

INTERNAL AUDIT REPORT
ASBESTOS ABATEMENT AND MOLD REMEDIATION
PROGRAM

JANUARY 2005



Miami-Dade County Public Schools

OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Miami-Dade County
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January, 2004

Members of The School Board of Miami-Dade County, Florida
Members of the School Board Audit Committee
Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

At the request of the Miami-Dade County Public Schools Office of the Inspector General, we have performed an audit of the asbestos and other environmental hazards remediation process. The Inspector General was concerned about the propriety of the expenditures of the program.

The objectives of the audit were to determine whether the process was properly administered, employed good business practices, established adequate procedures and controls over the selection of vendors and contract administration, adequately supported the facilities renovation and remodeling function, and complied with applicable laws, regulations, and rules. The audit period covered activities over the fiscal years from 1998 to 2004. In performing our audit, we judgmentally selected 48 projects with a total contract value of approximately \$2 million for detailed examination.

In our opinion, the asbestos abatement and mold remediation process needs improvement. We found several instances of weaknesses in internal controls and contract administration for which improvements are needed. In all, we found \$190,475 in questionable expenditures. These issues are discussed in further detail in the remaining sections of the report. The contents of the report were discussed with management. They provided input into the report's contents and provided written responses, along with explanations, needed to assure that the findings and recommendations will be properly addressed.

Sincerely,



Allen M. Vann, CPA
Chief Auditor

Office of Management and Compliance Audits

AMV:cpi

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EXECUTIVE SUMMARY

The Department of Asbestos Management has designed a somewhat more effective inspection, monitoring and reporting system for asbestos abatement efforts than for lead, mold and mildew. In part, this is because the laws governing asbestos abatement require stringent regulation.

The department has a number of deficiencies particularly in the areas of internal controls, project file documentation and business practices that will need to be corrected. For example, we found a lack of segregation of duties and weaknesses in cost control over mold and mildew projects. Further, weaknesses in the review, cost control, and oversight functions resulted in the District paying more than an estimated \$104,000 in project costs than it needed to pay, with an additional \$86,500 in costs that are not supported by adequate documentation. We also found the level of documentation of project activities to be in need of improvement; particularly in cases where the amount paid to contractors are strictly based on the actual work performed in the field. For example, the hours expended to perform certain tasks were not consistently tracked and verified even though the contractor was paid for those tasks on an hourly basis. The scope and value of a number of projects increased by as much as 100% in some cases, without there being adequate documentation in the project files explaining why.

Based on our observations, we made 16 recommendations. We received a response from the Chief Facilities Officer of the Office of School Facilities. Management accepted the recommendations and provided implementation dates. Our detailed findings and recommendations begin on page 8.

BACKGROUND

The Department of Asbestos Management (The Department) is responsible for administering a long-term management program for controlling exposure to asbestos-containing building materials within Miami-Dade County Public Schools (M-DCPS) facilities. This department ensures that an asbestos survey has been completed for both friable and non-friable asbestos materials in each M-DCPS facility in accordance with the Asbestos Hazards Emergency Response Act, and updates the permanent asbestos records for each facility every six (6) months. This information is incorporated into a Management Plan that describes where asbestos is located in each M-DCPS facility, how much asbestos each material contains, and what response action has or will be implemented to minimize exposure to asbestos fiber at the facility. The Department also has the responsibility of overseeing the abatement of lead-related hazards, and was recently assigned remediation responsibilities (for large projects) relating to mold and mildew in the schools. Other departments and units, such as the Department of Safety, Maintenance trades, and Job Order Contracting are also involved in the mold and mildew assessment and remediation efforts. The volume of mold and mildew remediation work performed by the Department during the period under audit was comparatively small (just eight projects valued at approximately \$87,600) vis-à-vis asbestos abatement efforts (approximately \$12.4 million).

The overall management and monitoring of environmental hazards is performed by the Department of Safety. However, they are not always charged with the abatement and remediation of these hazards.

The School Board approved the M-DCPS Indoor Air Quality Master Management Plan at its November 17, 2003 board meeting. The plan adopts the U.S. Environmental Protection Agency (EPA) "Tools for Schools", which is a comprehensive plan designed to effectively assess, monitor and improve indoor air quality in schools. This includes the remediation of mold and mildew. An Indoor Air Quality Task Force was created to implement the Master Management Plan. However, staff has indicated to us that while the plan has been created, execution and implementation of the plan is presently lacking.

An inventory of Management Plans for all M-DCPS facilities is maintained at the department. An additional copy of the respective Management Plan can be found in the main office of each facility. Upon designation of the responsible person at each facility, the Asbestos Program Inspector assigned to the facility briefs the employee on basic asbestos information and instructs him/her on how to read and interpret the Management Plan. The Program Inspector is the main point of contact between the school's responsible person and the Department of Asbestos.

The Department's staff cooperates with the Department of Safety personnel to conduct training seminars for M-DCPS personnel regarding asbestos awareness, roofing abatement, and respirator use. In accordance with an agreement with Miami-Dade County Department of Emergency Resource Management (DERM), Department

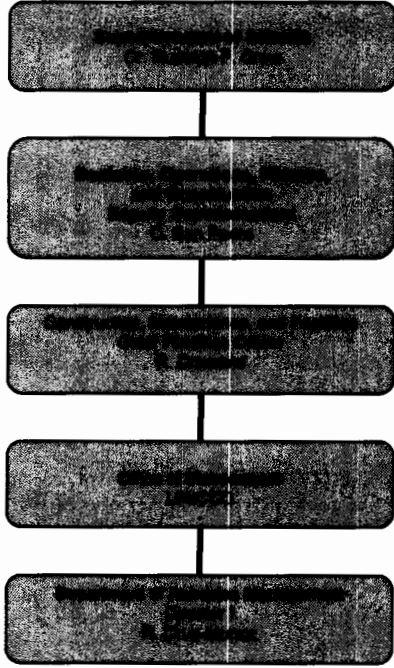
personnel conduct asbestos and lead awareness seminars for construction trade unions, contractors, and the general public.

The Department of Asbestos Management has a staff of 16 employees, which includes one director, one supervisor, one coordinator, five inspectors, two designers, two secretaries, and four programmers. A project is initiated upon receipt of either a verbal or written request from either Capital Improvement or Maintenance. A project may also be initiated by a response action resulting from a periodic survey of a facility. A project designer will go to the facility to determine the extent of the problem and to scope out the work. Upon developing the project scope, and having the supervisor's review and approve it, the designer will issue a work order to the contractor. The program inspector will meet with the contractor at the site and monitor the work being performed by the contractor. Upon completion of the work, the work area is tested to ensure that the hazard(s) have been successfully abated.

**DEPARTMENT OF ASBESTOS MANAGEMENT
OPERATING BUDGET TO ACTUAL COMPARISON
(In Millions)**

Cost Category	Fiscal Years											
	2003-2004		2002-2003		2001-2002		2000-2001		1999-2000		1998-1999	
	Budget (a)	Actual	Budget (b)	Actual	Budget (c)	Actual	Budget (d)	Actual	Budget (e)	Actual	Budget (f)	Actual
Abatement costs	\$5,741	\$1,340	\$5,740	\$1,199	\$5,834	\$1,588	\$5,116	\$2,284	\$3,974	\$2,533	\$4,810	\$3,523
Personnel	1,531	1,323	1,477	1,349	1,442	1,341	1,390	1,417	1,312	1,372	1,374	1,437
Other than personnel costs	82	51	76	42	68	33	82	62	96	77	109	93
Total	<u>\$7,354</u>	<u>\$2,714</u>	<u>\$7,293</u>	<u>\$2,590</u>	<u>\$7,344</u>	<u>\$2,962</u>	<u>\$6,588</u>	<u>\$3,763</u>	<u>\$5,382</u>	<u>\$3,982</u>	<u>\$6,293</u>	<u>\$5,053</u>

- (a) At the end of the fiscal year there were \$757,516 of unpaid purchase orders, requisitions and commitments combined, and \$3,881,932 in uncommitted fund balance.
- (b) At the end of the fiscal year there was \$1,240,291 of unpaid purchase orders, requisitions and commitments combined, and \$3,462,088 in uncommitted fund balance.
- (c) At the end of the fiscal year there was \$975,029 of unpaid purchase orders, requisitions and commitments combined, and \$3,406,689 in uncommitted fund balance.
- (d) At the end of the fiscal year there was \$1,093,410 of unpaid purchase orders, requisitions and commitments combined, and \$1,731,261 in uncommitted fund balance.
- (e) At the end of the fiscal year there was \$949,081 of unpaid purchase orders, requisitions and commitments combined, and \$451,094 in uncommitted fund balance.
- (f) At the end of the fiscal year there was \$1,260,912 of unpaid purchase orders, requisitions and commitments combined, and (\$20,995) in uncommitted fund balance (deficit).



OBJECTIVES, SCOPE AND METHODOLOGY

At the request of the Miami-Dade County Public Schools' Office of the Inspector General, we have performed an audit of the Asbestos Department. The objectives of the audit were to determine whether the Asbestos Department process was properly administered, employed good business practices, established adequate procedures and controls over the selection of vendors and contract administration, adequately supported the facilities renovation and remodeling function, and complied with applicable laws, regulations, and rules.

