



Memorandum

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visit our website at www.miamidadeig.org

To: Hon. Agustin J. Barrera, Chair
and Members, Miami-Dade County School Board
Rudolph F. Crew, Ed.D, Superintendent, Miami-Dade County Public Schools

From: Christopher R. Mazzella, Inspector General
for Miami-Dade County Public Schools

Date: July 30, 2008

Subject: MDCPS Response to the OIG Report Re: Overpayments to Professional Engineering & Inspection Company, Inc. (PEICO), Ref. IG08-16SB

On July 24, 2008, the Office of the Inspector General distributed our final report regarding certain overpayments that were made to Professional Engineering & Inspection Company, Inc. (PEICO). The OIG had solicited comments to our draft version of this report; however, the OIG had not received any responses by the expiration of the draft review period.

The OIG received the attached response from the Superintendent's Office on July 25, 2008, after our report had been finalized. The OIG has carefully reviewed the Superintendent's response. In light of the general concurrence that the District did overpay PEICO, and has since been reimbursed, we do not believe any changes to the report are warranted.


The OIG re-emphasizes that our report (both in the draft and final versions) contained two recommendations. One of the two recommendations is addressed in the Superintendent's response; that is, changing internal procedures on work order issuance and invoice processing, which would positively impact payment processing verification procedures. Our second recommendation was not addressed. As noted in our July 24, 2008 distribution of the final report, the OIG requests, pursuant to Section 3(c) of the Interlocal Agreement, that the Superintendent provide a report within 60 days, on or before September 24, 2008 regarding the implementation status of the OIG's recommendations and/or any other remedial activities being undertaken by the Administration.

cc: Mr. Jaime G. Torrens, Chief Facilities Officer, Office of School Facilities
Mr. Victor Alonso, Design Officer, Office of School Facilities-Construction
Ms. Shari Lee, Executive Director, District Wide Initiatives Section
Office of School Facilities-Construction
Mr. Allen Vann, Chief Auditor, Office of Management and Compliance Audits

Attachment (Superintendent's Response)

MEMORANDUM

July 23, 2008

TO: Mr. Christopher R. Mazzella, Inspector General
FROM: Rudolph F. Crew, Superintendent of Schools 
SUBJECT: **RESPONSE TO JULY 7, 2008 DRAFT REPORT IG08-16SB - CONTRACT OVERPAYMENT TO PROFESSIONAL ENGINEERING & INSPECTION COMPANY, INC. (PEICO)**

Attached please find the response to the July 7, 2008, Draft Report IG08-16SB entitled *Miami-Dade County Public Schools Contract Overpayment to Professional Engineering & Inspection Company, Inc. (PEICO)*. If you have any questions regarding this matter please contact Mr. Jaime G. Torrens, Chief Facilities Officer, Office of School Facilities, at 305-995-1401.

RFC:bmg
M119 (R42)

Attachments

cc: School Board Members
Mr. Jaime G. Torrens
Mr. Allen M. Vann

ATTACHMENT

MEMORANDUM

July 22, 2008

TO: Rudolph F. Crew, Ed.D., Superintendent of Schools
Miami-Dade County Public Schools

VIA: Jaime G. Torrens, Chief Facilities Officer
Office of School Facilities

FROM: Victor Alonso, Design Officer
Office of School Facilities

Shari Lee, Executive Director
Office of School Facilities

**SUBJECT: RESPONSE TO JULY 7, 2008 DRAFT REPORT IG08-16SB -
CONTRACT OVERPAYMENT TO PROFESSIONAL ENGINEERING &
INSPECTION COMPANY, INC. (PEICO)**

This is in response to the draft report dated July 7, 2008 from the Office of the Inspector General (OIG), entitled *Miami-Dade County Public Schools Contract Overpayment to Professional Engineering & Inspection Company, Inc. (PEICO)*, which reports on the payment of invoices for Phase I Environmental Reports performed at 36 schools sites.

In summary, we concur with the OIG findings that overpayments totaling \$18,000 (from over \$3 million in work orders issued since April 2003) were inadvertently made and that the full amount was returned by PEICO upon notification by the District. On page 5 of 8, however, reference is made to interviews conducted by OIG Special Agents which require further clarification. Specifically, the Report states that we signed work orders and invoices without reading the documents or corresponding reports:

Work Orders – All of the work order requests except one, explicitly state: “Fee per contract - \$2,900 per site for sites 25 acres or less, \$3,500 for sites greater than 25 acres.” The work order requests were all executed properly and for a not-to-exceed amount of \$3,500. The executed work order requests were provided to the vendor attached to the work orders. Thirty-five of the work order requests in this group were processed in two large groups when the reports were requested by Treasury Management. The work orders in the second group reiterated the fee language on the work order. Therefore, the work orders issued to the vendor clearly indicate the vendor was to charge a fee, as detailed in the contract, dependent upon the acreage.

