

# Memorandum

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To: Theodore G. Lucas, V.P., Strategic Sourcing & Chief Procurement Officer  
Public Health Trust/Jackson Health System

Johnny Martinez, P.E., Director  
Office of Capital Improvements

From: Christopher Mazzella, Inspector General

Date: March 4, 2010

Subject: Jackson Health System's and the Office of Capital Improvements' Status Reports to the Office of the Inspector General (OIG) re: the *OIG's Final Audit Report on the Public Health Trust/Jackson Health System Equitable Distribution Program for Architectural and Engineering Contracts*, Ref. IG08-15A

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The Office of the Inspector General is in receipt of Jackson Health System's (JHS) and the Office of Capital Improvements' (OCI) 90-day status reports on the above-captioned matter. (See Attachments A and B, respectively.)

Both the responses to the draft report (received last fall) and the updated status reports (just received) aptly demonstrate JHS' and OCI's recognition of the audit's findings and your agencies joint resolve to address the deficiencies. Moreover, last month's meeting attended by the OIG clearly validated JHS' and OCI's commitment to improve the Equitable Distribution Program as utilized by JHS. In particular, we were pleased to hear of JHS' ongoing efforts with OCI and the County's Department of Procurement Management (DPM) to enhance JHS' experience with the EDP.

Likewise, OCI's updated response describes its implementation of the OIG recommendations, which will benefit all EDP users, including JHS, and add a higher level of accountability to the process. These practices include the providing of a list of minimum selection criteria for departments to consider and a requirement that any and all additional services beyond the original scope of services must be approved by OCI. We believe that both departments' continued efforts will mitigate many of the issues revealed by our audit.

Lastly, we note that our request to establish a listing of architectural and engineering (A&E) firms with relevant Agency for Health Care Administration (AHCA) experience is in the process of being implemented with the assistance DPM. Accordingly, we

request receipt of another status report in 90 days describing your mutual progress in establishing this new sub-listing of A&E firms with AHCA experience.

You may send a joint response or separate responses; however, we would appreciate receiving a response on this last issue on or before June 4, 2010. We look forward to being apprised of your mutual efforts in implementing this last recommendation made by the OIG. In the meanwhile, please do not hesitate to contact Assistant Inspector General Patra Liu if you have any questions.

cc: Dr. Enieda Roldan, President/CEO, Jackson Health System  
George M. Burgess, County Manager, Miami-Dade County  
Miriam Singer, Director, Department of Procurement Management  
Charles Anderson, Commission Auditor, Miami-Dade County  
Cathy Jackson, Director, Audit and Management Services Department  
Marlane Berg, Director, Internal Audit, Jackson Health System  
Clerk of the Board (copy filed)



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February 22, 2010

Christopher Mazzella, Inspector General  
Patra Liu, Assistant Inspector General  
Office of Inspector General  
19 West Flagler Street – Ste 220  
Miami, Florida 33130

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

Dear Mr. Mazzella and Ms. Liu:

Please find attached, Jackson Health System's "implementation response" to the OIG Final Audit Report referenced above.

If you should have any additional questions, please feel free to contact our office at (305) 585-7333 or email [tlucas@jhsmiami.org](mailto:tlucas@jhsmiami.org).

Sincerely,

A handwritten signature in black ink, appearing to read "TGL", with a large, sweeping flourish extending to the left.

Theodore G. Lucas  
Vice President, Strategic Sourcing  
Chief Procurement Officer

TGL:tb  
Attachment

Cc: Hon. John H. Copeland III, Chairperson and Members, PHT, Board of Trustees  
Regginald Jordan, Corporate Director, JHS, Support Services  
George M. Burgess, County Manager  
Ysela Llort, Assistant County Manager  
Robert M. Scheffer, Interim Director, Capital Project Dept, JHS  
Arnie Paniagua, Controller, JHS  
Marlane Berg, Director, Internal Audit, JHS, Corporate Compliance  
Miriam Singer, Director, Department of Procurement Management  
Cathy Jackson, Director, Audit and Management Services Department  
Charles Anderson, Commission Auditor

ATTACHMENT A

**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.

**Recommendations:**

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.