The scope of our audit covered projects in effect from July 1, 1998 to June 30, 2004. For the period under audit, we examined 48 projects that were completed during the audit period. These projects amounted to approximately \$2 million.

The procedures performed on a selective basis to satisfy the audit objectives were as follows:

- Interviewed upper management in the Asbestos Department
- Reviewed the schools project files
- Examined Job Order Forms
- Inspected and reviewed the schools' Management Plan
- Tested project expenditures for compliance with applicable Florida Statutes, regulations and School Board Rules; and
- Performed various other audit procedures deemed necessary.

Our audit was conducted in accordance with generally accepted governmental auditing standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America. This audit included an assessment of applicable internal controls and compliance with requirements of policies and procedures, School Board Rules, Florida Statutes and regulations, to satisfy the audit objectives.

FINDINGS AND RECOMMENDATIONS

1. RECORDS LACK CONSISTENCY

We examined the files of 48 projects ranging in values from approximately \$4,200 to \$139,000 and found that the information contained therein lacked the consistency and accuracy to fully substantiate the amount paid and the actual jobsite condition. The following are some examples (see also Appendix A):

- In 13 cases, the areas where the asbestos containing building materials (ACBM) being abated were located, according to the job order form, was not listed in the Management Plan, which contains a listing of all known and assumed asbestos and their locations within the facility. For example, on project number 234-98-GR-2A, the job order listed seven rooms with asbestos-containing ceiling tiles under homogenous area number "8". None of these rooms were listed in homogenous area number "8", but were listed in homogenous area number "6". In fact, one of the rooms listed was not in the Management Plan at all. (See Note "a" at Appendix A.)
- In one case, the amount (\$38,960) invoiced to M-DCPS for asbestos abatement did not agree with the amount (\$35,490) indicated in the signed job order located in the project files. Upon inquiring about the difference, staff informed us that the job order in the file was not the final job order, and that the final job order, however, could not be found. M-DCPS paid the full \$38,960. (See Note "d" at Appendix A.)

RECOMMENDATION

- 1.1 Asbestos Project Designers and their supervisors should verify the accuracy of the information included in the Job Order Form and project files by vouching the information to the appropriate source document.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Although verification of the documents has been an ongoing department objective, we have directed responsible staff to increase their quality control efforts (See Attachment No.1). In addition, we will ensure that the Job Order Form's Special Conditions will not only describe the details of any modifications to the original scope of work (which are inherent to the conditions of environmental work), but will also contain a clear explanation of the reasons and authorizations for the changes. Regarding unlocated documents, the new transition to the district facilities' Magellan program will permit scanning relevant documents and appending these to the database, providing a much more enduring record and precluding the loss of individual hard copies of documents

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

2. FILE DOCUMENTATION NEEDS IMPROVEMENT

Our review of the various project files indicated the general condition of inadequate documentation of major project-related issues and decisions reached by the project managers. Project files often did not include supporting documentation for major changes in the scope of work and amount paid. For example:

- Thirty-four out of the 40 asbestos projects we reviewed contained changes in their original scope of work. Of that total, 18 out of the 34 projects had changes in the project scopes, which increased their values in the range of approximately \$1,670 to \$84,200, or 3% to 1,248%; and the project files did not contain adequate documentation outlining the reason for the changes. (See Note "d" at Appendix A.)

SCHEDULE OF PROJECT COST VARIANCE AND EXPLANATION					
Job Order Form Number	Original Amount	Final Amount	Dollar Difference	Percent Change	Reason For Change
89-2000-GR-3A	\$ 3,060	\$ 41,263	\$ 38,203	1248%	None noted in file.
343-98-GR-4	\$ 54,501	\$138,741	\$ 84,240	155%	Unforeseen = \$82,529. Remaining unknown.
197-2000-GR-3A	\$ 16,990	\$ 29,936	\$ 12,946	76%	None noted in file.
10-2000-GR-2	\$ 19,019	\$ 30,127	\$ 11,108	58%	None noted in file.
303-98-GR-5	\$ 55,381	\$ 85,256	\$ 29,875	54%	Maintenance request. (Not in file).
27-2002-GR-4	\$ 16,168	\$ 24,467	\$ 8,299	51%	None noted in file.
07-2000-GR-1	\$ 36,646	\$ 50,597	\$ 13,951	38%	In part, error. Remaining unknown.
166-2000-GR-1	\$ 28,256	\$ 38,851	\$ 10,595	37%	Performance bond (\$10,000).
61-2002-GR-3	\$ 21,477	\$ 29,420	\$ 7,943	37%	None noted in file.
220-98-GR-3	\$ 13,964	\$ 18,874	\$ 4,910	35%	Error = \$120.90. Scope = \$1,053. Remaining unknown.
101-2002-GR-3	\$ 31,733	\$ 38,346	\$ 6,613	21%	None noted in file.
231-98-GR-5	\$ 68,523	\$ 81,940	\$ 13,417	20%	None noted in file.
56-2000-GR-3A	\$ 18,934	\$ 22,046	\$ 3,112	16%	None noted in file.
218-98-GR-3	\$ 17,689	\$ 20,472	\$ 2,783	16%	Error = \$120.90. Remaining unknown.
08-2002-GR-1	\$ 46,252	\$ 51,907	\$ 5,655	12%	Floor tile waste factor (22%) = \$3,163 remaining not in file.
137-2002-GR-6A	\$114,205	\$119,979	\$ 5,774	5%	None noted in file.
95-2002-GR-3	\$ 58,998	\$ 60,672	\$ 1,674	3%	None noted in file.

- Because the routine remediation and abatement processes disrupt the educational process, the time it takes to complete a project is of the essence. For this purpose, each job order stipulates a given time period for completion and the contract allows for liquidated damages for delays. However, for mold and mildew remediation projects we reviewed, the files did not contain any Notice to Proceed, which establishes a start date. Without a stated start date management would not have a sound basis for determining timely completion and assessing liquidated damages.

RECOMMENDATIONS

- 2.1 **Develop procedures to ensure that project files contain all relevant documents and information, including documented reasons for significant changes made to the originally approved scope of work.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Quality control will be enhanced to ensure that relevant documents are included in the files and that the reasons for changes are documented. Staff members have already been directed to increase verification of all project documents. Additionally, we have implemented new protocols to ensure that the Special Conditions of the Job Order Forms always provide the reasons and authorities for any included revisions, in addition to the documentation of what has actually been changed.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

3. IMPROVEMENTS NEEDED IN MANAGEMENT REVIEW AND OVERSIGHT

Departmental staff made a number of decisions relating to the execution of the scope of work for a number of projects, which we believe demonstrated a lack of sound judgment. The following are examples of this (see also Appendix A):

- Staff approved and paid mold and mildew remediation contractors \$1,000 per job, for emergency mobilization¹ (i.e., to be on the job site within 24-hours), even though the contractors did not mobilize to the job site until two to three days after accepting the project. This amount was included in the contractor's schedules of fees, by default, as scoped by management. Senior departmental staff stated that this fee was included in the proposed contractor fees as an incentive to the contractor to do the work. The total unwarranted emergency mobilization fees paid for the mold and mildew remediation we reviewed were \$8,500. (See Note "g" at Appendix A.)
- To design the scope of a project, an Asbestos Project Designer will visit the site and record "take-off" measurements of the area(s) to be abated. In addition, the designer will indicate those affected areas by room number and provide the contractor a copy of the Florida Inventory of School Houses (FISH) diagram with the affected areas shaded. While management agrees that most items and area measurements included in the job order should be specific and fairly accurate, job orders are often prepared with estimates for some items, such as the number of decontamination units needed, the amount of linear feet of tunnel needed, and the number of temporary electrical panels needed, to name a few. The job order would normally include a note to the contractor that the job order will be adjusted upon verification of estimates at the completion of the project. The contractor is also required to verify all measurements and accept the scope of the project prior to commencing the work. The evidence indicates that a final verification of estimates used is not done consistently.
- We found an instance where the Department's staff reallocated the number of hours worked to one project to three projects to avoid going over budget on the one project. The three projects were assigned to the same contractor. Absent of this reallocation this project would have been over budget by \$2,295 and would have required either issuing a new purchase order (PO) or requesting an increase to the existing PO to pay for the service. (See Notes "f", "n", "o" and "p" at Appendix A.)
- A number of the projects we examined showed that contractors were paid for various services that were performed and invoiced on an hourly basis. Some of the project files, however, did not include evidence that the hours billed were verified. In fact, we reviewed a sample of project files in an attempt to verify the

¹ The Broward County Schools term contract, through which M-DCPS procures mold and mildew remediation services allow for a contractor to be paid either \$1,000 or \$500 (depending on the size of the job) for mobilizing to the jobsite within 24-hours.

actual hours worked on specific tasks but were not able to do so. In some cases, the Asbestos Project Inspectors attempted to maintain records of hours worked, but this was not done consistently. (See Note "f" at Appendix A.)

