



Memorandum



Miami-Dade County Office of the Inspector General
A State of Florida Commission on Law Enforcement Accredited Agency
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To: Ms. Alina Hudak, Deputy Mayor / Interim Director
Public Works and Waste Management Department

From: Mary T. Cagle, Inspector General

Date: September 29, 2014

Subject: Receipt of PWWM's Status Report and Closeout of the OIG's *Audit of PTP-funded Concrete and Asphaltic Contracts Managed by the Miami-Dade County Department of Public Works and Waste Management*, IG11-15

The Office of the Inspector General (OIG) is in receipt of the Public Works and Waste Management Department's (PWWM) status report, dated July 7, 2014, regarding the above-captioned audit. (Attachment 1) This status report was requested by the OIG from PWWM to describe new procedures implemented pursuant to the recommendations made in our final audit report issued September 25, 2013.¹

In this audit report, the OIG reported the results of its audit of concrete and asphaltic resurfacing contracts awarded under the People's Transportation Plan (PTP) between 2004 and 2010, which were administered by PWWM. This audit report contained a number of observations and comments, followed by three recommendations.

After the final audit report was issued and prior to the July 7, 2014 response was received, PWWM staff reached out to OIG auditors on a few occasions to discuss contemplated new procedures. The OIG appreciates PWWM's efforts to provide the OIG with these interactions and obtain our feedback.

After receiving the attached response, PWWM staff and OIG auditors met again on September 4, 2014, wherein PWWM provided a PowerPoint presentation on the new changes. The presentation included a step-by-step demonstration of the newly developed documentation created and implemented to address the OIG's observations regarding large variances between estimates and actual quantities and the need for an audit trail documenting supervisory acknowledgment and review. The documents/forms shown to the OIG during the demonstration included the Original Work Order, Final Work Order, Item Usage Report, and Item Variance Report.

PWWM personnel stated that its new procedures became effective, as of May 2014, for all new PWWM contracts and will not be restricted to only PTP contracts. The new

¹<http://miamidadeig.org/Reports2013/PTPconcreteFINAL%20IG11.15.pdf>

procedures were integrated into Public Works' database system with the addition of the item tracking modules, which are housed in the Payment Form menu of Public Works' database. As the newly implemented procedures are put into use, PWWM has acknowledged to the OIG, that modifications may be necessary.

In light of the above, the OIG is satisfied that the audit recommendations have been sufficiently addressed, and as such no further responses are required. Accordingly, the OIG considers this audit closed.

Last, the OIG would like to thank PWWM personnel for making available their records and time during the course of this audit and subsequent review.

Attachment

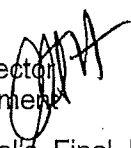
cc: Honorable Mayor Carlos A. Gimenez
Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners, Miami-Dade County
Members of the Citizens' Independent Transportation Trust
c/o Charles Scurr, Executive Director
Antonio Cotarelo, Deputy Director and County Engineer, PWWM
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor

Memorandum



Date: July 7, 2014

To: Mary T. Cagle, Inspector General
Office of the Inspector General

From: Alina T. Hudak, Deputy Mayor and Interim Director
Public Works and Waste Management Department 

Subject: Response to Office of the Inspector General's Final Report Audit of PTP-funded Concrete and Asphaltic Contracts Managed by the Miami-Dade Department of Public Works and Waste Management, IG11-15

In order to improve record keeping and provide the general public with a clear and transparent record of services being delivered, PWWM has incorporated the following new procedures as recommended by the Office of the Inspector General (OIG) in their September 25, 2013 Final Report Audit to the Board of County Commissioners. Please note that the following four (4) procedures have been implemented on all construction contracts.

Procedure One:

The *Negotiated Acceptance Memorandum (NAM)*, for the most part, remains the same. However, each NAM will have a unique identification number, so that the NAM can be identified and matched to a specific *Contract Contingency Allowance Expenditure Authorization (CCA EA)* form. The identification number is made up of three (3) numbers separated by hyphens. The first number is the PWWM Project Number. The second number is a sequential number starting with the number one (1). The third number is the Florida Department of Transportation (FDOT) pay item number. Please see below examples for further clarification:

20130170-1-527-2 This NAM is for FDOT item of 527-2 and is the first NAM of Project No. 20130170.

20130170-2-10 This NAM has no FDOT item number and uses number 10 to indicate a lump sum item, and it is the second NAM of Project No. 20130170.

The sequential number (the second number) allows for easy reconciliation of NAMs. On each Work Order a NAM must be accompanied by at least one (1) CCAEA form per Work Order (see attached sample NAM).

Procedure Two:

Whenever a NAM is generated, a CCAEA form will be completed simultaneously, authorizing the use of contingency funds. In addition to this new form, a modified Contingency Fund Summary will continue to be generated by the Public Works' database system showing a running tally of all NAM items and usage per work order. This Contingency Fund Summary, will continue to be part of every payment requisition and will contain approval from the Project Manager and Construction Coordinator, along with the overall project contingency balance. All of these forms will be saved in the project file (see attached sample CCAEA form).