**Update: Project Managers are provided with EDP training in coordination with the EDP Program Manager, the most recent training took place on July 20, 2009 and August 3, 2009. JHS will continue working with the EDP Program Manager for continued annual training including on demand training for new employees as necessary.**

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.

**Update: JHS Procurement Management Department and Support Services Department are working jointly in improving the supervisory review and approval process through the newly implemented Lawson ERP system. Lawson provides a multi-tiered approval process for requisitions and purchase orders and the ability to link electronic files in support of such purchases. Future purchase orders for A/E vendors solicited through EDP will have EDP forms, such as the EDP Request Form, Consultant Selection Information, Prime Firm Selection, and Work Authorization. Additionally, JHS Procurement Management is in discussion with Lawson representatives to determine the feasibility of special EDP coding in Lawson for future reporting.**

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.

**Update: Routinely hardcopy project files are boxed and sent to off site storage facilities. Included in these files will be all solicitation, award and project close out documents. Additionally, JHS Procurement Management Department and Support Services Department are working jointly to determine if the existing Compliance 360 database can be used as an electronic repository for the respective project files related to the EDP process.**

4. *Response provided by Department of Procurement Management (DPM) and Office of Capital Improvement (OCI) under separate cover.*

**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

**Recommendations:**

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.)

**Update: Project Managers are provided with EDP training in coordination with the EDP Program Manager, the most recent training took place on July 20, 2009 and August 3, 2009. JHS will continue working with the EDP Program Manager for continued annual training including on demand training for new employees as necessary.**

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 JHS procurement standards and EDP procedural requirements. (Same as Recommendation 2 but for different forms.)

**Update: JHS Procurement Management Department and Support Services Department are working jointly in improving the supervisory review and approval process through the newly implemented Lawson ERP system. Specifically, Support Services staff has been trained in the proper process for EDP Close Out and Past Performance reporting needs. Additionally, JHS Procurement Management Department and Support Services are reviewing the feasibility to link such “end of project” reports to the initial EDP forms, providing a complete EDP electronic project file and are working jointly to determine if the existing Compliance 360 database can be used as an electronic repository for the respective project files related to the EDP process.**

7. *Response provided by Department of Procurement Management (DPM) and Office of Capital Improvement (OCI) under separate cover.*

**Finding No. 3**

The EDP’s scope deviation reporting and approval process requires better definition.

8. *Response provided by Department of Procurement Management (DPM) and Office of Capital Improvement (OCI) under separate cover.*

**Finding No. 4**

JHS's requirement for AHCA/Hospital experienced A&E firms gives rise for the need to establish its own technical trade category within the EDP.

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.

**Update: JHS Procurement Management Department, Support Services Department are the Office of Capital Improvements are currently investigating the feasibility and necessary next steps for creating a specialized "healthcare" pool of vendors that can be qualified and included in the EDP selection process much the same way as the "Seaport" and "Transit" specific niche A&E firms that can be focused on depending on the specific needs of a project.**

10. *Response provided by Department of Procurement Management (DPM) and Office of Capital Improvement (OCI) under separate cover.*

**Finding No. 5**

One sub-project was not reviewed and approved by AHCA until near its completion.

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.

**Update: Capital Projects will continue to follow all guidelines, regulations and protocols concerning the inspection and approval of all construction and renovation projects within the Jackson Health System by AHCA inspection personnel, regardless of any time constraints surrounding a project.**

**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 commingled.

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.

**Update: Accounts Payable Department is working with the newly implemented Lawson procurement, financial, and account payable system, and Lawson representatives to create the necessary reports that will allow for the proper and timely processing and deduction of OIG fees on an invoice bases rather than lump sum. The current projection completion time for this system enhancement is March 1, 2010.**



Carlos Alvarez, Mayor

File IG08-15A

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2010 FEB 10 PM 6:00

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February 5, 2010

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

Re: OIG's Final Audit Report Public Health Trust/Jackson Health Systems Equitable Distribution Program (EDP) Services Ref. IG08-15A

Dear Mr. Mazzella:

The Office of Capital Improvements (OCI) appreciates the Office of the Inspector General's (OIG) observations and suggestions. OCI has addressed many of the issues raised in the findings, as detailed in our response dated September 11, 2009. As requested in the OIG Final Audit Report, OCI is providing information relating to the implementation of OIG's 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 reviewed."*

JMH established EDP supervision through their Procurement Division last year, JMH EDP User staff attended OCI's EDP User workshops, detailed Department EDP policies and procedures, forms, etc. have been distributed to JMH EDP User staff and Management. If requested, OCI will provide another workshop for JMH staff.