- For five of the eight mold and mildew remediation projects we examined, we found that although those projects were completed, the purchase orders (PO) that funded these projects remain open with unexpended balances totaling \$10,565. This ties up funds until the PO is closed, making those funds unavailable for use in other areas where they are needed. (See Note "q" at Appendix A.)

RECOMMENDATIONS

- 3.1 **Staff should exercise greater diligence in their review of project information, including job order and contractors' pay requisitions and make necessary adjustments where appropriate.**

Responsible Department: Department of Asbestos Management

Management Response:

Multiple staff members review and sign the Job Order Forms (JOF) and contractor invoices. Revisions to the JOF, required by the conditions outlined above, are also verified by field and office personnel, and ultimately signed off by the asbestos consultant. Under the precept of continuous improvement, we will increase our efforts to ensure maximum accuracy on all project accounting and documents and include periodic training of staff as part of bi-weekly department staff meetings.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

- 3.2 **Comply with terms of the bids used to perform services and the Department's operational policy regarding project design, particularly the use of estimates, and monitoring.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Asbestos Management staff ensures compliance with the terms of the contracts under which it performs projects. Issues arising from the use of the Broward County Bid have been resolved by the issuance of the MDCPS Asbestos & Mold Remediation Term Bid, which incorporates all of the formalities of our Asbestos Program to the mold projects. As outlined below in the Administrative Response to Audit Findings, project designs are verified and payments to contractors reflect accurate sums duly earned for services to the Board.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

- 3.3 Provide staff periodic training on project documentation so that a more consistent product can be generated. The training should impress the need to document all relevant and crucial events and information.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. A segment of the Department's bi-weekly staff meetings is now dedicated to training regarding documentation and record-keeping. Training covers the assessment of specific data that is relevant and crucial, from an accounting, legal and technical perspective. Protocols and formats are being standardized for all applicable documentation, similar to the field inspection checklist that the Department has used for several years.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

- 3.4 Estimates used should be adjusted to actual quantities and amounts, verified and validated prior to paying contractors' invoices.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Asbestos Management staff members verify and validate all quantities and costs due the contractors for work performed. As outlined in Attachment No. 1, field inspectors, design coordinators, and the asbestos consultants review the Job Order Form revisions and the contractors' invoices and ensure accuracy prior to payment.

The recent reorganization of district Facilities Management has also addressed this concern by separating the project execution functions under the Maintenance Department. Asbestos Management will provide inspection and verification of the projects, but staff in Maintenance Operations will be responsible for contractor assignments and payments.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

- 3.5 Close open purchase orders for completed projects and transfer funds to the department's general accounts, and enhance project closeout procedures to avoid recurrence of the condition in the future.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Purchase orders for completed projects are closed and unused balances returned to the Department's capital budget upon project completion and final payment. However, in some cases, final payment may be intentionally delayed to ensure required close-out documents are provided by the contractors. We will continue to ensure that purchase orders are closed as quickly as possible after completion and final payment on projects. A monthly review of purchase orders will be conducted to formalize this process and ensure timely close-out.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By 1/17/2005
- Contingent upon Funding

4. CONTROLS OVER PROJECT COSTS ARE WEAK AND NEED IMPROVEMENT

Certain operating procedures relating to the establishment of project budget and project contingency weaken controls over mold and mildew remediation project costs. Management's policy is not to disclose in the job order the amount of funds reserved for project contingency. We believe that although this is a good policy toward controlling costs, the intended objective of this policy is lost when the contractor receives a P.O. that has both identifiable costs and the amount of project contingency in the description.

Of greater concern however, is the manner in which the amount for project contingency is determined and paid. The amounts assigned were arbitrarily set at values between \$2,000 and \$3,000, or 9% and 52% of the projects estimated costs. For 75% of the projects we examined, from 10% to 99% of the contingency amount were paid to the contractor. (See Note "e" at Appendix A.)

While it is not unusual to expect changes to the designed scope of work, it is standard practice to set aside reserve funds of between 8%² and 15%³, on average, to meet these changes. The propensity to add scope for needed and unneeded work to a project increases when significantly higher reserves have been established.

In addition to the condition noted above, we found that six of the 40 asbestos abatement projects we examined were not substantially completed by the contracted substantial completion dates and the contractors were not assessed liquidated damages, as provided by contract. The variances from the contract substantial completion dates ranges from 4 to 67 days. (See Note "i" at Appendix A.)

RECOMMENDATIONS

4.1 Discontinue the practice of assigning arbitrary values for contingency amounts, and conform the Department's practice to industry.

Responsible Department: Department of Asbestos Management

Management Response:

As indicated below in the Administrative Response to Audit Findings, contingency amounts were not assigned arbitrarily, but based on evaluation of specific job circumstances. Those circumstances, typical of environmental remediation projects, do not conform to industry practice for large capital projects. However, with the use of the new MDCPS Asbestos & Mold Term Contracts, contingencies are no longer required.

² 2002 RSMeans Facilities Construction Cost Data, 17th Annual Edition, p. 7, RSMeans Co., Inc., Kingston, MA.

³ *Ibid*

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

4.2 Assess liquidated damages as allowed by contract in cases where project experience significant delays.

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. However, liquidated damages are generally not applicable or enforceable in projects where the contractor does not have complete control of means and methods of construction and of the start, duration, and completion of each phase of the job. More applicable and frequently exercised have been contractor reimbursements for damages to Board facilities and for unacceptable replacement work that was subsequently completed with other forces. Additionally, when clearance testing is failed due to the contractor's fault, the contractor must perform additional cleaning at his expense and must pay for the cost of the retesting. Regardless, on any project where the contractor is clearly at fault for job completion delays, we would fully intend to seek liquidated damages.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

5. USE LESS COSTLY FLOORING REPLACEMENT BID

Twenty of the 40 asbestos abatement projects we examined called for the asbestos contractor to install new non-asbestos containing flooring after the abatement. We found that the amount paid to the contractors to install new flooring was on average, approximately 33% more than it would have cost using the existing Carpet and Floor Tile Installation bids. In fact, the District could have saved approximately \$71,000 on the 20 projects we analyzed. (See Note "c" at Appendix A.)

The District currently has in place two bids to install carpet and floor tiles in its facilities. One is used to service those facilities south of Flagler Street, while the other is used to service those facilities north of Flagler Street. They provide fixed unit prices for a list of various tasks. The prices listed in the bid are primarily all-inclusive, which involve supplying and installing the required flooring material. Maintenance Operations is the primary user of these bids. In fact, some of the job orders we examined indicated that Maintenance would be responsible for installing the new flooring.

We asked the Asbestos Department staff if having the flooring contractor that is under bid install the new flooring after abatement would have an adverse impact on the timely and successful completion of a project. The staff, it would not and that they would rather not have asbestos contractors installing new flooring. In addition, asbestos contractors do not install the new flooring, they subcontract that work.

RECOMMENDATION

5.1 Use less costly flooring replacement term-bid to install new flooring unless extenuating circumstances do not allow for its use.

Responsible Department: Department of Asbestos Management

Management Response:

As indicated below in the Administrative Response to Audit Findings, the less costly flooring replacement term bids were not available for use on asbestos projects. Consequently, all previous projects have had extenuating circumstances (See Attachment No. 2 for examples). Regardless, remediation and contracting responsibilities have been divested from the Department of Asbestos Management as a result of the recent reorganization of district Facilities Management.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

6. SIGN FORMAL JOB ORDER FORM - AGREEING TO PROJECT SCOPE AND COST PRIOR TO STARTING PROJECT

The abatement/remediation contractor and the Department's senior staff often did not sign-off on the initial formal job order indicating their agreement with and commitment to the scope and cost of the work, as the Department's procedures and good business practices require. This condition occurred in 19 of the 48 projects we examined. (See Note "b" at Appendix A.) Further, we found that for almost every case where the original job order was revised to include additional scope, the revised job order was similarly not signed prior to the commencement of the additional work.

An asbestos abatement project begins when the need is identified through any one of three ways:

- 1) Responding to a "Responses Action" resulting from the periodic surveillance;
- 2) Responding to a request from Capital Construction as a result of a planned addition, renovation or remodeling project; or
- 3) Responding to a request from Maintenance Operations due to planned repair work to be performed by Maintenance.

An Asbestos Project Designer will review the Periodic Surveillance report and the Management Plan, as well as visit the site to determine and identify the location of ACBM. The Designer will take field measurements and design the project's scope of work, which then becomes the job order, which in turn the Designer's supervisor will review and approve. The Director of the Department will then review and approve the job order, prior to faxing it to the contractor for his/her review, agreement and acceptance. If the contractor is in agreement with the scope of the work, measurement, and price, then he/she is required to sign and return the job order. Conversely, if the contractor performs his/her "take-off" and examination of the site, as required and finds discrepancies with the job order, he/she is required to indicate those discrepancies and return the job order, unsigned, prior to commencing any work. Depending on the nature and magnitude of the discrepancies, both the Designer and contractor will meet at the site and determine the actual condition at the site or the Designer will accept the contractor's assessment of the site's condition and revise the job order, accordingly.

