



# Memorandum

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To: Hon. Carlos Alvarez, Mayor, Miami-Dade County  
Dr. Eneida O. Roldan, MD, President and CEO, Jackson Health Systems

From: Christopher Mazzella, Inspector General

Date: November 16, 2009

Subject: OIG Final Audit Report Re: *Public Health Trust/Jackson Health System Equitable Distribution Program Architectural and Engineering Contracts*, Ref. IG08-15A

Attached please find the above-captioned final audit report. This audit was initiated because of complaints received by the Office of the Inspector General that alleged favoritism in the procurement of architectural and engineering (A&E) services. This audit is a part of a comprehensive review of A&E and construction contracts administered by Jackson Health System (JHS), including those awarded under the County's Equitable Distribution Program (EDP) and its Miscellaneous Construction Contract Program, as well as the A&E and construction contracts awarded through JHS's in-house programs. This audit is the first in a series of audits that will focus on JHS's A&E and construction activities.

A copy of this report, as a draft, was provided to JHS and the Miami-Dade County Office of Capital Improvements (OCI) for their comments. JHS and OCI's responses are included in Appendix A and Appendix B, respectively. We have included their comments within our report. Please be advised that the OIG is requesting informational status reports from both JHS and OCI relating to each agency's adoption and implementation of the OIG's recommendations. We respectfully request that we receive these reports on or before February 12, 2010. For reading convenience, the next page contains a short abstract of our report findings.

cc: Hon. John H. Copeland III, Chairperson  
and Members, Public Health Trust, Board of Trustees  
Sen. Javier D. Souto, Miami-Dade Board of County Commissioners  
Hon. Dorrin D. Rolle, Miami-Dade Board of County Commissioners  
George M. Burgess, County Manager  
Ysela Llort, Assistant County Manger  
Johnny Martinez, Director, Office of Capital Improvements  
Theodore Lucas, V.P. for Strategic Sourcing & Chief Procurement Officer, JHS  
Robert M. Scheffer, Interim Director, Capital Projects Dept., JHS  
Arnie Paniagua, Controller, JHS  
Marlane Berg, Director, Internal Audit, JHS  
Cathy Jackson, Director, Audit and Management Services Department  
Charles Anderson, Commission Auditor  
Clerk of the Board (copy filed)



## ABSTRACT

Our first two findings describe deficient record keeping by JHS project managers that raised “red flags” about their EDP procurements. Preparing and maintaining complete records are important because EDP A&E services are procured based on which A&E firm is the most qualified. The determination of a firm’s qualifications and its selection to perform the work must be based on reasonable, objective criteria and should not be influenced by bias or favoritism. Complete selection process documentation helps to minimize the business risk to JHS that it might award an EDP assignment to a less qualified firm that may result in added project costs and time delays. In addition, it helps to minimize the reputational risk to JHS, if its documented EDP selections can be shown to be free from project manager bias and contractor favoritism.

Of the ten<sup>1</sup> project files inspected for documentation of the selection factors, we found no evidence for five projects that the firms, provided to JHS by OCI in accordance with EDP protocols, were even contacted. Furthermore, for these five projects there was also no documentation of what selection criteria JHS project managers used in selecting the firm. These contract awards lend credence to the complaints received by the OIG alleging favoritism and bid steering. JHS must repair any reputational damage by ensuring that contract selection processes are transparent, based on objective factors, and free from bias. Documentation of these procurement processes will provide the extrinsic evidence of such transparency.

Two of the remaining findings relate to issues that we believe OCI, as EDP administrator, could best address. We believe that OCI should update EDP procedures to specifically define what are scope deviations, i.e., modifications; establish dollar thresholds for reporting deviations with corresponding higher-level approvals for larger deviations; and designate authorized personnel who can approve the scope deviations. In addition, we recommend that OCI, with JHS input, formalize a technical trade category in the EDP System that will list firms with hospital experience and establish objective criteria for discerning a firm’s eligibility for inclusion on the list.

Another finding details how one project’s design plan was not reviewed and approved by the Florida Agency for Health Care Administration (AHCA) until the project was nearly complete. State law requires that AHCA approve design plans prior to construction starting.

Lastly, the OIG notes that JHS did not deduct the OIG fee on a timely basis from payments made to the consultants and that deductions from different projects were comingled. Delays ranged from one month to over three years. At times, the deductions were made to current invoices for consultant fees that applied to payments made on previous projects already completed by the consultant. We believe that the OIG fee deductions should be matched to the corresponding invoice amounts and deducted when the invoices are paid.

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<sup>1</sup> The OIG sampled eleven project files; however, for one project the firm was selected based upon an OCI-authorized special request.

# MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL



## FINAL AUDIT REPORT

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Equitable Distribution Program Architectural and Engineering Contracts*

**IG08-15A**

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November 16, 2009

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**I. INTRODUCTION**

The Office of the Inspector General (OIG) audited the selection process and practices used by the Capital Projects Department of the Public Health Trust (PHT)/Jackson Health System (JHS) when obtaining architectural and engineering (A&E) services through Miami-Dade County's Equitable Distribution Program (EDP). The Miami-Dade Board of County Commissioners established the EDP in June 2001. The EDP is administered by Miami-Dade County's Office of Capital Improvements (OCI).

The EDP serves as Miami-Dade County's (County) standard method to procure A&E services for miscellaneous projects not exceeding \$1 million in construction costs and for study activities not exceeding \$50,000.<sup>1</sup> The EDP establishes a pre-qualified pool of eligible A&E firms as a means to distribute work assignments equitably and to increase opportunities for locally based businesses. JHS has been using the EDP pool since 2002 and, as of July 24, 2009, has issued 51 EDP assignments, totaling \$1.9 million in professional fees.<sup>2</sup>

This audit was initiated, in part, because of complaints received by the OIG that alleged favoritism and other procurement abuses in the Capital Projects Department. Additionally, since the OIG earlier audited several County departments' use of the EDP, we extended our audit program to include JHS. The present audit is part of a comprehensive review of A&E and construction contracts administered by JHS, including those awarded under the County's EDP and its Miscellaneous Construction Contract Program, as well as the A&E and construction contracts awarded through JHS's in-house programs.<sup>3</sup> This audit is the first in a series of audits that will focus on JHS's A&E and construction activities.

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<sup>1</sup> "EDP project thresholds are established by Florida Statute 287.055. As of July 1, 2009, the State Statute thresholds increased from an estimated construction cost of less than one million dollars (\$1,000,000) to two million (\$2,000,000) and/or studies less than fifty thousand dollars (\$50,000) in fees to two hundred thousand (\$200,000)." (Taken from OCI's EDP Firm Workshop 2009 presentation.)

<sup>2</sup> Source: OCI's Capital Improvements Information System (CIIS), unaudited total.

<sup>3</sup> See *OIG Final Audit Report of the Departmental Selection Processes under the Equitable Distribution Program* (IG06-53), issued on July 26, 2007, wherein we reported the results of our inspections of several County departments to determine whether they were documenting their processes for selecting EDP firms.

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**II. TERMS USED IN THIS REPORT**

AHCA	Agency for Health Care Administration (State of Florida)
A/P	Accounts Payable (Jackson Health Systems)
AO	Administrative Order
A&E	Architectural and Engineering
ASC	Ambulatory Surgical Center
BCC	Miami-Dade Board of County Commissioners
Capital Projects	Capital Projects Department (Jackson Health Systems)
CIIS	Capital Improvements Information System (OCI Database)
<i>Close Out Report</i>	<i>EDP Close Out Utilization Report</i>
County	Miami-Dade County
CSI	<i>Consultant Selection Information form</i>
EDP	Equitable Distribution Program or the “Program”
ICF	Intermediate Care Facility
JHS	Jackson Health Systems
OCI	Office of Capital Improvements (Miami-Dade County)
OIG	Office of the Inspector General
OPC	Office of Plans Construction (AHCA)
PPE	<i>Past Performance Evaluation</i>
PHT	Public Health Trust
SBD	Department of Small Business Development (Miami-Dade County)
<i>Utilization Report</i>	<i>EDP Utilization Report</i>

**III. RESULTS SUMMARY**

Our report has six findings and twelve recommendations. In our first finding, we describe how JHS project managers did not comply with the most important of the EDP procedures—the selection process—for the majority of the projects audited. In six of the ten projects reviewed for selection criteria, there was no documentation of what criteria were used to select the winning firm. Of these six deficient selection processes, five project files contained no evidence that all the firms eligible to compete for the work were even contacted.<sup>4</sup>

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<sup>4</sup> See Schedule A attached to the end of this report for a complete listing of the sampled projects, descriptions, selected A&Es, status, and summary of some of our findings.

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Documenting firm contacts and selection criteria are key steps and essential records because EDP A&E services are not procured based on price, but rather on which A&E firm is the most qualified. The determination of a firm's qualifications must be based on reasonable, objective criteria and should not be influenced by bias and favoritism. Complete selection process documentation helps to minimize the business risk to JHS that it might award an EDP assignment to a less qualified firm that may result in added project costs and time delays. In addition, it helps to minimize the reputational risk to JHS if its documented EDP selections can be shown to be free from project manager bias and contractor favoritism.

OIG recommendations include that JHS requires Capital Projects to provide its project managers handling EDP projects with training on EDP procedures and remind them of the importance of maintaining good project file documentation. Such training should reduce human errors, clarify acceptable practices, define a "best" way for conducting EDP procurements, and help to ensure that documentation exists to support that the intended EDP objectives are accomplished. In addition, we recommend that JHS requires Capital Projects to implement supervisory review and written approval of project procurement actions, e.g., the determination of the most qualified firm, in order to add a level of assurance that such actions meet JHS procurement standards and EDP procedural requirements.

