AUGIT OF THE HOMELAND DEFENSE,
NEIGHBORHOOD IMPROVEMENTS, CAPITAL
PROJECTS AND INFRASTRUCTURE
IMPROVEMENTS BOND ISSUANCE AND OTHER
CAPITAL IMPROVEMENT FUNDS, PHASE # 2

AUGIT NO. 05-011

Prepared By
Office of Auditor General

Victor I. Igwe, CPA, CIA
Auditor General

ABEL LE FOSSE, SENIOR STAFF AUDITOR
August 31, 2005

Honorable Members of the
City Commission
City of Miami
3500 Pan American Dr.
Coconut Grove, FL 33133-5504

Re: Audit of the Homeland Defense, Neighborhood Improvements, Capital Projects and Infrastructure Improvements Bond Issuance and Other Capital Improvement Funds, Phase # 2
Audit No. 05-011

In accordance with the provisions of Section 48 of the City Charter, the Office of the Independent Auditor General performed an audit relative to the use of proceeds, procurements, and disbursement of funds from the Homeland Defense, Neighborhood Improvements, Capital Projects and Infrastructure Improvements Bond Issuance and Other Capital Improvement Funds, Phase # 2. This report is the second of multiple audit reports that we plan on conducting throughout the life of the Bonds.

The audit covered the period January 1, 2004, through March 31, 2005, and selected transactions prior and subsequent to this period.

Sincerely,

Victor I. Igwe, CPA, CIA
Auditor General
Office of Independent Auditor General
The Honorable Mayor Manuel A. Diaz
Joe Arriola, Chief Administrator/City Manager
Members of the Audit Advisory Committee
Members of the Bond Oversight Board
Linda M. Haskins, CPA, Chief Financial Officer/Deputy Chief Administrator
Alicia Cuervo-Schreiber, Chief of Operations
Larry Spring, Chief of Strategic Planning, Budgeting and Performance
Peter W. Korinis, Chief Information Officer
Jorge Fernandez, City Attorney
Squire, Sanders and Dempsey, L.L.P., Bond Counsel
Priscilla A. Thompson, City Clerk
Donald Riedel, Director, Office of Citistat
Mary Conway, Director, Transportation/Capital Improvement Program
J. Scott Simpson, CPA, Director, Finance department
Glenn Marcos, Director, Purchasing department
Stephanie Grindell, Director, Public Works department
Laura L. Billberry, Acting Director, Economic Development department
Ana Gelabert – Sanchez, Director, Planning and Zoning department
Pete Chircut, Treasurer
Pilar Saenz, CIP Administrator
Audit Documentation File
# Audit of Homeland Defense, Neighborhood Improvements, Capital Projects and Infrastructure Improvements Bond Issuance and Other Capital Improvement Funds Phase No. 2

For the period of January 1, 2004 through March 31, 2005

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INTRODUCTION

This is the second report detailing the results of our ongoing audit of the Homeland Defense, Neighborhood Improvements, Capital Projects and Infrastructure Improvements Bond Issuance (Bonds). The Bonds were approved by the voters of the City of Miami on November 13, 2001, for the City’s issuance of $255 million in limited ad valorem tax bonds. The Proceeds are authorized as follows:

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Applicable Florida Statutes, the City Charter, Ordinance No. 12137 (enacted on October 11, 2001), Resolution No. 02-797 (adopted on July 9, 2002), and best practices impose requirements and restrictions on the use of proceeds and disbursement of funds from the Bond Issuance. The 85% of the Net Sale Proceeds required to be allocated to expenditures by August 8, 2005, was $131,860,573.87 (85% of $155,130,086.91). However, the “Expense/Contract Summary Sheet by Approved Project” (see page 64) indicates that the dollar value of the contractual commitment as of June 30, 2005 totaled $89,533,819 or 67.90% of the total $131,860,573.87 of the Net Sale Proceeds required to be allocated to expenditures by August 8, 2005. The total amount spent as of June 30, 2005 totaled $49,275,963.

This audit focused mainly on four areas of capital improvement expenditures:

I. BOND PROCEEDS SPENDING DEADLINE.
II. EMERGENCY RESOLUTIONS FOR THE PROCUREMENT OF CONSTRUCTION AND RELATED SERVICES.

III. THE INTERNAL CONTROL PROCEDURES FOR MANAGING CAPITAL IMPROVEMENT PROJECTS.

IV. THREE CONSULTING SERVICES CONTRACTS.
SCOPE AND OBJECTIVES

This audit was performed pursuant to the authority set forth in Section 48, of the City Charter, entitled: “Office of the Independent Auditor General” (OIAG), and was conducted in accordance with the OIAG’s Fiscal Year 2005 Audit Plan. This report is the second of multiple audit reports that we plan on conducting throughout the life of the Bonds. The audit covered the period January 1, 2004 through March 31, 2005, and selected transactions prior and subsequent to this period. In general, the audit focused on the following objectives:

- Determined whether City operations regarding the Bonds are in compliance with applicable Bond Covenants, Tax Compliance Certificate, Federal and State rules, City Code, City Commission Resolutions, and other authorities.

- Determined whether procurements/expenditures of Bond Proceeds are in compliance with applicable agreements, statutes, ordinances, resolutions, and best practices.
METHODOLOGY

We conducted the audit in accordance with Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States. The methodology included the following:

- Inquired and interviewed appropriate City personnel and independent consultants; reviewed applicable agreements, resolutions, ordinances, and other legislative documents, financial records, bond covenants, offering statements, tax compliance certificate, State statutes, Federal rules, City policies and procedures, etc. in order to gain an understanding of the internal controls, assess control risk, and plan audit procedures.
- Performed substantive testing consistent with the audit objectives, including but not limited to the examination, on a test basis of applicable transactions and records.
- Drew conclusions based on the testing and made corresponding recommendations.
SUMMARY OF AUDIT FINDINGS

CAPITAL IMPROVEMENT PROJECT (CIP) DEPARTMENT

BOND PROCEEDS SPENDING DEADLINE.

Section 3.10 titled “Use of Sale Proceeds and Pre-Issuance Accrued Interest” of the Tax Compliance Certificate (dated August 8, 2002), states: “Any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account ‘yield reduction payments’ (within the meaning of Regulations Section 1.148-5(c)) timely paid to the United States.” Section 3.10(C)(i) provides that, “At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Projects by the end of the Temporary Period for such Net Sale Proceeds.” The initial sales proceed generated from the Ad Valorem Tax Bond (Homeland Defense/Neighborhood Capital Improvement Projects) totaled $155,130,086.91.

The 85% of the Net Sale Proceeds required to be allocated to expenditures by August 8, 2005, was $131,860,573.87 (85% of $155,130,086.91). However, the “Expense/Contract Summary Sheet by Approved Project” (see page 64) indicates that the dollar value of the contractual commitment as of June 30, 2005 totaled $89,533,819 or approximately 67.90% of the total $131,860,573.87 of the Net Sale Proceeds required to be allocated to expenditures by August 8, 2005. The total amount spent as of June 30, 2005 totaled $49,275,963 or approximately 37.37% of $131,860,574 (85% of the Net Sale Proceeds).
EMERGENCY RESOLUTIONS FOR THE PROCUREMENT OF CONSTRUCTION AND RELATED SERVICES.

The initial sales proceeds generated from the Ad Valorem Tax Bond (Homeland Defense/Neighborhood Capital Improvement Projects) totaled $155,130,086.91. A memorandum dated November 22, 2004, signed by the Director of CIP department included as part of a City Commission Resolution package, outlined several emergency findings that justified the waiving of several competitive procurements. Said memorandum also stated: “The department has investigated and identified the aforementioned firms as having excellent qualifications uniquely geared to the projects for which they are recommended, substantial records of experience in projects of like size and complexity, and are appropriately licensed.”

In accordance with Sections 287.055(3)(a) and 255.20(c)(7) Florida Statutes, competitive bids were waived on the basis of the public emergencies identified as noted above. An amount up to $39,034,566 (or approximately 25.16% of the $155,130,086.91 total bond sale proceeds) of competitive bids were waived for professional services and public construction work. See the attachment on page 63. Management verbally informed us that appropriate research was performed including on-site visits to several projects. We were not provided with any documents/records to evidence which other firms were considered in terms of availability, experience, and recent performance data. The current City’s procurement Ordinance does not specifically require nor preclude the consideration of other qualified providers and documentation of such consideration process. However, good business or best practices would require some form of evaluation process/procedures be implemented and used when emergency findings are determined to exist and the project is material in scope, size, and dollar value. Such evaluation process/procedures would enhance the quality of services provided to the City and help control costs.

Management has indicated that two of the no-bid emergency awards totaling $11 million would be rescinded and put out for competitive bids because said projects would now be
funded with Miami-Dade County general obligation bond monies. If said projects are competitively bid as indicated by management, the total no-bid emergency awards would decrease to approximately $28 million (or 18% of the $155,130,086.91). See management’s written response on pages 25 through 27.
The CIP department is responsible for administering, monitoring, and enforcing provisions of all executed contracts relative to the Homeland Defense/Neighborhood Capital Improvement Projects. However, adequate internal control procedures were not implemented to ensure proper monitoring of the provisions of the contracts as summarized below:

- The lack of proper review of invoices submitted by program management consultants to ensure propriety and compliance with required provisions of the executed contracts. For example, Counsel Tech. exclusively billed the City HOME overhead rate of 167.5% and no FIELD overhead rate (113.14%) on all the invoices presented to the City for payment. Said invoices were paid as billed and an excess of approximately $150,000 was disbursed to Consul Tech. See more detailed discussion on pages 51.

- The lack of a budgetary system that would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects performed by program management consultants. The expenditures incurred in all the selected invoices tested were comprised of approximately $7.2 million (or 99%) of hourly fees for the period tested. There is currently no budgetary system in place to monitor and/or control the hours charged to various tasks or sub-projects and billed to the City in the form of program management hourly fees.

- Our audit disclosed that the invoices and supporting timesheets presented for payment by the program management consultants do not indicate the specific capital improvement projects being charged. Therefore, the fees paid to HDR, URS, and Consul Tech, which totaled $7.2 million during the audit period, was not allocated to the construction cost of each project. To determine the total true
cost of each project, the cost of program management activities should be accumulated and included as cost of each project.

Also, during the audit period, the CIP department staff salaries for activities such as architectural and engineering, project management and inspections were allocated to the specific capital improvement projects on the basis of the total project construction costs. The percentages vary for each project and ranged from 1% to 12%. The use of the actual time spent as a basis for allocation would provide a better estimate. Upon audit inquiry, we were informed that the implementation of the Oracle application would provide a better allocation basis.

- Section 3.60(E) of the Tax Compliance Certificate, titled “Other Uses of Proceeds Negated” provides that bond proceeds will not be used to pay for Working Capital Expenditures except for “Qualified Administrative Costs.” Attachment A, defines “Qualified Administrative Costs” as: “reasonable direct administrative costs, (other than carrying costs), such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.” We noted that the CIP department allocates 3% of the bond monies as administrative expenses (which consist of management, budget, procurement and other expenses) to the capital improvement projects. The bond counsel should opine on whether these are allowable charges.
In accordance with Resolution R-04-0010 (dated January 8, 2004), the City Commission approved the procurement of professional consulting program management services from HDR Engineering, Inc. (HDR), by piggybacking on existing State of Florida contract number 973-001-00-1, in an amount not to exceed $1,000,000. Three subsequent City Commission Resolutions (number R-04-0209 dated March 12, 2004, number R-04-0498 dated July 22, 2004, and number R-05-0150 dated April 8, 2005) increased the award amount, not to exceed $5.7 million. Two Work Order Authorizations dated January 12, 2004 and August 16, 2004 were issued for $532,445, in connection with the “Streetcar” program.

The expenditures included in the selected invoices submitted by HDR comprised of $3,760,684.56 (or 98.57%) of hourly fees and $54,604 (or 1.43%) of other expenses. Our review of the $3,815,288.56 reimbursements made by the City to HDR disclosed the following observations:

**EMPLOYEE LABOR DISTRIBUTION SHEET.**

- The support for the hourly fees billed to the City is documented on “Employee Labor Distribution” (ELD). This record does not show detailed descriptions of the specific task performed by the consultants on a daily basis. The ELD merely states the type of activity in general terms such as “construction” or “production and all expenses.” See an example on page 65. There is no indication of the specific task or sub-project being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft costs). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects.
The hourly fees charged to the selected invoices tested totaled $3,760,684.56 (or 98.57% of the total expenditures tested).

**OTHER EXPENSES.**

- The State of Florida contract through which the City piggybacked to procure HDR services, the City Commission’s resolutions, the work orders, and the purchase orders issued pursuant to HDR services described compensation in terms of hourly fees. However, we noted that HDR billed and was reimbursed a total of $54,605.78 for other expenses, as itemized on page 35. However, the State of Florida contract number 973-001-00-1, through which this consulting service was piggybacked on, provides that no reimbursement is available to the contractor beyond the amount agreed and provided for in Sections 112.061 and 287.058, Florida Statutes. The proper travel authorizations and vouchers were not obtained and/or prepared and retained in accordance with provisions of Sections 112.061 and 287.058, Florida Statutes as required by the terms of the contract. Upon further inquiry, HDR’s Executive Vice-President in a memorandum dated August 22, 2005 stated: “We are in agreement with some, but not all, of the items raised by the auditor and offer to pay the City $11,470.08 immediately to resolve the matter of the referenced audit.”
CONSUL-TECH TRANSPORTATION, INC.

In accordance with Resolution 04-0011 (dated January 8, 2004), the City Commission approved the procurement of general engineering consulting services from Consul-Tech Transportation, Inc. (CT), by piggybacking on existing State of Florida contract number C-8286, in an amount not to exceed $1,000,000. A subsequent City Commission Resolution (number 04-0497, dated July 22, 2004), increased the award amount to $3 million. Fifteen (15) invoices totaling $2,641,595.94 of hourly fees were selected for testing. Said invoices were dated April 2, 2004 through April 21, 2005, representing 100% of the invoice population submitted for payment in that period. Our review disclosed the following observations:

**TIMESHEETS.**

- The support for the hourly fees billed to the City is documented on a timesheet. The vast majority of the timesheets reviewed did not show a detailed description of the specific tasks performed by the consultants on a daily basis. The timesheets merely indicated “City of Miami General Engineering Services Project Management” or “Construction Administration.” See an example on page 66. There is no indication of the specific task or sub-project that is being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft costs). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects. The hourly fees charged to the selected invoices tested totaled $2,641,595.94 (or 100% of the total expenditures tested).
**PREMIUM OVERTIME.**

- Our test disclosed that CT did not exclude the amount of premium overtime from the payroll expenditures in order to calculate the overhead and operating margin totals, as required in Section 2.20 of the contract. This resulted in the City being overcharged by $22,377.81. Upon audit inquiry, CT agreed to reimburse the City the amount of the overcharge.

**HOME vs. FIELD OVERHEAD RATE CHARGED TO THE CITY.**

- Table 5A of Section 5.00 of the contract, established two rates for Overhead: “Home” and “Field”. The Home Overhead is established at 167.50% and the Field Overhead at 113.14% of the direct labor hours charged to the City. The Florida Department of Transportation’s (FDOT’s) Uniform Audit and Accounting Guide (UAAG) states that when a consultant’s employee is not working out of his/her own office and said employee is not receiving office support in his/her day to day activities, the hours billed for that employee do not qualify for the consultant’s Home Overhead rate, which is the same as the full Overhead rate.