RECOMMENDATION

- 6.1 Ensure that all parties to the project sign-off on the formal scope of work to indicate their agreement with the terms and conditions prior to commencing work.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. Attachment No. 3 evidences the department's commitment to ensure signed agreement on projects prior to start of the work. In the past, since the department's Asbestos Consultant and Director

signed as the issuers of the work order, both sides were represented and bound once the contractor signed agreement. The further signatures of the Coordinator and the Director were an indication of their final review for the record, but not required for binding agreement. Under the new separation of administrative duties, the contract administrators in Maintenance will need to sign their concurrence (in place of the Asbestos Coordinator & Director) prior to start of the work.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

7. IMPROVE INTERNAL CONTROLS RELATING TO SEGREGATION OF DUTIES

We found the process flows and control activities over asbestos abatement projects to be well designed. There is adequate segregation of duties and levels of approval; and while not executed consistently, the system is designed to include the appropriate performance reviews, information and monitoring. On the other hand, we did not find the process flows and control activities over mold and mildew remediation projects to be well design. Of primary concern is the lack of segregation of duties. For most of the mold and mildew remediation projects we reviewed, the same employee designed, reviewed, approved, and monitored (in conjunction with another staff) the scope of work. The same employee also initiated the purchase requisition and reviewed and approved the payments to the contractors. This lack of segregation of duties is an internal control weakness that could increase the financial risk to the District.

The mold and mildew remediation function is an activity that was recently assigned to the Department. Management recognized the need to improve controls, and informed us that the reason for the lack of segregation of duties in this area is because the Department did not have other qualified staff to perform the conflicting tasks at the time. Several members from the Department have completed courses on Indoor Air Quality issues, including mold and mildew remediation.

RECOMMENDATIONS

- 7.1 Develop mold and mildew remediation operating procedures, including proper segregation of duties. No one person should control the entire process, that is, the initiation, review, and approval stages.**

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. As indicated below in the Administrative Response to Audit Findings, the mold projects reviewed by the auditors represent the initial pilot program executed under the Broward Term Bid and initially managed by the Director due to lack of staff training and official assignment of duties. Upon award of the district's Asbestos & Mold Remediation Term Contracts, the mold projects now follow the established protocols, procedures, and separation of duties that have been in place for asbestos abatement. The new Reorganization further separates responsibilities by assigning the Contract Administration for such projects to the Maintenance Department.

URGENCY OF CORRECTIVE ACTION IMPLEMENTATION SCHEDULE

- | | | | |
|-------------------------------------|-----------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | Critical | <input checked="" type="checkbox"/> | Immediately (Short Term) |
| <input checked="" type="checkbox"/> | Important | <input type="checkbox"/> | By |
| <input type="checkbox"/> | Desirable | <input type="checkbox"/> | Contingent upon Funding |

8. MAINTAIN ON FILE AN EXECUTED SET OF THE ASBESTOS TERM CONTRACT

The Department's staff could not locate the executed asbestos term contract to present it to us for one of the projects selected for audit. (See Note "h" at Appendix A.) The term contract or bid contains the terms, conditions, price, and specifications by which work assigned to contractors are to be performed. The bids contain the list of detailed line items, the unit price for each line item and the unit price multipliers for each vendor. Staff would need this document to accurately design and price work assigned to contractors.

RECOMMENDATIONS

8.1 Maintain on file an executed set of the asbestos term contracts.

Responsible Department: Department of Asbestos Management

Management Response:

We concur with this recommendation. As indicated below in the Administrative Response to Audit Findings, an executed copy of each active contract is maintained on file. Upon termination of a contract, the copies are boxed for record-keeping and the new contracts placed in the active contract drawer.

URGENCY OF CORRECTIVE ACTION IMPLEMENTATION SCHEDULE

- | | |
|---|--|
| <input type="checkbox"/> Critical | <input checked="" type="checkbox"/> Immediately (Short Term) |
| <input checked="" type="checkbox"/> Important | <input type="checkbox"/> By |
| <input type="checkbox"/> Desirable | <input type="checkbox"/> Contingent upon Funding |

**9. INCLUDE TERMS OF BOND PAYMENT
OBLIGATION IN CONTRACTS AND
PAY ONLY FOR BONDING THAT IS NEEDED**

The asbestos contractor was reimbursed his direct cost for maintaining a payment and performance bond, although the term contracts do not contain language to obligate M-DCPS to do so. We recognize that an owner paying parts or all of a contractor's bond cost is an accepted practice in the construction industry, but the contract terms should delineate what and how much M-DCPS is responsible to pay.

Also, we noted that the District may have purchased bond protection under asbestos term contracts in excess of what was needed. For example, M-DCPS reimbursed the contractor \$10,000 for the cost of his payment and performance bond on the ASB/TB-2000-GR-1 a one-year term-bid, valued at \$400,000 awarded May 17, 2000. At the end of January 2001, when the remaining contract balance was approximately \$146,000, the contract was extended (i.e., the value was increase by an additional \$400,000) with 3½ months remaining on the contract. The contractor was therefore required to provide another bond for that amount, for which he was reimbursed \$10,000 in March 2001. The net value of work subsequently perform under this contract through the end of its term was approximately \$48,000, which means that the value of the bond purchased in March 2001 was not realized by M-DCPS.

On May 17, 2001, the contract was renewed for an additional year at \$400,000. A new bond was provided and the contractor was reimbursed for a third time \$10,000. About mid-November 2001, when the remaining contract balance was approximately \$257,000, the contract was extended (i.e., the value was increase by an additional \$400,000) with 6 months remaining on the contract. The contractor was therefore required to provide another bond for that amount, for which he was reimbursed \$10,000 in November 2001. The net value of work subsequently perform under this contract through the end of its term was approximately \$34,000, which means that the value of the bond purchased in November 2001 was not realized by M-DCPS.

A set of similar circumstances occurred with asbestos term-bid ASB/TB-2000-GR/4-M/WBE. Therefore, for illustrative purposes only, the District could have likely saved an estimated \$15,000 if the contract values were extended for \$200,000 each.

Various sources⁴ we contacted indicated that payment and performance bond premium will range between 0.5% and 3.5% of the contract value (the upper percentage more frequently being 2.5%). They also indicated that rates are charged on a graduating scale with the upper range applied to the first \$100,000 and succeeding lower rates applied to the next \$400,000 or \$1,000,000 (depending on the insurance broker or underwriter).

⁴ We contacted several different local insurance brokers including those used by the asbestos contractors under contract with M-DCPS. We also obtained information from the Surety Information Office in Washington, DC. This organization is supported by The Surety Association of America and the National Association of Surety Bond Producers.

RECOMMENDATIONS

- 9.1 Indicate the terms relating bonding reimbursement in the asbestos term contracts and other construction contracts.

Responsible Department: Department of Asbestos Management

Management Response:

As indicated below in the Administrative Response to Audit Findings, the bond reimbursement terms and schedules were a part of the contracts until omitted by modifications effected by Capital Construction Compliance, the department responsible for the General Conditions of contracts. Under the new reorganization, Maintenance Operations is now responsible for the execution of these contracts; they have indicated that they will not reimburse contractors for bonding costs on future contracts.

URGENCY OF CORRECTIVE ACTION

- Critical
 Important
 Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
 By June 2005
 Contingent upon Funding

- 9.2 Establish an appropriate and practical level of remaining contract value, at which point a comprehensive analysis of anticipated future usage of existing term contracts can be initiated and completed prior to extending those contracts.

Responsible Department: Department of Asbestos Management

Management Response:

As stated above, Maintenance Operations is now responsible for the execution of these contracts. They have indicated that they will not reimburse the contractors for bonding costs on future contracts.