OCI has notified EDP Users that they should submit a copy of their selection rationale along with their prime selection notification to OCI. OCI also provided a list of minimum selection criteria for Departments to consider.

**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."*

It is paramount that JMH establishes Capital Improvements Information System (CIIS) access so that they can address the County's Capital Improvements mandates for completing EDP Performance Evaluations for all EDP service orders.

OCI will continue to post updated detailed EDP firm information on the Intra net OCI website and Department related items on the CIIS.

OCI reiterated in a recent EDP Department Notification a reminder regarding the required project documentation submittals, completion of Past Performance Evaluations and potential consequences for failure to abide by the policies and procedures. Copy attached.

ATTACHMENT B

**Finding No. 3** *“The EDP’s Scope Deviation Reporting and Approval Process Requires Better Definition.”*

OCI reiterated in a recent EDP Department Notification that any and all additional services must be approved by OCI and that the scope of services must be associated with the original project scope as well as accumulatively remain within the EDP project thresholds.

EDP project services typically include design through construction. The entire project should be contained in one construction package so that the project is permitted under the liability of one Architect or Engineer of Record and constructed under one Construction Contract. It would not be in the County’s best interest to split up a project unnecessarily nor is it within OCI’s authority to require a project’s additional scope to be conducted by another firm. The OCI program coordinator reviews and approves Department’s requests for revised work authorizations provided the additional services are associated with the original project scope, that the project remains within the allowable project thresholds and the Project Managers supervisor is notified. If the request is significant or not within these parameters, the Coordinator addresses Management as necessary. If the scope is not associated with the project, the Department will be asked to establish a separate project.

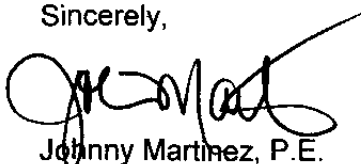
**Finding No. 4** *“JHS’ requirements for AHCA/hospital experienced A & E firms’ gives rise for the need to establish its own technical trade category within the EDP”*

Since the Technical Certification (TC) was transferred to Department of Procurement Management, OCI forwarded the OIG report and recommendation to DPM administration. OCI will continue to utilize the temporary EDP JMH TC list until permanent TCs are adopted.

OCI has found that the actions taken this year have already mitigated many of the JMH EDP deficiencies. Also, OCI believes that with the adoption of new measures and its continued efforts to impress upon Departments of their EDP responsibilities will further diminish program nonconformity.

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



**E D P**  
EQUITABLE DISTRIBUTION PROGRAM

## DEPARTMENT NOTIFICATION

**JANUARY 2010**

AS A RESULT OF FAILURES TO COMPLY WITH REQUIRED EDP POLICIES AND PROCEDURES COUPLED WITH RECENT FINDINGS ADDRESSED IN AN OFFICE OF INSPECTOR REPORT, PLEASE BE ADVISED OF THE FOLLOWING NEW PROCEDURES AND POLICY REMINDERS:

**FOR ALL FUTURE EDP PROJECTS, DEPARTMENT'S SHOULD PROVIDE OCI WITH A RECORD OF THEIR FIRM SELECTION RATIONALE.**

DEPARTMENTS ARE REMINDED THAT ADMINISTRATIVE ORDER 3-39 MANDATES THAT DEPARTMENTS DOCUMENT THE FACTORS UTILIZED TO DETERMINE THE MOST QUALIFIED FIRM. DEPARTMENTS SHOULD EVALUATE EACH FIRM AND AT A MINIMUM CONSIDER THE FIRMS RESPONSIVENESS, QUALIFICATIONS, PROJECT STAFFING AND RELATIVE PROJECT EXPERIENCE. DEPARTMENT SELECTION RATIONALE RECORD/S SHOULD BE INCLUDED WITH THE EDP FIRM SELECTION CORRESPONDENCE TO OCI, ELIZABETH ZABOWSKI, EDP PROGRAM COORDINATOR.

