




Memorandum



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To: The Honorable Daniella Levine Cava, Mayor, Miami-Dade County
The Honorable, Jose "Pepe" Diaz, Chairman
and Members, Board of Commissioners, Miami-Dade County

From: Felix Jimenez, Inspector General 

Date: September 23, 2022

Subject: OIG Final Audit Report – Miami-Dade Public Housing and Community Development Department's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects; Ref: IG20-0005-A

Attached please find the above-captioned final report issued by the Miami-Dade County Office of the Inspector General (OIG). The audit focused on the Public Housing and Community Development's (PHCD) utilization of the Emergency Response Team (ERT) Pool under the Miscellaneous Construction Contracts (MCC) Program. More specifically, we reviewed PHCD's justification for using the ERT Pool, its adherence to the ERT rotational policy, and its compliance with the County's Prompt Payment Policy. This report is the second in a series of audits that the OIG is conducting relating to the MCC 7040 and 7360 Plans.

This report, as a draft, was provided to PHCD and the Small Business Development Division (SBD) of the Internal Services Department (ISD) for their discretionary written responses. The report contains four findings and six recommendations. All of the recommendations have been accepted by PHCD. SBD/ISD opted not to provide a written response, explaining in an email that all the recommendations pertain to PHCD, and that SBD/ISD agrees with them. PHCD's response is attached to the final report as Appendix A. The OIG requests that PHCD provide the OIG with a status report on or before January 6, 2023, regarding its progress on implementing the recommendations. As for SBD/ISD, the OIG continues to engage with them as this multi-part audit progresses.

The OIG would like to thank the staffs of PHCD and SBD/ISD for their cooperation and for the courtesies extended to the OIG throughout this audit. For your reading convenience, an Executive Summary follows.

Attachment

cc: Morris Copeland, Chief Community Services Officer, Office of the Mayor
Edward Marquez, Chief Financial Officer, Office of the Mayor
Michael Liu, Director, Public Housing and Community Development
Alex Muñoz, Director, Internal Services Department (ISD)
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OIG EXECUTIVE AUDIT SUMMARY

Audit of the Miami-Dade Public Housing and Community Development Department's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects

The Office of the Inspector General (OIG) initiated an audit of the Miami-Dade Public Housing and Community Development Department's (PHCD) use of the County's Miscellaneous Construction Contracts (MCC) Program's Emergency Response Team (ERT) Pool. The MCC Program, comprised of the 7040 and the 7360 Plans, is a construction program where solicitations, up to \$5 million, for facility repairs, neighborhood improvements, and emergency repairs and maintenance are procured. The ERT is a sub-pool of the MCC 7040 and 7360 Plans and consists of contractors called to respond to urgent and unforeseen repairs or construction work where life, health, safety, community welfare or preservation of public property is affected. The Small Business Division (SBD) of the Internal Services Department (ISD) administers the MCC Program and the ERT Pool.

The purpose of this audit was to assess PHCD's utilization of the ERT Pool. Specifically, we evaluated PHCD's justification for using the ERT Pool, its adherence to the ERT rotational policy, and its compliance with the County's Prompt Payment Policy. The audit also focused on SBD's monitoring of the ERT Pool for departmental compliance. This audit resulted in four findings and six recommendations.

Finding 1 involves the lack of documentation in the project files demonstrating compliance with the ERT rotational policy. Nearly half of the 33 PHCD project files tested had no supporting documentation. The other half had a copy of the CIIS rotation list in the file. While the inclusion of the CIIS rotation list in the project files is not a requirement of Implementing Order (IO) 3-53, it is the most authoritative document that can demonstrate that the rotational policy was adhered to. In the OIG's first audit report (of the Miami-Dade Fire Rescue Department) we recommended that SBD make keeping a copy of the list (or a screenshot) a requirement as it shows the placement of the firms in the rotation at that moment when emergency services are required. SBD agreed with our recommendation. PHCD, in this audit, has also agreed and responded that it will ensure a copy of the rotation list is included in the files moving forward.

Finding 2 determined that PHCD did not timely notify SBD of the emergency awards within five days of the contractor agreeing to perform the work as required by IO 3-53. Timely notification to SBD is important as SBD adjusts the contractor's placement on the rotation list based on the emergency work awarded. Only two of the 33 sampled ERT projects were reported timely to SBD. The remaining emergency awards were reported between 20 and 305 days after award. This deficiency occurred due to PHCD's practice of waiting for the contractor to submit an invoice for the work completed before contacting SBD. PHCD advised that it addressed this finding with all staff that utilizes the MCC Programs and that going forward notifications of the selected contractor will be timely made to SBD.