Based on the guidelines provided by FDOT’s UAAG as discussed above, the Field Overhead is applicable when a consultant’s employee is not working out of his/her own offices and said employee is not receiving home office support in his/her day to day activities. We noted that the City started providing CT with office working space at the City’s administrative office building (Miami River Center (MRC) building) beginning April 05, 2004. In addition, technology support, telephone and other amenities are provided to CT. Therefore, the Field Overhead rate would be applicable in the day to day activities that receive support
from the City’s MRC building. However, our audit disclosed that CT applied the HOME overhead rate (full overhead rate) of 167.5% and no FIELD overhead rate (113.14%) on all the invoices presented to the City for payment. Said invoices were paid as billed. The difference between the use of home overhead rate as opposed to field overhead rate totaled $154,225.89 of overcharge to the City. Upon audit inquiry, the overcharge was refunded to the City.

**AUTHORIZATION OF OVERTIME WORK.**

- Exhibit “B”, Method of Compensation, 2.20, titled “Details of Compensation”, provide that: “When authorized in advance in writing by the Department, premium overtime will also be paid at a rate of one-half of the tabulated rates.” However, there is no evidence of prior written authorization for overtime charges totaling $41,570.44, as required by the agreement. The supporting documentation for overtime authorizations provided consists of four e-mails that did not indicate the names of the employees authorized to perform said overtime, the date of the e-mail was subsequent to the date of the overtime, and no specific number of hours of overtime was shown on the e-mails text. Also, the email provided did not specify the nature of the overtime task to be performed.
In accordance with Resolution R-04-0120 (dated February 26, 2004), the City Commission approved the procurement of program management services from URS Corporation (URS) by piggybacking on an existing City of Miami Beach contract dated June 27, 2001, in an amount not to exceed $1 million. Said amount was increased up to $1.8 million through Resolution R-05-0207 dated April 14, 2005. This resolution allocated funds from the increase in available interest earnings from the Homeland Defense Neighborhood Improvement Bond Proceeds. The total expenditures as of April 07, 2005, audit field work date, were approximately $1.6 million. Ninety-nine percent (99%) of the total amount of expenditure is made up of labor cost. We selected six invoices totaling $784,379.46 of hourly fees and other expenditures for testing. Our review of the six invoices for the period stated above disclosed the following:

**EMPLOYEE TIMESHEETS.**

- The support for the hourly fees billed to the City is documented on “Employee Timesheet (ET)”. This record does not show a detailed description of the specific tasks (work) performed on a daily basis by each employee during working hours. The ET merely states “City of Miami Park & Facilities/PHASE1”. See an example on page 67. There is no indication of the specific task or sub-project in the said Park that is being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft costs). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects. The hourly fees charged to the selected invoices tested totaled $776,293.30 (or 99% of the total expenditures tested).
**PROGRAM MANAGEMENT STATUS REPORTS:**

- Task 1.4, of the contract, titled, *Program Management Status Reports* states, “CONSULTANT shall generate and distribute a monthly Program Management Status Report (PMSR) that includes updated design and construction schedules and cost model status updates. Our audit disclosed that monthly Program Management Status Reports were not generated, distributed, and used to review Program status with the City Commission and the General Obligation Government Oversight Committee on a monthly basis, as required. “

**CELLULAR PHONE EXPENSES.**

- Task number 6.4 of the contract titled *Reimbursable*, states, “Direct non-salary expenses, entitled Reimbursable, directly attributable to the Program, will be charged at actual costs. Reimbursable shall be submitted for payment by consultant in accordance with City procedures.” Task number 6.2 of the contract provides that cellular phone expenses are allowed up to 300 minutes per month. Also, Section 6.4.2 of the contract states, “A detailed statement of expenses must accompany any request of reimbursement. Expenses other than auto travel must be documented by copies of paid receipts, checks or other evidence of payment.”

Our audit determined that cellular phone expenditures totaling $3,690 was charged to the City without indicating the minutes used and public purpose for each call. We noted that four cellular phones are currently assigned to URS employees. Invoices or phone bills are not on file. Absent detailed statements, the minutes used and the public purpose of calls, the propriety of the related expenditure could not be determined.
Section 10.6.2 of the contract provides that, “Consultant represents that it has made and will make reasonable investigation of all Subconsultants to be utilized in the performance of work under this Agreement to determine that they possess the skill, knowledge and experience necessary to enable them to perform the services required. Nothing in this agreement shall relieve the Consultant of its prime and sole responsibility for the performance of the work under this Agreement.”

We noted that URS submitted an invoice prepared by Nova Consulting, Inc., dated April 30, 2004 to the City for payment. The total amount of the invoice submitted was $53,000, which included labor for $50,000, vehicle rental for $2,146 and equipment rentals for $854. There is no supporting invoice for vehicle and equipment rentals totaling $3,000. The dates on the invoices submitted by Nova predate the City’s engagement of URS for program management contract services. Therefore, Nova could not have worked under the direction and supervision of URS.

In construction contractual arrangements, the primary contractor ensures that the subcontractor performed the assigned tasks as specified and also that the goods used by the subcontractor conformed to the quality specified in the Agreement. It is unclear which company (HDR or URS) would be responsible for warranting the services provided by the subcontractor (Nova Consulting).

TRAVEL EXPENSES.

Sound business practices require that all travel-related expenditures be well supported with explanations as to public purpose of each travel, destination, etc. Turnpike toll receipts totaling $44.10 did not have any public purpose explanation. Also, a toll receipt for $13.70 was incurred on June 12, 2004.
(Saturday), a day in which the timesheet for the employee submitting the toll receipt showed no hours were worked.

Upon audit inquiry URS stated that a credit in the amount of $57.80 would be issued to the City.
AUDIT FINDINGS AND RECOMMENDATIONS.

CAPITAL IMPROVEMENT PROJECTS (CIP) DEPARTMENT

BOND PROCEEDS SPENDING DEADLINE.

Section 3.10 titled “Use of Sale Proceeds and Pre-Issuance Accrued Interest” of the Tax Compliance Certificate (dated August 8, 2002), states: “Any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account ‘yield reduction payments’ (within the meaning of Regulations Section 1.148-5(c)) timely paid to the United States.” Section 3.10(C)(i) provides that, “At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Projects by the end of the Temporary Period for such Net Sale Proceeds.” The initial sales proceed generated from the Ad Valorem Tax Bond (Homeland Defense/Neighborhood Capital Improvement Projects) totaled $155,130,086.91.

We noted that the City Commission passed and adopted several Resolutions authorizing management to negotiate, award, and execute construction and/or program management contract commitments relative to the Homeland Defense bond proceeds. The 85% of the Net Sale Proceeds required to be allocated to expenditures by August 8, 2005, was $131,860,573.87 (85% of $155,130,086.91). However, the “Expense/Contract Summary Sheet by Approved Project” (see page 64) indicates that the dollar value of the contractual commitment as of June 30, 2005 totaled $89,533,819 or approximately 67.90% of the total $131,860,573.87 Net Sale Proceeds required to be allocated to expenditures by August 8, 2005. The total amount spent as of June 30, 2005 totaled $49,275,963 or approximately 37.37% of $131,860,574 (85% of the Net Sale Proceeds).
As noted in the first paragraph, any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date (August 8, 2005), which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion.

The CIP Director provided us with projections that indicate that the dollar value of the contractual commitment will increase to approximately $129 million by September 2005 and the entire $155,130,086 will be fully committed by December 31, 2005. See the full text of her written response on page 21.

Recommendation.

We recommend that the projects to be funded with any future bond proceeds be finalized and ready for construction prior to the issuance of the bond.

Auditee’s Response and action plan.

The CIP Director provided us with projections that indicate that the dollar value of the contractual commitment will increase to approximately $129 million by September 2005 and the entire $155,130,086 will be fully committed by December 31, 2005. See additional written response on page 21.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled Bond Proceeds Spending Deadline.

Auditee’s Response and action plan:

We agree that future bond issuances of the City of Miami should be considered only when projects have been appropriately scoped and can be completed within three years of issuance of the bonds.

C: Linda Haskins, Chief Financial Officer
   Victor Igwe, Auditor General
   Pilar Saenz, CIP Administrator
EMERGENCY RESOLUTIONS FOR THE PROCUREMENT OF CONSTRUCTION AND RELATED SERVICES.

Chapter 18, Article III, Section 18-87, of the City Code, stipulates: “In the Procurement of Professional Services covered by the Consultants’ Competitive Negotiation Act, the provisions of Florida Statutes 287.055, as amended, shall govern.” Section 287.055, (3)(a), Florida Statutes, states: “Each agency shall publicly announce, in a uniform and consistent manner, each occasion when professional services must be purchased for a project the basic construction cost of which is estimated by the agency to exceed the threshold amount provided in s. 287.017 for CATEGORY FIVE or for a planning or study activity when the fee for professional services exceeds the threshold amount provided in s. 287.017 for CATEGORY TWO, except in cases of valid public emergencies certified by the agency head. The public notice must include a general description of the project and must indicate how interested consultants may apply for consideration.”

Section 255.20(1) states: “A county, municipality, special district as defined in Chapter 189, or other political subdivision of the state seeking to construct or improve a public building, structure, or other public construction works must competitively award to an appropriately licensed contractor each project that is estimated in accordance with generally accepted cost-accounting principles to have total construction project costs of more than $200,000.” In accordance with Section 255.20(c)(7), Florida Statutes, competitive bidding would not apply when the funding source of the project will be diminished or lost because the time required to competitively award the project after the funds become available exceed the time within which the funding source must be spent.

The initial sales proceed generated from the Ad Valorem Tax Bond (Homeland Defense/Neighborhood Capital Improvement Projects) totaled $155,130,086.91. A memorandum dated November 22, 2004, signed by the Director of CIP department included as part of a City Commission Resolution package, outlined several emergency findings that justified the waiving of several competitive procurements. Said
memorandum also stated: “The department has investigated and identified the aforementioned firms as having excellent qualifications uniquely geared to the projects for which they are recommended, substantial records of experience in projects of like size and complexity, and are appropriately licensed.”

In accordance with Sections 287.055(3)(a) and 255.20(c)(7) Florida Statutes, as noted in the first two paragraphs above, competitive bids were waived on the basis of the public emergencies identified as noted above. An amount up to $39,034,566 (or approximately 25.16% of the $155,130,086.91 total bond sale proceeds) of competitive bids were waived for professional services and public construction work. See the attachment on page 63. Management verbally informed us that appropriate research was performed including on-site visits to several projects. We were not provided with any documents/records to evidence which other firms were considered in terms of availability, experience, and recent performance data. The current City’s procurement Ordinance does not specifically require nor preclude the consideration of other qualified providers and documentation of such consideration process. However, good business or best practices would require some form of evaluation process/procedures be implemented and used when emergency findings are determined to exist and the project is material in scope, size and dollar value. Such evaluation process/procedures would enhance the quality of services provided to the City and help control costs.

Management has indicated that two of the no-bid emergency awards totaling $11 million would be rescinded and put out for competitive bids because said projects would now be funded with Miami-Dade County general obligation bond monies. If said projects are competitively bid as indicated by management, the total no-bid emergency awards would decrease to approximately $28 million (or 18% of the $155,130,086.91). See management’s written response on pages 25 through 27.

Recommendation.
We recommend that the City’s procurement Ordinance and/or procedures be modified to require supporting documents/records including all the firms considered be documented, be included as part of the supporting package for City Commission agenda, and retained for audit.

**Auditee’s Response and Action Plan.**

Management verbally informed us that appropriate research was performed including on-site visits to several projects. Management also indicated that two of the no-bid emergency awards totaling $11 million would be rescinded and put out for competitive bids because said projects would now be funded with Miami-Dade County general obligation bond monies. Please see the full text of the written response on pages 25 through 27.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled Emergency Resolutions for Procurement of Construction Related Services:

**Auditee's Response and Action Plan.**

The CIP department does not intend, as a routine matter, to contract directly with vendors outside of normal competitive procurement processes. During the past year, we have endeavored to compile our own roster of architects, engineers and contractors through the competitive process. In fact, the lion's share of the 268 projects, totaling over $126 million, that have been reviewed by the Bond Oversight Board have been or will be competitively bid.

This sole reason for the emergency finding and resulting waiver of bidding requirements in these instances was the need to spend the bond proceeds. More importantly, we can now construct these three significant park projects. These contracts served a vital purpose in allowing the advancement of bond-funded CIP projects.

We agree that the City's Procurement Ordinance should be amended to add a requirement that the Commission be presented with documentation of all firms and/or similar and relevant projects and the associated firms that successfully completed such projects when a waiver of competitive bids based upon an emergency finding is requested.

We would also respectfully add or amend the following comments in your "Findings and Recommendations" related to Emergency Purchases:

1. The waiver of competitive bidding based upon an emergency finding was publicly disclosed, subject to public hearings and approved by at least four fifths of the City Commission. All state statutes and ordinances were followed in the finding of the emergency.

Your report omits a reference to Section 18-19 Contracts for public works or improvements of the City of Miami Code of Ordinances which states: "...the city manager may waive competitive sealed procurement methods by making a written
finding, supported by reasons, that a valid emergency exists or that there is only one reasonable source of supply, which finding must be ratified by an affirmative vote of four-fifths of the city commission after a properly advertised public hearing.” (Emphasis added). The City’s ordinance does not require presentation of alternative firms considered. However, various completed projects were considered and the firms that successfully completed these projects were deemed most qualified based upon actual completed similar projects of other entities and prior satisfactory experience were selected.

The supporting documentation for a resolution for an emergency waiver dated November 23, 2004, signed by the City Manager included as part of a City Commission Resolution package outlined the need to expedite the expenditure of Homeland Defense Bond dollars so that the City could comply with the terms of that debt issue. A memorandum dated November 22, 2004, signed by the Director of CIP further stated: “The department has investigated and identified the aforementioned firms as having excellent qualifications uniquely geared to the projects for which they are recommended, substantial records of experience in projects of like size and complexity, and are appropriately licensed.”

2. You state that “We were not provided with any documents/records to evidence which other firms were considered in terms of availability, experience, and recent performance data.” We respectfully disagree with the inference of your comment. We strongly believe that our research, on-site visits to and the review of contracts for other similar projects which were successfully completed by the firms selected provided significant protection to the City of Miami and its residents that the City’s projects could be completed within budget and in a reasonable period of time. That information was provided to your auditor and discussed at length.

Notwithstanding, we believe that an amendment to the City’s ordinance to include full disclosure of these processes would enhance the process.

3. Because two projects for which waivers of competitive bidding were obtained will now be funded by the Miami-Dade County GOB, the related contracts, totaling $11 million, will now be competitively bid. That will reduce the amount of negotiated contracts to $28,034,566, or 18% of the total bond sale proceeds.

We would also like to provide the following background to provide some context to the emergency finding and related bid waivers:

1. The City recognized the need to expedite projects funded with the Homeland Defense/Neighborhood Improvement Bonds.
2. Staff first attempted to piggy-back on contracts which had been competitively procured by the State of Florida and other governmental units.
3. The contracts selected for possible piggy-backing involved similar successful projects which had been completed by other governmental entities.
4. Staff visited the sites of successful projects, reviewed the contracts, including the firms that performed the work, for each and sought recommendations from the governmental entities that had issued the contracts.
5. Because the projects on which we proposed to piggy-back involved design-build contract delivery (which falls under CCNA), piggy-backing was not permitted under our Code.
6. The most reasonable option for expediting the bond projects was to seek ratification from the Commission of an emergency finding and negotiate directly with the firms that had successfully completed similar projects. The commission unanimously ratified the bid waivers with the exception of one project, which will now be competitively selected.
7. Our negotiations were enhanced by the fact that we had other contracts and related pricing in hand. Those contracts had been competitively bid.