Our second finding is that *EDP Close Out Reports* were not prepared for the six completed projects and for one of the cancelled projects. In other words, for all the projects audited where a *Close Out Report* should have been completed, they were not. OCI uses the information contained in the *Close Out Report*, along with the final invoice, to close out the project and to assign the project dollars to each participant firm. According to EDP procedures, these assigned project dollars are used to determine the firm's rotational standing and its rotational values within the EDP pool. The timely submission of the *Close Out Report* to OCI is key to ensuring the equitable distribution of work opportunities for eligible firms. In addition, a key document that OIG auditors could not locate is the *Past Performance Evaluation (PPE)* completed by the project manager of the A&E firm. In fact, there is no evidence that JHS project managers are preparing PPEs for their projects. We did not find a single completed PPE in OCI's Capital Improvements Information System (CIIS) or in project files. The OIG reiterates that JHS requires Capital Projects to provide training to its project managers and to add a level of supervisory review.

In our third finding, we relate how the A&E fee for Project P-00879, *CCU-B Expansion*, increased from an estimated \$12,500 to almost \$125,000 because of scope



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revisions adding work to the project. The bulk of the increase was added from the time the A&E selection process began to the time that the *Service Agreement* was executed. This equates to an 895% increase in fees to the A&E. EDP procedures state, “any deviation from the Assignment and Agreement Form must have prior approval from OCI.” However, EDP procedures do not distinguish between “major” or “minor” deviations or even how to construe what “any deviation” is for purposes of obtaining OCI approval. Most notably, EDP procedures do not establish monetary thresholds or identify the OCI representative authorized to approve “deviations” to the original agreement’s work scope. Our recommendation to OCI management is that it requires its EDP staff to update EDP procedures to specifically define scope deviations, i.e., modifications; establish dollar thresholds for reporting deviations with corresponding higher-level approvals for larger deviations; and designate authorized personnel who can approve the scope deviations.

For our fourth finding, we observe that because many of the projects managed by JHS Capital Projects require the Florida Agency for Health Care Administration (AHCA) approval, Capital Projects frequently requests to be provided with eligible A&E firms with AHCA and/or hospital experience. Since OCI’s EDP System does not contain a technical trade category listing of AHCA/hospital experienced firms, OCI manually created a sub-list of EDP firms having such experience. In light of the prevalent need by JHS for firms that have this experience, we recommend that OCI, with JHS input, formalize a technical trade category in the EDP System that will list firms with hospital experience and establish objective criteria for discerning a firm’s eligibility for inclusion on the list. Sub-consulting opportunities to gain AHCA/hospital work experience should be developed and maximized by JHS and OCI.

Our fifth finding is that one sub-project was not reviewed and approved by the AHCA until near its completion. As pieced together through contractor progress payments, construction activity was already in progress while the A&E plans were being prepared. AHCA Rule 59A-3.080, *Plans Submission and Fees Requirements*, states that no construction work should be started until it has approved the construction plans and has issued its written approval to begin. The OIG recommends that JHS take whatever reasonable steps are necessary to ensure that Capital Projects strictly complies with AHCA rules and regulations regarding hospital construction and, to the extent that there may be an “urgent need” to expedite a project, that it has approved procedures to handle such cases without resorting to practices that are non-compliant with AHCA rules and regulations.

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Our last finding is that JHS did not deduct the OIG fee on a timely basis from payments made to the consultants and deductions from different projects were comingled. Delays ranged from one month to over three years. At times, the deductions were made to the current invoice for fees that applied to payments made on previous projects already completed by the consultant. While these fees are relatively small dollar amounts (1/4 of 1% of each invoice amount), the deductions should be matched to the corresponding invoice amounts and deducted when the invoices are paid.

***Auditee Responses with OIG Rejoinders***

A copy of this report, as a draft, was provided to JHS and OCI for their comments on September 11, 2009. Our draft report included recommendations directed at both JHS and OCI. The JHS response, dated October 6, 2009, is attached to this final report as OIG APPENDIX A. The OCI response, dated September 25, 2009, is attached to this final report as OIG APPENDIX B.

JHS indicates in its response that it accepts the OIG's findings and/or concurs with the OIG's recommendations. JHS states that it has already implemented changes to its practices and conducted training and/or held meetings with staff to discuss how they can better comply with EDP procedures. Effective for fiscal year 2009-2010, it has began using a new accounts payable system that will allow staff to deduct the OIG fee in a more timely fashion. In addition, JHS provided some data clarifying and/or supplementing the OIG's presentation of the Central 7 Pharmacy project chronology (Finding No. 5). However, we note that JHS did not say whether it agreed with our recommendation to this finding and/or whether it will implement our recommendation. We have included details of JHS comments within our report by excerpting from its response and including those selections with their corresponding findings/recommendations.

OCI, in its response, summarizes some of its EDP procedures and tells of its recent efforts to educate departments, including JHS, about the importance of performing all EDP procedures and completing all EDP forms. In addition, OCI describes some of the impacts of departments not complying with EDP procedural and record keeping guidelines, and mentions a temporary solution responding to the need to establish separate technical certifications for firms with hospital/AHCA experience. OCI states that it agrees with the OIG recommendation that JHS implements supervisory review procedures. OCI states that it has seen improvements in JHS document submittals and acknowledges that JHS cannot complete on-line *Past*

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*Performance Evaluations* nor can it monitor its EDP projects because it does not have access to OCI's CIIS database. Like with the JHS response, the OIG excerpted from OCI's response and included those selections with their corresponding findings and recommendations.

#### **IV. BACKGROUND**

##### ***EDP Program Overview***

Operating within the threshold requirements of Florida Statute §287.055 governing the acquisition of professional A&E services, and also known as the *Consultants' Competitive Negotiation Act*, the County established the EDP to provide County departments and agencies with an equitable process to procure A&E services for miscellaneous projects not exceeding \$1 million in construction costs and for study activities not exceeding \$50,000 (see Footnote 1). OCI administers the Program. County A.O. 3-39, *Standard Process for Construction of Capital Improvements, Acquisitions of Professional Services, Construction Contracting, Change Orders and Reporting*, establishes the policies and procedures for the EDP.

All participating firms in the Program must be pre-qualified by meeting certain eligibility requirements that include, but are not limited to, a minimum of one year in business, maintaining a local office within Miami-Dade County, and ownership or control of only one firm in the EDP pool.

The EDP is not associated with any minority or small business programs. It is open to all A&E consultants that meet the eligibility requirements. After a firm is qualified, it is placed on a "rotational" list. The firm's position in the EDP pool is determined by the total of its last three years of awards and payments and then categorized by its technical certification(s). Firms may be pre-qualified in more than one category. There are 26 technical trade categories, not including sub-categories. The lowest compensated firms within each technical trade category are given the first opportunity to be evaluated by the user department on the next EDP service request. Additionally, firms are required to sign an *EDP Professional Services Agreement* to participate in the Program.

In order to initiate an EDP procurement, a department must provide OCI with a completed *EDP Request Form* stating the project's scope of services and the estimated dollar amount. OCI, in turn, provides the department with the next available three

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prime consultants and four sub-consultants (if applicable), based on the technical trade categories of the service(s) requested. The department selects one prime and the prime, in turn, selects a sub-consultant for each technical category, if applicable. The selection process may include telephone interviews, meetings with the firms, reviews of a firm's qualifications and specific experiences in the area of work, inquiries with other departments that have used the firms, as well as past performance evaluations. Departments are required to document the factors used to determine their selection. EDP A&E services are not procured based on price but on which is the most qualified firm.

OCI also provides another option for departments to obtain EDP services. Departments can make a special written request to obtain services from a specific EDP firm. Departments mostly use this option for unique projects to obtain firms with a certain expertise, or for extending A&E services for a particular firm where the original allocation and/or term expired. A special request requires the approval of the OCI Director.

The user department selects a firm from the *EDP Request Form* and notifies OCI of its selection. OCI then generates the *EDP Assignment and Agreement Form* and forwards it to the user department. The user department, the prime consultant, and the sub-consultant, if applicable, all sign the *EDP Assignment and Agreement Form*. The user department also requests a fee proposal from the prime and, if accepted by both parties, the user department prepares a service order. The service order is signed by the prime consultant and the user department. The user department then forwards to OCI the executed copies of the service order and the *EDP Assignment and Agreement Form*. The user department is also required to confirm with OCI that the selected firm has an executed *EDP Professional Service Agreement*.

For service orders equal to or greater than \$100,000, OCI requires that an *EDP Utilization Report (Utilization Report)* be included with each consultant's invoice submitted for payment. EDP project service orders less than \$100,000 do not require a *Utilization Report*. This procedure was implemented on January 1, 2008.

At the conclusion of a project, the user department is required to forward the *EDP Close-Out Utilization Report (Close-Out Report)* to the prime consultant for completion. This form acts as the final utilization report and must be completed by the prime consultant, the sub-consultants, and the departmental representatives. The department is responsible for forwarding the *Close-Out Report* to OCI, with a copy of the final invoice and/or payment record. OCI, in turn, closes out the project and

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forwards the *Close-Out Report* to SBD. In addition, the user department is required to complete a *Past Performance Evaluation* of the firm.

***AHCA Overview***

The Florida Agency for Health Care Administration (AHCA) is responsible for the licensure and regulation of health care facilities within the State. AHCA's Office of Plans Construction's (OPC) primary responsibility is to ensure that hospitals, nursing homes, ambulatory surgical centers (ASC), and intermediate care facilities (ICF) are structurally sound, functional, and provide safety for their patients and residents, and are designed and constructed in accordance with State of Florida design codes and standards.<sup>5</sup> Any renovation, remodeling, addition, or alteration to the physical plant of a hospital, nursing home, ASC, or ICF that would require a building permit must be reviewed by OPC, regardless of the cost of such alterations, before any construction commences. These health care facilities must notify OPC in writing to request OPC's review and approval of plans and construction activities. Later, AHCA architects, engineers and other specially trained plans and construction personnel survey facilities under construction and, when necessary, write reports for required corrections to the construction before approval of the project is given.