URGENCY OF CORRECTIVE ACTION

- Critical
 Important
 Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
 By June 2005
 Contingent upon Funding

APPENDIX A

SUMMARY SCHEDULE OF SAMPLED PROJECT COSTS					
	PROJECT	COST PER	QUESTIONED	DOCUMENTED AND/OR REASONABLE COSTS	NOTES
Coral Reef Elementary	Mold & Mildew	8,376.26	1,095.00	201.20	
Fisher Feinberg Elementary	291-98-GR-2	13,774.04	614.46	13,159.58	a/b/l
Glades Middle School	231-98-GR-5	81,940.48	20,650.09	61,290.39	a/b/c
Hammocks Middle	Mold & Mildew	11,059.75	500.00	10,559.75	e/g/q
Hialeah Middle	315-98-GR-1	11,788.69	1,724.29	10,064.40	a/b/c
Hialeah Middle	08-2002-GR-1	51,907.16	6,225.07	45,682.09	b/c
Hialeah Senior High	48-2002-GR-1	34,940.53	-	34,940.53	b
Homestead Senior	Mold & Mildew	31,734.38	500.00	31,234.38	g/q
IDA Fisher Elementary	8-2000-GR-2	53,272.62	2,299.31	50,973.31	a/c
J.R.E. Lee Center	177-2000-GR-5	43,323.88	4,743.86	38,580.02	a/c/l
Kensington Park Elementary	Mold & Mildew	6,584.93	1,780.00	4,804.93	e/f/g/p
Lake Stevens Middle	236-2000-GR-1	22,736.95	-	22,736.95	b
Liberty City Elementary	218-98-GR-3	20,472.23	4,540.18	15,932.05	c/d/h
Lindsey Hopkins Tech	56-2000-GR-3	22,045.61	4,654.24	17,391.37	b/c/d/i
Lorah Park Elementary	89-2000-GR-3	44,322.78	35,238.24	9,084.54	d
Ludlam Elementary	375-98-GR-5	38,960.33	2,547.44	36,412.89	b/c/d
Miami Carol City Senior	142-2002-GR-1	32,102.71	79.99	32,022.72	a
Miami Coral Park Senior	55-2000-GR-3	125,000.87	2,913.75	122,087.12	f
Miami Coral Park Senior	197-2000-GR-3	29,935.91	3,260.63	26,675.28	f
Miami Coral Park Senior	319-98-GR-3	123,660.48	-	123,660.48	b/h/i
Miami Jackson Senior	4-2000-GR-4	62,280.10	6,891.91	55,388.19	c
Miami Park Elementary	51-2000-GR-3	27,672.45	-	27,672.45	
Miami Senior	27-2002-GR-4	24,467.27	1,500.38	22,966.89	a/b/c
Miami Shores Elementary	168-2002-GR-4	32,939.01	2,996.14	29,942.87	c
Miami Springs Senior	220-98-GR-3	18,873.58	5,666.35	13,207.23	a/c/d/h
Miami Springs Senior	143-2002-GR-3	28,092.03	2,392.61	25,699.42	c
Myrtle Grove Elementary	191-2000-GR-2	16,181.27	-	16,181.27	
Nathan Young Elementary	20-2000-GR-1	50,810.47	5,858.79	44,951.68	b/c
Norland Elementary	234-98-GR-2	69,125.70	2,688.22	66,437.48	a/c
Norland Middle	10-2000-GR-2	30,126.68	12,458.70	17,667.98	b/c/d
North Beach Elementary	364-98-GR-2	32,039.71	1,032.40	31,007.31	b/c
North Miami Middle	Mold & Mildew	11,330.01	1,404.38	9,925.63	e/f/q
North Miami Senior	Mold & Mildew	5,031.25	250.00	4,781.25	e/f/q
Richmond Heights Middle	137-2002-GR-6	119,978.93	2,268.09	117,710.84	a/f
Riviera Middle	373-98-GR-5	80,412.18	5,655.15	74,757.03	a/b/c
South Miami Middle	303-98-GR-5	85,256.24	8,435.00	76,821.24	m
Thomas Jefferson Middle	200-2000-GR-2	22,877.39	-	22,877.39	
West Homestead Elementary	Mold & Mildew	4,183.75	-	4,183.75	e/q
Westview Middle	61-2002-GR-3	29,420.22	6,969.62	22,450.60	a/d/i
Westview Middle	95-2002-GR-3	60,672.39	1,018.45	59,653.94	d
Total		\$1,965,816.04	\$190,474.69	\$1,775,341.35	

APPENDIX A (Continued)
NOTES KEY

- (a) *Questioned cost arises from inconsistencies between the job order and Management Plan regarding the location of ACBM. The location listed in the Job Order Form was either incorrectly labeled or not in the Management Plan.*
- (b) *The asbestos contractor did not indicate his acceptance and commitment to the scope of work and terms by signing the job order prior to starting the work. This condition did not add any value to the questioned cost amount.*
- (c) *Questioned costs arise from the fact that the cost to install new flooring using an existing flooring term contract was on average 33% less than the asbestos contractors' cost.*
- (d) *The project file does not adequately document the reason for the change in scope and the associated increase in project cost. The questioned cost relates not to the value of the work done, but whether the work was initiated by the contractor and really needed to be done.*
- (e) *The amount of project contingency was arbitrarily set at a rate that exceeded the standard rates of between 8% and 15%, according to established industry sources. This condition did not add any value to the questioned costs amount.*
- (f) *Questioned costs arise from the lack of documented verification of the number of hours worked on tasks that the asbestos contractor invoiced M-DCPS on an hourly basis.*
- (g) *Questioned costs arise from the asbestos contractor being overpaid \$500 to mobilize to the jobsite within 24 hours, when in fact the contractor did not mobilize to the jobsite within 24 hours.*
- (h) *The department could not locate the term-bid awarded to the contractor performing work in Region 3 under the 1998 contract. This condition did not add any values to the questioned costs amount.*
- (i) *The contractor was not assessed liquidated damages or other penalties for not completing the work on time, within reason. This condition was not taken into account in calculating the questioned costs amount.*
- (j) *The contractor was paid approximately \$560 to remove 600 square feet of mold-contaminated ceiling tiles at a unit price of \$1.50 per square foot. He was also paid an additional \$1,015 to clean the ceiling grids (i.e., 29 hours at \$35 per hour) where contaminated tiles were removed. The \$1.50 unit price (from a Broward County Schools bid) however, includes removing and disposing the contaminated ceiling tiles and cleaning the supporting grid system where contaminated tiles were removed.*
- (k) *Management approved and paid the abatement contractor \$614 at a factored rate of \$27.93 per hour for 22 man-hours for "disposing ACBM in a dumpster that was inconveniently located" at the jobsite (i.e., the contractor had to walk some extra distance from the abated area to the dumpster than what was believed to be normal). Included in the unit prices for the removal of ACBM and mobilization to the jobsite are the costs for transporting the material removed to the contractor-provided dumpster.*


- (l) *The contractor was paid twice for emergency mobilization. Staff indicated to us that they are not exactly sure why this was done, but they believe it involved the removal of some residual floor tiles. Staff could not locate any documentation in the project file to substantiate the validity of this charge. Each mobilization fee paid was approximately \$230.*
- (m) *Management approved and paid a contractor's requisition that increased from \$55,381.50 as originally scoped to \$85,256.24. Included in this requisition was \$7,560 for the construction of 320 linear feet of wood tunnel at a factored price of \$23.63 per linear feet. Daily work logs, which the contractor maintained and submitted to M-DCPS at the completion of the project, indicated that only 84 linear feet of tunnel were constructed. Therefore, management overpaid \$5,575 for this service. Also included in the job order underlining this requisition were 1,100 square feet more asbestos-containing floor tile area than the amount indicated in the contractor's daily work log. The abatement of this material was performed at a factored price of \$2.60 per square foot. The resulting difference is approximately \$2,860. Additionally, the contractor's daily work log showed that asbestos-containing floor tiles in two rooms were abated even though those rooms were not on the job order. The contractor did not invoice M-DCPS for those rooms, nor was he paid for them.*
- (n) *The actual hours worked by the contractor to perform tasks invoiced at hourly rates were four (4) man-hours. However, when processing payments to the contractor, 25 hours worked on another project were reallocated to this project. The corresponding cost was \$875 (i.e., 25 hours at \$35 per hour).*
- (o) *The actual hours worked by the contractor to perform tasks invoiced at hourly rates were four 64.5 man-hours. However, when processing payments to the contractor, 47.5 hours were reallocated to two other projects. The corresponding cost was \$1,662.50 (i.e., 47.5 hours at \$35 per hour).*
- (p) *The actual hours worked by the contractor to perform tasks invoiced at hourly rates were 13 man-hours. However, when processing payments to the contractor, 22.5 hours worked on another project were reallocated to this project. The corresponding cost was \$787.50 (i.e., 22.5 hours at \$35 per hour).*
- (q) *The project is completed, yet the purchase order (PO) that funded the project remains open with unexpended balances.*

MEMORANDUM

MANAGEMENT AND
COMPLIANCE AUDITS
2005 JAN 11 AM 11:47

RD/2004-05/#218
January 10, 2005
(305) 995-1401

TO: Mr. Allen Vann, Chief Auditor
Office of Management and Compliance Audits

FROM: Rose Diamond, Chief Facilities Officer 
Office of School Facilities

**SUBJECT: RESPONSE TO THE DRAFT OF INTERNAL AUDIT REPORT REGARDING
THE DEPARTMENT OF ASBESTOS MANAGEMENT**

Attached, is the administrative response to the findings and recommendations outlined in the draft audit report dated January 2005 pertaining to the Department of Asbestos Management. I look forward to finalizing this matter at our meeting scheduled for Friday, January 14, 2005.

If you have any questions, please feel free to call me at 305-995-1401, or Mr. Jaime G. Torrens, Inspections Officer at 305-995-1560.

RD:rcm

Attachments

cc: Ms. Ofelia San Pedro
Mr. Jaime G. Torrens
Mr. John DiBenedetto
Mr. Ralph Cruz-Munoz

**INTERNAL AUDIT REPORT
ASBESTOS ABATEMENT AND MOLD REMEDIATION PROGRAM
JANUARY 2005**

**AUDIT RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
DEPARTMENT OF ASBESTOS MANAGEMENT**

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EXECUTIVE SUMMARY

The Miami-Dade County Public Schools Department of Asbestos Management has continuously developed and strengthened its capability to identify, inspect, monitor and abate asbestos containing materials at district facilities. Over the past seventeen years, its staff members have amassed a wealth of experience as the result of ongoing training and compliance with stringent regulations. In fact, the district's Asbestos Management Program has been cited by asbestos regulatory agencies as a model for school Asbestos programs. Their function will be further enhanced by implementing the recommendations in this audit report.