C: Linda Haskins, Chief Financial Officer
    Victor Igwe, Auditor General
    Pilar Saenz, CIP Administrator
INADEQUATE INTERNAL CONTROL SYSTEMS.

The CIP department is responsible for administering, monitoring, and enforcing provisions of all executed contract relative to the Homeland Defense/Neighborhood Capital Improvement Projects. However, adequate internal control procedures were not implemented to ensure proper monitoring of the provisions of the contracts as summarized below:

- The lack of proper review of invoices submitted by program management consultants to ensure propriety and compliance with required provisions of the executed contracts. For example, Counsel Tech. exclusively billed the City a HOME overhead rate of 167.5% and no FIELD overhead rate (113.14%) on all the invoices presented to the City for payment. Said invoices were paid as billed and an excess of approximately $150,000 was disbursed to Consul Tech. See more detailed discussion on pages 50 and 51.

- The lack of a budgetary system that would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects performed by program management consultants. Construction costs are classified as hard or soft costs. The hard costs constitute materials, buildings, and other tangible costs. The soft costs constitute design, permitting, inspections, program management, and other intangible costs. A highly effective and efficient construction program would tend to maximize hard costs and control/minimize soft costs. The employees of HDR, URS and Consul Tech that work as program managers on City projects are viewed as “extension” of City’s CIP department staff and the associated costs are mostly “soft costs”. The expenditures incurred in all the selected invoices tested were comprised of approximately $7.2 million (or 99%) of hourly fees for the period tested. There is currently no budgetary system in place to monitor and/or control the hours
charged to various tasks or sub-projects and billed to the City in the form of program management hourly fees.

- Our audit disclosed that the invoices and supporting timesheets presented for payment by the program management consultants do not indicate the specific capital improvement projects being charged. Therefore, the fees paid to HDR, URS, and Consul Tech, which totaled $7.2 million during the audit period, was not allocated to the construction cost of each project. The funding source for said consulting fees is the “Transportation and Transit Fund” and the interest earned from the Homeland Defense Bond. To determine the total true cost of each project, the program management activities, (which include: development and verification of project scope and cost estimates, project scheduling, reporting, financial oversight, development of push button construction contract packages, monitoring of construction oversight, program management, inspections, etc.) should be accumulated and included as cost of each project.

Also, during the audit period, the CIP department staff salaries for activities such as architectural and engineering, project management and inspections were allocated to the specific capital improvement projects on the basis of the total project construction costs. The percentages vary for each project and ranged from 1% to 12%, as shown below:

- In House Design Fees: (from 8% to 12%)
- In House additional fees (contingency): 1%
- CIP Project Management (from 1% to 4.5%)
- CIP Construction Administration, including inspection services: from 1.5% to 5%
- Administrative Expenses (Management/ Budget/Procurement/ Communications): 3%

The use of the actual time spent as a basis for allocation would provide a better estimate. Upon audit inquiry, we were informed that the implementation of the Oracle application would provide a better allocation basis.
• Section 3.60(E) of the Tax Compliance Certificate, titled “Other Uses of Proceeds Negated” provides that bond proceeds will not be used to pay for Working Capital Expenditures except for “Qualified Administrative Costs.”

Attachment A, defines “Qualified Administrative Costs” as: “reasonable direct administrative costs, \textit{(other than carrying costs)}, such as separately stated brokerage or selling commissions, but not legal and accounting fees, \textit{recordkeeping}, custody, and similar costs. General overhead costs and similar indirect costs of the Issuer such as \textit{employee salaries} and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.”

As noted on the preceding bullet above the CIP department allocates 3% of the bond monies as administrative expenses (which consist of management, budget, procurement and other expenses) to the capital improvement projects. The bond counsel should opine on whether these are allowable charges.

\textbf{Recommendation.}

We recommend that the CIP department enhance its internal control procedures to address each of the observations noted above.

\textbf{Auditee’s Response and action plan.}

See auditee’s written response on pages 31 and 32.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled Inadequate Internal Control System:

**Audittee’s Response and Action Plan.**

Responses are outlined below for each of the four bulleted audit comments in the same order as presented.

- **Charges submitted using Home Rate rather than Field Rate.** The CIP department has a previously instituted internal control process whereby the CIP Contracts group reviews and approves all contracts, work orders and invoices prior to their submission for director approval to insure that all statutory, local procurement code and contract terms and conditions are followed. The program management contracts were erroneously omitted from this process, but that has now been corrected in response to the audit findings. Additionally, in response to the audit findings Consul Tech has credited the City $154,225.89 for those personnel working out of the Miami Riverside Center (MRC) who should have been billed at the FIELD overhead rate as opposed to the HOME overhead rate. Additionally, the new City program management contract has been negotiated so that all personnel working from the MRC or any other City provided office will be billed at a lower field overhead rate.

- **The lack of a budgetary system to establish or stimulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects performed by program management consultants.** The audit correctly states that industry program managers serve as an extension of City staff to allow the CIP department to deliver approximately ten times the prior annual volume of capital projects.

City staff and industry partners work exclusively on planning, design, construction administration and inspection or administrative functions, i.e., project soft costs. The City currently has no budgetary system in place, such as an automated timesheet program, whereby the time spent on specific projects, project phases and administrative functions can be tracked. The Office of Information Technology’s (IT) current ERP and Miami initiatives are focused on establishing such a system whereby all of this information can be tracked and monitored. The CIP department has been working closely with IT and their consultant staff to insure that all functions needed to track hard, soft and administrative costs are incorporated into the new Oracle database. Until these IT initiatives are completed, it is impractical and infeasible to track this information manually for literally hundreds of projects and project phases.
Once the IT initiatives are completed, the CIP department anticipates being able to track the time spent on planning, design, and construction administration and inspection for each individual project. However, CIP has not requested and does not anticipate being able to track administrative costs on a ‘per project’ basis due to the nature of administrative work. It would be impractical to require either City or program management personnel to track their time spent on processing requisitions or invoices or responding to constituent inquiries by project, as this time would be broken into 15, 10 or even 5 minute intervals. It would take more time to track administrative time than the value gained by its tracking.

Administrative time will be tracked on a ‘program’ basis so that CIP will be able to monitor the percentage of time spent on administrative functions versus total capital program expenditures on a quarterly or semi-annual basis. CIP will also be able to track total soft costs versus total capital program expenditures on a quarterly or semi-annual basis. Both of these have been included as CIP Office performance measures in the City’s Balanced Scorecard.

Despite the limitations of the City’s current system, the CIP department took the initiative and implemented well over a year ago the automated TRACS system to track and monitor all basic capital project information (description, location, project manager, vendors, etc.), project budgets, engineering and actual cost estimates, and schedule data.

The implementation of TRACS in advance of the ERP and iMiami initiatives was imperative to allow the adequate tracking and advancement of the CIP program. It has been invaluable in allowing CIP to generate reports regarding financial estimates, actual costs, and anticipated cash flows tied to project schedules; regarding planned and actual project schedule dates; regarding progress reports sorted by commission district, production team, project manager, month, etc.; and regarding preparation of proposed future capital bond programs to insure that all proposed funding will be committed and spent on a timely basis.

- **Invoices and supporting timesheets presented for payment by the program management consultants do not indicate the specific capital improvement projects being charged.** As stated in the prior response, the City currently has no budgetary system in place whereby the time spent on specific projects, project phases and administrative functions can be tracked and it is not feasible to track this data manually for hundreds of projects.

- **Obtain opinion from bond counsel as to the allowability of 3% administrative charges to bond projects.** We understand this matter was cleared with counsel when the CIP Department was originally established in fiscal 2003. At the time the CIP Department was formed, bond counsel advised that reasonable administrative fees could be charged. As a result, a 3% fee was established.

C: Linda Haskins, Chief Financial Officer
Victor Igwe, Auditor General
Pilar Saenz, CIP Administrator
In accordance with Resolution R-04-0010 (dated January 8, 2004), the City Commission approved the procurement of professional consulting program management services from HDR Engineering, Inc. (HDR), by piggybacking on existing State of Florida contract number 973-001-00-1, in an amount not to exceed $1,000,000. Three subsequent City Commission Resolutions (number R-04-0209 dated March 12, 2004, number R-04-0498 dated July 22, 2004, and number R-05-0150 dated April 8, 2005) increased the award amount, not to exceed $5.7 million. Five Work Order Authorizations dated January 12, 2004, April 16, 2004, and August 16, 2004 were issued for a total of $3,467,555, in connection with “Parks, Production and Construction Program Management Skills. Two Work Order Authorizations dated January 12, 2004 and August 16, 2004 were issued for $532,445, in connection with the “Streetcar” program.

A Section of the State of Florida contract number 973-001-00-1 (which this consulting service was piggybacked on), titled “Compensation” states: “In calculating cost, services include, but are not limited to consultative services, copyright fees, materials and equipment rentals. Travel expense, if authorized under the provisions of this agreement, shall be submitted in accordance with Section 112.061, Florida Statutes. No reimbursement is available to the contractor beyond the amount agreed and provided for in Sections 112.061 and 287.058, F.S.” All the work orders issued relative to this professional consulting program management services stipulate: “The above quoted fee (the total amount of the work order), includes an allowance for reimbursable expenses that comply with the requirements of the agreement. Any eligible reimbursable expenses shall conform to the limitations of Florida Statute 112.061.”

We selected and tested twenty HDR invoices with a dollar value of $3,815,290.34 for compliance and propriety. The selected invoices are dated February 10, 2004, (first invoice submitted by HDR) through January 22, 2005. The expenditures included in the
selected invoices submitted by HDR were comprised of $3,760,684.56 (or 98.57%) of hourly fees and $54,604 (or 1.43%) of other expenses.

Our review of the $3,815,288.56 reimbursements made by the City to HDR disclosed the following observations:

**EMPLOYEE LABOR DISTRIBUTION SHEET:**

- The support for the hourly fees billed to the City is documented on “Employee Labor Distribution” (ELD). This record does not show detailed description of the specific task performed by the consultants on a daily basis. The ELD merely states the type of activity in general terms such as “construction” or “production and all expenses.” See an example on page 65. There is no indication of the specific task or sub-project being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft costs). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects. The hourly fees charged to the selected invoices tested totaled $3,760,684.56 (or 98.57% of the total expenditures tested).

**OTHER EXPENSES:**

- The State of Florida contract through which the City piggybacked to procure HDR services, the City Commission’s resolutions, the work orders, and the purchase orders issued pursuant to HDR services described compensation in terms of hourly fees. However, we noted that HDR billed and was reimbursed a total of $54,605.78 for other expenses, as itemized below:
In several written memorandums provided in response to our audit inquiry, the Executive Vice-President of HDR stated that the “Other Expenses” including travel and technology charges directly relate to the “Streetcar Project”, which he indicated required special/unique expertise and resources. He also stated that an “estimate of expenses” along with a “cover letter” was presented to the City. We noted that said “cover letter” is dated December 15, 2003 and the “estimate of expenses” was dated December 11, 2004. See his memorandum (dated June 29, 2005), cover letter, and the estimate of expenses on pages 81 through 85.

However, the State of Florida contract number 973-001-00-1, through which this consulting service was piggybacked on, provides that no reimbursement is available to the contractor beyond the amount agreed and provided for in Sections 112.061 and 287.058, Florida Statutes. Therefore, should it be determined that HDR is entitled to the “other expenses” reimbursements, although not explicitly provided in the contract, said reimbursement must comply with the provisions of Sections 112.061 and 287.058, Florida Statutes as required by the terms of the
Travel Authorization: Travel authorization forms, or similar records, including a signed statement by traveler’s supervisor stating that travel is on official business and the purpose of the travel, are not on file in accordance with Sections 112.061 (3) (a) and (11)(a), Florida Statutes. Our audit disclosed numerous airplane trips to various destinations including Tampa, Washington, D.C., Orlando, Portland, Charlotte, San Jose, and Atlanta. The total amount of air fare expenses is $13,775.50. The purpose of these trips, which were taken during the period January through July 2004, and how they relate to the consulting program management of the City’s “Streetcar Project” were not documented and retained on file for post audit. Upon further audit inquiry, HDR’s Executive Vice-President in a memorandum dated August 22, 2005, noted that HDR undertook 20 airplane round trips to Miami for the Streetcar Program Management services. See the entire text of his memorandum on page 42 through 44.

Travel Voucher: A travel voucher form or similar document showing a complete description of the trip (time of leaving home, etc.), the purpose and authorization by the City are not on file as required pursuant to Sections 112.061 (3)(c) and (11)(b), Florida Statutes. Upon further audit inquiry, a travel voucher summary showing general description of trips was subsequently prepared. See pages 45 through 48.

Per Diem: An allowance of $125 per day was charged to the City. However, only $50 is authorized pursuant to Section 112.061(6)(a)1, Florida Statutes. The amount of per diem charged totaled $9,625. Upon further audit inquiry, HDR agreed to reimburse the City the total overcharge.

Meals: Section 112.061(6)(a)1 and 2, Florida Statutes, stipulates $50 per diem or the actual expenses for lodging (hotel) plus $21 per day for meal. However, the cost of meals is not allowed when a traveler claims $50 per diem per day. The $1,537.30 claimed for meals is not allowable. Upon further audit inquiry, HDR agreed to reimburse the City the total un-allowed amount.

Mileage: Section 112.061(7)(d), Florida Statutes authorizes $0.29 per mile and documentation of the origin, destination and
The purpose of travel. The amount claimed for travel totaled $1,420.45. However, there was no document to evidence the origin, destination, miles traveled, and purpose of travel, as required. Upon further audit inquiry, HDR agreed to reimburse the City for excess charges.

**Parking/Toll/Car Rental/Fuel/Taxi:** There is no document to evidence the purpose and authorization for car rentals and related charges in accordance with Section 287.058(a), Florida Statutes. The total amount claimed for this item was $4,626.20. See auditee’s written response on page 43.

**Hotel:** The purpose for hotel service charges totaling $2,524.13 could not be substantiated. Upon further audit inquiry, HDR subsequently provided a travel summary voucher. See pages 45 and 46.

**COPIES/OFFICE-PHOTO:** Sufficient supporting details were not submitted to substantiate a total charge of $2,529.36 for this item in accordance with Section 287.058(a), Florida Statutes. See auditee’s response on page 43.

**CELL PHONE:** Sufficient supporting details were not submitted to substantiate a total charge of $5,418.85 relative to cellular phone calls placed regularly during off-work and weekend hours. Section 287.058(a), Florida Statutes, provides that compensation for services or expenses be submitted in detail sufficient for a proper pre-audit and post-audit. See auditee’s response on pages 43 and 44.

**TECHNOLOGY CHARGES:** In accordance with the State contract, services include copyright fees, materials and equipment rentals. Also, the City provides HDR access to computer hardware and application. Section 287.058(a), Florida Statutes, provides that compensation for services or expenses be submitted in detail sufficient for a proper pre-audit and post-audit thereof. However, the only support provided was names of employees, hours, and rates charged. The total amount charged was $10,560.40. See auditee’s response on page 44.