The Capital Projects Department (Capital Projects) and the Plant Operation Department (Plant Operations), within the JHS Support Services Division, have the responsibility to ensure that renovations, constructions, and replacement of existing equipment are reviewed and approved by AHCA. Capital Projects oversees the renovation and constructions aspects of JHS facilities, while Plant Operations is responsible for repairs, replacements, and maintenance.<sup>6</sup>

**V. OIG'S JURISDICTIONAL AUTHORITY**

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs and the power to review past, present and proposed County and Public Health Trust programs, accounts, records, contracts, and transactions. The Inspector General has the power to

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<sup>5</sup> Although the construction requirements of the Florida Administrative Codes, Chapters 59A-3 (hospitals), 59A-4 (nursing homes) and 59A-5 (ambulatory surgical centers) are now contained in Chapter 4 of the Florida Building Code, the Agency for Health Care Administration remains the entity for interpretation and enforcement of these codes. Additional design requirements are incorporated by reference to the *Guidelines for the Design and Construction of Health Care Facilities*, 2006 edition.

<sup>6</sup> Our audit did not include a review of Plant Operations activities.



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analyze the need for, and the reasonableness of, proposed change orders. The Inspector General is authorized to conduct any reviews, audits, inspections, investigations, or analyses relating to departments, offices, boards, activities, programs, and agencies of the County and the Public Health Trust.

The Inspector General may, on a random basis, perform audits, inspections, and reviews of all County contracts. The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect and review the operations, activities and performance and procurement process including, but not limited to, project design; establishment of bid specifications; bid submittals; activities of the contractor and its officers, agents and employees; lobbyists; County staff; and elected officials, in order to ensure compliance with contract specifications and detect corruption and fraud.

The Inspector General shall have the power to review and investigate any citizen's complaints regarding County or Public Health Trust projects, programs, contracts, or transactions. The Inspector General may exercise any of the powers contained in Section 2-1076, upon his or her own initiative.

The Inspector General shall have the power to require reports from the Mayor, County Commissioners, County Manager, County agencies and instrumentalities, County officers and employees, and the Public Health Trust and its officers and employees, regarding any matter within the jurisdiction of the Inspector General.

## **VI. OBJECTIVES, SCOPE, AND METHODOLOGY**

Our primary objective was to evaluate whether the selection process used by JHS for EDP projects was in accordance with A.O. 3-39 and EDP procedures. Our other objectives were to determine whether payment requisitions were properly supported and approved for payment, and to assess the effectiveness of Capital Projects' staff in administering and overseeing project activities.

We selected a sample of eleven EDP projects initiated during the period of January 2006 to December 2008. (See OIG Schedule A attached to the end of this report for a complete listing of the sampled projects, descriptions, selected A&Es, status, and summary of some of our findings.) Our sample amounted to 38% of all EDP projects procured by JHS during this period. The project scopes of services included pharmacy automation; replacement of radiology, CT Scan and MRI equipment; facilities repair and renovation; and building re-certification. As of July 24,

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2009, six of the eleven projects were completed, three were still active, and two had been cancelled. One project was cancelled before any work began and the other project was cancelled during its A&E phase. The following Table 1 shows summary data about our sampled projects, their descriptions, and status as of July 24, 2009.

**Table 1 Project Status as of July 24, 2009**

Project No.	Project Description	Project Status		
		Active	Complete	Cancelled
P-00100	JMH Facilities Minor Repairs & Renovations	X		
P-00572A	Pharmacy Automation Highland Park Pavilion		X	
P-00572B	Pharmacy Automation North Dade Health Center			X <sup>1</sup>
P-00591	Radiology Capital Equipment			X <sup>2</sup>
P-00591 EDCT	Radiology Capital Equipment Replacement EDCT		X	
P-00631	Elliot Bldg 40-yr. Recertification		X <sup>3</sup>	
P-00655	Jackson North Community Mental Health Crisis Stabilization Unit		X	
P-00763	JMT Bldg. Infrastructure for Elevator Modernization 141-146	X		
P-00803	Jackson North MRI Replacement		X	
P-00818	Jackson North CT Replacement		X	
P-00879	CCU-B Expansion	X		
<b>Totals</b>		<b>3</b>	<b>6</b>	<b>2</b>

<sup>1</sup> Project was cancelled during its A&E phase after approximately 70% of the work was completed.

<sup>2</sup> Project was cancelled before any work began. However, Project P-00591 EDCT was later procured to replace Project P-00591.

<sup>3</sup>This “project” was the preparation of a certification report, not a construction project.

We interviewed each project manager about their A&E selection processes and we reviewed project files documenting the processes. We looked for the *EDP Request Forms*, records showing that the firms were contacted, the selection criteria used, and the contract award documentation, i.e., *EDP Assignment and Agreement Forms*, *EDP Professional Service Agreements*, and service orders. Additionally, we reviewed consultant payment requisitions to determine that they were properly supported and approved. Furthermore, we reviewed all JHS payments to these consultants for the selected projects to determine whether the OIG fee was properly deducted. We met

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with OCI staff to discuss the EDP process, as well as to obtain EDP project files related to our sample. We also visited project worksites and attended an AHCA review of a project's plans that had been prepared by an EDP A&E.

We conducted our audit in accordance with the *Principles and Standards for Offices of Inspector General* promulgated by the Association of Inspectors General (AIG). The AIG principles and standards for audits are in conformity with the *Government Auditing Standards* issued by the Comptroller General of the United States.

**VII. FINDINGS AND RECOMMENDATIONS**

**FINDING NO. 1 CAPITAL PROJECTS DID NOT COMPLY WITH EDP PROCEDURES IN THE SELECTION OF THE A&E FIRM FOR THE MAJORITY OF THE PROJECTS REVIEWED.**

Six of the ten projects that we audited for selection criteria had no documentation of what criteria was used to select the winning firm. In five out of these six projects, there was also no documentation showing whether the all of the firms provided by OCI were contacted. One project file did contain records showing how the firms were contacted, but there were no records showing how the winning firm was selected over the others. The remaining five projects sampled had sufficient paperwork that documented their selection process; however, there was no uniformity in the type of documentation maintained, thereby still leaving room for subjective criticism on the quality of the documentation obtained during the selection process.

**Table 2 Selection Process Documentation Deficiencies**

<b>Project No.</b>	<b>Project Description</b>	<b>Documentation That All Firms Were Contacted</b>	<b>Documentation of Selection Criteria</b>
P-00100	JMH Facilities Minor Repairs & Renovations	No	No
P-00572A	Pharmacy Automation Highland Park Pavilion	No	No
P-00572B	Pharmacy Automation North Dade Health Center	No	No
P-00591	Radiology Capital Equipment	N/A <sup>1</sup>	N/A
P-00591 EDCT	Radiology Capital Equipment Replacement EDCT	No	No
P-00631	Elliot Bldg 40-yr. Recertification	No	No

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<b>Project No.</b>	<b>Project Description</b>	<b>Documentation That All Firms Were Contacted</b>	<b>Documentation of Selection Criteria</b>
P-00655	Jackson North Community Mental Health Crisis Stabilization Unit	Yes	No
P-00763	JMT Bldg. Infrastructure for Elevator Modernization 141-146	Yes	Yes
P-00803	Jackson North MRI Replacement	Yes	Yes
P-00818	Jackson North CT Replacement	Yes	Yes
P-00879	CCU-B Expansion	Yes	Yes

<sup>1</sup> Selected firm was a special request and, thus, not included in our sample of projects inspected for documentation of selection factors.

Documenting firm contacts and selection criteria are key steps and essential records because EDP A&E services are not procured based on price but rather on which A&E firm is the most qualified. Therefore, it is imperative that the user department document its selection process, especially that all the firms were contacted and that some inquiry was made on each firm's qualifications. In addition, records should show the selection criteria used to determine why the selected firm prevailed over the others. Complete selection process documentation helps to minimize the business risk to JHS that it might award an EDP assignment to a less qualified firm that may result in added project costs and time delays. In addition, complete and uniform documentation will help to rebut complaints of favoritism and possible contract steering to favored firms. Adherence to EDP protocol can reduce JHS Capital Projects' reputational risk by showing that its EDP selections are free from project manager bias and contractor favoritism.

In January 2008, to create uniformity in the type of records maintained by user departments on their selection process, OCI implemented a *Consultant Selection Information Form (CSI)* that departments may use to document the firms contacted, the name of the firm contact, the methods of contact, the firm selected, and the factors used to determine the most qualified firm. We note that for the one project (P-00879) in our sample that was procured after January 2008, the *CSI Form* was properly completed. We also note that there is a reference regarding its use in OCI's *EDP Assignment Procedures* that are posted on its intranet site and the site does contain a link to the form.

In addition, we checked OCI's website ([www.miamidade.gov/oci](http://www.miamidade.gov/oci)) to review its content regarding EDP forms and procedures. At this site, the listed procedures did not reference the use of the *CSI* form and there was no link to the form.

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For the five projects that had no documentation of their selection processes (no record of contact and no selection criteria), we questioned each of the managers for the particular project. For two such projects (P-00572A and P-00572B, which were handled by the same individual), we were told by the project manager that he selected the firm based on his familiarities with the firm's work. Among the A&E profession, we would expect project managers to be familiar with the A&E firms and their work, but we would not expect that familiarity alone would be the one selection factor used to choose one firm over another. Familiarity aside, we expect—and the EDP procedures require—that all firms are contacted and that all firms have an opportunity to demonstrate their qualifications for the project. On its face, familiarity alone, without documentary support that the procedures were followed, smacks of bias and favoritism.

For the remaining three projects in this category, two project managers stated that they could not recall how the firms were contacted and what criteria he used, while another stated that he was new and was not familiar with EDP procedures.<sup>7</sup>

One project (P-00655) had incomplete documentation of its selection process, in that there were records showing that the firms were contacted and that they provided information on their qualifications; however, there was no documentation identifying what selection criteria was used to select the most qualified firm.

