



# Memorandum

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To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County  
  
The Honorable Chairman Bruno A. Barreiro and  
Members, Board of County Commissioners, Miami-Dade County

From: Christopher Mazzella, Inspector General

Date: July 26, 2007

Subject: Executive Summary and Transmittal of the OIG's Final Audit Report on the  
*Departmental Selection Processes Under the Equitable Distribution Program (EDP)*  
Ref. IG06-53

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Attached please find the Office of the Inspector General's (OIG) Final Audit Report on the above-captioned subject. The EDP was established by the Board of County Commissioners in June 2001 and is currently administered by the Office of Capital Improvements (OCI). The EDP serves as the County's standard method to procure architectural and engineering services for miscellaneous projects not exceeding \$1 million in construction costs and \$50,000 for study activities. The Program consists of a pre-qualified pool of eligible architect and engineering (A&E) firms. It is designed to equitably distribute work assignments and to increase opportunities for locally based businesses. As of December 31, 2006, there were 221 active EDP firms. Since the EDP began, 695 assignments have been distributed to 220 EDP firms.

The primary purpose of the OIG audit was to evaluate departmental EDP processes for compliance with County policies and procedures, with an emphasis on inspecting departmental records identifying the criteria used to select an EDP firm for a particular project.

This review is a follow-up to the *OIG's Final Audit Report of the Professional Service Agreement between the Office of Water Management (OWM) and EAS Engineering, Inc., Audit No. IG06-08A*, issued on September 28, 2006, wherein we identified that an EDP prime consultant improperly acted as a 100% pass-through for an unauthorized non-EDP firm. Additionally, OWM, the County department overseeing the agreement, failed to follow County procedures by hand-picking EAS Engineering from a list of EDP consultants.

As such, the OIG felt it was prudent to perform a multi-departmental review focusing on the EDP selection processes and practices used elsewhere in the County. Our audit encompassed ten departments and ten individual projects. (See Table 1 on page 10 of the Final Report for a list of those projects.)

We provided this audit report, in draft form, on June 11, 2007, to the Office of Capital Improvements (OCI), for its comments to our overall findings. Additionally, as related to our specific findings of noncompliance, we provided this report to the General Services Administration (GSA), the Park and Recreation Department, the Public Works Department and Fire Rescue. Lastly, as related to the GSA project that we reviewed more extensively in Finding No. 4, we provided our report to Schindler Architects, Inc. (Schindler). Responses were received from all except Fire Rescue and they are attached to the final report as Appendixes A - E.

### *Executive Summary*

Our report contains four findings, a section on our survey of EDP users and four recommendations. The first three findings deal with documentation issues, including departments that did not adequately document their solicitation process and selection criteria (Finding No. 1); departments that did not require their EDP consultant to submit *Monthly Utilization Reports* (MURs) (Finding No. 2); and departments that did not adequately document a firm's declination to participate in an EDP solicitation (Finding No. 3). Our recommendations for Finding Nos. 1 and 3 are that departments should do a better job of documenting the audit-highlighted aspects of their EDP project activities.

Our Finding No. 2 and the accompanying recommendation mirror what we reported and the recommendation that we made in the aforementioned September 2006 OIG report. At issue is a discrepancy between the County's A.O. 3-39, *Standard process for construction of capital improvements, acquisition of professional services, construction contracting, change orders and reporting* and OCI's EDP procedures about whether EDP firms must file a MUR. In its response, OCI states that it is developing new EDP utilization reporting.

Report Finding No. 4 describes one problematic EDP project managed by GSA resulting from a poor performing consultant—Schindler Architects, Inc.—and some poor project management by GSA. GSA paid Schindler about 95% of its fee, totaling \$214,510; however, Schindler had earlier stopped paying its subconsultants because of non-performance issues. Months later, GSA terminated its originating service order but did not prepare the required *EDP Close-out Form* and consultant performance evaluation. GSA stated that it had not completed the required close-out form because it was continuing to communicate with Schindler with hopes that Schindler would complete the work. On the other hand, OCI responded that it had deactivated Schindler from the EDP in December 2005.