The Department is required to maintain detailed files in accordance with the U.S. Environmental Protection Agency regulations and its documents are subject to review and audit by federal authorities at any time. Information contained in the project files is highly technical and, while it may be clear to Asbestos Management staff, the same information may be difficult for individuals outside the department to identify and comprehend. Consequently, many of the documents and information that the auditors were unable to locate were found after a comprehensive review of the files by Asbestos Management personnel.

In 2003, the Department was called upon to quickly initiate a pilot program for mold and mildew remediation, to address urgent health concerns at various school sites. The pilot program utilized a Broward County Public Schools term bid that staff later recognized lacked desired controls. The Department recognized the importance of the mold and indoor air quality issues and proactively assumed responsibilities for their management, although no official assignment had been issued to the Department and only limited training had been provided to some of the personnel. To date, the Department has performed a wide range of projects ensuring the safety of school occupants at numerous facilities.

The allegations in the audit report regarding project costs stem from two basic factors: 1) Limitations in the capacity of the referenced existing district bid for flooring made it unavailable to the Asbestos Department and required asbestos flooring replacement to be performed through the Asbestos Term Contracts; and 2) The short term use of the Broward County Schools bid, as described above. These issues have long since been addressed and resolved through award of new MDCPS Asbestos & Mold Remediation Term Contracts. Furthermore, as mentioned above and evidenced in the attachments, additional costs have been documented and project costs, including hourly tasks, have been validated. As with asbestos abatement, the responsibilities for execution of mold remediation projects has now been assigned to Maintenance Operations. Ongoing staff training in the evolving field of indoor air quality and the recently completed

Appendix B Management Response

reorganization segregating asbestos inspection and remediation functions will further improve administrative controls while promoting operational checks and balances.

Finally, although not an audit finding or recommendation, it is evident the budget for Asbestos projects in recent years has significantly exceeded actual expenditures. Consequently, these funds are now being redirected to address mold remediation and indoor air quality improvement projects.

ADMINISTRATIVE RESPONSE TO RECOMMENDATIONS

1. RECORDS LACK CONSISTENCY

RECOMMENDATION NO. 1.1 **Asbestos Project Designers and their supervisors should verify the accuracy of the information included in the Job Order Form and project files by vouching the information to the appropriate source document.**

ADMINISTRATIVE RESPONSE:

1.1 We concur with this recommendation. Although verification of the documents has been an ongoing department objective, we have directed responsible staff to increase their quality control efforts (See Attachment No.1). In addition, we will ensure that the Job Order Form's Special Conditions will not only describe the details of any modifications to the original scope of work (which are inherent to the conditions of environmental work), but will also contain a clear explanation of the reasons and authorizations for the changes. Regarding unlocated documents, the new transition to the district facilities' Magellan program will permit scanning relevant documents and appending these to the database, providing a much more enduring record and precluding the loss of individual hard copies of documents.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

2. FILE DOCUMENTATION NEEDS IMPROVEMENT

RECOMMENDATION NO. 2.1 **Develop procedures to ensure that project files contain all relevant documents and information, including documented reasons for significant changes made to the originally approved scope of work.**

ADMINISTRATIVE RESPONSE:

2.1 We concur with this recommendation. Quality control will be enhanced to ensure that relevant documents are included in the files and that the reasons for changes are documented. Staff members have already been directed to increase verification of all

**Appendix B
Management Response**

project documents. Additionally, we have implemented new protocols to ensure that the Special Conditions of the Job Order Forms always provide the reasons and authorities for any included revisions, in addition to the documentation of what has actually been changed.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

3. IMPROVEMENT NEEDED IN MANAGEMENT REVIEW AND OVERSIGHT

RECOMMENDATION NO. 3.1 **Staff should exercise greater diligence in their review of project information, including job order and contractors' pay requisitions and make necessary adjustments where appropriate.**

ADMINISTRATIVE RESPONSE:

3.1 Multiple staff members review and sign the Job Order Forms (JOF) and contractor invoices. Revisions to the JOF, required by the conditions outlined above, are also verified by field and office personnel and ultimately signed off by the asbestos consultant. Under the precept of continuous improvement, we will increase our efforts to ensure maximum accuracy on all project accounting and documents and include periodic training of staff as part of bi-weekly department staff meetings.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

RECOMMENDATION NO. 3.2 **Comply with terms of the bids used to perform services and the Department's operational policy regarding project design, particularly the use of estimates, and monitoring.**

ADMINISTRATIVE RESPONSE:

**Appendix B
Management Response**

3.2 We concur with this recommendation. Asbestos Management staff ensure compliance with the terms of the contracts under which it performs projects. Issues arising from the use of the Broward County Bid have been resolved by the issuance of the MDCPS Asbestos & Mold Remediation Term Bid, which incorporates all of the formalities of our Asbestos Program to the mold projects. As outlined below in the Administrative Response to Audit Findings, project designs are verified and payments to contractors reflect accurate sums duly earned for services to the Board.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

RECOMMENDATION NO. 3.3 **Provide staff periodic training on project documentation so that a more consistent product can be generated. The training should impress the need to document all relevant and crucial events and information.**

ADMINISTRATIVE RESPONSE:

3.3 We concur with this recommendation. A segment of the Department's bi-weekly staff meetings is now dedicated to training regarding documentation and record-keeping. Training covers the assessment of specific data that is relevant and crucial, from an accounting, legal and technical perspective. Protocols and formats are being standardized for all applicable documentation, similar to the field inspection checklist that the Department has used for several years.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

RECOMMENDATION NO. 3.4 **Estimates used should be adjusted to actual quantities and amounts, verified and validated prior to paying contractors' invoices.**

ADMINISTRATIVE RESPONSE:

**Appendix B
Management Response**

- 3.4 We concur with this recommendation. Asbestos Management staff members verify and validate all quantities and costs due the contractors for work performed. As outlined in Attachment No. 1, field inspectors, design coordinators, and the asbestos consultants review the Job Order Form revisions and the contractors' invoices and ensure accuracy prior to payment.

The recent reorganization of district Facilities Management has also addressed this concern by separating the project execution functions under the Maintenance Department. Asbestos Management will provide inspection and verification of the projects, but staff in Maintenance Operations will be responsible for contractor assignments and payments.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

- RECOMMENDATION NO. 3.5** **Close open purchase orders for completed projects and transfer funds to the department's general accounts, and enhance project closeout procedures to avoid recurrence of the condition in the future.**

ADMINISTRATIVE RESPONSE:

- 3.5 We concur with this recommendation. Purchase orders for completed projects are closed and unused balances returned to the Department's capital budget upon project completion and final payment. However, in some cases, final payment may be intentionally delayed to ensure required close-out documents are provided by the contractors. We will continue to ensure that purchase orders are closed as quickly as possible after completion and final payment on projects. A monthly review of purchase orders will be conducted to formalize this process and ensure timely close-out.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By 1/17/2005
- Contingent upon Funding

4. CONTROLS OVER PROJECT COSTS ARE WEAK AND NEED IMPROVEMENT

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5. USE LESS COSTLY FLOORING REPLACEMENT BID

RECOMMENDATION NO. 5.1 **Use less costly flooring replacement term-bid to install new flooring unless extenuating circumstances do require.**

ADMINISTRATIVE RESPONSE:

5.1 As indicated below in the Administrative Response to Audit Findings, the less costly flooring replacement term bids were not available for use on asbestos projects. Consequently, all previous projects have had extenuating circumstances (See Attachment No. 2 for examples). Regardless, remediation and contracting responsibilities have been divested from the Department of Asbestos Management as a result of the recent reorganization of district Facilities Management.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

6. SIGN FORMAL JOB ORDER FORM AGREEING TO PROJECT SCOPE AND COST PRIOR TO STARTING PROJECT

RECOMMENDATION NO. 6.1 **Ensure that all parties to the project sign off on the formal scope of work to indicate their agreement with the terms and conditions prior to commencing work.**

ADMINISTRATIVE RESPONSE:

6.1 We concur with this recommendation. Attachment No. 3 evidences the department's commitment to ensure signed agreement on projects prior to start of the work. In the past, since the department's Asbestos Consultant and Director signed as the issuers of the work order, both sides were represented and bound once the contractor signed agreement. The further signatures of the Coordinator and the Director were an indication of their final review for the record, but not required for binding agreement. Under the new separation of administrative duties, the contract administrators in Maintenance will need to sign their concurrence (in place of the Asbestos Coordinator & Director) prior to start of the work.

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URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

7. IMPROVE INTERNAL CONTROLS RELATING TO SEGREGATION OF DUTIES

RECOMMENDATION NO. 7.1 Develop mold and mildew remediation operating procedures, including proper segregation of duties. No one person should control the entire process, that is, the initiation, review, and approval stages.