For the five remaining projects where we determined there was sufficient records documenting their selection processes, one was a special request for a particular firm, which was granted by OCI. For the other four projects, there was no uniformity to the type of records maintained. Some project files had extensive records, while others had minimal records. These records varied from handwritten notes that identified that the firms were contacted by telephone and their responses noted by the project managers, to e-mail and faxes sent to the firms requesting that they provide documentation of their experiences, and the qualifications and the corresponding responses received.

We note that the EDP procedures do not provide guidance on the sufficiency of the documentation that the user departments should maintain. We had to determine whether the handwritten notes carry the same level of sufficiency, as compared to detailed work histories and meeting minutes. In each case, we concluded that the collective information obtained from prospective firms or prepared by each project

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<sup>7</sup> Capital Projects project managers include in-house JHS staff as well as hired consultants. We noted that both JHS staff and consultants were not following EDP procedures.



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managers was sufficient, although some project managers had more information than others.

Furthermore, for most of the projects files we reviewed, we often noted that no one file was complete because projects had two managers and each project manager maintained a separate project file. As a result, we repeatedly had to communicate with and request documentation from both project managers in order for us to obtain records of the selection process. Even then, we often found that the collective files were incomplete. Capital Projects explained that a “coordinating” project manager was assigned as an EDP coordinator with OCI. Any communication with OCI relating to EDP requests, selections, and awards was done through that project manager. A “main” project manager performs the actual selection process and manages the project. As of September 2008, the coordinating project manager’s duties were reassigned to the JHS Procurement Department. Regardless of the number of project managers, we believe that one project file complete with all project records should be maintained.

***Recommendations***

We recommend that JHS management require its Capital Projects and Procurement Departments to:

1. Provide project managers handling EDP projects with training on EDP procedures and remind them of the importance of maintaining good project file documentation. Such training should reduce human error, clarify acceptable practices, define a “best” way for conducting EDP procurements, and help to ensure that documentation exists to support that the intended EDP objectives are accomplished.
2. Implement supervisory review and written approval of project procurement actions, e.g., the determination of the most qualified firm, in order to add a level of assurance that such actions meet JHS procurement standards and EDP procedural requirements.
3. Coordinate efforts to ensure that all project-related documents, from project initiation through completion, are collected and placed into one centralized, complete file that will be the ultimate repository of said records.

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We recommend that OCI management require its EDP staff to:

4. Update both its EDP intranet site and its website so that they are similar in all respects, including links to all required forms (such as the *Consultant Selection Information* form) and reflect a current, complete, and consistent showing of EDP procedures.

***Auditee Responses***

JHS responds that “Capital Projects accepts the findings, and has provided EDP Training. With regard to oversight to insure future practices, supervisory staff has been appointed to ensure implementation of procedures, going forward.”

The JHS Procurement Management Department concurs with Recommendation #1, stating that it “will work jointly with the Support Services Department to develop guidelines and training for Project Managers on EDP procedures.” The JHS Procurement Management Department concurs with Recommendation #2, stating that it “will develop guidelines to assist the Project Managers in determining and documenting the selection of the most qualified firm.” Regarding Recommendation #3, the Procurement Management Department states that “The significant portion of the project documentation is post award and maintained by the Project Manager in Support Services. Procurement will provide duplicate copies to Support Services of all documents held in the Procurement Management Department as part of the procurement process.”

OCI states that: “Currently OCI provides the Consultant Selection Information Form (CSI) as an auxiliary record but it is the department’s responsibility to have the compliant selection procedures. At a minimum, departments should consider each firm’s qualifications, experience, past performance and staffing for the specific project. OCI supports the OIG’s position that JMH should have supervisory review procedures in place as well as one centralized project file. OCI’s current policy is to copy the EDP department project designee on all correspondences to the Project Manager (PM) to ensure oversight. In response to the OIG’s concerns, OCI will reinforce the current selection procedures to require department PMs to also submit their selection documentation records along with their firm selection notification to OCI.”

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**FINDING NO. 2    *CLOSE OUT REPORTS WERE NOT PREPARED FOR ANY OF THE COMPLETED PROJECTS. OTHER KEY FORMS ARE ALSO NOT BEING PREPARED AND/OR ARE NOT TIMELY SUBMITTED TO OCI.***

EDP procedures require that at the conclusion of a project, the *Close Out Report* must be completed by the prime consultants, sub-consultants and department representatives and be forwarded by the department to OCI, with the last invoice and/or payment record. The report is also required if a project is cancelled before completion and a payment was processed for that project. The timely submission of the *Close Out Report* to OCI is important because it affects a firm's position within the EDP pools. OCI uses the information contained in the *Close Out Report*, along with the final invoice or payment record, to close out the project and to assign the project dollars to each participant firm. Under EDP procedures, the assigned project dollars are used to determine a firm's standing in the EDP pools. Failure to complete this step will affect a firm's position, as well as all of the other firms' positions, on the rotational list and, thus unfairly impact future selections from that list.

Of the eleven projects audited, six were complete. None of these six projects had a *Close Out Report*. Two of the projects were cancelled (see Table 1); however, only one required a *Close Out Report*, which was not completed. The seven projects and the dates that they were completed or cancelled are shown in the following Table 3.

**Table 3    EDP Cancelled and Completed Projects – Close Out Report Status**

Project No.	Project Description	Status of Project per JHS		Close-Out Report completed
		Completed	Cancelled	
P-00572A	Pharmacy Automation Highland Park Pavilion	10/20/08		No
P-00572B	Pharmacy Automation North Dade Health Center		3/19/08	No
P-00591 EDCT	Radiology Capital Equipment Replacement EDCT	4/2009		No
P-00631	Elliot Building 40-yr. Recertification	10/12/06		No
P-00655	Jackson North Community Mental Health Stabilization Unit	10/20/08		No <sup>1</sup>
P-00803	Jackson North MRI Replacement	4/2009		No
P-00818	Jackson North CT Replacement	5/2009		No

<sup>1</sup> *Close Out Report* completed after OIG review of project files.

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When we questioned the project managers about why the *Close Out Reports* were not completed, two stated that they were not familiar with the close out reporting procedures, while another stated that he believed that the report was completed; however, he could not locate it. The other project managers could not provide any explanations on why they did not complete the reports. After our interviews with the project managers and reviews of the project files, one project manager belatedly submitted a completed *Close Out Report*. To our knowledge, the others still have not.

We contacted OCI to determine if it was otherwise notified of project completions and cancellations. In July 2009, OCI provided us with a spreadsheet identifying all of JHS' EDP projects and their status. The spreadsheet highlights that OCI, although informed about the status of some projects, is still waiting for *Close Out Reports* from Capital Projects to formally close out the seven projects identified in Table 3. The OCI spreadsheet identified four of the seven projects (P-00572A, P-00572B, P-00631<sup>8</sup> and P-00655) as "Pending Close Out" and P-00591 EDCT as cancelled. The remaining two projects (P-00803 and P-00818) were listed; however, their statuses were not identified on the spreadsheet.

As previously stated, P-00591 was cancelled before any work was initiated; however, OCI was not notified in writing within the three-day period, as required by EDP procedures. As noted in the project records, the project's procurement process ended in January 2006. It was not until in December 2008, when the OIG auditors requested to review the project files, that the project manager contacted OCI, in writing, and informed OCI that the project was cancelled.

Capital Projects' delay in submitting *Close Out Reports* affects the rotational values of the participating firms within the EDP pool. OCI uses the information contained in the *Close Out Report*, along with the final invoice, to close out the project and to assign the project dollars to each participant firm. According to EDP procedures, these assigned project dollars are used to determine the firm's rotational values and position within the EDP pool. In effect, Capital Projects' untimely submission negatively impacts the equitable intention of the Program.

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<sup>8</sup> JHS, in its response, states that it filed a *Close-Out Report* with OCI in January 2009. The project manager began taking steps to complete this form after being interviewed by OIG auditors, but the project manager did not provide us with a copy of the completed form. We do not know why OCI records are incomplete.

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Furthermore, OCI informed us that Capital Projects is not always timely in providing OCI with the required forms and update information for some of the projects, such as the selection and award of the firms, the signed *EDP Assignment and Agreement Form*, the signed service order, and the *Close-Out Report*. We note that in several project files, through e-mails, that OCI consistently reminds JHS project managers of the importance of timely providing these EDP documents to OCI. Additionally, OCI has provided the OIG auditors with copies of several e-mail correspondences with the project managers relating to the status of several JHS projects.

A key document that OIG auditors could not locate is the *Past Performance Evaluation* (PPE). In fact, there is no evidence that JHS project managers are preparing PPEs for their projects. We did not find a single completed PPE in OCI's Capital Improvements Information System (CIIS) or in project files. EDP procedures require that "The PPE should be completed simultaneously with the final [project] documentation ..." We note that EDP procedures state that an A&E's "work history and performance evaluations are now utilized as selection criteria for all new Professional Service considerations ..." Without PPEs on file, there is a risk that a poorly performing A&E will be selected for a future assignment instead of a better performing A&E.

***Recommendations***

We recommend that JHS management require its Capital Projects Department to:

5. Provide project managers handling EDP projects with training on EDP procedures and remind them of the importance of maintaining good project file documentation. Such training should reduce human error, clarify acceptable practices, define a "best" way for conducting EDP procurements, and help to ensure that documentation exists to support that the intended EDP objectives are accomplished. (Reiteration of *Recommendation 1*.)
6. Implement supervisory review and written approval of project procurement actions, e.g., the preparation and timely submittal of the required *EDP Close Out Report* and *Past Performance Evaluation* forms, in order to add a level of assurance that such actions meet EDP procedural requirements. (Same as *Recommendation 2* but for different forms.)



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We recommend that OCI management require its EDP staff to:

7. Update both its EDP intranet site and its website so that they are similar in all respects, including links to all required forms, such as the *Close Out Report* and *Past Performance Evaluation* forms, and reflect a current, complete, and consistent showing of EDP procedures. (Reiteration of *Recommendation 4* but for different forms.)

***Auditee Responses***

“Capital Projects accepts the findings. Efforts have been made to comply with requirements, pending signature requested from vendors. Additionally, a team meeting was held on 9-16-09 to discuss and review the required forms. It was confirmed that documents will be consistent and regularly completed by all project managers on a timely fashion.”