Reports – Detailed geotechnical/soil testing is necessary and utilized for most construction projects. However, Phase I Environmental Reports focus on the historical use of a property and adjacent properties. The reports in question were prepared on behalf of the District's financing institutions and were expedited by the Office of School Facilities at the request of the Treasurer's office. Consequently, there was no need for School Facilities staff to individually read the Phase I Environmental Reports prior to approving the invoicing, as our concern at the time of approval was whether the reports were completed and submitted as required for the funding. It must be emphasized that all reports had been received in a timely manner.

The vendor has acknowledged the 30 invoices erroneously over-billed the District. We acknowledge we did not detect the billing errors when approving the invoices for payment. As a result, we have taken action to ensure that this does not recur in the future. We are changing our internal procedures to include determination of acreage before issuance of Phase I Environmental work orders. Additionally, we will require, for all work orders, replication of the "Detailed Project Description" from the *Capital Improvement Work Order Request Form 5590* on the face of the work order sent to the vendor. Finally, we will require attachment to any invoice, by the vendor, of the work order copy with all attachments prior to approval for payment. This will ensure the reviewer of the invoice has quick and easy access to the fee and note information included in the work order while reviewing the invoice.

Attached is a copy of a letter dated May 27, 2008 from PEICO and accompanied by their check for \$18,000 to reimburse the District for the overpayment.

In conclusion, it is important to understand the context of the request for Phase I Environmental Reports in relation to the management of the District's construction program. Geotechnical and soil testing of sites is critical prior to the design and construction of schools and is thoroughly reviewed by staff and consultants. The Phase I Environmental Reports in question were a specific requirement of Certificates of Participation (COP) funding and requested by the District's Treasurer. At the time of that request, most of the projects had already been constructed. Again, these reports were strictly a requirement for financing and had no impact on design or construction.

Attachment



**BUREAU
VERITAS**

May 27, 2008

Mr. Julio Alvarez
Contract Management Department
Miami-Dade County Public Schools
155 NE 15th Street, Room P103
Miami, Florida 33132

RE: Environmental Services for Phase I
Dated 12/14/05 and 9/16/06

Dear Mr. Alvarez,

Pursuant to your letter dated April 28, 2008, enclosed is a check for the reimbursement as requested totaling \$18,000. Please keep in mind your letter referenced \$17,400 as a reimbursement; however, our records indicated F.C. Martin Elementary School was listed as less than 25 acres, however MDCPS's records reflect that the this project was greater than 25 acres. As such, we included a reimbursement of \$600 additional to resolve this matter in its entirety. Attached is a copy of your letter.

Should you have any questions, contact me accordingly.

Sincerely,

Bureau Veritas North America, Inc.


Richard Tong
Executive Vice President

Cc: Berta Alonso, BVNA

Encls.

BUREAU VERITAS NORTH AMERICA INC.

43222

DATE	INVOICE NO	COMMENT	AMOUNT	DISCOUNT	NET AMOUNT
05/14/08	994401	2600H-000001.00 130	18,000.00		18,000.00

CHECK: 05/22/08 Miami Dade County Public Schools

CHK TOTAL: 18,000.00

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER

BUREAU VERITAS NORTH AMERICA INC.
 11860 WEST STATE ROAD 84, STE. 1
 FORT LAUDERDALE, FL 33325

BANK OF AMERICA
 450 B ST., STE. 1500
 SAN DIEGO, CA 92101

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NUMBER

16-66/1220

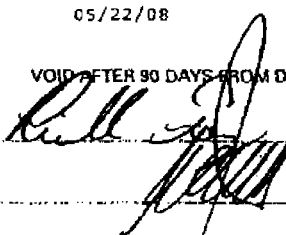
EIGHTEEN THOUSAND AND 00/100 USD

DATE	AMOUNT
05/22/08	****18,000.00

Y
THE
DER

Miami Dade County Public Schools
 Attn: Mr. Julio Alvarez
 155 N.E. 15th St
 Room p103
 Miami FL 33132
 United States

VOID AFTER 90 DAYS FROM DATE OF ISSUE



SECURITY
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