ADMINISTRATIVE RESPONSE:

7.1 We concur with this recommendation. As indicated below in the Administrative Response to Audit Findings, the mold projects reviewed by the auditors represent the initial pilot program executed under the Broward Term Bid and initially managed by the Director due to lack of staff training and official assignment of duties. Upon award of the district's Asbestos & Mold Remediation Term Contracts, the mold projects now follow the established protocols, procedures, and separation of duties that have been in place for asbestos abatement. The new Reorganization further separates responsibilities by assigning the Contract Administration for such projects to the Maintenance Department.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

8. MAINTAIN ON FILE AN EXECUTED SET OF THE ASBESTOS TERM CONTRACT

RECOMMENDATION NO. 8.1 Maintain on file an executed set of the asbestos term contracts.

ADMINISTRATIVE RESPONSE:

8.1 We concur with this recommendation. As indicated below in the Administrative Response to Audit Findings, an executed copy of each active contract is maintained on file. Upon

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termination of a contract, the copies are boxed for record-keeping and the new contracts placed in the active contract drawer.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By
- Contingent upon Funding

9. INCLUDE TERMS OF BOND PAYMENT OBLIGATION IN CONTRACTS AND PAY ONLY FOR BONDING THAT IS NEEDED

RECOMMENDATION NO. 9.1 **Indicate the terms relating bonding reimbursement in the asbestos term contracts and other construction contracts.**

ADMINISTRATIVE RESPONSE:

9.1 As indicated below in the Administrative Response to Audit Findings, the bond reimbursement terms and schedules were a part of the contracts until omitted by modifications effected by Capital Construction Compliance, the department responsible for the General Conditions of contracts. Under the new reorganization, Maintenance Operations is now responsible for the execution of these contracts; they have indicated that they will not reimburse contractors for bonding costs on future contracts.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By June 2005
- Contingent upon Funding

RECOMMENDATION NO. 9.2 **Establish an appropriate and practical level of remaining contract value, at which point a comprehensive analysis of anticipated future usage of existing term contracts can be initiated and completed prior to extending those contracts.**

ADMINISTRATIVE RESPONSE:

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9.2 As stated above, Maintenance Operations is now responsible for the execution of these contracts. They have indicated that they will not reimburse the contractors for bonding costs on future contracts.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By June 2005
- Contingent upon Funding

ADMINISTRATIVE RESPONSE TO AUDIT FINDINGS

1. RECORDS LACK CONSISTENCY

- Homogeneous Area Designation: Agree with finding of discrepancy in the designation. However, there is no financial or record-keeping impact resulting from the discrepancy. The issue has no effect on the scope or cost of the work; the material removed is recorded in the Management Plan by the Building and Room number and will automatically be reflected in the proper Homogeneous Area therein. Regardless, Project Designers have been directed to more carefully cross check the Job Order Form with the Management Plan. (Attachment No. 1)
- At Ludlam Elementary (375-98-GR-5), several rooms were added to the initial scope of work upon a re-evaluation of existing conditions and two rooms were added to the carpet replacement scope at the request of the school with Region office approval. The final resulting cost was \$38,960, as shown in the final revised JOF issued by this department. Although the signed copy returned by the contractor was not in the file, the contractor's acceptance is evidenced by the final invoice. Although no cost discrepancy exists, we agree that the final revision signed by the contractor should have been in the file.

2. FILE DOCUMENTATION NEEDS IMPROVEMENT

- The potential for scope modifications is inherent in the nature of asbestos and mold remediation work, as a result of specific job conditions encountered or, as in the case of mold projects, the discovery of additional hidden contamination that must be added to the original scope. Since the principal reason for the work is to safeguard the building occupants during the project and to provide a healthy learning and working environment at its conclusion, any revisions needed to ensure jobsite safety and complete removal of hazards are categorically justified and legally mandated. However, we agree that those reasons must be clearly outlined in the project documents, to evidence the factors leading to such changes.

Our review of the projects listed by the auditors in the "Schedule of Project Cost Variance and Explanation" found explanation and documentation for necessary changes made to the scope of work of those projects. A sampling of schools with the highest percentage variances was reviewed and explanations are provided below:

89-2000-GR-3A (Lorah Park Elementary): This project was performed at the request of Capital Construction, in support of court-ordered safety-to-life improvements executed through a "design-build" and "fast-track" delivery method without an established scope of work. The asbestos scope of work was open-ended, dependent upon the requests from Mr. Juan Salinas, Project Manager, and upon the field markup of openings provided by

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the renovation contractor. The asbestos contractor's role was to provide hole drilling in the asbestos-containing plaster and stucco for installation of conduits and equipment, as well as the cutting and removal of sections of the exterior wall to accommodate new fireman's access panels around the second floor perimeter of the windowless building. The initial Job Order Form outlined the first request from the fire safety project for hole drilling. As the work progressed and the renovation contractor required additional assistance to continue its work, the asbestos scope of work was modified. The project entailed the additional complexity of having to perform the selective demolition at second floor level from erected scaffolding and containment. During the course of the work, adjustments had to be devised to permit the safe performance of the work. The JOF revisions of 12/7/00, 2/5/01, and 2/21/01 identify those modifications in detail.

343-98-GR-4 (Coconut Grove Elementary): This project was an emergency response to an incident wherein Maintenance personnel inadvertently demolished an asbestos-containing plaster ceiling during a weekend work shift. The department had to secure the area and decontaminate the affected rooms, as well as a dumpster at Central Maintenance where the debris was taken. The scope also included the proper removal of other ceilings included in the Maintenance scope of work. The first revision stemmed from the discovery of a second set of ceilings above the first, which caused a doubling of the square footage of the removal and required addition of the work height multiplier for the higher ceiling. The second and final revision stemmed from the need to remove the entire ceiling assembly, which, in accordance with the contract, was paid at a higher unit price, due to increased total removed materials and increased wrapping and disposal efforts. The department, however, was able to demonstrate that, under the new specific job conditions, both ceilings could be demolished at once, and the square footage scope was again cut by half. These explanations and itemizations are documented in the Special Conditions section of the Job Order Form.

197-2000-GR-3A (Miami Coral Park Senior): This project is one of several consecutive and overlapping projects conducted by the department in support of Maintenance and Capital Construction, due to the presence of asbestos containing ceiling tile and wall plaster. This specific project supported a safety-to-life renovation project, as well as telecommunication installations, by providing hole-drilling and removal of ceiling tiles as required by the Maintenance contractors. Additionally, fiber-release cleanup and floor tile removal had to be performed after a disturbance of asbestos materials in several rooms. The asbestos scope of work had to be modified to accommodate the needs of the various contractors being supported.

- The series of mold remediation projects performed under the Broward County Schools Asbestos & Mold Term Bid represented the pilot effort to address the potential liability of mold contamination and Indoor Air Quality claims from staff and students at various schools. The protocols and formats were just being established and the assignment of such responsibilities to the Department was not officially and clearly established; due to the limited training in the subject, the work responsibilities resided on a limited number of personnel. Consequently, not all of the formalities of our well-established asbestos

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program were able to be implemented in the pilot program. The use of the new MDCPS Asbestos & Mold Remediation Term Contracts now provides all formalities of the asbestos program to the mold projects. Maintenance Operations, now responsible for contract administration of these projects will issue a Notice to Proceed for each work order.

3. IMPROVEMENT NEEDED IN MANAGEMENT REVIEW AND OVERSIGHT

- The Broward County Schools Asbestos & Mold Term Bid contained only two levels of compensation for Contractor mobilization: a \$1,000 fee for response within 24 hours and a \$500 fee for response within seven days. (See Attachment No. 7). The contract offers no further clarification of the parameters applicable to either choice. Based on past experience in the preparation and interpretation of construction documents and on previous legal precedents, it was determined that, under such ambiguous language, the second option allowed the contractor to take up to 7 days to mobilize. If the job had to start within 2 or 3 days, it was necessary to pay the higher fee to make it possible to demand response within the shorter time. With the issuance of the M-DCPS Asbestos & Mold Remediation Term Contracts, we no longer utilize the Broward Bid; the current contracts do not base mobilization fees on response time.
- The accuracy of an initial scope of work and estimate of quantities is of particular importance for projects bid on a "lump sum", "low bid" basis. On those projects, detailed construction plans usually have been developed for some time prior to the issuance of the project, thereby permitting a high degree of accuracy in the cost estimation of the work. The Asbestos Term Bids provide a menu of unit prices to be applied to the quantities of work and materials that will constitute the scope of each project. The contractor's bid consists of a multiplier that he submitted to modify the unit prices, across the board. The significant effort to provide savings to the Board stems from the continuing effort to define the parameters of the work, provide unit prices that reflect market conditions, and encourage qualified contractors, under competitive bidding, to bid multipliers that reduce the stated prices, in an effort to successfully secure a contract. Once the contract is awarded, any project issued is priced by applying the unit prices to the actual quantities of work performed. Under that system, as long as the final "official" quantities are accurate, the final costs will be fair to both the contractor and M-DCPS.