OCI responds that: “as a result of OCI reminders, workshops and administrative interaction this past year, OCI has seen improvements of document submittals by JMH as well as many other departments ... In addition, OCI will request Directors to impress upon their staff the importance of abiding by the EDP policies and procedures. In the future department’s access to the EDP program may be restricted if the required information is not received in a timely manner. . . . OCI is in the process of implementing an EDP project status system using the County’s centralized Capital Improvements Information System (CIIS). . . . Currently, JMH does not have access to CIIS. Until this issue is not [sic] resolved, JMH will not be able to complete PPEs and/or monitor their EDP projects. The Enterprise Technology Services Department (ETSD) may be able to assist JMH in this endeavor.

**FINDING NO. 3    THE EDP’S SCOPE DEVIATION REPORTING AND APPROVAL PROCESS REQUIRES BETTER DEFINITION.**

The A&E fee for Project P-00879, *CCU-B Expansion*, increased from an estimated \$12,500 to almost \$125,000 because of scope revisions adding work to the project. The bulk of the increases were added from the time the A&E selection process began to the time that the *Service Agreement* was executed.<sup>9</sup> This equates to an 895% increase in fees to the A&E. There has been a corresponding increase in total project

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<sup>9</sup> The original *EDP Request Form* sent to OCI showed an estimated A&E fee of \$12,500. The actual service order issued was for \$124,370.

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costs (inclusive of A&E fees) from \$183,407 to \$1,554,812. Although there is documentation maintained by Capital Projects demonstrating that it had contacted OCI and obtained its approval to add work scope to the original agreement, there should be enhanced EDP procedures that address significant scope modifications. In this case, the scope modification was more akin to an entire new project and should have been treated as such.

EDP procedures state, “any deviation from the Assignment and Agreement Form must have prior approval from OCI.” EDP procedures do not distinguish between “major” or “minor” deviations or even how to construe what “any deviation” is for purposes of obtaining OCI approval. Most notably, EDP procedures do not establish monetary thresholds or identify the OCI representative authorized to approve “deviations” to the original agreement’s work scope.

In this case example, one contributing factor for the scope increase was due to the addition of a smaller project (P-00870) and other costs, which increased P-00879’s total budget by \$45,517 (inclusive of an A&E fee increase) to \$228,924. This project was added after the P-00879 EDP request was processed by OCI, but before the A&E consultants were contacted. OCI approved the addition of P-00870 to P-00879’s scope.

However, shortly after the A&E selection process began, but before the *EDP Service Agreement* was executed, JHS substantially revised this project’s original scope. What initially was scoped as minor repairs and cosmetic upgrades to four critical care units transformed into a \$1.5 million project (inclusive of A&E fees) to include adding an adjacent room and for all five rooms to be gutted out and reconfigured into a single eight-unit critical care unit.

As noted above, e-mails and other correspondence demonstrate that OCI was aware of the over 700% scope enlargement (from \$183,407 to \$1,554,812). Conveniently, at that time, the projected construction costs for the project still remained under the \$1 million threshold established for the EDP.<sup>10</sup> However, while the project was still “eligible” for EDP consideration, we strongly believe that a scope enlargement of this magnitude should require a more formalized assessment of the A&E criteria and

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<sup>10</sup> At that time, the construction cost was estimated at \$985,515. Just recently, construction costs have increased to \$1.2 million after it was discovered that the work scope needed to include fireproofing upgrades, thus increasing the current total project cost (inclusive of increases to the A&E fee) to about \$1.9 million.

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selection process, including whether a new procurement for A&E services was in order.

To illustrate, let us assume that a project's initial work scope is to construct a surface parking lot; however, after selecting the A&E firm but prior to any design work starting, the scope evolves into the construction of a multi-story parking garage requiring an over 700% increase in total project costs.

Under this illustration, we believe that it is appropriate to cancel the project and re-issue the requests for qualifications under the newly scoped project. At a minimum, it is appropriate to revise the selection criteria to reflect the increased project complexity. This, in turn, may require OCI to provide the user department with the names of additional firms and subs, and should necessitate that the user department require the firms to provide more information in response to the requests for qualifications. This information would then show how their experiences and qualifications meet the additional requirements demanded by the revised scope of work. As a result, a more thorough and relevant evaluation could be completed and better assurances given that the best-qualified firm is awarded the contract. At present, EDP procedures address deviations in blanket form. It does not distinguish between reductions in scope and increases in scope—and how large they may be. We believe that the procedures require better definition.

***Recommendation***

We recommend that OCI management require its EDP staff to:

8. Update its EDP procedures to specifically define scope deviations, i.e., modifications; establish dollar thresholds for reporting deviations with corresponding higher-level approvals for larger deviations; and designate authorized personnel who can approve the scope deviations.

***Auditee Responses***

Capital Projects explains that it “manages an array of diverse projects and given the uniqueness of the Jackson Health System mission and resources, deviations from the original scopes do arise due to unforeseen conditions or reprioritizations. At times, it is in the best interest of the PHT and its delivery of patient care to depart from the original scopes. Thus, Capital Projects recommends that the EDP/OCI/PHT establish acceptable criteria for future use.”

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OCI, in its response, provides details about how OCI handled the subject project based on the information that JHS had provided and a general comment or two about how it would typically handle scope deviations. OCI concludes its response by saying that: "It is my understanding that JMH has instituted new supervisory review procedures. With these new procedures in place, we do not anticipate that JMH will proceed with any substantial project scope and/or fee increases without prior OCI approval. Also, we have been advised that the JMH Procurement Section will no longer approve a revised and/or additional work authorization without OCI approval."

**FINDING NO. 4    JHS' REQUIREMENTS FOR AHCA/HOSPITAL EXPERIENCED A&E FIRMS GIVES RISE FOR THE NEED TO ESTABLISH ITS OWN TECHNICAL TRADE CATEGORY WITHIN THE EDP.**

AHCA's review and approval is required on the majority of the audited projects. Of the nine projects in our sample that were completed or are active (excluding two projects that were cancelled), five have been reviewed by AHCA and one project is pending review. Because AHCA's review and approval are integral to the project's process, Capital Projects frequently requests that the A&E firms provided through the EDP have either AHCA or hospital experience. According to Capital Projects, firms familiar with AHCA's rules and regulations for hospitals and patient care facilities should provide the designs and produce the construction documents. Capital Projects further stated that AHCA/hospital experienced firms manage their projects better and, as a result, fewer errors and change orders occur when compared to the work of inexperienced firms on work projects with similar scopes.

We contacted OCI to determine how the EDP system identifies firms with AHCA or hospital experience. According to OCI's EDP Coordinator, the system has the capabilities to identify firms with AHCA or hospital experience; however, there is no technical certification category established for it, and that deciphering such information is accomplished through an ad-hoc manual process. The EDP Coordinator further stated that, after receiving several complaints from Capital Projects' project managers that the EDP firms provided did not have AHCA or hospital experience, she created a sub-list of AHCA/hospital experienced firms, exclusively for JHS, from the EDP system. She stated that she created this sub-list by conducting a survey of the firms within the appropriate EDP pool (Trade Code 1400 – Architecture). She sent the survey by e-mail to the participating firms, requesting that if they have AHCA or hospital experience to reply with a summary of their experiences. At the time of our

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review, there were eleven firms out of the over 100 firms listed in Trade Code 1400 that are identified as having AHCA/hospital experience.

We reviewed OCI's records of its AHCA/hospital list and noted that the list is simply an EDP system report of the firms' names along with their current rotational values. On this report, the firms with AHCA/hospital experience are identified by the EDP Coordinator with a checkmark next to their names. As the firms are selected for a project, their names are checked off from the list. According to the EDP Coordinator, she first created the AHCA/hospital list in April 2007 and updated it in December 2008, when several new firms were added to the EDP pool.

We asked OCI whether having such a list automatically disqualifies other firms with no AHCA/hospital experience from certain JHS projects and ultimately prevents these non-experienced firms from gaining any JHS experiences. The EDP Coordinator responded that creating a sub-list of AHCA/hospital-experienced firms is similar to having a separate technical trade category within the EDP Program, which effectively excludes non-experienced firms. She added that other County departments, such as the Seaport Department and the Miami-Dade Transit Department, have established technical trade categories within the EDP system to identify firms with specialized experience in terminal designs and highway construction, which is similar to having specialized experience and knowledge in the hospital environment.

She further stated that due to its frequent needs for firms with AHCA/hospital experience, OCI has informed JHS on several occasions that it has the option to request the addition of technical trade categories for AHCA/hospital experience to the EDP system; however, JHS has not done so.

***Recommendations***

We recommend that JHS management require its Capital Projects Department to:

9. Request OCI to establish a technical trade category in the EDP system for AHCA/hospital experienced firms and, with OCI's assistance, establish reasonable and objective criteria, e.g., years of hospital-related experience, for discerning a firm's eligibility.

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We recommend that OCI management require its EDP staff to:

10. Ensure that EDP firms are apprised of the newly created trade category for AHCA/hospital experience and provide reasonable and objective criteria for establishing threshold minimum qualifications for inclusion in this category, along with maximizing opportunities for other firms to garner AHCA/hospital experience through sub-consulting opportunities.

***Auditee Response***

“Capital Projects fully supports this recommendation and will provide recommendations, guidance criteria and specifications necessary to establish this special Health Care Category in cooperation with and in conjunction with EDP/OCI.”

OCI explains that: “The technical certification function is being transferred to the Department of Procurement Management (DPM) as part of the County’s effort to streamline the vendor enrollment process as of October 1, 2009. The recommendation to establish additional hospital technical certifications as recommended will be forwarded to DPM for consideration. As a temporary solution, OCI conducted a new survey of all EDP firms for Medical Facility and AHCA experience and has created two temporary TC categories (JMH Architecture TC 9996 and JMH Engineering TC 9995). The firms that represented in their response that they met the minimum survey requirements have been assigned the appropriate TC. As a result, OCI will not be dependent on maintaining lists and can now process JMH project requests through the system rotational process.