Finding 3 established that PHCD failed to report non-responding contractors to SBD for possible suspension from the ERT Pool. As explained to OIG Auditors, there are several contractors that refuse to take on PHCD work for a variety of reasons, one of which involves

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PHCD's chronic late payments. As such, PHCD chooses not to report these firms to SBD. Notwithstanding some contractors' hesitancy to take on PHCD emergency repairs, PHCD's non-compliance with the IO's reporting requirements impacts the integrity of the ERT Pool. In true emergencies, departments should not have to spend valuable time attempting to contact firms unwilling to take on the work. Departments should be able to count on those contractors that have asked to participate in the ERT Pool to respond to emergencies.

The OIG learned that several years ago, SBD encouraged PHCD to establish dedicated pools of contractors for the specific trades most needed by PHCD. We also learned that this effort was never completed. The OIG strongly recommended that PHCD re-initiate discussions with SBD to develop these dedicated ERT Pools for PHCD's most needed emergency repairs. PHCD, in response to this recommendation, stated that it will coordinate with ISD to develop these dedicated pools. PHCD recognizes that creating these pools will facilitate timely responses to its most frequent emergency repairs and mitigate payment delay issues.

PHCD further added that it will reemphasize to staff the importance of reporting non-responding contractors. Lastly, as part of the process of documentation, PHCD stated that it will incorporate a data collection method to obtain reasons why contractors refuse to accept emergency contracts with PHCD to ensure we have a more accurate picture. This information will be beneficial to PHCD and ISD/SBD.

Finding 4 addresses PHCD's noncompliance with the County's Prompt Payment Policy, which requires payment to SBE contractors be within 14 days of receipt of the invoice on amounts not in dispute for services procured from the 7040 Plan. (Payments to SBE-certified contractors for work procured under the 7360 Plan must be made within 30 days.) Payment delays ranged from 29 to 619 days (approximately 20 months). The OIG recommended that whether by centralizing the receipt and payment of invoices or by streamlining and expediting the invoice workflow, PHCD must find a way to pay contractor invoices timely. The OIG strongly recommended that PHCD look for steps in the payment processing workflow that can be completed more quickly in order to meet the 14-day turnaround time required of the County's Prompt Payment Policy. The OIG also requested that PHCD, in response to this particular recommendation, describe what action(s) it will take to reduce the time it takes to pay contractor invoices.

PHCD responded that the over-arching issue impacting timely payment is the volume of emergencies being handled as an agency on a weekly basis, as well as all the other invoices it must process monthly. According to PHCD, compliance with the 14-day prompt payment policy is an administrative burden. PHCD stated, however, that it will retrain staff regarding the importance of processing invoices timely and will also stress in the retraining the importance of documenting when the work performed is actually completed and accepted to ensure accurate dates are used when calculating the 14-day requirement.

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Lastly, PHCD advised that it has already reached out to SBD/ISD to coordinate training and process improvements as well as ensure continuous communication with SBD so that concerns brought forth by contractors continue to be remedied as well as to further develop the necessary tools for PHCD to meet the needs of the families served.

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FINAL AUDIT REPORT

*Audit of Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

IG20-0005-A
September 23, 2022

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I. INTRODUCTION

The Office of the Inspector General (OIG) initiated an audit of the Miami-Dade County Public Housing and Community Development Department's (PHCD) use of the County's Miscellaneous Construction Contracts (MCC) Program's Emergency Response Team (ERT) Pool. Implementing Order (IO) 3-53 establishes the MCC Program.¹ The MCC Program is a construction program where solicitations, up to \$5 million, for construction projects, facility repairs, neighborhood improvements, and emergency repairs and maintenance are procured. The MCC Program consists of the 7040 and the 7360 Plans. The ERT is a sub-pool of the MCC 7040 and 7360 Plans and consists of contractors called to respond to urgent and unforeseen repairs or construction work where life, health, safety, community welfare or preservation of public property is affected. Emergency work issued under the ERT Pool is procured on a rotational basis—competitive bidding is not required. All County departments can access the MCC contracts. Both the MCC Program and the ERT Pool are administered by the Small Business Development Division (SBD) of the Internal Services Department (ISD).

The purpose of the audit was to assess PHCD's utilization of the ERT Pool, as well as SBD's monitoring for departmental compliance. Specifically, we evaluated PHCD's justification for using the ERT Pool, its adherence to the ERT rotational policy, and its compliance with the County's Prompt Payment Policy. PHCD is one of several departments selected by the OIG for audit testing; it had the highest count of all emergency repairs noted during the two-year period selected for review. Collectively, fourteen County departments spent approximately \$36.8 million on projects under the ERT Pool during the two-year audit period. While emergency awards may have some level of competition, they are not required to follow the open competition standards of requests for price quotes and projects may be awarded without any competition. Without proper oversight, the award of emergency work may be subject to abuse.

