recommendation A:

The District has implemented purchasing policy 3320 relative to the Authorization to Request for Proposals. This policy has been established in order to allow the Board to review and determine that best practices have been used by its staff and due diligence has been performed to comply with what is in the best interest of the District. Appropriate documentation should be maintained in the project files to evidence adherence to this policy.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. In the future, should we have multiple projects under one single RFQ, there will be reference made to the locations of the RFQ in the file.

Recommendation B:

In accordance with Article 27 of the General Conditions of the Contract, all contract changes should be formally documented through the execution of a change order. While it appears that the District reduced the amount of the purchase order for this change, it would be advantageous for the District to formally document all changes through the use of a formal change order.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. We have implemented a review process that will capture discrepancies.

Recommendation C:

Prior to accepting a change order and submitting it for Board approval, the Project Manager should review all change orders and supporting documentation for sufficient documentation in

compliance with the terms of the Agreement. Article 27.01.1 states the following, “Each adjustment in the GMP resulting from a change order shall clearly separate the amount attributable to the Cost of the Project.” This information may be essential in evaluating the pricing of the change order. If the documentation is deficient, the change order should be returned to the contractor and appropriate documentation obtained prior to acceptance.

Administrative Response:

Facilities and Construction Management agrees with this recommendation.

Recommendation D:

District personnel should diligently compare the insurance requires as outlined in the contract documents with the documents supplied by the total Program Manager (“TPM”) in order to determine whether or not all of the requirements have been met by the TPM.

Administrative Response:

The Risk Management Department agrees with this recommendation.

Recommendation E:

Because a project contracted for under the TPM method of delivery is not hard bid and is dependent on an accountable relationship between the TPM and the District, we recommend that the District take full advantage of their auditing rights and examine the TPM records to ensure that the final contract value is supported by the actual costs plus fee.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. We do exercise the right when necessary.

Recommendation F:

If in fact the TPM did not use all of those line items, a deductive change order should be executed to reduce the contract value and return the savings to the District.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. This has been addressed as part of the final accounting of the project and was submitted for approval by the Board on July 20, 2010.

Recommendation G:

The above finding is for information purposes only.

Administrative Response:

Noted.

Recommendation H:

Each time that a change order is executed, the District should update the purchase order amount in the SAP system so that the District knows what is encumbered at a specific point in time. This will provide the District with an accurate status snapshot of where the project is in

the billing cycle. This information will also be useful when determining whether or not to reduce retainage during the construction phase, and evaluating amounts still open on the purchase order against the work needed to complete punch list items.

Administrative Response:

Facilities and Construction Management agrees with this recommendation and will present this recommendation to the Capital Payments Department and Brite staff for implementation. From the Facilities & Construction Management perspective, staff has no access to SAP to enter any of this information.

EXHIBIT B:

Recommendation 1:

The District website is an important source of construction information for the public. Information posted on the website must be verified prior to being posted. Additionally, the District should periodically assign personnel to review selected construction information on the website for accuracy. Such procedures will ensure that the information on the website is true and accurate and is adequately documented.

Administrative Response:

Facilities & Construction Management agrees with this recommendation. Project Managers have been directed to update project status on the website when significant changes occur and at least monthly

Recommendation 2:

The contract provisions relative to documentation for change orders permits the District to obtain detailed cost information regarding material, labor, equipment rental, and other costs, as well as markup percentages. Project Managers should require sufficient documentation from the Contractors to enable them to adequately analyze the reasonableness of the cost items being submitted. Additionally, we recommend that the District not accept industry standard costs (except possibly for items under a stated amount) as opposed to actual costs. Contractors should be notified prior to the commencement of the project regarding the documentation requirements for change orders, and the District’s intent to enforce them. Also, the District should review all future contract documents to ensure that they include provisions requiring detailed breakdown of change order cost items.

As CRI believes that the responsibility for the price testing and general financial review of change orders should be established in writing, we recommend the District consider implementing a change order checklist to record the essential review functions of a change order. Examples of such essential review functions may include:

- Review of the scope of the change order against the scope of the work in the contract.
- Review of the pricing of the change order, including the reasonableness of the labor rates and hours involved in the change, the reasonableness of the amounts passed through from subcontractors, tracing significant material items to vendor invoices, comparison subcontract amounts to comparable quotes, if available and agreement of the markup percentages to the provisions of the contract.

- Review of the timing of the change order and the impact on the project schedule.
- Verification of the math accuracy of the change order.