**FINDING NO. 5 ONE SUB-PROJECT WAS NOT REVIEWED AND APPROVED BY AHCA UNTIL NEAR ITS COMPLETION.**

AHCA Rule 59A-3.080, *Plans Submission and Fees Requirements*, states that no construction work should be started until it has approved the construction plans and has issued its written approval to begin.<sup>11</sup> Nevertheless, we found one sub-project

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<sup>11</sup> According to AHCA Rule 59A.080, *Plans Submission and Fee Requirements*, no construction work, including demolition, shall be started until the Office of Plans and Construction (OPC) has given its prior written approval. This includes all construction of new facilities and any and all additions, modifications or renovations to existing facilities. When construction is required, either for new buildings, alterations or renovations to existing buildings, the plans and specifications shall be prepared and submitted to OPC for approval by a Florida-registered architect and a Florida-registered professional engineer.

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within our sample where the A&E plans and construction activities were not reviewed and approved by AHCA until after work was almost completed.

Central 7 Pharmacy is a sub-project of P-00100, *JMH Facilities Minor Repairs & Renovations*.<sup>12</sup> According to Capital Projects management, the scope of work began as a repair for a roof leak within the pharmacy; however, it later evolved into the installation of a pharmaceutical clean room within the pharmacy's existing space.<sup>13</sup> The readiness of the clean room (which included A&E plans, electrical, mechanical, and plumbing work) was assigned to Capital Projects in November 2008. Records showed that Capital Projects later assigned the A&E design work to an EDP firm in December 2008.<sup>14</sup> The total project cost was \$193,164, which includes the A&E fee of \$24,000.

We note that the clean room, which is a pre-fabricated structure, was bought and then installed on December 18, 2008, which was only three days after the A&E consultant signed a service order to design the A&E plans that would be submitted for AHCA's review and approval. Records show that Capital Projects' written request to AHCA for review of the A&E plans was submitted the same day the clean room installation was completed, which is not in compliance with AHCA's rules. AHCA's initial review of the A&E plans was later performed on February 11, 2009.

Furthermore, the contractor performing electrical, mechanical, and plumbing for the clean room, according to its invoice of December 16, 2008, had already completed 50% of the work by that date.<sup>15</sup> These factors show that there were several aspects of the project occurring simultaneously, although AHCA rules require that it reviews and issues a written approval of construction plans before any construction work commences.

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<sup>12</sup> Central 7 Pharmacy, P-00935, is one of five sub-projects lumped together under one EDP agreement, P-00100. Central 7 Pharmacy is for the renovation of an existing pharmacy located on the 7<sup>th</sup> floor of the Central Building.

<sup>13</sup> A clean room is a highly controlled environment that is sterile and has a highly reduced contamination risk factor, such as a dust-free environment. The air entering the clean room from outside the building is dehumidified and cooled and the air inside is constantly re-circulated through high efficiency particulate air (HEPA) filters to remove internally generated contaminants. Staff enters and leaves through airlocks and wears protective clothing such as facemasks, gloves, boots, and overalls.

<sup>14</sup> P-00100 is one of the projects for which there was no documentation supporting the selection process for the awarded firm.

<sup>15</sup> The OIG questions this invoice as it merely states 50% completion for each work scope, even where the work would presumably be towards the end of the project schedule, e.g. patching and painting.

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According to Capital Projects, hospital senior management expressed that it had an urgent need to complete the clean room and prior commitments were made for its installation before the A&E plans were submitted to AHCA. The room was approved by AHCA and was later occupied on July 22, 2009. Once it was determined that the clean room would be installed, senior management should have first obtained AHCA's approval of its plans. In this case, if AHCA had required any modifications, redesigning the project would not have sufficed. Instead, plumbing, mechanical, electrical and other work would have had to be redone at JHS' cost.

***Recommendation***

We recommend that JHS management require its Capital Projects Department to:

11. Implement whatever reasonable steps are necessary to ensure that JHS strictly complies with AHCA rules and regulations regarding hospital construction and, to the extent that there may be an "urgent need" to expedite a project, that it has approved procedures in place to handle such cases without resorting to practices that are non-compliant with AHCA rules and regulations.

***Auditee Response***

Capital Projects provides some clarification and background information about this project, noting that the administration received a complaint that the space housing the pharmacy did not meet federal standards, and that the solution was to install the clean room. Capital Projects also notes that "The project, with all its revisions (whether requested by AHCA or by the User department at JHS) was fully approved by AHCA on June 2, 2009."

**FINDING NO. 6 THE OIG FEE WAS NOT BEING DEDUCTED ON A TIMELY BASIS FROM PAYMENTS MADE TO THE CONSULTANTS AND DEDUCTIONS FROM DIFFERENT PROJECTS WERE COMINGLED.**

Section 2-1076 of the Code of Miami-Dade County provides that the OIG will receive one quarter of one percent (1/4 of 1%) on certain County contracts to cover the cost of performing audits, inspections, investigations, and reviews. Nine of the eleven projects that we reviewed reported payments for A&E work completed. However, the OIG fee was not timely deducted from these payments. For the other two projects, one



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(P-00879) was active with no payment, while the other (P-00591) was cancelled before any work had begun.

As shown in Table 4, OIG fee deduction delays ranged from one month to 37 months. For P-00631, no OIG fee was deducted although the project's A&E work was completed in October 2006. For P-00803 and P-00818, the firms' December 2008 invoices stated 100% completion of work but the OIG fees for both projects have not yet been fully deducted.

**Table 4 Delays in OIG Fee Deductions**

<b>Project No.</b>	<b>Project Description</b>	<b>Amt Paid as of 3/26/09</b>	<b>OIG Fee (0.25%)</b>	<b>Fee Amount Deducted</b>	<b>Balance as of 3/26/09</b>	<b>Delays in Fee Deduction</b>
P-00631	Elliot Building 40-yr. Recertification	\$7,800	\$20	\$0	\$20	37 months
P-00655	Jackson N. Community Mental Health Crisis Stabilization Unit	\$10,135	\$25	\$23	\$2	18 months
P-00572A & B	Pharmacy Automation	\$80,697	\$202	\$232	(\$30)	12 months <sup>1</sup>
P-00100	JMH Facilities Minor Repairs & Renovations	\$25,347	\$63	\$53	\$10	5 months
P-00763	JMH Building Infrastructure for Elevator Modernization 141-146	\$24,086	\$60	\$60	\$0	5 months
P-00818	Jackson North CT Replacement	\$55,863	\$140	\$103	\$37	5 months
P-00803	Jackson North MRI Replacement	\$103,235	\$258	\$157	\$101	4 months
P-00591 EDCT	Radiology Capital Equipment	\$32,464	\$82	\$81	\$1	1 month
<b>Totals</b>		<b>\$339,626</b>	<b>\$849</b>	<b>\$710</b>	<b>\$139</b>	

<sup>1</sup> P-00572A had an amount of \$60,830 paid with an OIG fee of \$231.76 deducted as of 3/26/09. An excess deduction of OIG fee (\$79.68) remains. P-00572B had an amount of \$19,867 paid with no OIG fee deducted as of 3/26/09. OIG fee of \$49.67 remains outstanding. Additionally, both projects' fees were comingled with each other and with fees from other projects worked on by this A&E.

The OIG auditors asked the JHS Accounts Payable (A/P) Manager why the fees are not always deducted when making payments to the firms and why there are sometimes such long delays in deducting the fees. She stated that the fee calculations and deductions involve various and separate time consuming queries due to limitations in the JHS A/P system, which she noted is currently being replaced. As a result, A/P

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staff periodically calculates the OIG fee due on invoices already paid in conjunction with the deduction on the current invoice being processed for payment. The collective fee amount (past and current amounts) is then deducted from the current invoice to be paid. Sometimes there may be months between invoices and, at other times, there are no subsequent invoices from which to deduct the fee from.

We also noted that for projects P-00631 and P-00655, the outstanding OIG fees have been pending since April 2006 and September 2007, respectively. Records showed that these fees have not been deducted because the two A&E firms that worked these projects have not been awarded another contract. Therefore, they have not presented any further invoices for payment from which to deduct these amounts. In these instances, the A/P manager posted a deduction to the firm accounts, but has been unable to execute the deductions because these projects are closed and no further compensation is due to these firms unless they are awarded another contract.

Additionally, not only are the fees being deducted late, they are being combined with fees from other projects worked on by the same firm, and deducted as one amount from the later project. This practice of combining the fees can create unnecessary difficulty in reconciling the various projects. It can also allow a fee not to be deducted indefinitely, should the firm not receive another award.

***Recommendation***

We recommend that JHS management require its Accounts Payable Department to:

12. Ensure that the OIG fees are timely and properly deducted and that any new procedures associated with the implementation of its new automated system incorporate those steps necessary to ensure that OIG fee deductions are matched to the correct project's invoices on a current basis and are not commingled and deducted from later project invoices or another project's invoices.

***Auditee Response***

The [JHS] Accounts Payable Department provides the following comment: "Effective Fiscal Year 2009-2010, Jackson Health System will be under Lawson, the new Accounts Payable System that will allow the Accounts Payable Department to process and deduct the OIG fee in a more timely fashion. Accounts Payable expects to be able to assess the fee on an invoice basis rather than a lump sum on all payments made to the vendor for a period of time. This

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practice will prevent the commingling of fees from different projects under the same vendor.”

The JHS Capital Projects Department partially agrees with the finding and poses a series of anecdotal questions to the OIG, which we will answer under separate cover.

\*\*\*\*\*

As follow-up to the final audit, we request that both JHS and OCI provide the OIG with an informational report concerning the adoption and implementation of our recommendations. We request such a follow-up response in 90 days, on or before February 12, 2009.

\*\*\*\*\*

The OIG appreciates the cooperation and assistance afforded us by personnel from PHT/JHS and from OCI during the course of our audit.

