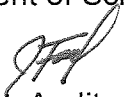


MEMORANDUM

June 22, 2010
JFM 2009-2010/M138
JFM 305 995 1436

TO: Members of The School Board of Miami Dade County, Florida
Members of The School Board Audit Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

FROM: Jose F. Montes de Oca, Chief Auditor 
Office of Management and Compliance Audits

**SUBJECT: CHANGE ORDERS – RECOVERY OF \$130,000 AS A RESULT OF
AUDIT FOLLOW-UP**

The Office of Management and Compliance Audit has completed a follow-up review of requests for payment by Bureau Veritas for environmental site assessment and remediation services provided. Our review resulted in savings of \$130,017 from errors and discrepancies found in the billing process.

At its June 23, 2009 meeting, the Audit Committee received the internal audit report *Geotechnical, Materials Testing and Environmental Assessment Services Contracts*. That report disclosed actual overbillings and overpayments of \$81,712 (3.70% of value sampled) for Geotechnical services involving 29 of the 79 work orders (37%) issued to five professional engineering firms, including Bureau Veritas. The report also indicated that \$5,588 of the actual over payments had already been recovered by the District.

Given the results of this audit, the Office of Management and Compliance Audits offered and, the Audit Committee recommended that the internal auditors review pending and future invoices from Bureau Veritas for the Ruth K. Broad/Bay Harbor Elementary School environmental site assessment and remediation project. Subsequent to issuing our audit report on June 23, 2009, Bureau Veritas submitted an invoice for \$349,622.29 to M-DCPS for work performed under a fourth work order issued by the District. At the request of the Office of School Facilities, and with the assistance of staff from that office, we obtained and reviewed the invoice and supporting documentation, as well as interviewed various suppliers and subcontractors that provided services related to the subject invoice. Our review disclosed several billing errors and discrepancies with associated values totaling an additional \$85,568 above the adjusted overbillings and overpayments reported in the above-mentioned audit report.

On December 17, 2009, staff from the Office of School Facilities and our office met with representatives from Bureau Veritas and presented them with the findings of our review. The Bureau Veritas employees and officers in attendance stated that they were not aware of some of the conditions described and that those conditions should not have occurred. During the meeting, it was mutually agreed that M-DCPS would reduce the amount due to Bureau Veritas by \$130,017 (\$85,568 in billing errors and discrepancies on work order number four and \$44,449 in previously overbilling and over payments on work orders one through three). Consequently, Bureau Veritas was paid \$219,605, thus saving the District \$130,017.

Net Amount Paid To Bureau Veritas On Work Order Nos. 1-4		
Invoice for Work Order No. 4		\$349,622.29
Errors and Discrepancies in Work Order No. 4	\$ 85,568.31	
Over Billings in Work Order Nos. 1-3	44,449.00	
Total Errors and Discrepancies	<u>\$130,017.31</u>	<u>(130,017.31)</u>
Net Pay to Bureau Veritas on Work Order No. 4		<u>\$219,604.98</u>

At the December 17, 2009 meeting, we afforded Bureau Veritas the opportunity to explain, correct, or disprove our findings by asking them to review theirs and their subcontractors' records and provide us with sufficient convincing corroborating evidence to that effect. On March 5, 2010, Bureau Veritas presented to us various explanations for the discrepancies noted in Work Order No. 4, accompanied by several diagrams and calculations. Staff from both Management and Compliance Audits and the Office of School Facilities reviewed the explanations and documents received and found them to be neither compelling nor convincing. As such, M-DCPS has not made any additional payments to Bureau Veritas for work related to the subject project.

We thank the staff from the Office of School Facilities for their cooperation and assistance in helping us complete our follow-up review of the subject work orders. The results of the review are being presented for your information and consideration.

JFM:sr

cc: Mr. Jaime Torrens
Ms. Ana Rijo-Conde
Bureau Veritas