Additionally, the checklist should provide a space for the person responsible for each particular review task to initial as evidence of their review.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. These projects were completed more than two years ago. In the past six (6) months, the entire change order process has been revised twice to include many of the recommendations addressed herein. As a result, the current process has made the entire change order function more transparent and financially beneficial to the District, while ensuring appropriate justification is captured during the review process.

Recommendation 3:

The District should develop best practices for document management with documents being consistently filed for all projects. Additionally, the District should establish strict guidelines regarding the format and the composition of the project files. All original documents should be promptly forwarded to Reception and Data Records Management within the Facilities and Construction Management Department so that the project files are kept up to date. Contemporaneous recordkeeping allows the District to monitor the status of each project as work progresses. Also, this provides an audit trail of facts and circumstances surrounding the project.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. These projects were completed under previous leadership. Since then, single point document control has been implemented and project management staff has been re-indoctrinated in the standards for project file management and the need for thorough recordkeeping for both legal and audit purposes.

Recommendation 4:

We recommend that the following structure be considered for markup of change orders. Relative to subcontractor, a 10% markup on the district cost of the change for the entity that performs the work, and a 5% markup to the entity that supervises the work, if applicable. Relative to the Contractor, a maximum markup of 5% (or the fee percentage specifically called for in the Agreement, not to exceed 5%) be allowed on the direct cost of the work.

For example, if a subcontractor performs the work, the subcontractor would be allowed a markup of 10% and the Contractor would be allowed 5%. If the work is performed by a sub-subcontractor, the sub-subcontractor would be allowed a 10% markup, the subcontractor would be limited to a 5% markup on the pass through costs, and the Contractor would be limited to a maximum 5% markup. The Contractor would only be allowed to add job site overhead costs to their change order pricing in the instance where they are able to demonstrate such increased costs.

We recommend that the District continue to include in their cost plus type contractors wording that eliminates markup on change orders to the Contractor unless the total of the additive

change orders exceeds a stated amount (\$100,000 for one of the projects included in our review). Additionally, the District should ensure that there is a contract provision addressing the return of fee in the case of a significant reduction of the scope.

Administrative Response:

Noted. Some fees are already in contracts. Other fees are negotiated. Your opinion is noted and will be considered in future contract negotiations and contracts.

Recommendation 5:

The District should make every effort to closeout projects as soon as possible. This will help to ensure that all warranties and benefits due the District will be received.

Administrative Response:

Noted. Staff is currently closing out projects as as fast as they can.

Recommendation 6:

Project Managers should review and require that the code section cited by the inspector be included on the face of the change order to clarify that the required change is not a preference, but a requirement in order to comply with the building code. Additionally, this will clarify if the change should be reported as an error or omission.

Administrative Response:

Facilities and Construction Management agrees with this recommendation. Current procedures address this issue.

Recommendation 7:

We recommend that the District consider a policy to audit all costs plus type contracts. Because these type contracts are not hard bid, but rather are dependent on an accountable relationship between the District and the Contractor, the District should independently verify that the Contractor has covered the contract value with allowable and reimbursable costs and approved fees.

Administrative Response:

Noted. Independent verification incurs additional costs. In addition, project management staff and District auditors perform this function: one during the project and the other after it is completed.

TEL/SM:sat

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
FACILITIES & CONSTRUCTION MANAGEMENT

THOMAS E. LINDNER,
ACTING DEPUTY SUPERINTENDENT

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September 3, 2010

TO: Patrick Reilly
Executive Director, Office of the Audits

Revised September 17, 2010

FROM: Thomas E. Lindner
Acting Deputy Superintendent

SUBJECT: **Draft Audit of Department of Justice ADA Hurricane Shelters (3 Random Projects Reviewed)**

Scope of Project:

Carr, Riggs & Ingram, LLC ("CRI") reviewed the DOJ report issued in December 2007. We compared the scope of the projects as outlined in the report with the budgets as supplied by Project Management. We noted that a portion of the Scope was not addressed by the estimates. However, per discuss with SBBC personnel, the minor items mentioned in the report have been addressed by the maintenance department.

Administrative Response:

Facilities and Construction management agrees with this audit. Based on the August 30, 2010 status report, the construction status is as follows:

Coral Glades High School	This project is 95% complete.
Falcon Cove Middle School	This project is currently funded (construction has not started).
Millennium Middle School:	This project is 40% complete.

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