**SCHEDULE A—Listing of Sampled Projects**

Project No.	Project Description	A&E Firm Name	Award Amount	Status as of July 24, 2009	Selection Process Documentation		Completed / Cancelled Date	Close Out Report	Past Performance Evaluation
					All Firms Contacted	Selection Criteria			
P-00100	JMH Facilities Minor Repairs & Renovations	N25 Architecture Co.	\$120,000	Active	No	No	N/A	N/A	N/A
P-00572A	Pharmacy Automation Highland Park Pavilion	CTG Architects, Inc.	\$60,830	Complete	No	No	10/20/08	No	No
P-00572B	Pharmacy Automation North Dade Health Center	CTG Architects, Inc.	\$26,707	Cancelled <sup>1</sup>	No	No	03/19/08	No	No
P-00591	Radiology Capital Equipment	Rodriguez, Peterson & Porras Architects, Inc.	\$37,000	Cancelled <sup>2</sup>	N/A <sup>3</sup>	N/A	N/A	N/A	N/A
P-00591 EDCT	Radiology Capital Equipment Replacement EDCT	CTG Architects, Inc.	\$50,000	Complete	No	No	4/2009	No	No
P-00631	Elliot Bldg 40-yr. Recertification	M.E.P. Engineering Corp.	\$7,800	Complete	No	No	10/12/06	No	No
P-00655	Jackson North Community Mental Health Crisis Stabilization Unit	JM Engineers, Inc.	\$12,500	Complete	Yes	No	10/20/08	No <sup>4</sup>	No
P-00763	JMT Bldg. Infrastructure for Elevator Modernization 141-146	AAXIS Architecture and Design, Inc.	\$35,000	Active	Yes	Yes	N/A	N/A	N/A
P-00803	Jackson North MRI Replacement	Ferguson, Glasgow, Schuster, Soto, Inc.	\$111,300	Complete	Yes	Yes	4/2009	No	No
P-00818	Jackson North CT Replacement	RO Architects & Planners, Inc.	\$89,516	Complete	Yes	Yes	5/2009	No	No
P-00879	CCU-B Expansion	ACAI Associates, Inc.	\$125,000	Active	Yes	Yes	N/A	N/A	N/A

<sup>1</sup> Project cancelled during A&E phase after approximately 70% of the work was completed.

<sup>2</sup> Project cancelled before any work began. (Replaced by P-00591 EDCT under separate procurement.)

<sup>3</sup> Selected firm was a special request.

<sup>4</sup> *Close Out Report* completed after OIG review of project files.

**Miami-Dade County  
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**APPENDIX A**  
**Response from Jackson Health System**

**IG08-15A**



1611 NW 12<sup>th</sup> Avenue  
Miami, Florida 33136-1096

October 6, 2009

Christopher Mazzella  
Inspector General  
Miami-Dade County Office of the Inspector General  
19 West Flagler Street – Suite 220  
Miami, Florida 33130

Re: OIG Draft Report, IG08-15A, dated September 11, 2009  
Audit of the Public Health Trust / Jackson Health System  
Equitable Distribution Program Architectural & Engineering Contracts

Dear Mr. Mazzella:

Please find attached Jackson Health System comments in response to the findings of the OIG audit report draft dated September 11, 2009. These comments were prepared by the **Capital Projects Department**, Support Services Division, unless otherwise noted (the additional comments are from the **Procurement Management Department** and the **Accounts Payable Department**).

**Page 9 of 26: Table 1; P-00631 Elliot Building 40 Recertification.**

*This is a completed project for the Phase I. The EDP provided engineers did the evaluation on the conditions of the structural and electrical conditions of the building and provided a signed-and-sealed report that was forwarded to the City of Miami Building Department. This was only a certification report, not a construction project.*

**Page 10 of 26, Finding # 1: Capital Projects did not comply with EDP procedures in the selection of the A & E firm for the majority of the projects reviewed.**

*Capital Projects accepts the findings, and has provided EDP Training. With regard to oversight to insure future practices, supervisory staff has been appointed to ensure implementation of procedures, going forward.*

*The **Procurement Management Department** provides the following response with respect to Finding #1 and Recommendations #1 thru 3:*

- 1. The Procurement Management Department concurs with the recommendation. We will work jointly with the Support Services Department to develop guidelines and training for Project Managers on EDP procedures.*
- 2. The Procurement Management Department concurs with the recommendation. We will develop guidelines to assist the Project Managers in determining and documenting the selection of the most qualified firm.*
- 3. The significant portion of project documentation is post award and maintained by the Project Manager in Support Services. Procurement will provide duplicate copies to Support Services of all documents held in the Procurement Management Department as part of the procurement process.*

Christopher Mazzella  
Miami-Dade County Office of the Inspector General  
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**Page 14 of 26, Finding # 2: Close Out Reports were not prepared for any of the completed projects. Other key forms are also not being prepared and/or are not timely submitted to OCI.**

- *Table 3 P-00631 EDP Project Status-Cancelled and Completed Projects. For Project P-00631 Close-Out Report indicates "not completed"; HOWEVER, the form was fully signed and sent to the EDP coordinator at the EDP office on January 15, 2009 for their signature and follow-up.*

*Capital Projects accepts the findings. Efforts have been made to comply with requirements, pending signature requested from vendors. Additionally, a team meeting was held on 9-16-09 to discuss and review the required forms. It was confirmed that documents will be consistent and regularly completed by all project managers on a timely fashion.*

*Forms included: Selection Criteria; A & E Selection Process; EDP Forms; Close Out Forms; Close Out Reports; Past Performance Evaluations.*

**Page 17 of 26, Finding #3: The EDPs' Scope Deviation Reporting and Approval Process Requires Better Definition.**

*Capital Projects manages an array of diverse projects and given the uniqueness of the Jackson Health System mission and resources, deviations from the original scopes do arise due to unforeseen conditions or reprioritizations. At times, it is in the best interest of the PHT and its delivery of patient care to depart from the original scopes. Thus, Capital Projects recommends that the EDP/OCI/PHT establish acceptable criteria for future use.*

**Page 19 of 26, Finding #4: JHS' requirements for AHCA/hospital experienced A & E firms gives rise for need to establish its own technical trade category within the EDP.**

*Capital Projects fully supports this recommendation and will provide recommendations, guidance criteria and specifications necessary to establish this special Health Care Category in cooperation with and in conjunction with EDP/OCI.*

**Page 21 of 26, Finding #5: One sub-project was not reviewed and approved by AHCA until near its completion**

***Paragraph number one: "Nevertheless, we found one sub-project within our sample where the A & E plans and construction activities were not reviewed and approved by AHCA, until after work was almost completed."***

*The application for the AHCA review was e-mailed to the Agency on December 18, 2008. With this application was sent a cover e-mail requesting a stand-up review in the AHCA Miami office. The date for this review was assigned for February 11, 2009. During the review, the plans were fully approved for construction. The project, with all its revisions (whether requested by AHCA or by the User department at JHS) was fully approved by AHCA on June 2, 2009.*

***Footnote #11: "The air entering the clean room from outside is filtered to exclude dust and the air inside is constantly re-circulated through..."*** Just to clarify the concept of this design, the air that is re-circulated into the room is only 27% of the total air being supplied to the room. The other 73% is air from outside of the building and is being de-humidified and cooled by the air handling unit.

**Page 22 of 26: Finding #5:**

**Paragraph number one: "We noted that the clean room, which is a pre-fabricated structure, was bought and then installed on December 18, 2008, which was only three days after the A&E consultant signed a service order to design the A&E plans..."**

- *In September 2008, JCAHO informed JHS that one of its Pharmacy employees had sent a complaint that stated that a proper Chemo IV preparation facility was needed to be established on Central 7 for the preparation of IV's.*
- *By early November, the senior administration determined to bring the space housing this pharmacy on Central 7 to United States Pharmacopeia Chapter 797 regulations, in conjunction to meet these requirements. The Pharmacy department ordered this clean room to resolve the concerns.*
- *The installation of the clean room was completed on December 18, 2008; however, the A/E consultant was not involved in the design, assembly or connection of this clean room until a later date.*

**Pages 23 thru 26, Finding #6 and Recommendation #12:**

*The Accounts Payable Department provides the following comment: Effective Fiscal Year 2009-2010, Jackson Health System will be under Lawson, the new Accounts Payable System that will allow the Accounts Payable Department to process and deduct the OIG fee in a more timely fashion. Accounts Payable expects to be able to assess the fee on an invoice basis rather than a lump sum on all payments made to the vendor for a period of time. This practice will prevent the commingling of fees from different projects under the same vendor.*

**Capital Projects partially agrees with Finding #6 and provides the following comments:**

- *Clarification is required regarding fee schedule being used to charge the ¼% (.25%) County Ordinance # 99-63 Dated June 8, 1999- states that this fee is charged by the Office of the Inspector General for performing audits, inspections, investigations and reviews to companies that have a purchase order or contract exceeding 1,000.00 dollar doing business with Miami Dade County.(Other exemptions apply).*
- *Are the fees listed on Table 4 an additional fee charged for using EDP services? Is it based on the total contract amount or cumulative per vendor? If it is based on cumulative amount, how often should it be reviewed for OIG fees due (quarterly, semiannually, or yearly)? If is it based by project, and different invoices are submitted, how will the OIG fee be determined?*
- *Ex: Company AAA charged \$100.00 for Project xcx (Completed January 2008)*
- *200.00 for Project xyz (Completed March 2008)*
- *400.00 for Project ppw (Completed June 2008)*
- *300.00 for Project acc (Completed June 2009)*
- *Cumulative to vendor AAA \$1,000.00*
- *The same company doing business with JMH would be required to pay the ¼%, however, since they are based on individual projects, with each project having a different contract and/or different purchase orders, individual projects are not required to pay OIF fee for your services. If the company meets the \$1,000.00 benchmark worth of invoices, how can we go back and*

