



**Monitoring Review of
Construction Change Orders from
April 1, 2025 through September 30, 2025**

Project # 26-04

**Prepared by
Office of the Inspector General**

J. Timothy Beirnes, CPA, Inspector General



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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February 12, 2026

Governing Board Members

Re: Monitoring Review of Construction
Change Orders – April 1, 2025 through
September 30, 2025 - *Project No. 26-04*

This review was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The review assessed whether change orders during the review period were negotiated in accordance with contract terms and conditions, calculated accurately, and whether the change order percentage is within industry averages. During this review, we also identified all construction contract change orders that the Governing Board authorized through resolutions during the period April 1, 2025 through September 30, 2025.

Sincerely,

A handwritten signature in blue ink that reads "J. Timothy Beirnes".

J. Timothy Beirnes, CPA
Inspector General

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BACKGROUND

A contract change order is created when a project requires an adjustment for time, scope of work, or cost of the project. Without monitoring, change orders can significantly increase a project's budget or timeline. At the request of the Governing Board, a report was created that expresses construction change orders as a percentage of original contract amounts. The Engineering and Construction Bureau of the Ecosystem Restoration and Capital Projects Division provided a reporting of the progress of construction contracts as well as the amount and percentage of change orders for projects between 2015 and 2020 to the Division Director in November 2020. This report showed an average change order amount of 4% for District contracts. Although the types of construction projects at the District are not typical of industry construction, the industry standard for change order percentages is approximately 8-14%. In FY 2020 our office performed the *Audit of Construction Change Orders*, (Project No. 21-07). Since the initial report, we have monitored the ongoing percentage for change orders since Fiscal Years 2020, which covers the time period since the initial audit report was issued.

Each contract is led by a project manager, who is responsible for negotiating changes with contractors and moving necessary change orders through the approval process. Currently, all the District's change orders, along with approvals and supporting documentation, are maintained in a construction project management information system, eBuilder, which the District began using in 2018. eBuilder is a cloud-based Software as a Service (SaaS) product that tracks the project's performance through the project's entire life cycle. Users access eBuilder by logging into the software online. Each user is provided a dashboard showing details of their projects, outstanding tasks, and communications with other project members. Construction project documentation was migrated to eBuilder in 2018. The entire life of the project can be monitored through the software, including:

- Site visits,
- Quotes,
- Negotiations of change order amounts (documented through correspondence)
- Change order documents
- Resource management,
- Invoices, and
- Project closeout.

Monitoring of the construction change order process and percentage will typically occur on a semi-annual basis. Monitoring reviews consist of calculating the change orders as a percentage of original contract and reviewing documentation and management authorization controls for the change orders that have been executed since the previous review. Our previous review covered the period from October 1, 2024 to March 31, 2025.

OBJECTIVES, SCOPE, AND METHODOLOGY

This review includes all contracts with change orders approved during the period April 1, 2025 through September 30, 2025 (the “Reporting Period”). This includes contracts that are still active as well as contracts that were completed and closed out during the Reporting Period. The review encompassed identifying all the change orders, associated with such contracts, approved during the period as well as the total cumulative contract change orders through September 30, 2025. The change order percentage calculation was determined based on total cumulative contract change orders to date. This was deemed the most appropriate method of assessing change order activity since many projects often span over several fiscal periods.

Our review also assessed whether change orders during the review period were negotiated in accordance with contract terms and conditions, calculated accurately, and whether the change order percentage is within industry standards. This review also included identifying all construction contract change orders that the Governing Board authorized through resolutions during the Reporting Period to ensure that all authorized change orders were included in the eBuilder system. It should be noted that the approval date in eBuilder represents the date that the staff finalized the approval process for a change order and not the Governing Boards authorization date. To accomplish our objectives, our audit methodology entailed performing the following procedures:

- Interviewing pertinent District staff;
- Reviewing any updates to Change Order policies and procedures;
- Running the “Approved Change Orders by Contract” report in eBuilder for the period from April 1, 2025 to September 30, 2025.
- Reviewing reports and documentation of authorized change orders for accuracy;
- Reviewing Governing Board meeting agendas and minutes to identify all authorized change orders; and
- Other procedures as deemed necessary.

Details regarding all contracts with change order activity during the Reporting Period are included in the Appendix on Page 7.