The proper travel authorizations and vouchers were not obtained and/or prepared and retained in accordance with provisions of Sections 112.061 and 287.058, Florida Statutes as required by the terms of the contract. Upon further inquiry,
HDR’s Executive Vice-President in a memorandum dated August 22, 2005 stated: “We are in agreement with some, but not all, of the items raised by the auditor and offer to pay the City $11,470.08 immediately to resolve the matter of the referenced audit.”

Recommendation.

We recommend that a budgetary system be implemented to help control hourly fees (soft cost) charged to the City. Also, we recommend that the CIP department monitor compliance with the terms of the contract more closely.

Auditee’s Response and Action Plan

See auditee’s written responses on pages 39 through 48.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled HDR Engineering, Inc:

Auditee’s Response and Action Plan

Employee Labor Distribution Sheets:
The support for the hourly fees billed to the City is documented on “Employee Labor Distribution” As stated in the previous response, the City currently has no budgetary system in place whereby the time spent on specific projects, project phases and administrative functions can be tracked and it is not feasible to track this data manually for hundreds of projects. Further, CIP has not requested and does not anticipate being able to track administrative costs on a ‘per project’ basis due to the nature of administrative work. Administrative time will be tracked on a ‘program’ basis so that CIP will be able to monitor the percentage of time spent on administrative functions versus total capital program expenditures on a quarterly or semi-annual basis. City and or industry partner time spent on planning, design and construction administration and inspection functions will be charged to specific projects and project phases as soon as the City’s automated timesheet program is implemented.

Other Expenses:
We agree that only $11,470.08 should be refunded. Our explanation follow.

Travel Authorization. The CIP department acknowledges that the travel voucher and authorization forms as stipulated in the Department of Management Services (DMS) contract were not completed by HDR or City staff in advance of travel taken by HDR on behalf of and for the benefit of the City. However, all travel taken by HDR on behalf of and for the benefit of the City was approved either verbally or via e-mail prior to any travel occurring. We have attached a spreadsheet which documents each trip authorized for HDR by CIP. The new Program Management contract with HDR will require that HDR obtain prior written authorization for travel and also to provide written documentation to support all such travel prior to payments being issued by CIP.

HDR will be crediting the City $11,470.08 for the over billing associated with travel, including airfare, meals, per diem and mileage. A check should be received on August 30, 2005. A copy of said reimbursement will be provided to your office upon receipt. Also, attached is an August 22, 2005 letter received from HDR that further explains these expense related items.
**Per Diem and Meals.** HDR has credited the City $5,850 and $1,537.30, for the over billing associated with the $50 per day maximum per diem and also the $21 per day maximum meal reimbursement, respectively. These amounts are included in the $11,470.08 above.

**Mileage documentation.** We do agree that the requirement of Florida Statute 112.061(7)(d) requiring prior written authorization was not followed. All travel associated with mileage reimbursement was approved in advance by CIP. CIP has attached a spreadsheet which included a detailed cost breakdown for the mileage expenses. CIP will ensure in the future that such written authorization is obtained prior to such travel. HDR has credited the City $649.08 for the over billing associated with the mileage. HDR’s new contract will require that all requests for reimbursement of mileage include supporting documentation.

**Car rentals.** We agree that the documentation of these costs do not completely conform with 287.058(a), Florida Statutes. However, the costs incurred by HDR were done so with the prior approval of CIP and were required by HDR to perform their work. The new Program Management contract with HDR will require that HDR provide written documentation to support all such costs prior to payments being issued by CIP. The attached HDR response provides support for these charges.

**Hotel.** Hotel costs were approved by CIP prior to being incurred by HDR. The new Program Management contract with HDR will require that HDR provide written documentation to support all such costs prior to payments being issued by CIP. The attached HDR response provides support for these charges.

**Copies, Office-Phone.** We do not agree. Documentation was provided with each invoice to support the charges and they were approved by CIP.

**Cell Phone.** The ability to continually communicate with HDR and HDR to communicate with its field personnel on a as needed and timely basis is vital to the success of the City’s construction and transportation programs. Such communications not only occur during work hours, but also routinely occur after hours and on weekends. Documenting the nature of each telephone call is not reasonable as it would significantly detract from the work being performed as well as the time associated with documenting telephone call, which may range from less than a minute to more lengthy times, is not cost beneficial. We will endeavor to change the current contract so that field personnel are provided a cell phone allowance sufficient to provide a threshold minimum number of minutes per month so that timely communication can be realized.

**Technology Charges.** The Technology Charge was only applied to the Streetcar Program Management Work Order. No City of Miami computers were used for the Streetcar Program Management Work Order. Per the DMS contract, the costs are directly related to the performance of specific tasks as required by the scope of services and include rental charges, lease charges, and other equipment costs not associated with the hourly rates presented in the DMS contract, but covered under the compensation section of the agreement. Note that these charges were excluded from the Program Management billings where the City of Miami provided the necessary Information Technology support. This computer technology charge is
part of HDR's standard billing and applied to all clients for which their direct expense percentage factor is not utilized.

C: Linda Haskins, Chief Financial Officer
   Victor Igwe, Auditor General
   Pilar Saenz, CIP Administrator
August 22, 2005

Ms. Mary Conway, PE
Director
Department of Capital Improvements and Transportation
City of Miami
444 SW 2nd Avenue, 10th Floor
Miami, FL 33128

Re: Homeland Defense Bond Audit
Program Management Services – HDR Engineering

Dear Ms. Conway:

The following response is provided to the City of Miami Auditor’s letter to your office regarding the HDR Engineering, Inc. contract dated January 8, 2004.

A copy of pages 14-18 of the recent letter from the Auditor’s office to your office is attached. We are in agreement with some of the concerns raised by the auditor and offer to pay the City $11,470.08 immediately to resolve the matter of the referenced audit. The following bold/italics headings refer to the corresponding comments from the Auditor’s letter:

Travel Authorization: In this section, the Auditor notes that HDR took 56 one-way trips. That is incorrect. HDR undertook 20 round trips to Miami for the Streetcar Program Management Services that were charged to the City as direct reimbursable expenses. The auditor was provided with American Express summary statements detailing all travel for any individual in a given invoice period. These statements included not only travel related to and charged to the City of Miami Program Management Services contract, but also any other trip that the individual took during the invoice period. Only the trips directly related to HDR’s work on the City contract were billed to the City of Miami. All travel was authorized by the Streetcar Program Management Services Project Manager and/or the Director of the Department of Capital Improvements prior to travel. Note that no trips were taken to or from New York, Los Angeles, or Baltimore. Trips to or from Tampa, Washington, D.C., Orlando, Portland, Charlotte, San Jose, and Atlanta were for staff directly working on the streetcar Program Management Services.
Travel Voucher:
A document providing the description of trips, dates traveling, and purpose of the trips is attached for all airfare and Per Diem charges. A reimbursement to the City in the amount of $5,433.70 will be included in the total noted above to correct inaccurate airfare charges. Reference the attached Travel Voucher Summary form for

Per Diem:
A reimbursement to the City in the amount of $5,850 will be included in the total noted above to correct charges on Per Diem in accordance with F.S. 112.061.

Meals:
A reimbursement to the City in the amount of $1,537.30 will be included in the total noted above for full compliance with F.S. 112.061.

Mileage:
Justification for mileage is included on the Travel Voucher Summary referenced above. Further, a correction to comply with the F.S. 112.061 mileage rate has been performed and a reimbursement in the amount of $649.08 will be included in the total noted above.

Parking/Toll/Car Rental/Fuel/Taxi:
Each of these miscellaneous travel related charges was part of a trip for which the purpose and authorization is documented as noted above in either Travel Authorization or Travel Voucher.

Hotel:
Justification for hotel charges is included on the Travel Voucher Summary referenced above.

Copies/Office-Photo:
These items are standard “Direct Expenses” costs incurred in the execution of most contracts, and are commonly billed directly to the client. For this contract, the costs were incurred for copying submittal reports, obtaining project photography, etc. The items in question are above and beyond HDR’s standard overhead rate structure, and are in conformance with the provision in the State contract permitting reimbursable expenses. Substantiation was provided in the descriptions provided with the invoices, including statements, expense reports, etc.

Cell Phone:
Calls to HDR and subconsultant offices outside of Miami were common on the Streetcar Program Management Work Order. Staff working on the program locally often needed to communicate on active issues with team members located in Orlando, Jacksonville, Charlotte, Oregon, etc. Note also that our staff found itself working on the Streetcar Program Management Work Order, as well as the Production Program Management Work Order at nights and on weekends on a regular basis. The fast pace of the schedule and intense pressure to produce results on both elements of the program required irregular work weeks for our senior staff. Providing detail substantiating each and every telephone conversation is not realistic and is not standard industry practice for all similar professional services contracts we are involved with.

Technology Charges:
The Technology Charge was only applied to the Streetcar Program Management Work Order. No City of Miami computers were used for the Streetcar Program Management Work Order. Per the DMS contract, the costs are directly related to the performance of specific tasks as required by the scope of services and include rental charges, lease charges, and other equipment costs not associated with the hourly rates presented in the DMS contract, but covered under the compensation section of the agreement. Note that these charges were excluded from the Program Management billings where the City of Miami provided the necessary Information Technology support. This computer technology charge is part of HDR's standard billing and applied to all clients for which our direct expense percentage factor is not utilized.

We hope that the information provided herein is sufficient and adequate for your needs in replying to the City's auditor on the referenced contract. Should you need any additional information, please do not hesitate to contact me directly.

Sincerely,

HDR Engineering, Inc.

Will Suero, PE
Vice President

HDR Engineering, Inc.
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<tr>
<th>HBR Invoice</th>
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<th>Origin and Destination</th>
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**Notes:**
- Flight was on a red eye, 6/21/2004, and arrived 7/20/2004.
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In accordance with Resolution 04-0011 (dated January 8, 2004), the City Commission approved the procurement of general engineering consulting services from Consul-Tech Transportation, Inc., (CT) by piggybacking on existing State of Florida contract number C-8286, in an amount not to exceed $1,000,000. A subsequent City Commission Resolution (number 04-0497, dated July 22, 2004), increased the award amount to $3 million. Work Order Authorizations were issued on January 7, 2004 for an amount not to exceed $495,042, on May 28, 2004 for $504,958, and on August 12, 2004 for $2 million, respectively.

Fifteen (15) invoices totaling $2,641,595.94 of hourly fees were selected for testing. Said invoices were dated April 2, 2004 through April 21, 2005, representing 100% of the invoice population submitted for payment in that period. Our review disclosed the following observations:

**TIMESHEETS.**

- The support for the hourly fees billed to the City is documented on a timesheet. The vast majority of the timesheets reviewed did not show a detailed description of the specific tasks performed by the consultants on a daily basis. The timesheets merely indicated “City of Miami General Engineering Services Project Management” or “Construction Administration.” See an example on page 66. There is no indication of the specific task or sub-project that is being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft costs). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for
completing various tasks or sub-projects. The hourly fees charged to the selected invoices tested totaled $2,641,595.94 (or 100% of the total expenditures tested).

**PREMIUM OVERTIME.**

- The State of Florida contract (number C-8286) through which the City piggybacked to procure CT services, under Exhibit “B”, Method of Compensation, 2.20, titled “Details of Compensation”, provides: “Administrative overhead and fringe benefits will be applied to straight time salary and wage costs at the combined overhead rates provided in Table 5A of Section 5.00. Straight time is the amount paid to an employee excluding any premium overtime costs.” “Operating Margin will be applied to actual approved salary costs (exclusive of premium overtime) burdened with applicable administrative overhead and fringe benefits at the rates provided in Table 5A of Section 5.00”

Our test disclosed that CT did not exclude the amount of premium overtime from the payroll expenditures in order to calculate the overhead and operating margin totals, as required in Section 2.20 of the contract. This resulted in the City being overcharged by $22,377.81. Upon audit inquiry, CT agreed to reimburse the City the amount of the overcharge.

**HOME vs. FIELD OVERHEAD RATE CHARGED TO THE CITY.**

- Table 5A of Section 5.00 of the contract, established two rates for Overhead: “Home” and “Field”. The Home Overhead is established at 167.50% and the Field Overhead at 113.14% of the direct labor hours charged to the City. The Florida Department of Transportation’s (FDOT’s) Uniform Audit and Accounting Guide (UAAG) states that when a consultant’s employee is not working out of
his/her own office and said employee is not receiving office support in his/her day to day activities, the hours billed for that employee do not qualify for the consultant’s Home Overhead rate, which is the same as the full Overhead rate.

The Work Order Authorizations (WOA) issued to CT by the City clearly stipulates the scope and type of services to be provided by CT. The vast majority of the duties performed by CT employees include overseeing, inspecting, and managing of City’s off-site projects. Based on the guidelines provided by FDOT’s UAAG as discussed above, the Field Overhead is applicable when a consultant’s employee is not working out of his/her own offices and said employee is not receiving home office support in his/her day to day activities. We noted that the City started providing CT with office working space at the City’s administrative office building (Miami River Center (MRC) building) beginning April 05, 2004. In addition, technology support, telephone and other amenities are provided to CT. Therefore, the Field Overhead rate would be applicable in the day to day activities that receive support from the City’s MRC building. However, our audit disclosed that CT applied the HOME overhead rate (full overhead rate) of 167.5% and no FIELD overhead rate (113.14%) on all the invoices presented to the City for payment. Said invoices were paid as billed. The difference between the use of home overhead rate as opposed to field overhead rate totaled $154,225.89 of overcharge to the City. Upon audit inquiry, the overcharge was refunded to the City.
**AUTHORIZATION OF OVERTIME WORK.**

- Exhibit “B”, Method of Compensation, 2.20, titled “Details of Compensation”, provide that: “When authorized in advance in writing by the Department, premium overtime will also be paid at a rate of one-half of the tabulated rates.” However, there is no evidence of prior written authorization for overtime charges totaling $41,570.44, as required by the agreement. The supporting documentation for overtime authorizations provided consists of four e-mails that did not indicate the names of the employees authorized to perform said overtime, the date of the e-mail was subsequent to the date of the overtime, and no specific number of hours of overtime was shown on the e-mails text. Also, the email provided did not specify the nature of the overtime task to be performed.

**Recommendation.**

We recommend that a budgetary system be implemented to help control hourly fees (soft cost) charged to the City. Also, we recommend that the CIP department monitor compliance with the terms of the contract more closely.

**Auditee’s Response and Action Plan**

See auditee’s written response on pages 53 and 54.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled Consul-Tech Transportation, Inc.;

Auditee’s Response and Action Plan

**Timesheets:**
As stated in previous responses, the City currently has no budgetary system in place whereby the time spent on specific projects, project phases and administrative functions can be tracked and it is not feasible to track this data manually for hundreds of projects. Further, CIP has not requested and does not anticipate being able to track administrative costs on a ‘per project’ basis due to the nature of administrative work. Administrative time will be tracked on a ‘program’ basis so that CIP will be able to monitor the percentage of time spent on administrative functions versus total capital program expenditures on a quarterly or semi-annual basis. City and or industry partner time spent on planning, design and construction administration and inspection functions will be charged to specific projects and project phases as soon as the City’s automated timesheet program is implemented.

**Premium Overtime:**
Consul Tech credited the City $22,377.81 on invoice # Miami-10SA2-Rev for their overcharge associated with overhead and operating margin on the premium overtime portion of their prior invoices. The difference of $5,361.96 between this credit and the amount mentioned by the OAD relates to overtime associated with previously rejected billing amounts on Invoices Miami-9SA2 and Miami-10SA2.