Items given as examples of estimates, such as decontamination unit quantities, and tunnel lengths are often affected by conditions at the time of project commencement that may not have been apparent upon first review (fire exit access, ADA compliance). On all projects, any modifications required to the initial estimate, including any quantities disputed by the contractor, are carefully re-assessed by the Asbestos Project Inspectors, in coordination with the Asbestos Design Coordinators, prior to any revision of scope. No payment is ever made to the contractor for work not performed or quantities not verified.,

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- On the initial Mold Remediation Project, which entailed extensive wall removal and mold decontamination to a multi-classroom portable at Coral Reef Elementary, the scope and cost exceeded the anticipated project costs, including the established contingency amount. In an attempt to expedite the work without having to issue an additional Purchase Order, the excess costs were reallocated to other projects being effected by the same contractor, which had surplus funding. However, all payments represented valid sums due to the contractor for work performed on the job. We recognize that the proper administrative and accounting procedure is to issue a new purchase order for the additional costs. Under the Asbestos Term Contracts, that has been, and continues to be, the established protocol.
- Due to the inexact nature of the environmental work, and despite our annual efforts to expand the menu of unit prices based on actual material quantities, unforeseen issues regularly arise for which no unit price precisely applies, or which have special complications that exceed the conditions implied in a unit price. For those instances, hourly rates have been established to permit compensation for work performed. Whenever such hourly rates are the basis of compensation, the field Project Inspectors verify daily the number of workers and the hours spent on each “hourly” task, separating those tasks from any work that is being paid on a different basis. At the end of a job, the hours claimed by the contractor are reviewed by the inspectors and the Job Order Form’s quantities are either verified or modified based on their validation. The contractor then invoices for the approved and verified hours. No hours are approved without the Inspector’s review and validation. (See Attachment No. 8)

Differences in the clarity of record-keeping between individual inspectors may have impacted the auditors’ ability to follow the verification process on some projects. We will provide training to ensure similar clarity from all inspectors. A new form has been developed to provide a uniform hourly verification and record-keeping method for all inspectors. (Attachment No. 9)

- Purchase Orders balances are regularly closed and remaining balances returned to the department’s Capital budget upon completion and final payment of the projects. In some cases, final payment may be delayed to ensure required record submittals by the contractors. The mold remediation project Purchase Orders are being closed at this time.

4. CONTROLS OVER PROJECT COSTS ARE WEAK AND NEED IMPROVEMENT

- In executing mold remediation projects through the Broward Term Bid, and based on the intrinsic uncertainties of such work, it was deemed necessary to establish a project contingency, increasing the value of the purchase order over the estimated value of the work order. Under those circumstances, an explanation was required in the Comments screen to show approvers the reason for the price difference. The contingency that was established for each project was not set arbitrarily. Specific factors such as potential for

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hidden mold contamination, type of construction involved, and other technical considerations were evaluated in order to establish an order of magnitude for the contingency.

- It must be noted that the standard contingency percentages (8% - 15%), cited in the audit report, are applicable to major Capital projects and even minor renovations, with detailed plans and defined outcomes and usually of much greater value (\$500,000 to several million dollars), than most of our projects. These percentages are not adequate when applied to relatively small environmental projects (\$5,000 to \$25,000) of highly uncertain scope and complexity, and which must often be modified to address unforeseen conditions affecting safety.
- Environmental projects, due to the need to ensure the safety of occupants and prevent contamination of the environment, require involvement with the means and methods of the contractor during execution of the work. This is in contrast to normal construction projects, where the quality of the end product is the main concern, leaving the means and methods of how to achieve same solely in the hands of the contractor. Furthermore, since, by law, department inspectors must approve the start of each stage of the work and determine when the removal/cleanup is acceptable, the contractor can claim that he/she has little control over the duration and completion of the work. Consequently, it would be very difficult, under most circumstances, to successfully assess liquidated damages on one of these projects. Regardless, department staff ensure that the work proceeds within required time frames; except for few circumstances where safety demanded continuing work efforts (controlled by our inspectors), over the past 13 years our projects have been completed within parameters that have not adversely impacted the schedules of other projects or school operations.

5. USE LESS COSTLY FLOORING REPLACEMENT BID

- The Department of Asbestos Management's main mission is to safeguard the occupants of school facilities from exposure to asbestos. All other endeavors are performed in support of that main duty. Consequently, it is preferred that other departments (e.g.: Maintenance or Construction) assume responsibility for the replacement of the asbestos building materials that are removed. However, due to the other project commitments of the Maintenance Department, both their in-house forces and contract services have not usually been available to assist this department. In fact, the department has had to perform replacement of flooring and other materials through its Term Contract for projects that were originated by Maintenance and in which our role was initially abatement in support of the Maintenance renovations. (See Attachment No. 2)
- Since the replacement unit prices in the Asbestos Term Contract are use for limited quantities and provided through subcontractors, the market conditions yield a higher price than for contracts meant for large volume and contracted directly with the installers.

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However, due to the circumstances outlined herein, such as lack of access to other contract vehicles, the replacement capabilities which were included in the contracts and approved by the Board have had to be used on numerous projects. The recent reorganization places the administration of those contracts under Maintenance Operations, which should improve control over which contract vehicle to use for replacement.

6. SIGN FORMAL JOB ORDER FORM AGREEING TO PROJECT SCOPE AND COST PRIOR TO STARTING PROJECT

- As outlined in Attachment No. 3, the signed Job Order Form is the binding agreement on each project between the Board and the contractor. Under the signature of the Asbestos Consultant, the Board's work order is issued to the contractor. If the contractor agrees to the terms and prices, he must sign and return same prior to start of the work. If he disagrees, he must fill out Part II indicating the differences. In such cases, the Design Coordinators and the Project Inspectors meet with the contractor to resolve the disagreement. No work may start until all parties sign agreement to a scope and cost.

7. IMPROVE INTERNAL CONTROLS RELATING TO SEGREGATION OF DUTIES

- This finding relates specifically to the initial pilot program for mold remediation projects. For that endeavor, the Director specifically took on the responsibilities to design and develop the initial projects, due to the limited staff training in the subject, to the lack of official assignment of duties and written commitment regarding protection from liabilities, as well as to the unusual circumstances regarding use of the Broward Term Bid. As some of the issues were clarified and additional staff members received training, other personnel were called upon to assist.
- The recently awarded Asbestos Term Contracts were upgraded to include mold remediation and other indoor air quality services. Consequently, all mold projects will now follow the same protocols and procedures as asbestos projects.

8. MAINTAIN ON FILE AN EXECUTED SET OF THE ASBESTOS TERM CONTRACT

- The Department maintains in the active files an executed copy of the 2004/2005 Term Contract for each contractor. In addition, executed contracts (including extensions), awarded between 1998 and 2003, are on file. The only contract requested by the auditors that could not be located was an executed copy of a 1998 contract. This

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document was apparently boxed separate from the others during one of the three recent Department moves.

The terms, conditions, prices, and specifications for the Term Contracts are available to staff for the performance of their work, since they are issued a copy of the current contract upon award by the Board. That copy contains the same information as the signed copy, maintained for each contractor in the central file

9. INCLUDE TERMS OF BOND PAYMENT OBLIGATION IN CONTRACTS AND PAY ONLY FOR BONDING THAT IS NEEDED

- For several years, the Department of Capital Construction Compliance has had the responsibility and control over the General Conditions of the Contract for Construction to be included in the Contract Documents for all projects, including the Asbestos Term Bids. Until the 1998/1999 Asbestos Term Contract, the documents specified that the cost of the Performance and Payment Bond would be reimbursed to the contractor and stipulated a reimbursement schedule over several projects. Subsequent revisions to the Insurance and Bonding article of the General Conditions, made by Capital Construction Compliance at the request of Risk Management, omitted that language from the contract.
- For approximately ten years, state law has required that term contracts carry Performance and Payment Bonds for the full face value (maximum compensation) of the contract. To satisfy this requirement and still limit the bonding obligation of the contractors and the cost to the Board, the contracts are awarded in two stages: The initial award is for half of the desired work capacity (compensation limit) with the stipulation that, if the initial compensation limit is reached during the year's term, the Board can extend the limit for the second half of the value, as long as the contractor submits the increased bonding.
- Since the work performed under these contracts is performed in support of Maintenance and Capital Construction, in addition to the response actions initiated by this department, it is very difficult to accurately predict the future needs of each contract. Under the contract provisions, if we reach the initial capacity, the compensation limit is immediately extended to ensure that any work required, including possible emergency responses, can be performed without undue delays.
- Due to increased risks and liabilities, Insurance and Bond fee rates for Asbestos Abatement and other hazardous environmental work do not necessarily follow the standard rates for general construction.

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA), as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

Americans with Disabilities Act of 1990 (ADA) - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

The Family and Medical Leave Act of 1993 (FMLA) - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

The Pregnancy Discrimination Act of 1978 - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

Florida Educational Equity Act (FEEA) - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10 - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

Revised 5/9/03