The OIG has initiated a multi-phase audit to evaluate departmental compliance concerning the utilization of the MCC Program, including both emergency and non-emergency projects. This report is the second of several audit reports that the OIG will issue regarding departmental compliance with the MCC Program and the ERT Pool. This multi-phase audit was initiated due to the MCC Program's size and its wide-ranging operational impact across numerous departments.

¹ Implementing Order No. (IO) 3-53, along with the Miami-Dade County Code Section 2-8.2.7.01 and Section 10-33.02, establish the guidelines and requirements for the overall MCC Program.

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II. RESULTS SUMMARY

This audit report contains four findings and six recommendations. The findings stem directly from our testing of PHCD's utilization of the MCC ERT Pool. For the period reviewed, PHCD utilized both the MCC 7040 and 7360 Plans for its emergency projects.

In Finding 1, OIG Auditors noted the absence of documentation in nearly half of PHCD's emergency project files that demonstrates compliance with the ERT rotational policy. Specifically, these project files did not maintain a copy of the Capital Improvement Information System (CIIS) rotation list or any other documentation evidencing how the contractor was selected for the emergency award. In the absence of complete and accurate documentary evidence, the OIG is unable to determine whether the contractors awarded were selected on a rotational basis. Maintaining a copy of the CIIS rotation list in the project files is not a requirement of IO 3-53. However, the OIG believes that it should be included as an authoritative document that demonstrates that the rotational policy was adhered to.

Finding 2 concluded that PHCD did not timely notify SBD of the emergency awards within five (5) days of the contractor agreeing to perform the work. OIG Auditors noted that only two of the 33 sampled ERT projects were reported timely to SBD. The remaining emergency awards were reported between 20 and 305 days after award. This deficiency occurred due to PHCD's practice of waiting for the contractor to submit an invoice for the work completed before contacting SBD. Site staff, who initiates emergency procurements, advised that they were not aware that they have to notify SBD of the emergency awards once the emergency work was awarded.

Finding 3 addresses PHCD's failure to report non-responding contractors to SBD for possible suspension from the ERT Pool. All 33 ERT project files showed that PHCD did not report non-responding contractors to SBD for potential suspension from the ERT Pool. Failure to report non-responding contractors compromises the integrity of the ERT Pool and the efficiency of the emergency award process.

Finding 4 addresses PHCD's noncompliance with the County's Prompt Payment Policy, which requires payment to SBE contractors (from the 7040 Pool) within 14 days of receipt of the invoice on amounts not in dispute. OIG Auditors noted that payment delays ranged from 29 to 619 days (approximately 20 months). In one instance, the audit revealed that site staff failed to submit an invoice package for payment. Upon the OIG's request to review the payment documentation, PHCD's Finance Division personnel advised that they could not locate the payment records. Upon further review, PHCD personnel concluded that site staff did not submit the invoice package for payment processing. The contractor was eventually paid approximately 20 months after its invoice

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date. Paying its contractors late discourages some contractors from participating in emergency procurements at PHCD.

PHCD acknowledged the missing documentation in project files, the delays in notifying SBD of the emergency awards, not notifying SBD of non-responding contractors, and the delays in payments to contractors. PHCD advised that site staff is limited and is sometimes pulled in many directions, which may result in lax adherence to documentation protocols and timely notifications to SBD. The OIG recommends that PHCD administration properly train its site staff on the requirements of the IO and assure that all site staff have training resources available to comply with the ERT Pool requirements. The OIG also recommends that PHCD explore areas in its decentralized procurement processes to better streamline and expedite its payment process.

III. AUDITEE RESPONSE AND OIG REJOINDER

The OIG provided this report, as a draft, to PHCD and SBD/ISD for their review and comments. PHCD provided a written response, which is included in its entirety in Appendix A. SBD/ISD opted not to provide a written response but replied via email stating that "Since the OIG recommendations are solely regarding PHCD responsibilities and nothing is being recommended for ISD/SBD. ISD/SBD does not have anything to add and we fully agree with the recommendations of the OIG."

PHCD responded positively to our recommendations stating that it agreed that the inclusion of the CIIS rotational list in the project files is a good practice and that it will ensure that a copy of the list is included in the files moving forward (Finding 1, Recommendation 1). As for timely notifying SBD of the emergency award, PHCD advised that all staff members utilizing the MCC Program were notified that, prospectively, the user department's director or authorized designee shall submit to SBD a written explanation of the circumstances mandating the emergency procedures (Finding 2, Recommendations 2 and 3).