**Home vs. Field Overhead Rate Charged to City:**
Consul Tech refunded $154,225.89 to the City on check # 3768, dated August 18, 2005 for their overcharge associated with wrongly using the HOME rather than FIELD overhead rate for those staff working out of the Miami Riverside Center on their prior invoices. The CIP Contracts group now reviews and approves all contracts, work orders and invoices, including those for program management services, prior to their submission for Director approval to insure that all statutory, local procurement code and contract terms and conditions are followed.
Authorization of Overtime Work:
We agree that we did not document in writing the Director’s authorization of overtime. However, all overtime charged was approved orally by the Director. In the future, overtime approvals will be documented in writing.

C: Linda Haskins, Chief Financial Officer
    Victor Igwe, Auditor General
    Pilar Saez, CIP Administrator
URS CORPORATION.

In accordance with Resolution R-04-0120 (dated February 26, 2004) the City Commission approved the procurement of program management services from URS Corporation (URS) by piggybacking on an existing City of Miami Beach contract dated June 27, 2001 in an amount not to exceed $1 million. Said amount was increased up to $1.8 million through Resolution R-05-0207 dated April 14, 2005. This resolution allocated “funds from increase in available interest earnings from the Homeland Defense Neighborhood Improvement Bond Proceeds. A Master Work Order Authorization was issued on March 10, 2004, for the Program Management Services. The scope of services described on an attachment to the contract includes: Define/refine project scopes, prepare project estimates and budgets, serve as project managers, etc.

The total expenditures as of April 07, 2005, audit field work date, were approximately $1.6 million. Ninety-nine percent (99%) of the total amount of expenditure is made up of labor cost. We selected six invoices totaling $784,379.46 of hourly fees and other expenditures for testing. Said invoices were dated October 22, 2004 through January 21, 2005, and represent approximately 50% of the invoice population submitted for payment in that period.

Our review of the six invoices for the period stated above disclosed the following:

**EMPLOYEE TIMESHEETS.**

- The support for the hourly fees billed to the City is documented on “Employee Timesheet (ET)”. This record does not show a detailed description of the specific tasks (work) performed on a daily basis by each employee during working hour. The ET merely states “City of Miami Park & Facilities/PHASE1”. See an example on page 67. There is no indication of the specific task or sub-project in
the said Park that is being invoiced. Therefore, the hourly fees paid were not allocated to the construction costs of each project. In addition, there is no budgetary system in place to help control program management costs (soft cost). A budgetary system would establish or stipulate standard hours, budgeted dollar amounts, and/or timelines earmarked for completing various tasks or sub-projects. The hourly fees charged to the selected invoices tested totaled $776,293.30 (or 99% of the total expenditures tested).

**PROGRAM MANAGEMENT STATUS REPORTS.**

- Task 1.4, of the contract, titled, *Program Management Status Reports* states, “CONSULTANT shall generate and distribute a monthly Program Management Status Report (PMSR) that includes updated design and construction schedules and cost model status updates. Monthly progress schedules and reports, as provided by the various A/E and/or Contractors (developed in accordance with PWP) shall be used for a portion of these reports. Schedule reporting shall reflect actual against scheduled progress while cost reporting shall reflect current cost and projected cost information. The PMSR shall be used to review Program status with the City Commission and General Obligation Government Oversight Committee on a monthly basis.” Task 1.5 of the contract titled, *Document Control System* states: “CONSULTANT shall establish and maintain an integrated document control system to assure complete control of all engineering and construction records,…”

Our audit disclosed that monthly Program Management Status Reports were not generated, distributed, and used to review Program status with the City Commission and the General Obligation Government Oversight Committee on a monthly basis, as stipulated above.
Upon audit inquiry, URS stated that City Management developed its own reporting systems to suit its requirements. Also, City Management directed that all formal reports come from HDR.

**CELLULAR PHONE EXPENSES.**

- Task number 6.4 of the contract titled *Reimbursable*, states, “Direct non-salary expenses, entitled Reimbursable, directly attributable to the Program, will be charged at actual costs. Reimbursable shall be submitted for payment by consultant in accordance with City procedures.” Task number 6.2 of the contract provides that cellular phone expenses are allowed up to 300 minutes per month. Also, Section 6.4.2 of the contract states, “A detailed statement of expenses must accompany any request of reimbursement. Expenses other than auto travel must be documented by copies of paid receipts, checks or other evidence of payment.”

Our audit determined that cellular phone expenditures totaling $3,690 was charged to the City without indicating the minutes used and public purpose for each call. We noted that four cellular phones are currently assigned to URS employees. Invoices or phone bills are not on file. Absent detailed statements, the minutes used and the public purpose of calls, the propriety of the related expenditure could not be determined.

**INVOICE FROM NOVA CONSULTING, INC.**

- Section 10.6 of the contract titled *Subconsultants* states: “Consultant shall obtain prior written approval of the City prior to changing or modifying the sub-consultants and other professional associates…” Section 10.6.2 of the contract provides that Consultant represents that it has made and will make reasonable investigation of all Subconsultants to be utilized in the performance of work
under this Agreement to determine that they possess the skill, knowledge and experience necessary to enable them to perform the services required. Nothing in this agreement shall relieve the Consultant of its prime and sole responsibility for the performance of the work under this Agreement.”

We noted that URS submitted an invoice prepared by Nova Consulting, Inc., dated April 30, 2004 to the City for payment. The total amount of the invoice submitted was $53,000, which included labor for $50,000, vehicle rental for $2,146 and equipment rentals for $854. There is no supporting invoice for vehicle and equipment rentals totaling $3,000. The dates on the invoices submitted by Nova predate the City’s engagement of URS for program management contract services. Therefore, Nova could not have worked under the direction and supervision of URS. We noted that in a letter dated May 6, 2005 to the Project Manager of URS Corporation, the President of Nova stated: “As requested, our proposal was addressed to Mr. Ed Herald Program Manager for the City of Miami. Upon completion of our work, we were asked by Mr. Herald to bill as sub-consultant to URS. As a result, we submitted the required paperwork to become a URS vendor”.

Upon audit inquiry, URS stated: “Due to funding constraints with the agreement between HDR and the City, URS was asked to contract NOVA Consulting in accordance with a proposal previously negotiated between NOVA and HDR which provided Roadway and Drainage Data collection services…URS honored this request as a good faith gesture to the City. The terms and pricing of the NOVA services were negotiated between HDR (Ed Herald) and NOVA; and the work were supervised by HDR. The URS contract merely served as a vehicle for the City to acquire the services of NOVA Consulting.”

In construction contractual arrangements, the primary contractor ensures that the subcontractor performed the assigned tasks as specified and also that the goods used by the subcontractor conformed to the quality specified in the Agreement. It
is unclear which company (HDR or URS) would be responsible for warranting the services provided by the subcontractor (Nova Consulting). It is also unclear how funding constraints necessitated this arrangement since HDR had more funded projects as compared to URS.

**TRAVEL EXPENSES.**

- Sound business practices require that all travel-related expenditures be well supported with explanations as to public purpose of each travel, destination, etc. Turnpike toll receipts totaling $44.10 did not have any public purpose explanation. Also, a toll receipt for $13.70 was incurred on June 12, 2004 (Saturday), a day in which the timesheet for the employee submitting the toll receipt showed no hours were worked.

  Upon audit inquiry URS stated that a credit in the amount of $57.70 would be issued to the City.

**Recommendation.**

We recommend that a budgetary system be implemented to help control hourly fees (soft cost) charged to the City. Also, we recommend that a Program Management Report be prepared as required and all expenditures should be properly documented and retained for post audit. Also, we recommend that the CIP department monitor compliance with the terms of the contract more closely.
Auditee Response and Action Plan.

See auditee’s written response on pages 61 and 62.
Below please find Capital Improvement Program (CIP) response to the section of the draft Homeland Defense Audit Report entitled URS Corporation:

Auditee’s Response and Action Plan

**Employee Timesheets:**
As stated in previous responses, the City currently has no budgetary system in place whereby the time spent on specific projects, project phases and administrative functions can be tracked and it is not feasible to track this data manually for hundreds of projects. Further, CIP has not requested and does not anticipate being able to track administrative costs on a ‘per project’ basis due to the nature of administrative work. Administrative time will be tracked on a ‘program’ basis so that CIP will be able to monitor the percentage of time spent on administrative functions versus total capital program expenditures on a quarterly or semi-annual basis. City and or industry partner time spent on planning, design and construction administration and inspection functions will be charged to specific projects and project phases as soon as the City’s automated timesheet program is implemented.

**Program Management Status Reports:**
As described in an earlier response, the CIP department chose to have HDR implement TRACS as the City’s program management database rather than having URS perform this function. As a result, there is no need for URS to provide any monthly reporting as is part of their scope of work under their contract with the City of Miami Beach. URS, similar to City and industry partner staff, does provide the City with routine updates for all projects to which they are assigned so that the data in TRACS is kept current.

**Cellular Phone Expenses:**
We disagree with this finding. URS has a master nationwide contract for their cellular phones for which they are charged $90.00 per month. This rate is within the normal range for cellular phones providing regular phone, radio and Blackberry services. The $3,690 billed to the City represents four (4) phones being billed to the City for the audit period. It is impractical for City or industry partner staff to document the minutes used and public purpose for every cell phone call as the audit findings suggest.
**Invoice from Nova Consulting, Inc:**

A need was identified to update the City's Roadway Condition Survey for all city streets to serve as a basis for the creation of a needs based public works street resurfacing program. This effort was given high priority based on a commission directive that directed CIP and Public Works to revisit the prioritization of all street infrastructure maintenance and rehabilitation projects in the capital improvement program. To accomplish this directive, HDR, Consol Tech and URS were requested to identify field staff to be utilized for the inspection and data gathering for each of the City's 10,000 street segments. Ten, two-person teams were created to perform this work, including subcontractor staff as needed. HDR, Consol Tech and URS staff worked collaboratively on this assignment with HDR assuming the lead role for the data entry into a GIS database that was used to develop the prioritized citywide street maintenance project needs. Nova Consulting was one of the subcontractors that provided additional field personnel to allow CIP to address this important commission directive on a timely basis. While Nova Consulting was initially proposed to be billed as a subcontractor under the HDR contract, their work was later billed through the URS contract which had additional remaining billing capacity beyond that of the HDR contract.

**Travel Expenses:**

URS is processing a credit for $57.80 for the overcharge associated with reimbursement for tolls.

C: Linda Haskins, Chief Financial Officer
   Victor Igwe, Auditor General
   Pilar Saenz, CIP Administrator
<table>
<thead>
<tr>
<th>#</th>
<th>File ID #</th>
<th>Date</th>
<th>Contractor/Project/Grantor</th>
<th>B #</th>
<th>BOND FUNDED?</th>
<th>Amount Awarded Up To</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>05-00103</td>
<td>2/24/05</td>
<td>Recreational Design Construction, Inc., (RDC) (prime contractor)</td>
<td>B-38500</td>
<td>YES</td>
<td>$5,154,911.00</td>
<td>Approves the selection of RDC and Ziscovich for the design and construction services for projects at Little Haiti Park Soccer and Recreational Facilities under the &quot;Design-Build&quot; method.</td>
</tr>
<tr>
<td>2</td>
<td>05-00104</td>
<td>2/24/05</td>
<td>RDC</td>
<td>B-60496</td>
<td>YES</td>
<td>7,000,000.00</td>
<td>Authorizes the City Manager to Execute an Agreement with RDC for Grapeland Park recreational facilities.</td>
</tr>
<tr>
<td>3</td>
<td>05-00178</td>
<td>3/10/05</td>
<td>Hammes Co. Sports</td>
<td>B-30153</td>
<td>YES</td>
<td>6,000,000.00</td>
<td>Authorizes the City Manager to Execute an Agreement with Hammes Company Sports for the Orange Bowl Redevelopment Project.</td>
</tr>
<tr>
<td>4</td>
<td>04-01321</td>
<td>12/9/04</td>
<td>Pirtle Construction Company, Inc. (contractor, construction management at risk), and Ziscovich (architect)</td>
<td>B-35828, B-30105, B-60496</td>
<td>YES</td>
<td>9,000,000.00</td>
<td>Approves the selection of RDC and C3TS for the design and construction services for projects at Grapeland Heights Park under the &quot;Design-Build&quot; method.</td>
</tr>
<tr>
<td>5</td>
<td>04-01321</td>
<td>12/9/04</td>
<td>Pirtle Construction Company, Inc. (prime contractor) and Ziscovich (architect)</td>
<td>B-35857</td>
<td>YES</td>
<td>5,000,000.00</td>
<td>Approves the selection of Pirtle and Ziscovich for the design and construction services for projects at Jose Marti Gymnasium project under the &quot;Construction Management at Risk&quot; method.</td>
</tr>
<tr>
<td>6</td>
<td>04-01321</td>
<td>12/9/04</td>
<td>Pirtle Construction Company, Inc. (prime contractor) and Ziscovich (architect)</td>
<td>B-30295</td>
<td>YES</td>
<td>6,879,655.00</td>
<td>Approves the selection of Pirtle and Ziscovich for the design and construction services for projects at Little Haiti Park Cultural Campus project under the &quot;Construction Management at Risk&quot; method. (Note: Zyscovich continue as architect per Resolution 04-0151).</td>
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</table>

** GRAND TOTAL ** $39,034,566.00

The total amount awarded may not necessarily be the amount expended as of the date of this report.

** If two no-bid awards totaling $11 million are put out for competitive bidding as indicated on page 26 the grand total amount will decrease to $28 million
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<th>Product</th>
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<th>Unit</th>
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<td>123456</td>
<td>Item 1</td>
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<tr>
<td>234567</td>
<td>Item 2</td>
<td>20</td>
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<tr>
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<td>Item 3</td>
<td>50</td>
<td>Each</td>
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**Total:** $1000.00
The 2004 Florida Statutes

112.061 Per diem and travel expenses of public officers, employees, and authorized persons.--

(1) LEGISLATIVE INTENT.--There are inequities, conflicts, inconsistencies, and lazones in the numerous laws regulating or attempting to regulate travel expenses of public officers, employees, and authorized persons in the state. It is the intent of the Legislature:

(a) To remedy same and to establish uniform maximum rates, and limitations, with certain justifiable exceptions, applicable to all public officers, employees, and authorized persons whose travel expenses are paid by a public agency.

(b) To preserve the standardization and uniformity established by this law:

1. The provisions of this section shall prevail over any conflicting provisions in a general law, present or future, to the extent of the conflict; but if any such general law contains a specific exemption from this section, including a specific reference to this section, such general law shall prevail, but only to the extent of the exemption.

2. The provisions of any special or local law, present or future, shall prevail over any conflicting provisions in this section, but only to the extent of the conflict.

(2) DEFINITIONS.--For the purposes of this section, the following words shall have the meanings indicated:

(a) Agency or public agency--Any office, department, agency, division, subdivision, political subdivision, board, bureau, commission, authority, district, public body, body politic, county, city, town, village, municipality, or any other separate unit of government created pursuant to law.

(b) Agency head or head of the agency--The highest policymaking authority of a public agency, as herein defined.

(c) Officer or public officer--An individual who in the performance of his or her official duties is vested by law with sovereign powers of government and who is either elected by the people, or commissioned by the Governor and has jurisdiction extending throughout the state, or any person lawfully serving instead of either of the foregoing two classes of individuals as initial designee or successor.