**DEPARTMENTS MUST HAVE OCI'S APPROVAL TO INCREASE A PROJECT AUTHORIZATION.**

DEPARTMENTS MUST REQUEST TO INCREASE A PROJECT AUTHORIZATION TO OCI, ELIZABETH ZABOWSKI, EDP PROGRAM COORDINATOR. THE REQUEST SHOULD DESCRIBE THE INCREASED SCOPE AND FEE. OCI WILL APPROVE DEPARTMENT'S REQUESTS FOR REVISED WORK AUTHORIZATIONS PROVIDED THE ADDITIONAL SERVICES ARE ASSOCIATED WITH THE PROJECT SCOPE, THE PROJECT REMAINS WITHIN THE ALLOWABLE PROGRAM THRESHOLDS AND THE PROJECT'S DESIGNEE IS NOTIFIED. IF THE REQUEST IS NOT WITHIN THESE PARAMETERS, OCI MANAGEMENT WILL EVALUATE AND MAKE A DETERMINATION.

ONCE APPROVED, DEPARTMENTS MUST SUBMIT A COPY OF THE REVISED SERVICE AUTHORIZATION FOR THE PROJECT RECORD TO BE UPDATED ACCORDINGLY. PROJECT MANAGERS, DEPARTMENT MANAGEMENT OR INTERNAL FINANCE DIVISIONS SHOULD NOT APPROVE REVISED EDP PROJECT AUTHORIZATIONS WITHOUT CONFIRMATION OF OCI'S APPROVAL. THE FINANCE DEPARTMENT WILL DENY PROCESSING AN INVOICE THAT EXCEEDS THE CURRENT OCI PROJECT AUTHORIZATION. THIS IS CRITICAL IN ORDER TO MAINTAIN FIRM'S AWARD RECORDS CORRECTLY.

OCI HAS FOUND THAT NUMEROUS PROJECT INCREASES RESULT FROM SMALL ADDITIONAL SERVICES NEEDS AND/OR REIMBURSABLES. OCI RECOMMENDS THAT DEPARTMENTS INCLUDE A 10% NOT TO EXCEED (NTE) CONTINGENCY AS WELL AS A DEDICATED ALLOWANCE FOR REIMBURSABLES IN THEIR PROJECT WORK AUTHORIZATIONS.

**DEPARTMENTS MUST TIMELY COMPLETE AND SUBMIT REQUIRED EDP PROJECT DOCUMENTATION AND COMPLETE PERFORMANCE EVALUATIONS.**

DEPARTMENTS MUST TAKE RESPONSIBILITY TO ABIDE BY EDP POLICIES AND PROCEDURES. FAILURE TO COMPLY MAY RESTRICT A DEPARTMENTS AND/OR PM'S ACCESS TO THE EDP PROGRAM. ALSO, OCI WILL SUBMIT PERIODICAL PROJECT STATUS REPORTS TO DEPARTMENT'S MANAGEMENT.

**OCI REQUESTS THAT EACH EDP USER:**

-REVIEW THE EDP PROGRAM REQUIREMENTS. DETAILED DEPARTMENT POLICIES AND PROCEDURES, 2009 DEPARTMENT WORKSHOP PRESENTATION, EDP CONTRACTS, FORMS, EDP PROJECTS DATA ARE LOCATED ON THE CIIS AT [HTTP://INTRA/CIIS/ARCHITECTURE.ASP](http://intra/ciis/architecture.asp).

- REVIEW AND UPDATE THEIR EDP PROJECT RECORDS WITH OCI.

- CONTACT OCI IF YOU REQUIRE ADDITIONAL EDP TRAINING.

**SHOULD YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE, PLEASE CONTACT ELIZABETH "BIBA" ZABOWSKI, OCI EDP PROGRAM COORDINATOR AT (305) 375-2824 OR VIA EMAIL AT [BIBA@MIAMIDADE.GOV](mailto:BIBA@MIAMIDADE.GOV).**