We believe that if it were not for our intervention, the issues of non-payment and non-performance would likely remain unresolved. After our initial conversation with Mr. Schindler in February 2007, Mr. Schindler informed us on May 8, 2007, that he paid both sub-consultants the remaining balances owed to them. He added that he has met with GSA and has contacted both sub-consultants and remitted checks to them. Mr. Schindler provided us with copies of the checks issued to Behar, for \$11,635.83 and to UCI, for \$22,294.13. According to GSA, they have verified with both sub-consultants that they have received payment for their respective amounts owed. GSA added that they will complete the design plans in-house, and they do not plan to pay Schindler his remaining fee.

As a final point, a key element of this review was our survey of departmental personnel to gather information on their views, experiences and familiarity with the EDP and to solicit their suggestions on how to improve the Program.

Of the concerns and recommendations voiced by user-department personnel, OCI addressed three specific areas. OCI's first response dealt with user concerns that EDP firm qualifications and technical category specifications are not always carefully matched. OCI explained that ensuring a firm's technical expertise matches the work requirements is the responsibility of the user departments and that if they are not satisfied with the initial firms provided, they could request the names of additional firms.

The OIG notes that in OCI's *Program Revisions Under Consideration*<sup>1</sup> that it attached to its response, OCI is recommending that a firm have two (2) years experience—one (1) year experience is now required; and that a firm have at least one professional A&E staff in a local office to serve as the EDP contact—currently, there are no staffing requirements. These two changes, we believe, will help to ensure that prospective firms are better qualified and staffed and that this, in turn, should help to mitigate the expressed user concerns.

The second issue addressed by OCI related to increased training for EDP firms and user personnel. OCI stated that it “will conduct workshops for new EDP firms, as well as all active participants to discuss program requirements, procedures, and participants’ responsibilities ... OCI will also continue to provide training workshops for County project managers to discuss the EDP guidelines, user responsibilities ... Additional [CIIS] training and refresher sessions will be provided for staff that has not received training or would like to repeat the session.”

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<sup>1</sup> This 3-page document shows a comparative listing of “Current Requirements” and “Proposed Requirements” to the program amendment to A.O. 3-39 that OCI, according to its response, intends to present to the Board of County Commissioners later this year.

Finally, OCI did not agree with a user department's survey recommendation that prime consultants should be able to choose non-EDP sub-consultants. One reason for creating the EDP, according to OCI, was to address A&E industry concerns that only a select few of their peers were receiving most of the work. Notwithstanding, OCI states: "We are proposing that the A.O. 3-39 amendment have the option to be more lenient with the sub selections for the pool of EDP participants. However, if we find that the same firms are being utilized over and over, then we will go back to a limited list so that the previous monopoly of a few firms will not resurface again."

The OIG summarized user recommendations and concerns from our survey results, which are that OCI and DBD should collectively review the EDP certification and qualification process to ensure that each firm is qualified for their assigned technical categories; that more training is provided to new EDP firms; and that departmental personnel should receive more training on OCI's CIIS system. OCI responded by affirming that "OCI will work with DBD and evaluate the technical certification requirements to better define and categorized the various services."

The OIG requests that OCI provide to the OIG a report in 90 days, on or before October 23, 2007, regarding the implementation status of its *Program Revisions Under Consideration*, including copies of any new policies, procedures and forms.

The OIG appreciates the cooperation and assistance afforded to us by all of those involved in our review.

c: George Burgess, County Manager  
Ian Yorty, Director, Office of Capital Improvements  
Esther L. Calas, P.E., Director, Public Works Department  
Vivian Donnell-Rodriguez, Director, Park and Recreation Department  
Wendi J. Norris, Director, General Services Administration  
Herminio Lorenzo, Director, Fire Rescue Department  
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Carlos Espinosa, P.E., Director, Department of Environmental Resources Management  
Ruben O. Carrerou, Court Administrator, Eleventh Judicial Circuit of Florida  
Jose Abreu, Director, Miami-Dade Aviation Department  
Kathleen Woods-Richardson, Director, Solid Waste Management Department  
John Renfrow, Director, Water and Sewer Department  
Cathy Jackson, Director, Audit and Management Services Department  
Charles Anderson, Commission Auditor

Clerk of the Board (copy filed)

Jacek Schindler, AIA, Schindler Architects, Inc. (under separate cover)