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String... 7/14/2005
(d) Employee or public employee--An individual, whether commissioned or not, other than an officer or authorized person as defined herein, who is filling a regular or full-time authorized position and is responsible to an agency head.

(e) Authorized person--

1. A person other than a public officer or employee as defined herein, whether elected or commissioned or not, who is authorized by an agency head to incur travel expenses in the performance of official duties.

2. A person who is called upon by an agency to contribute time and services as consultant or adviser.

3. A person who is a candidate for an executive or professional position.

(f) Traveler--A public officer, public employee, or authorized person, when performing authorized travel.

(g) Travel expense, traveling expenses, necessary expenses while traveling, actual expenses while traveling, or words of similar nature--The usual ordinary and incidental expenditures necessarily incurred by a traveler.

(h) Common carrier--Train, bus, commercial airline operating scheduled flights, or rental cars of an established rental car firm.

(i) Travel day--A period of 24 hours consisting of four quarters of 6 hours each.

(j) Travel period--A period of time between the time of departure and time of return.

(k) Class A travel--Continuous travel of 24 hours or more away from official headquarters.

(l) Class B travel--Continuous travel of less than 24 hours which involves overnight absence from official headquarters.

(m) Class C travel--Travel for short or day trips where the traveler is not away from his or her official headquarters overnight.

(n) Foreign travel--Travel outside the United States.

3. AUTHORITY TO INCUR TRAVEL EXPENSES.--

(a) All travel must be authorized and approved by the head of the agency, or his or her designated representative, from whose funds the traveler is paid. The head of the agency shall not authorize or approve such a request unless it is accompanied by a signed statement by the traveler's supervisor stating that such travel is on the official business of the state and also stating the purpose of such travel.
(b) Travel expenses of travelers shall be limited to those expenses necessarily incurred by them in the performance of a public purpose authorized by law to be performed by the agency and must be within the limitations prescribed by this section.

(c) Travel by public officers or employees serving temporarily in behalf of another agency or partly in behalf of more than one agency at the same time, or authorized persons who are called upon to contribute time and services as consultants or advisers, may be authorized by the agency head. Complete explanation and justification must be shown on the travel expense voucher or attached thereto.

(d) Travel expenses of public employees for the sole purpose of taking merit system or other job placement examinations, written or oral, shall not be allowed under any circumstances, except that upon prior written approval of the agency head or his or her designee, candidates for executive or professional positions may be allowed travel expenses pursuant to this section.

(e) The agency head, or a designated representative, may pay by advancement or reimbursement, or a combination thereof, the costs of per diem of travelers and authorized persons for foreign travel at the current rates as specified in the federal publication "Standardized Regulations (Government Civilians, Foreign Areas)" and incidental expenses as provided in this section.

(f) A traveler who becomes sick or injured while away from his or her official headquarters and is therefore unable to perform the official business of the agency may continue to receive subsistence as provided in subsection (6) during this period of illness or injury until such time as he or she is able to perform the official business of the agency or returns to his or her official headquarters, whichever is earlier. Such subsistence may be paid when approved by the agency head or his or her designee.

(g) The secretary of the Department of Health or a designee may authorize travel expenses incidental to the rendering of medical services for and on behalf of clients of the Department of Health. The Department of Health may establish rates lower than the maximum provided in this section for these travel expenses.

(4) OFFICIAL HEADQUARTERS... The official headquarters of an officer or employee assigned to an office shall be the city or town in which the office is located except that:

(a) The official headquarters of a person located in the field shall be the city or town nearest to the area where the majority of the person’s work is performed, or such other city, town, or area as may be designated by the agency head provided that in all cases such designation must be in the best interests of the agency and not for the convenience of the person.

(b) When any state employee is stationed in any city or town for a period of over 30 continuous workdays, such city or town shall be deemed to be the employee’s official headquarters, and he or she shall not be allowed per diem or subsistence, as provided in this section, after the said period of 30 continuous workdays has elapsed, unless this period of time is extended by the express approval of the agency head or his or her designee.
(c) A traveler may leave his or her assigned post to return home overnight, over a weekend, or during a holiday, but any time lost from regular duties shall be taken as annual leave and authorized in the usual manner. The traveler shall not be reimbursed for travel expenses in excess of the established rate for per diem allowable had he or she remained at his or her assigned post. However, when a traveler has been temporarily assigned away from his or her official headquarters for an approved period extending beyond 30 days, he or she shall be entitled to reimbursement for travel expenses at the established rate of one round trip for each 30-day period actually taken to his or her home in addition to pay and allowances otherwise provided.

(5) COMPUTATION OF TRAVEL TIME FOR REIMBURSEMENT.--For purposes of reimbursement and methods of calculating fractional days of travel, the following principles are prescribed:

(a) The travel day for Class A travel shall be a calendar day (midnight to midnight). The travel day for Class B travel shall begin at the same time as the travel period. For Class A and Class B travel, the traveler shall be reimbursed one-fourth of the authorized rate of per diem for each quarter, or fraction thereof, of the travel day included within the travel period. Class A and Class B travel shall include any assignment on official business outside of regular office hours and away from regular places of employment when it is considered reasonable and necessary to stay overnight and for which travel expenses are approved.

(b) A traveler shall not be reimbursed on a per diem basis for Class C travel, but shall receive subsistence as provided in this section, which allowance for meals shall be based on the following schedule:

1. Breakfast--When travel begins before 6 a.m. and extends beyond 8 a.m.
2. Lunch--When travel begins before 12 noon and extends beyond 2 p.m.
3. Dinner--When travel begins before 6 p.m. and extends beyond 8 p.m., or when travel occurs during nighttime hours due to special assignment.

No allowance shall be made for meals when travel is confined to the city or town of the official headquarters or immediate vicinity; except assignments of official business outside the traveler's regular place of employment if travel expenses are approved. The Chief Financial Officer shall establish a schedule for processing Class C travel subsistence payments at least on a monthly basis.

1(c) For the 2004-2005 fiscal year only and notwithstanding the other provisions of this subsection, for Class C travel, a state traveler shall not be reimbursed on a per diem basis nor shall a traveler receive subsistence allowance. This paragraph expires July 1, 2005.

(6) RATES OF PER DIEM AND SUBSISTENCE ALLOWANCE.--For purposes of reimbursement rates and methods of calculation, per diem and subsistence allowances are divided into the following groups and rates:

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String.. 7/14/2005
(a) All travelers shall be allowed for subsistence when traveling to a convention or conference or when traveling within or outside the state in order to conduct bona fide state business, which convention, conference, or business serves a direct and lawful public purpose with relation to the public agency served by the person attending such meeting or conducting such business, either of the following for each day of such travel at the option of the traveler:

1. Fifty dollars per diem; or

2. If actual expenses exceed $50, the amounts permitted in paragraph (b) for meals, plus actual expenses for lodging at a single-occupancy rate to be substantiated by paid bills therefor.

When lodging or meals are provided at a state institution, the traveler shall be reimbursed only for the actual expenses of such lodging or meals, not to exceed the maximum provided for in this subsection.

(b) All travelers shall be allowed the following amounts for subsistence while on Class C travel on official business as provided in paragraph (5)(b):

1. Breakfast ............. $3

2. Lunch ............... $6

3. Dinner .............. $12

(c) No one, whether traveling out of state or in state, shall be reimbursed for any meal or lodging included in a convention or conference registration fee paid by the state.

(d) For the 2004-2005 fiscal year only and notwithstanding the other provisions of this subsection, for Class C travel, a state traveler shall not be reimbursed on a per diem basis nor shall a traveler receive subsistence allowance. This paragraph expires July 1, 2005.

(7) TRANSPORTATION...

(a) All travel must be by a usually traveled route. In case a person travels by an indirect route for his or her own convenience, any extra costs shall be borne by the traveler; and reimbursement for expenses shall be based only on such charges as would have been incurred by a usually traveled route. The agency head or his or her designee shall designate the most economical method of travel for each trip, keeping in mind the following conditions:

1. The nature of the business.

2. The most efficient and economical means of travel (considering time of the traveler, impact on the productivity of the traveler, cost of transportation, and per diem or subsistence required). When it is more efficient and economical to either the traveler or the agency head, jet service offered by any airline, whether on state contract or not, may be used when the cost is within an approved threshold.

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String... 7/14/2005
determined by the agency head or his or her designee.

3. The number of persons making the trip and the amount of equipment or material to be transported.

(b) The Department of Financial Services may provide any form it deems necessary to cover travel requests for traveling on official business and when paid by the state.

(c) Transportation by common carrier when traveling on official business and paid for personally by the traveler, shall be substantiated by a receipt therefor. Federal tax shall not be reimbursable to the traveler unless the state and other public agencies are also required by federal law to pay such tax. In the event transportation other than the most economical class as approved by the agency head is provided by a common carrier on a flight check or credit card, the charges in excess of the most economical class shall be refunded by the traveler to the agency charged with the transportation provided in this manner.

(d) The use of privately owned vehicles for official travel in lieu of publicly owned vehicles or common carriers may be authorized by the agency head or his or her designee. Whenever travel is by privately owned vehicle, the traveler shall be entitled to a mileage allowance at a fixed rate of 25 cents per mile for state fiscal year 1994-1995 and 29 cents per mile thereafter or the common carrier fare for such travel, as determined by the agency head. Reimbursement for expenditures related to the operation, maintenance, and ownership of a vehicle shall not be allowed when privately owned vehicles are used on public business and reimbursement is made pursuant to this paragraph, except as provided in subsection (b).

2. All mileage shall be shown from point of origin to point of destination and, when possible, shall be computed on the basis of the current map of the Department of Transportation. Vicinity mileage necessary for the conduct of official business is allowable but must be shown as a separate item on the expense voucher.

(e) Transportation by chartered vehicles when traveling on official business may be authorized by the agency head when necessary or where it is to the advantage of the agency, provided the cost of such transportation does not exceed the cost of transportation by privately owned vehicles pursuant to paragraph (d).

(f) The agency head or his or her designee may grant monthly allowances in fixed amounts for use of privately owned automobiles on official business in lieu of the mileage rate provided in paragraph (d). Allowances granted pursuant to this paragraph shall be reasonable, taking into account the customary use of the automobile, the roads customarily traveled, and whether any of the expenses incident to the operation, maintenance, and ownership of the automobile are paid from funds of the agency or other public funds. Such allowance may be changed at any time, and shall be made on the basis of a signed statement of the traveler, filed before the allowance is granted or changed, and at least annually thereafter. The statement shall show the places and distances for an average typical month's travel on official business, and the amount that would be allowed under the approved rate per mile for the travel shown in the statement, if payment had been made pursuant to paragraph (d).

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=... 7/14/2005
(g) No contract may be entered into between a public officer or employee, or any other person, and a public agency, in which a depreciation allowance is used in computing the amount due by the agency to the individual for the use of a privately owned vehicle on official business; provided, any such existing contract shall not be impaired.

(h) No traveler shall be allowed either mileage or transportation expense when gratuitously transported by another person or when transported by another traveler who is entitled to mileage or transportation expense. However, a traveler on a private aircraft shall be reimbursed the actual amount charged and paid for the fare for such transportation up to the cost of a commercial airline ticket for the same flight, even though the owner or pilot of such aircraft is also entitled to transportation expense for the same flight under this subsection.

(8) OTHER EXPENSES.--

(a) The following incidental travel expenses of the traveler may be reimbursed:

1. Taxi fare.
2. Ferry fares; and bridge, road, and tunnel tolls.
3. Storage or parking fees.
4. Communication expense.
5. Convention registration fee while attending a convention or conference which will serve a direct public purpose with relation to the public agency served by the person attending such meetings. A traveler may be reimbursed the actual and necessary fees for attending events which are not included in a basic registration fee that directly enhance the public purpose of the participation of the agency in the conference. Such expenses may include, but not be limited to, banquets and other meal functions. It shall be the responsibility of the traveler to substantiate that the charges were proper and necessary. However, any meals or lodging included in the registration fee will be deducted in accordance with the allowances provided in subsection (6).

(b) Other expenses which are not specifically authorized by this section may be approved by the Department of Financial Services pursuant to rules adopted by it. Expenses approved pursuant to this paragraph shall be reported by the Department of Financial Services to the Auditor General annually.

(9) Rule...
and other entities in connection with travel at public expense; however, before adopting such rules, the
department shall consult with the appropriation committees of the Legislature.

(b) Each state agency shall adopt such additional specific rules and specific criteria to be used by it to
predetermine justification for attendance by state officers and employees and authorized persons at
conventions and conferences, not in conflict with the rules of the Department of Financial Services or
with the general criteria to be used by a state agency to predetermine justification for attendance by
state officers and employees and authorized persons at conventions, as may be necessary to effectuate
the purposes of this section.

(10) FRAUDULENT CLAIMS.--Claims submitted pursuant to this section shall not be required to be sworn
to before a notary public or other officer authorized to administer oaths, but any claim authorized or
required to be made under any provision of this section shall contain a statement that the expenses
were actually incurred by the traveler as necessary travel expenses in the performance of official duties
and shall be verified by a written declaration that it is true and correct as to every material matter; and
any person who willfully makes and subscribes any such claim which he or she does not believe to be
true and correct as to every material matter, or who willfully aids or assists in, procures, counsels, or
advises the preparation or presentation under the provisions of this section of a claim which is
fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the
knowledge or consent of the person authorized or required to present such claim, is guilty of a
misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. Whoever shall
receive an allowance or reimbursement by means of a false claim shall be civilly liable in the amount of
the overpayment for the reimbursement of the public fund from which the claim was paid.

(11) TRAVEL AUTHORIZATION AND VOUCHER FORMS.--

(e) Authorization forms.--The Department of Financial Services shall furnish a uniform travel
authorization request form which shall be used by all state officers and employees and authorized
persons when requesting approval for the performance of travel to a convention or conference. The
form shall include, but not be limited to, provision for the name of each traveler, purpose of travel,
period of travel, estimated cost to the state, and a statement of benefits accruing to the state by virtue
of such travel. A copy of the program or agenda of the convention or conference, itemizing registration
fees and any meals or lodging included in the registration fee, shall be attached to, and filed with, the
copy of the travel authorization request form on file with the agency. The form shall be signed by the
traveler and by the traveler's supervisor stating that the travel is to be incurred in connection with
official business of the state. The head of the agency or his or her designated representative shall not
authorize or approve such request in the absence of the appropriate signatures. A copy of the travel
authorization form shall be attached to, and become a part of, the support of the agency's copy of the
travel voucher.

(b) Voucher forms.--

1. The Department of Financial Services shall furnish a uniform travel voucher form which shall be used
by all state officers and employees and authorized persons when submitting travel expense statements.
for approval and payment. No travel expense statement shall be approved for payment by the Chief Financial Officer unless made on the form prescribed and furnished by the department. The travel voucher form shall provide for, among other things, the purpose of the official travel and a certification or affirmation, to be signed by the traveler, indicating the truth and correctness of the claim in every material matter, that the travel expenses were actually incurred by the traveler as necessary in the performance of official duties, that per diem claimed has been appropriately reduced for any meals or lodging included in the convention or conference registration fees claimed by the traveler, and that the voucher conforms in every respect with the requirements of this section. The original copy of the executed uniform travel authorization request form shall be attached to the uniform travel voucher on file with the respective agency.

2. Statements for travel expenses incidental to the rendering of medical services for and on behalf of clients of the Department of Health shall be on forms approved by the Department of Financial Services.