REVIEW RESULTS

Eighteen (18) change orders were executed during the Reporting Period, encompassing six (6) different contracts. Four (4) of these change orders had no dollars associated with them, which are typically changes to contract completion time periods. This change order activity is summarized in the following table:

Change Order Summary for the Period 4/1/2025 - 9/30/2025			
	All Change Orders	Outliers	Excluding Outliers
Original Contract Amount	<u>\$ 297,333,691</u>	<u>\$ (175,844,000)</u>	<u>\$ 121,489,691</u>
Approved Prior Periods	\$ 120,964,507	\$ (111,725,070)	\$ 5,239,437
Approved Current Period	<u>3,092,956</u>	<u>(43,494)</u>	<u>3,049,462</u>
Cumulative Approved	<u>\$ 124,057,463</u>	<u>\$ (115,768,564)</u>	<u>\$ 8,288,899</u>
Percent of Original Contract	41.7%		6.8%

Documentation for a sample of 5 change orders was reviewed to ensure that the change order internal control processes were followed and that the eBuilder contained the necessary documentation. The documentation reviewed for these 5 change orders represents \$2,785,291, or 90%, of the total change orders approved during the Reporting Period. Change order average percentage for the Reporting Period was 41.7% with all contracts included, and 6.8% with outlying contracts excluded. The calculation, excluding the outliers, is within the industry average of 8-14%.

Cumulative change orders for one (1) contract, shown in the table below, was considered as outliers by the Engineering and Construction Bureau Management and not indicative of a change order rate resulting from design and technical review errors or omissions. Additionally, design-build contracts were excluded from our analysis since they would also be considered outliers due to the nature of such contracts.

Change Orders Outliers For the period 4/1/2025 through 9/30/2025							
Project Name (Notes)	Contract #	Original Contract Value	CO Approved Date	Approved Current Period	Approved Prior Periods	Cumulative Approved Changes	CO %
CEPP New Waters EAA A-2 STA, Palm Beach County, Florida (1)	4600004380	\$ 175,844,000	8/27/2025	\$ 43,494	\$115,725,070	\$ 115,768,564	65.8%
Total Outliers		\$ 175,844,000		\$ 43,494	\$115,725,070	\$ 115,768,564	65.8%

- (1) STA change order was a scope increase by adding work in the STA inflow canal that doubles as the reservoir seepage canal. It adds the seepage management treatment in that canal and expands the cross section to allow the treatment to be added and not impact the original design section required for flow. Adding this work to the STA contract and removing it from the reservoir contract prevents having to shut down the STA to build in this seepage canal feature and cause possible dry out in the STA in the future. In addition, there was another change order that was added to level the STA cells, which was not in the original contract scope.

During this review, we identified all construction contract change orders the Governing Board authorized through resolutions during the Reporting period, which covers the period since our last change order monitoring review report. During the Reporting Period the Governing Board approved one (1) change order resolutions. We noted that the change order was entered into eBuilder along with all necessary documentation and management authorizations. The total amount of change orders authorized by Governing Board resolution for the Reporting Period was \$2,991,936 and the total amount of change orders executed for the one (1) resolution was also \$2,991,936, as summarized in the following table.

Contract Changes Through Board Resolution April 1, 2025 Through September 30, 2025				
Project (1)	Board Meeting Date	Resolution #	Board Approved Amount	Executed Change Order
C-23 Estuary Discharge Diversion Project	5/8/2025	2025-0508	\$2,991,936	\$2,991,936
Total			\$ 2,991,936	\$ 2,991,936

(1) Excludes design-build contracts.

APPENDIX

Approved Change Orders April 1, 2025 through September 30, 2025						
Project name	Contract #	Original Commitment Value	Approved Current Period	Approved Prior Periods	Cumulative Approved CO's	CO %
BBCW Cutler Flow Way Phase 1 Pump Station S-701. Miami-Dade County, Florida	4600004658	\$ 35,847,000	\$ 624,122	\$ 235,178	\$ 859,300	2.4%
C-23 Estuary Discharge Diversion Project, Martin County, FL	4600004680	46,227,152	2,991,936	2,397,269	5,389,205	11.7%
CEPP EAA A2 Stormwater Treatment Area, Palm Beach County, Florida	4600004380	175,844,000	43,494	115,725,070	115,768,564	65.8%
CEPP North S-620 Gated Culvert and L-6 Improvements, Palm Beach County, FL	4600004686	13,603,585	0	450,477	450,477	3.3%
LOWRP Aquifer Storage and Recovery (ASR) L-63N ASR Test Well, Okeechobee County, Florida	4600004677	8,934,954	(830,684)	1,850,676	1,019,992	11.4%
S-2, S-3, S-4, S-7 and S-8 Monitoring Panels Project, Palm Beach, Glades and Broward Counties, FL	4600004593	16,877,000	264,088	305,837	569,925	3.4%
Totals		\$ 297,333,691	\$ 3,092,956	\$ 120,964,507	\$ 124,057,463	41.7%
Outliers		(175,844,000)	(43,494)	(115,725,070)	(115,768,564)	65.8%
Totals Excluding Outliers		\$ 121,489,691	\$ 3,049,462	\$ 5,239,437	\$ 8,288,899	6.8%