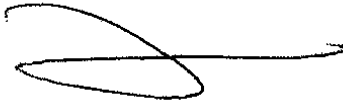


Christopher Mazzella  
Miami-Dade County Office of the Inspector General  
October 6, 2009  
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*retroactively collect funds for OIG, if in some cases the projects have been completed and closed? How can we pre-determine that a particular company will do \$1,000.00 worth of work?*

- *Suggestion to AP would be that the ¼% be allocated to all projects based on its total project budget for contractors, vendors, consultants and suppliers doing business with JMH, this will serve a dual purpose: (a) allocate funding for possible fees and (b) avoid errors and misinterpretations of this regulation.*

Sincerely,



Theodore G. Lucas  
Vice President, Strategic Sourcing

TGL:tb

Cc Eneida Roldan, MD, President and CEO, JHS  
Phil Frye, Vice President, Support Services, JHS  
Rob Scheffer, Interim Director, Capital Projects Dept., JHS  
Frank Barrett, EVP/CFO, JHS  
Arnie Paniagua, Controller, JHS  
Tom Blaine, Director, Procurement Dept., JHS

**Miami-Dade County  
Office of the Inspector General**

**APPENDIX B**

**Response from Miami-Dade County  
Office of Capital Improvements**

**IG08-15A**



Carlos Alvarez, Mayor

Capital Improvements  
111 NW 1st Street • Suite 2130  
Miami, Florida 33128-1926  
T 305-375-2724 F 305-372-6130

miamidade.gov

September 25, 2009

Mr. Christopher Mazzella, Inspector General  
Miami-Dade Office of the Inspector General  
19 West Flagler Street, Suite 220  
Miami, Florida 33130

Re: OIG's Draft Audit Report of the Public Health Trust/Jackson Memorial Hospital and the Selection Processes under the Equitable Distribution Program (EDP)  
OIG Draft Report – IG08-15A

Dear Mr. Mazzella:

Thank you for the opportunity to review the Officer of Inspectors General's (OIG) draft audit report dated September 11, 2009 regarding the selection process and practices used by the Public Health Trust/Jackson Memorial Hospital when obtaining architectural and engineering services through Miami-Dade County's Equitable Distribution Program (EDP).

The Office of Capital Improvements (OCI) recognizes it's role in preserving the EDP program integrity and associated procedural items noted in the report. OCI endeavors to successfully manage the program within our legislative authority. OCI has addressed many of the issues raised in the findings and we will be taking further proactive measures to incorporate additional recommendations. Over the past year, OCI has discussed many of these items with JMH administration and staff as well as other County departments. OCI has seen modest improvements of administrative oversight and policy compliance.

OCI conducted workshops for all EDP firms' participants, and the County project management staff this summer. These workshops reviewed the program requirements, policies and procedures and participant responsibilities. OCI will continue to periodically provide additional training to assist departments.

Once the final OIG report is issued, OCI will notify departments regarding the modifications and the importance of maintaining EDP policies and procedures. In the future, if departments do not provide OCI with required EDP documentation on projects they may be restricted from utilizing the EDP until such time that the pending items are satisfactorily resolved. OCI also plans to issue periodic non compliance project reports.

The Office of Capital Improvements provides the following responses, clarifications and recommendations to the issues raised and noted in the Audit Report in particular the Findings and Recommendations:

**Finding No. 1** *"Capital Projects did not comply with the EDP procedures in the selection of the A & E firms for the majority of the projects Review."*

*Handwritten signature: Carlos Alvarez*

This finding focuses on the issue that JMH did not abide by the EDP firm selection mandates. Pursuant to the EDP program legislation, Administrative Order AO 3-39 and the EDP Policies and Procedures, departments are required to document and maintain a record of the factors utilized to determine the most qualified firm from the list provided by OCI. From the OIG's review of eleven EDP projects between the years 2006-08, JMH Project Manager's were not consistently maintaining sufficient selection and project records. Currently OCI provides the Consultant Selection Information Form (CSI) as an auxiliary record but it is the department's responsibility to have compliant selection procedures. At a minimum, departments should consider each firm's qualifications, experience, past performance and staffing for the specific project. OCI supports the OIG's position that JMH should have supervisory review procedures in place as well as one centralized project file. OCI's current policy is to copy the EDP department project designee on all correspondences to the Project Manager (PM) to ensure oversight. In response to the OIG's concerns, OCI will reinforce the current selection procedures to require department PM's to also submit their selection documentation records along with their firm selection notification to OCI. Recently OCI posted Firm and department EDP program procedures and forms on the Internet and/or Intranet as applicable.

**Finding No. 2** *"Close Out Reports were not prepared for the completed projects. Other key forms are also not being prepared and/or timely submitted to OCI."*

This finding primarily addresses the failure of JMH to submit the required project documents with accurate and completed information. Pursuant to AO 3-39 and internal EDP policies and procedures departments are required to timely submit specific EDP documentation. As indicated in Finding 1, as a result of OCI reminders, workshops and administrative interaction this past year, OCI has seen improvements of document submittals by JMH as well as many other departments. OCI will notify pertinent department staff of the new policies and procedures. In addition, OCI will request Directors to impress upon their staff the importance of abiding by the EDP policies and procedures. In the future department's access to the EDP program may be restricted if the required information is not received in a timely manner. The memo will also emphasize the importance of completing Past Performance Evaluation (PPE) in compliance with the EDP mandates as well as Administrative Order 3-42 - Evaluation and Suspension of Contractors and Consultants. The OCI Director sent department Directors a reminder e-mail regarding County PPE requirements this past February and subsequently the EDP sent out a reminder notice to all department Project Managers.

OCI is in the process of implementing an EDP project status system using the County's centralized Capital Improvements Information System (CIIS). Once implemented, OCI will begin generating and issuing periodic EDP project status reports to Department Directors and Supervisors. With the use of this tool, we believe that the department's EDP project designees will assure that project records are updated accordingly. Reporting project status is particularly important with respect to submitting "Close Out" reports timely. The failure to submit these reports may impact a firm's rotational ranking.

Currently, JMH does not have access to CIIS. Until this issue is not resolved, JMH will not be able to complete PPEs and/or monitor their EDP projects. The Enterprise Technology Services Department (ETSD) may be able to assist JMH in this endeavor.

**Finding No. 3** *"The EDP's Scope Deviation Reporting and Approval Process Requires Better Definition."*

This finding addresses OCI's policies, monitoring and approval of increasing project scope and fees. Departments are required to have OCI's approval for all minor and/or major project authorization revisions in order for OCI to maintain accurate project controls and records. Departmental Accounts

Payable representatives should not process any project invoice that exceeds the current OCI authorization. OCI routinely approves department requests for project authorization increases when an explanation of the project scope revisions/additions are provided by the department and the estimated construction cost remains within the mandated thresholds for continuing contracts under F.S. 287.055. Upon receipt of the revised work authorization approved by the user Department's Director and/or designee and by OCI, the project authorization is amended. These procedures were not followed by JMH in reference to EDP P 00870. OCI was notified of the project expansion seven months after the original project selection and project assignment was approved for a significantly smaller renovation of the critical care units. However, since the original and added project scope both involved the same type of work, "Architectural Design Services for Critical Care Units," the selected firm held the required expertise to complete the project. In addition, the firm had previously provided detailed proposals and had negotiated the price with JMH. Since the negotiated cost of the expanded project remained within the allowable thresholds, OCI determined that it was necessary to require JMH to go through the entire process again. If OCI is notified of a significant work scope revision, particularly one requiring additional technical certifications, prior to a department completing the project authorization, OCI may recommend a new prime selection process. In the JMH case, the primary project work, firm qualifications and technical expertise did not change. It is my understanding that JMH has instituted new supervisory review procedures. With these new procedures in place, we do not anticipate that JMH will proceed with any substantial project scope and/or fee increases without prior OCI approval. Also, we have been advised, that the JMH Procurement Section will no longer approve a revised and/or additional work authorization without OCI approval.

**Finding No. 4** *"JHS' requirements for AHCA/hospital experienced A & E firms' gives rise for the need to establish its own technical trade category within the EDP"*

This finding addresses the need to establish official Architectural and Engineering Technical Certification (TC) categories to be utilized for JMH projects requiring substantial hospital and AHCA experience. The technical certification function is being transferred to the Department of Procurement Management (DPM) as part of the County's effort to streamline the vendor enrollment process as of October 1, 2009. The recommendation to establish additional hospital technical certifications as recommended will be forwarded to DPM for consideration. As a temporary solution, OCI conducted a new survey of all EDP firms for Medical Facility and AHCA experience and has created two temporary TC categories (JMH Architecture TC 9996 and JMH Engineering TC 9995). The firms that represented in their response that they met the minimum survey requirements have been assigned the appropriate TC. As a result, OCI will not be dependent on maintaining lists and can now process JMH project requests through the system rotational process.

**Finding No. 5** *"One subject-project was not reviewed and approved by AHCA until near it's completion."*  
**Finding No. 6** *"The OIG fee was not being deducted on a timely basis from the payments made to the consultants and deductions from different projects were commingled."*

These two findings address internal JMH issues unrelated to the EDP selection process and practices or OCI's involvement.

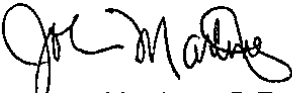
OCI will make every effort to maintain the program integrity within our legislated authority and impress upon department's their responsibility to adhere to the program policies and procedures. OCI will also continue to provide department staff training and provide information on process and procedures through the County's website for ease of reference as well as continue its efforts to streamline and reduce administrative processes. In conclusion, we believe the recent workshops, direct interactions with JMH

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and all user agencies' administration, along with the proposed new measures and continued training should mitigate the type of deficiencies noted in this report.

Should you need further clarifications on these items or have any questions or concerns, please do not hesitate to contact me at (305) 375-2724.

Sincerely,



Johnny Martinez, P.E.  
Director

c: Ysela Llort, Assistant County Manager  
Luisa Millan, Chief, Professional Services Division, OCI  
Elizabeth Zabowski, EDP Coordinator, OCI