(12) ADVANCEMENTS.--Notwithstanding any of the foregoing restrictions and limitations, an agency head or his or her designee may make, or authorize the making of, advances to cover anticipated costs of travel to travelers. Such advancements may include the costs of subsistence and travel of any person transported in the care or custody of the traveler in the performance of his or her duties.

(13) DIRECT PAYMENT OF EXPENSES BY AGENCY.--Whenever an agency requires an employee to incur either Class A or Class B travel on emergency notice to the traveler, such traveler may request the agency to pay his or her expenses for meals and lodging directly to the vendor, and the agency may pay the vendor the actual expenses for meals and lodging during the travel period, limited to an amount not to exceed that authorized pursuant to this section. In emergency situations, the agency head or his or her designee may authorize an increase in the amount paid for a specific meal, provided that the total daily cost of meals does not exceed the total amount authorized for meals each day. The agency head or his or her designee may also grant prior approval for a state agency to make direct payments of travel expenses in other situations that result in cost savings to the state, and such cost savings shall be documented in the voucher submitted to the Chief Financial Officer for the direct payment of travel expenses. The provisions of this subsection shall not be deemed to apply to any legislator or to any employee of the Legislature.

(14) APPLICABILITY TO COUNTIES, COUNTY OFFICERS, DISTRICT SCHOOL BOARDS, AND SPECIAL DISTRICTS.--

(a) Rates that exceed the maximum travel reimbursement rates for nonstate travelers specified in paragraph (6)(a) for per diem, in paragraph (6)(b) for subsistence, and in subparagraph (7)(d)1. for mileage may be established by:

1. The governing body of a county by the enactment of an ordinance or resolution;

2. A county constitutional officer, pursuant to s. 1(d), Art. VIII of the State Constitution, by the establishment of written policy;

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_Strip... 7/14/2005
3. The governing body of a district school board by the adoption of rules; or

4. The governing body of a special district, as defined in s. 189.403(1), except those special districts that are subject to s. 166.021(10), by the enactment of a resolution.

(b) Rates established pursuant to paragraph (a) must apply uniformly to all travel by the county, county constitutional officer and entity governed by that officer, district school board, or special district.

(c) Except as otherwise provided in this subsection, counties, county constitutional officers and entities governed by those officers, district school boards, and special districts, other than those subject to s. 166.021(10), remain subject to the requirements of this section.

History.--ss. 1, 3, ch. 22830, 1945; ss. 1, 2, 3, ch. 23892, 1947; ss. 1, 3, ch. 25040, 1949; ss. 1, 3, ch. 26910, 1951; s. 1, ch. 28303, 1953; s. 1, ch. 29628, 1955; s. 1, ch. 57-230; s. 1, ch. 61-183; s. 1, ch. 61-43; s. 1, ch. 63-5; s. 1, ch. 63-192; s. 1, ch. 63-122; s. 1, ch. 63-400; ss. 2, 3, ch. 67-371; ss. 1, 2, ch. 67-220; ss. 1, ch. 69-193; s. 1, ch. 69-381; ss. 12, 23, 31, 35, ch. 69-106; s. 65, ch. 71-136; s. 1, ch. 72-213; s. 1, ch. 72-217; s. 1, ch. 72-324; s. 26, ch. 72-404; s. 1, ch. 73-169; s. 1, ch. 74-15; s. 1, ch. 74-246; s. 1, ch. 74-365; ss. 1, 2, ch. 75-33; s. 1, ch. 76-166; s. 2, ch. 76-208; ss. 1, 2, ch. 76-250; s. 1, ch. 77-174; s. 1, ch. 77-231; ss. 1, 2, ch. 77-437; s. 2, ch. 78-95; s. 51, ch. 79-190; s. 1, ch. 79-205; s. 1, ch. 79-303; s. 1, ch. 79-412; ss. 1, 2, ch. 81-207; ss. 1, 2, ch. 83-307; s. 1, ch. 85-140; s. 1, ch. 87-407; s. 4, ch. 88-235; s. 12, ch. 89-291; s. 16, ch. 91-45; s. 1, ch. 94-139; s. 1403, ch. 95-147; s. 26, ch. 95-312; s. 5, ch. 96-310; ss. 43, ch. 96-399; s. 23, ch. 98-136; s. 9, ch. 99-8; s. 7, ch. 99-158; s. 16, ch. 99-399; ss. 48, 53, ch. 2001-254; ss. 46, 79, ch. 2002-402; s. 2, ch. 2003-125; s. 123, ch. 2003-264; s. 49, ch. 2003-399; s. 5, ch. 2004-5; s. 32, ch. 2004-269.

1Note.--

A. Section 32, ch. 2004-269, amended paragraphs (5)(c) and (6)(d) "In order to implement sections 2 through 7 of the 2004-2005 General Appropriations Act. Portions of sections 2-7 were vetoed. See ch. 2004-268, the General Appropriations Act.

B. Section 75, ch. 2004-269, provides that "[a] section of this act that implements a specific appropriation or specifically identified proviso language in the 2004-2005 General Appropriations Act is void if the specific appropriation or specifically identified proviso language is vetoed. A section of this act that implements more than one specific appropriation or more than one portion of specifically identified proviso language in the 2004-2005 General Appropriations Act is void if all the specific appropriations or portions of specifically identified proviso language are vetoed. Not all portions of sections 2-7 were vetoed."
The 2004 Florida Statutes

Title XIX  Chapter 287  View Entire Chapter
PUBLIC PROCUREMENT OF PERSONAL PROPERTY AND SERVICES

287.058 Contract document... 

(1) Every procurement of contractual services in excess of the threshold amount provided in s. 287.017
for CATEGORY I WO, except for the providing of health and mental health services or drugs in the
examination, diagnosis, or treatment of sick or injured state employees or the providing of other
benefits as required by the provisions of chapter 440, shall be evidenced by a written agreement
embodying all provisions and conditions of the procurement of such services, which provisions and
conditions shall, where applicable, include, but shall not be limited to:

(a) A provision that bills for fees or other compensation for services or expenses be submitted in detail
sufficient for a proper preaudit and postaudit thereof.

(b) A provision that bills for any travel expenses be submitted in accordance with s. 112.061. A state
agency may establish rates lower than the maximum provided in s. 112.061.

(k) A provision allowing unilateral cancellation by the agency for refusal by the contractor to allow
public access to all documents, papers, letters, or other material made or received by the contractor in
conjunction with the contract, unless the records are exempt from s. 24(a) of Art. I of the State
Constitution and s. 119.07(1).

(d) A provision dividing the contract into units of deliverables, which shall include, but not be limited
to, reports, findings, and drafts, that must be received and accepted in writing by the contract manager
prior to payment.

(e) A provision specifying the criteria and the final date by which such criteria must be met for
completion of the contract.

(f) A provision specifying that the contract may be renewed for a period that may not exceed 3 years or
the term of the original contract, whichever period is longer, specifying the renewal price for the
contractual service as set forth in the bid, proposal, or reply, specifying that costs for the renewal may
not be charged, and specifying that renewals shall be contingent upon satisfactory performance
evaluations by the agency and subject to the availability of funds. Exceptional purchase contracts
pursuant to s. 287.057(5)(a) and (c) may not be renewed.
In lieu of a written agreement, the department may authorize the use of a purchase order for classes of contractual services, if the provisions of paragraphs (a)-(f) are included in the purchase order or solicitation. The purchase order must include, but need not be limited to, an adequate description of the services, the contract period, and the method of payment. In lieu of printing the provisions of paragraphs (a)-(f) in the contract document or purchase order, agencies may incorporate the requirements of paragraphs (a)-(f) by reference.

(2) The written agreement shall be signed by the agency head and the contractor prior to the rendering of any contractual service the value of which is in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO, except in the case of a valid emergency as certified by the agency head. The certification of an emergency shall be prepared within 30 days after the contractor begins rendering the service and shall state the particular facts and circumstances which precluded the execution of the written agreement prior to the rendering of the service. If the agency fails to have the contract signed by the agency head and the contractor prior to rendering the contractual services, and if an emergency does not exist, the agency head shall, no later than 30 days after the contractor begins rendering the service, certify the specific conditions and circumstances to the department as well as describe actions taken to prevent recurrence of such noncompliance. The agency head may delegate the certification only to other senior management agency personnel. A copy of the certification shall be furnished to the Chief Financial Officer with the voucher authorizing payment. The department shall report repeated instances of noncompliance by an agency to the Auditor General. Nothing in this subsection shall be deemed to authorize additional compensation prohibited by s. 215.425. The procurement of contractual services shall not be divided so as to avoid the provisions of this section.

(3) Notwithstanding the provisions of subsections (1) and (2), in those cases in which state agencies are unable to procure a written agreement for the providing of health and mental health services or drugs in the examination, diagnosis, or treatment of sick or injured persons in the care or custody of a state agency, those services and drugs may be obtained by purchase order. The purchase order shall contain sufficient detail for a proper audit and shall be signed by purchasing or contracting personnel acting on behalf of the agency.

(4) Every procurement of contractual services of the value of the threshold amount provided in s. 287.017 for CATEGORY TWO or less, except for the providing of health and mental health services or drugs in the examination, diagnosis, or treatment of sick or injured state employees or the providing of other benefits as required by the provisions of chapter 440, shall be evidenced by a written agreement or purchase order. The written agreement or purchase order must contain sufficient detail for a proper audit, must be signed by purchasing or contracting personnel acting on behalf of the agency, and may contain the provisions and conditions provided in subsection (1).

(5) Unless otherwise provided in the General Appropriations Act or the substantive bill implementing the General Appropriations Act, the Chief Financial Officer may waive the requirements of this section for services which are included in s. 287.027(5)(f).

History.--s. 10, ch. 82-196; s. 4, ch. 83-192; s. 1, ch. 85-30; s. 47, ch. 86-183; s. 8, ch. 86-204; s. 9, ch. 88-363; s. 70, ch. 91-158; s. 16, ch. 92-161; s. 2, ch. 95-420; s. 7, ch. 96-236; s. 83,

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String... 7/14/2005
ch. 98-279; s. 3, ch. 2001-266; s. 12, ch. 2001-278; s. 17, ch. 2002-207; s. 332, ch. 2003-261.
June 29, 2005

Mr. Abel J. LeFosse
Sr. Staff Auditor
Office of Independent Auditor General
City of Miami
444 SW 2nd Avenue, Suite 715
Miami, FL 33128

Re: Homeland Defense Bond Audit
Program Management Services

Dear Mr. LeFosse:

I reviewed your memorandum of June 8, 2005 very closely. It was sent in response to my letter of June 3, 2005 offering explanation and additional information related to your initial audit report of May 26, 2005. As HDR Engineering, Inc.’s Executive Vice President, I view what you do as an important part of the partnership between HDR and the City.

Upon reviewing your June 8 memo, I immediately conferred with our staff. I too was quite concerned about having submitted to you a letter and back-up fee sheet with different dates and project titles. As it turns out this was an inadvertent difference caused by two different people preparing the materials.

Mr. Will Suarez, our Miami Office Manager was the city-to-day contact with the City on our Program Management Services. He prepared letters, memos, and other correspondence. Mr. Charlie Hales, our National Streetcar Manager, lives in Portland, Oregon and he prepared the estimate for services related to the streetcar project. Mr. Hales would prepare his information and email it to Mr. Suarez who did not notice the difference in dates.

I can assure you that the differences are inadvertent and immaterial. The City files contain our original submittal (letter dated December 15, 2003 and back-up sheet dated December 11, 2004) and included a notation “received on December 17, 2003” on the original letter. The intent of the work, regardless of the project title discrepancy, was the same. Further, the amount authorized in Resolution No. 04-0010 exactly matched what was submitted and received by the City on December 17, 2003 (which included the inadvertently different date of December 11, 2004 on the fee summary sheet). One more item we have obtained from the Department of Management Services is an email to Mr. Suarez dated June 13, 2005. We requested a
re-confirmation that “expenses” were allowed under the contract and to be determined for each work assignment. In addition, the work authorization from the City of Miami dated January 12, 2004, Paragraph III, specifically included “an allowance for reimbursable expenses that comply with the requirements of the Agreement. Any eligible expenses shall conform to the limitations of Florida Statute 112.061.”

Upon further review of our files and your May 26, 2005 audit report, I agree that we did not fully follow Florida Statute 112.061 with respect to the meal costs incurred as part of the streetcar project travel. We have further discussed this matter with the Director of the Department of Capital Improvement, Mr. Mary Conway, PE, and have received concurrence that all of our expenses were justified with the exception of the meals. We feel that all other direct expenses were valid and in accordance with the contracts. As a result and in order to resolve and close out this matter we offer to reimburse the City $686.30, as a credit on the next invoice. This is the difference between what the meal direct costs would be using the standard reimbursable amounts of $1.36, and $12 (breakfast, lunch, and dinner respectively, from FS 112.061) and the actual meal costs that were the basis of our $1,537.30 meal costs invoiced and paid by the City. We further have already instituted the process and controls outlined in my letter to you dated June 3, 2005.

I will be on vacation from June 27 through July 3, 2005. I have authorized Willi Suero, PE, Vice President, to sign this letter and provide additional information to you and Mary Conway as needed to close out your audit report.

Very truly yours,

HDR Engineering, Inc.

William H. Wadsworth, PE
Executive Vice President

By Guillermo Suero, PE
Vice President

cc: Mary Conway, PE, City of Miami
    Alicia Cuervo-Schreiber, City of Miami
    Victor Iroz, City of Miami
    Paul A. Bowdon, PE, Sr. VP, HDR
    Neal Poccet, VP, HDR

HDR Engineering, Inc.
December 15, 2003

Ms. Mary Conway, PE
City of Miami
Office of the City Manager Director of Transportation
444 SW 2nd Avenue, 10th Floor
Miami, Florida 33130

Re: City of Miami Street Car project

Dear Mary:

As requested, attached find the fee proposal (staff-hours and expenses) for Phases I and II of the Buena Vista Yards Streetcar Feasibility Study. The scope of services and approach is as detailed in the Draft Proposal for Buena Vista Yards Streetcar Feasibility Study, November 2003.

Please advise if you need any additional information on this project at this time. We look forward to working with you and the City of Miami on this very exciting project for the future of the City and the overall region.

Sincerely,

HDR Engineering, Inc.

Will Suero, PE
Senior Project Manager
### Buena Vista Rail Yard/Government Center Streetcar Project – Budget, 12/11/04

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<th>Project Stage</th>
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<td>$32,875</td>
<td>$4,800</td>
<td>$38,535</td>
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### Total Expenses

| Project Mgmt  | $23,300     | $4,125           | $27,725 |
| Identify Redevelopment | $11,040    | $5,850           | $17,090 |
| Public Involvement | $2,480     | $9,058           | $11,038 |
| Objectives/Criteria | $4,600     | $2,365           | $5,075  |
| Workshop      | $9,480      | $12,105          | $21,585 |
| Needs/Alignment Options | $29,040   | $3,785           | $32,825 |
| Management Plan | $16,340    | $3,000           | $19,340 |
| Capital Cost Estimates | $15,160    | $3,365           | $18,525 |
| Operating Cost Estimates | $11,200    | $2,523           | $13,723 |
| Ridership Model | $41,760    | $36,481          | $47,241 |
| Environmental  | $11,440     | $2,699           | $14,139 |
| Impact Assessment | $40,620    | $10,164          | $50,784 |
| Financial/Business Case | $29,140    | $6,373           | $35,513 |
| Draft/Final Reports | $44,760    | $11,624          | $56,384 |
| TOTAL          | $364,060    | $78,385          | $442,445 |
| Total          | $364,060    | $78,385          | $442,445 |
July 25, 2005

Abel J. Le Fosse, Senior Staff Auditor
Office of Independent Auditor General
City of Miami
444 S.W. 2nd Avenue, Suite 715
Miami, Florida 33130

Re: City of Miami Auditors Findings
Consult-Tech Project No. 04-011730-A

Dear Mr. Le Fosse:

We received your findings of the above referenced audit (dated June 10, 2005) as it relates to the contract for professional services between Consult-Tech and the City of Miami. Please find below our responses to your findings in the same order as presented in your letter.

