



LOUISIANA LEGISLATIVE AUDITOR  
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April 8, 2013

## RECOVERY SCHOOL DISTRICT'S MODULAR CAMPUS CONSTRUCTION PROGRAM

BATON ROUGE – The Legislative Auditor reported Monday that costs for site design and construction on nine modular campuses contracted by the Recovery School District after Hurricane Katrina, escalated from \$25,277,708 to \$54,217,481 from January 2007 through September 2009.

The Recovery Assistance Services Section of the auditor's office examined the costs of site design and construction of the RSD's nine modular schools in New Orleans. The final acceptance of the campuses came in September 2009, more than two years after the original contract completion date.

The focus of the report was to determine if the general contractor, Arrighi-Simoneaux Construction of Baton Rouge, and the architectural-engineering firm Linfield, Hunter and Junius, of Metairie, "complied with their contracts" and whether the change orders and contract amendments were reasonable in increasing costs of the project.

"We conducted this audit because of the cost escalation of the site construction contract and the architectural and engineering site design contract," the report said.

The final cost of the Modular Campus Construction Program totaled more than \$105 million, which includes the costs of the modular buildings. After 45 change orders and 15 contract amendments were approved by the RSD for the two firms, the cost of site design and construction increased by almost \$29 million, the auditor reported.

Arrighi-Simoneaux's site construction contract increased from \$24.6 million to \$46.15 million based on 45 change orders. The Linfield firm won approval of 15 amendments to its original contract, boosting it from an initial \$673,443 to a final total of slightly more than \$8 million.

Of the approximately \$29 million in changes, auditors questioned \$6.1 million of them: \$3.5 million from the architectural-engineering firm and \$2.6 million from the general contractor.

"Inadequate project management practices resulted in a total of \$6,120,258 of questionable costs that were charged for material or labor that may not have been provided or items that do not include sufficient evidence to support their cost," the report said.



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The two firms disagreed with the report's findings.

Linfield said auditors made no attempt to examine the special services it performed; Arrighi-Simoneaux said its fees increased as RSD "made a cardinal change to the original scope of work."

The architectural firm appears to have billed the state twice for some of the same work, auditors said. "In addition, the additional design fees do not appear to be reasonable."

The services covered by the contract amendments "appear to be basic design services" but were billed as if they were additional services, the report said. It said Linfield did not provide documents to support their claims.

Auditors also questioned about \$1.3 million in fees paid to Arrighi-Simoneaux for a 77-day extension of the firm's contract and said the firm did not provide enough details to determine if the charges were reasonable or involved overbilling.

The general contractor also charged the state for \$208,414 in services that were not provided, the report said. That included more than 52,600 gallons of diesel fuel to operate generators at the school sites - worth more than \$170,500 - that was not delivered, and almost \$38,000 for 16 light pole foundations that were not found on any of the campuses.

The generators were brought in for five schools when transformers were not available in time to open them. Auditors said Arrighi-Simoneaux also incorrectly charged the RSD at least \$37,000 for sales taxes.

The audit also said that besides the missing light pole foundations, a total of \$472,852 was billed for supplying and driving metal supports for the poles, a figure auditors said "may not be reasonable." The report cautioned the RSD for spending more than \$10 million through change orders that were based on unit prices not established through the public bid process.

The report recommended that the RSD, in conjunction with the Governor's Office of Homeland Security and Emergency Preparedness, seek recovery of \$3.5 million from Linfield for work billed in conflict with contract provisions. The report also recommended that RSD seek recovery of \$208,000 from Arrighi-Simoneaux for work and materials that were not provided and that RSD verify whether \$2.4 million in charges were reasonable and supported with proper documentation.



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The emergency preparedness office agreed with all the findings and recommendations and the RSD generally agreed with most of them. RSD officials noted that the agency depended on its project manager and the architectural-engineering firm for review and approval of the change orders before payment.

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