Procedure Three:

At the end of every Work Order, or Capital Project, a report to include an explanation will be created for all unit items in the contract that were over or under ten (10) percent in quantity from the original estimated amount per Work Order (or Project). This report, which will be referred to as the *Variance Over/Under Report*, will be generated by the Public Works' database system. The Project Manager will justify the reason(s) for the use of additional unit items or for using less unit items when compared to the original Work Order (or Project) estimate. The *Variance Over/Under Report* shall be printed, submitted and routed along with the Certificate of Completion, for signature by the corresponding Project Manager and Construction Coordinator, and placed into the contract file.

In addition to the above, on every Pay Requisition an *Item Usage Report* will be generated identifying the items that need to be justified based on their proximity or exceedance of original estimated amount. This report, which will be referred to as the *Item Usage Report*, will be generated by the Public Works' database system. The *Item Usage Report* shall be printed, submitted and routed along with the Payment Requisition for signature by the corresponding Project Manager and Construction Coordinator, and placed into the contract file.

Procedure Four:

The original estimate for every Work Order must be certified by the Project Manager, Construction Coordinator and Senior Professional Engineer before any work can commence. The original Work Order estimate shall be submitted with a signed memorandum from the Project Manager to the Construction Coordinator, and will accompany the Work Order when routed for approval. This authoritative documentation shall be placed in the contract file.

PWWM will continue to work with staff from the Office of the Inspector General to make sure all recommendations for new procedures improve the transparency of the support documentation. These improvements have been implemented for all construction projects administered by PWWM (see attached Construction Estimate Memorandum).

c: Bassam Moubayed, C.F.M, Chief, Construction Division, PWWM
Frank Aira, P.E., Chief, Traffic Signal and Signs Division, PWWM
Alejandro Martinez-Esteve, RA, LEED AP, Capital Improvements Coordinator, PWWM
Alvaro Castro, SPA 2, Construction Division, PWWM



NEGOTIATION ACCEPTANCE MEMORANDUM

To: Bassam Moubayed, CFM
Chief, Construction Division

October 17, 2013

Thru: Leo Salgueiro
Construction Coordinator

Subject: Price for New Item
Project No 20110194

From: Ruben Arencibia
Project Manager

NW 87 Ave from NW 154 St to NW 186 St
NAM No: 20110194-1-10

Attached, please find a copy of the documents presented by Acosta Tractors requesting approval for the price of the item not included in our contract. Listed below is the item, the proposed price by the contractor including the cost for labor, material and equipment, as well as the recommended price by our staff.

ITEM No.	ITEM	UNIT	REQUESTED PRICE	RECOMMENDED PRICE
10	Water main connection into existing 16" line at Station 193+23.34 requested by WASD.	LS	9,677.95	9,677.95

We are asking for your concurrence on the recommended price and your approval to include these items in a future change order because the needed item is not contained within the contract and lastly, the contractor will be paid from the contingency line until the change order is processed. By copy of this memorandum, we are asking the contractor to accept our recommended price.

If you need information on this matter, please contact me.

Concur:

Bassam Moubayed, CFM
Chief, Construction Division

Contractor

Attachment
C: Antonio Cotarelo, P.E., PWD
Frank Aira, P.E., PWD

Project No. 20110194

Contingency Allowance

Authorization No.: 1

CONTRACT CONTINGENCY ALLOWANCE

DESCRIPTION of work authorized (continued)

N/A

JUSTIFICATION

WASD Construction Contracts Management Division reviewed a cost breakdown submitted by Acosta Tractors Inc., for the additional work scope and materials necessary to perform the required interconnection of the two water mains (*at NW 8th Avenue and NW 161st Street at approximate station 193+23.34*) and found it acceptable within the industry standards. This additional work is deemed necessary by WASD in order to provide and maintain the minimum standards of water service to their lines and the vicinities service areas.

This additional work was not foreseen in the original scope of the project.

TIME EXTENSION

No time extension is requested or required.



CONSTRUCTION ESTIMATE MEMORANDUM

To: Mercedes Barreras
Construction Coordinator

February 4, 2014

Thru: George Coppolecchia
Project Manager

Subject: Construction Estimate
Site:

From: Eddy Cusido
Road Construction Cost Estimator

The attached estimate for the subject site was completed on DATE based on a physical inspection and survey of the site conditions at the time in lieu of Engineering design plans. The estimate was completed using standard construction estimating methods and procedures and is accurate as of this date. Some variations from the estimate may occur at the time of construction due to unknown underground conditions not visible at the time of the estimate and physical changes to the site due to use, accidents, weathering, aging, and/or unforeseen acts of nature, as well as, other decisions made by the Engineer that can delete, increase, or add items based on his Engineering judgment and construction experience.

Concur:

Eddy Cusido
Estimator

Mercedes Barreras
Construction Coordinator

Rene Idarraga, P.E.
Supervisor

Attachment
cc: Construction File