Item 1: Timesheets

The timesheets show the information typically requested from us when providing the kind of services that we are contracted for with City of Miami. The nature of our work consist of program management and not project management, thus requiring the performance of multiple duties and tasks in multiple projects. Tracking the exact time spent on these activities during the course of a particular day would involve an extensive and comprehensive record keeping of time and would therefore diminish the productivity of actual work to be performed. Future adjustments to timesheets could be made as requested and instructed by the City.

Item 2: Premium Overtime

We are in agreement with your findings on premium overtime, which we brought to the City’s attention as soon as we became aware of an error in our billings. Consult-Tech reimbursed the City with a credit identified in our Invoice 10-SA2 REV. dated May 25, 2003. The letter and copy of the invoice with the credit and supportive documentation was provided to your office.

Item 3: Home Office vs. Field Overhead

Consult-Tech does not agree with your interpretation of “field” vs. “home” overhead rate. The proper interpretation is that “home office” rate shall be used when the staff is assigned to the home office base. The “field office” rate shall be used when the staff is assigned to a field office base. It is irrelevant if the staff is doing field inspections or office work. If they are assigned to the home office base because a field office was not provided, then a “home office” rate is applicable. The majority of staff working on this project was assigned to the home office base since a field office was not provided by the City. We do however agree that some personnel that has been provided office space and equipment at the Miami River Center should be billed using the “field office” rate for the period in which such accommodations were provided. It should be noted that permanent office space for some of our staff did not become available all at once. As the City acquired space, our staff was placed. Currently our Program Manager, technical
support staff, and inspectors for this project are all housed in our office with regular visits to the City of Miami. We have analyzed the billings to establish the time at which some of our personnel became employed 100% on City projects and worked from the Miami River Center. We have calculated that a credit of $154,225.89 is due to the City. We will provide this credit to the City within Invoice No. 12-SA2 that it is currently being finalized. Once this invoice is ready for submittal, we will provide your office with a copy.

Moreover, this contract was issued under a “fast-track” basis. Work Order Number One was for a duration period of three months. Supplemental Work Order Authorization Number One was issued with a budget of $2 Million and a schedule not to exceed beyond March 19, 2006. Under this “fast-track” condition, the City did not initially identify or provide a space within the City’s building specifically for this contract. The use of the home office overhead multiplier as full compensation for the expenses incurred was decided based on the impossibility of getting compensation for expenses as indicated in Page B-2 of the contract. Direct expenses according to the contract should be negotiated on a task by task basis and paid on a percentage of completion based on a lump sum or limiting amount compensation. The nature of the work initially performed for the City of Miami was not well defined with tasks that were not clearly established specifically as to scope and duration. Moreover, specialty equipment had been requested to be provided on a very short notice such as PDA’s, GPS equipment, digital cameras, measuring devices as well as the need to provide vehicles and safety equipment to our inspectors. Since the nature of the task or the duration was not defined it made an impossibility to negotiate a compensation for these expenses as indicated by the contract. Due to the temporary or short duration of the work orders, we have maintained office space within our office to accommodate the employees working for the City’s program.

I would also like to point out that the billing of “home office” overhead for that type of activity, where no field office is provided and paid for by client, is consistent with the multipliers utilized by the City in its Construction Engineering and Observation contracts.

Item 4: Authorization of Overtime Work
Overtime has been discussed in repeated opportunities with Ms. Mary Conway and verbal authorization was provided. For some field activities, Consul-Tech obtained overtime authorization via email from HDR’s Program Construction Manager for the City of Miami, Mr. Ed Herald (copies of which were provided to your office), to whom Ms. Conway delegated authority to provide such approval. Also, please note that the nature of the work we have been tasked to do in most cases does not allow for advance notification of overtime needs.

I hope you find the information provided in response to your audit report satisfactory. Should you have any additional questions or need additional information, please contact me at your convenience.

Sincerely,

CONSUL-TECH TRANSPORTATION, INC.

Evelio Chavez, P.E.
President

cc: Mary Conway, P.E. – City of Miami
June 22, 2005

Mr. Abel Le Fosse
Senior Staff Auditor
City of Miami
Office of Independent Auditor General
444 S.W. 2nd Ave.
Suite 715
Miami, Florida 33128

Re: Homeland Defense Bond Audit
   Expenses Reimbursed by the City under
   Program Management Services

Mr. Le Fosse:

As requested, URS is pleased to address the City of Miami’s Audit concerns point by point. We trust this package provides sufficient information to put the City’s concerns to rest.

1. Timesheets – The general concern is that URS’ timesheets are not specific enough regarding the tasks performed, and additional information has been requested relative to several employees during a sample period.

   The URS timekeeping process has been designed to be in strict accordance with Federal Government regulations and requirements, and therefore we believe, constitutes good business practice. Employees are required to log time daily via an electronic timekeeping system, which has built-in checks and balances to ensure accuracy and accountability. As a norm, URS tracks labor and other costs at the job, or contract level. When requested by clients, URS can and does track costs in greater detail. Such a request has not been received from the City of Miami.

   All URS staff assigned to City work were first presented to, interviewed by, and approved by City staff before the URS staff started work.

   Services provided by each of the staff listed in your correspondence of June 15, 2005 are described below.

   Your Staff List approved by City staff – The URS staff in your list is comprised of the first 2; Grace Escalante and Cesar Crousillat, and the last 3; Caridad Sanchez-Rea, Roger Asper and Natalie Hosein. The balance are either URS staff or NOVA staff that were presented to and approved by HDR for their portion of the program work.

Both Grace Escalante and Cesar Croussifat were approved and assigned as Project Managers to the City of Miami program during this time. Initially, along with other employees, both were assigned to scope and budget validation efforts. The initial task was to identify and verify both scope and budget for a large number of existing projects, and develop scope and budget information for future City projects which were not yet developed. This assignment evolved for Grace and Cesar into managing several City projects in the Design phase and getting additional projects started. Much effort was expended attempting to verify data and ascertain the correct direction for projects to take considering funding, physical needs of facilities and changing political climates. The enclosed CD contains files within the folders “Project Fact Sheets” and “Projects” which represent work product from the efforts of the URS Project team during our early efforts.

Several scope packages were developed which included extended site visits, written narratives and proposed graphic solutions. Much of this work product took the form of updates to the database developed and maintained by HDR. As such, URS' final work product was the incorporation of data into a database hosted by others. The project scope and graphic packages were submitted to the City, Ms. Alicia Cuervo-Schreiber, Ms. Mary Conway and City Manager Joe Arriola. We think City staff can verify that Cesar and Grace were active on this work effort during this period.

Michael Breiner – 2/26/04 – 4/30/04
Brad Bernaseck – 2/26/04 – 4/30/04
Craig Stannard – 2/26/04 – 4/30/04
Paul DuQuesnay - 2/26/04 – 4/30/04

These 4 URS staff were approved and assigned to a short term, temporary effort supporting the City of Miami by collecting data regarding the condition of streets and storm drainage systems within the City. The City assigned this responsibility to HDR, who had needed resources at the time to complete the assigned task within the required timeframe. Since URS had an open contract with the City, we were asked by HDR (Ed Herald) and the City (Mary Conway) if we could field 2 teams of 2 people each to be trained in the types of data to be collected and the manner in which the data was to be collected and recorded. HDR provided the supervision for the URS teams.

These 4 URS staff were temporarily assigned to support this effort. The enclosed CD includes electronic images of materials used in their training and field notes resulting from their time performing the data collection work in the field within the folder titled “Roadway Data”. The resulting data was then entered into an HDR GIS database. The data was periodically downloaded electronically to HDR computers. At the end of the assignment, all data and related software was erased from URS computers. We believe HDR can verify that this data was generated by these 4 individuals for that work period.

Luis Perez, Javier Ordieres, Orlando Alfonso and Ricardo A. Martinez are not URS employees. We suggest contacting NOVA Consulting or HDR directly for information relating to these individuals, as the labor was provided by NOVA and supervision was
provided by HDR. URS merely processed the paperwork and our contract served as a
vehicle by which the City was able to access their services. Further discussion on this
topic can be found under Item 4 below.

Caridad Sanchez-Rea began the assignment with the City of Miami as a Senior Project
Manager and was promoted to Program Manager. As such, her duties are broad in
nature and include supervising other URS staff, ensuring services are provided in a
timely manner and advising City management. Ample verification can be found in
City files and databases for the subject period.

Natalie Hosein was approved by City staff and serves as a project manager.
Assignments during the timeframe in question, February 26, 2004 through April 30,
2004 included collection of City data for use in scope validations, interviewing City
project managers regarding project scopes and budgets and developing scope data for
inclusion in the HDR provided database. The enclosed CD contains files within the
folders “Project Fact Sheets” and “Projects” which represent work product from the
efforts of the URS Project team during our early efforts. Further verification can be
obtained from City files and City staff for the subject period.

Roger Asper was approved by City staff and assigned to the City of Miami Project as
Design Manager during the period of December 4, 2004 through January 7, 2005.
Services performed during this period included review of all JOC (Job Order
Contracting) proposals to ensure accuracy and appropriateness. These reviews
included reviewing of plans, taking off quantities as required and comparing those
items with the JOC detailed proposal to eliminate any excess/unnecessary line items.
Roger also reviewed existing PAF’s (Project Analysis Forms) to ensure that the line
items for construction were accurate, prepared budgetary cost estimates for in-house
design projects, assisted the URS Project Manager and provided guidance to URS
Project Managers. Work product verification can be found within City files and
databases for the subject period.

2. Program Management Status Reports – These reports were a requirement in the City of
Miami Beach contract which was “piggy backed” by the City of Miami.

The City of Miami staff developed its own reporting systems to suit its requirements.
Ms. Conway directed that all formal reports come from HDR. As such, URS has been
providing information to HDR, and HDR compiles the information into reports
provided to the City. Much of the early information was input directly into the HDR
data base by URS Staff. URS’ Program Manager routinely attends project status
meetings with City staff and HDR and provides status information relative to the URS
assigned projects and tasks.

3. Cellular Phone Expenses – The same expense reporting criteria was applied on this job
as the City of Miami Beach project. That criteria was to treat cell phones as a monthly
allowance. Section 6.5.1 of the agreement does not require receipts unless requested
by the Owner. A draft of the first invoice for City of Miami was submitted to Mary
Conway and thoroughly reviewed before URS submission of the invoice. The team’s
plan was to bill cell phones at a set rate for each employee assigned to the project.
Three phones were charged from February 2004 through March 2004 and four phones from April 2004 through December 2004. This reflects the staffing dedicated to the City of Miami project. URS did not charge the client for cell phone usage by other employees who worked on the project.

4. Invoice from NOVA Consulting - Due to funding constraints associated with the agreement between HDR and the City, URS was asked to contract NOVA Consulting in accordance with a proposal previously negotiated between NOVA and HDR which provided roadway and drainage data collection services similar to those outlined above under item 1. URS honored this request as a good faith gesture to the City. The terms and pricing of the NOVA services were negotiated between HDR (Ed Herald) and NOVA; and the work was supervised by HDR. The URS contract merely served as a vehicle for the City to acquire the services of NOVA Consulting. Further information on this contract detail can be obtained from HDR.

5. Travel Expenses – Cary Sanchez Rea submitted an expense report for the period 6/1/04 – 7/16/04 in which she listed three tolls on the Florida Turnpike at $13.70 each (6/1, 6/11, 6/12). There were also receipts for three tolls at $1.00 each (7/14, 7/14, 7/15). These items were entered on Cary’s expense report as billable expenses. At the time Cary was the Program Manager and dedicated full time to the project. Cary is out now on medical leave and I cannot obtain an explanation at this time. We will issue a credit in the amount of $44.10 on our next invoice.

In summary, the nature of the services performed under this agreement between the City of Miami and URS does not always produce material which identifies the employee who produced the work product. Our efforts generally produce team results and work product. Often, as is the case with research and database updates, the final product is intangible and does not produce a physical product identifying employees, or even URS as the producer. Be certain that URS seeks and secures owner approvals before URS staff start billable work.

I trust this provides all the information needed for the internal audit. Please let me know if you need additional information.

Best Regards,

[Signature]

Brian F. Morris
URS Corporation

Finel

cc: Cary Sanchez-Rea
The following are our responses to the meeting held on April 25th, 2005 with Mr. Victor Igwe:

**Comment:** Timesheets need to be more descriptive as to the actual task being performed.

**Response:** Future adjustments to timesheets could be made as requested and instructed by the City.

**Comment:** The FDOT contract states that "the consultant must state in all subcontracts that services performed by any such subcontractor will be subject to the Professional Consultant Work Performance Evaluation System as defined in Chapter 14-75, Florida Administrative Code", Page A7 of 9 of the agreement.

**Response:** Our subcontractor agreement states that the services will be performed for the City of Miami under the General Engineering Services. Work Order No. 1. The General Consultant Engineering Consultant Services contract states this requirement; therefore, the subcontractors are bound by this requirement.

**Comment:** Provide copies of the invoices after invoice number MIA9SA2.

**Response:** Agree, will be delivered to your office.

**Comment:** Explain further the use of "Home" vs. "Field" rates.

**Response:** This contract was issued under an emergency situation. Work Order Number One was for a duration period of three months. Supplemental Order Work Authorization Number One was issued with a budget of $2.0 million and a schedule not to exceed beyond March 19th, 2006. Under an emergency situation, the City did not identify or provide space within the City's building specifically for this contract. The use of the home office overhead multiplier as full compensation for the expenses incurred was decided based on the impossibility of getting compensation for expenses as indicated in page B-2 of the contract. Direct expenses according to the contract should be negotiated on a task by task basis and paid on a percentage of completion based on a lump sum or limiting amount compensation. The nature of the work initially performed by the City of Miami was not well defined with tasks that were not clearly established especially as to scope and duration. Moreover, specialty equipment had been requested to be provided on a very short notice such as PDA's, GPS equipment, digital cameras, measuring devices as well as the need to provide vehicles and safety equipment to our inspectors. Since the nature of the task or the duration was not defined it made an impossibility to negotiate a compensation for these expenses as indicated by the contract. Due to the temporary or short duration of the work orders, we have maintained office space within our office to accommodate the employees working for the City's program. It should be noted that permanent office space for some of our staff did not become available all at once. As the City acquired space, our staff was placed. Currently, our Program Manager and technical support staff for this project is all housed in our office with regular visits to the City of Miami.
It should be noted that the total compensation charged by Consul-Tech on its personnel amounts to a 2.876 multiplier, this is below the multiplier established by the City of Miami for the continuing services for miscellaneous horizontal and vertical projects (RFQ 03-04-131). The multiplier for RFQ 03-04-131 is at 2.9. In addition, to that multiplier the contract allows for compensation for use of vehicles.