PHCD further advised that it will request additional training from SBD/ISD regarding the overall emergency award process, and PHCD will also provide additional retraining and require its staff to affirm and acknowledge their training by signing a document (Finding 3, Recommendation 5).

In its response, PHCD highlighted the issues that may hinder its compliance with the County's 14-day Prompt Payment Policy by bringing attention to the volume of emergencies being handled on a weekly basis, the number and age of the properties, and the thousands of invoices it processes on a monthly basis. However, PHCD advised

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that it will coordinate with SBD/ISD to develop a dedicated ERT Pool of contractors to better address PHCD's specialized operational needs (Finding 3, Recommendation 4) in the hope that this will mitigate the issues of non-responding contractors and contractor late payments. PHCD also stated that it will retrain its staff on the importance of processing payments timely, including documenting when the work performed was actually completed for calculating the 14-day prompt payment requirement (Finding 4, Recommendation 6).

Excerpts of PHCD's response are included in the body of the report (*in italics*) at the end of each related finding and recommendation.

IV. TERMS USED IN THE REPORT

Board	Board of County Commissioners
CIIS	Capital Improvement Information System
County	Miami-Dade County
Elite	Elite Procurement System
ERT	Emergency Response Team
IO	Implementing Order
ISD	Internal Services Department
MCC	Miscellaneous Construction Contracts
NTP	Notice to Proceed
PHCD	Public Housing and Community Development
RPQ	Request for Price Quote
SBD	Small Business Development Division, Internal Services Department
SBE	Certified Small Business Enterprise

V. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts, and transactions; conduct reviews and audits of County departments, offices, agencies, and boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General.

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VI. BACKGROUND

On November 3, 2009, the Board of County Commissioners (Board) codified the MCC Program, via Ordinance No. 09-101, to create a permanent procurement vehicle to expedite construction contracting and to further enhance contracting opportunities for certified Small Business Enterprise (SBE) – Construction firms. The MCC Program was historically administered as two separate renewable contracts that competitively bid small construction projects. Upon codification, the MCC Program became a permanent program subject to periodic expenditure reauthorizations approved by the Board periodically.

The MCC Program comprises of the 7040 and 7360 Plans. The 7040 Plan is a 100% set-aside pool for SBE construction firms. The 7360 Plan is an open non-restricted pool for all construction firms and is to be used when funding sources prohibit procurement restrictions, such as set-asides, or when there are not sufficient firms available in the 7040 Plan. SBD is responsible for promoting and administering the MCC Program. County Code Section 2-8.2.7.01 and Section 10-33.02,² as well as IO 3-53, establish the guidelines and requirements for the overall MCC Program.

The MCC Program is the primary contracting vehicle to award contracts for new construction, renovations, repairs, and maintenance projects with a maximum value up to \$5 million. The MCC Program is administered under IO 3-53, which includes the process for registering and pre-qualifying contractors and awarding contracts competitively via Requests for Price Quotes (RPQs). MCC Program construction projects are tracked using CIIS.

Contractors are required to maintain valid Miami-Dade County Certificates of Competency and/or State of Florida licenses. Payment and Performance Bond or Bid Bonds are required for contracts greater than \$200,000 or federally-funded contracts equal to or greater than \$100,000. IO 3-53 allows for SBD to determine whether Payment and Performance Bonds or Bid Bonds are appropriate for projects with an estimated contract value of less than \$200,000.

IO 3-53 also allows for non-competitive contract awards in emergencies, which are defined as unforeseen or unanticipated, urgent and immediate needs for construction services where the protection of life, health, safety, welfare of the community, or preservation of public property would not be possible using any of the County's standard

² County Code Section 10-33.02 establishes the Small Business Enterprise Construction Services Program and sets for the requirements for construction firms seeking SBE certification.

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contracting methods. Both the 7040 Plan and 7360 Plan allow for emergency awards utilizing their respective ERT Pools.

ERT Pool Award Process

An emergency RPQ may be awarded without utilizing the competitive bid procedures if the user department determines that the work to be performed is an emergency and cannot be completed within the required time using competitive purchasing procedures. Florida Statute 255.0525 exempts emergency procurements from the required minimum days from advertisement to the bid due date.³

Upon obtaining approval from the respective department director, a request for the emergency work is initiated by contacting and subsequently awarding the project to a contractor from the ERT Pool on a rotational basis. The rotation of firms in the ERT Pool is maintained by the CIIS. Contractors may submit their emergency quotes by telephone, facsimile, or e-mail, followed by written confirmation. IO 3-53 requires that when using the ERT Pool, the department must provide SBD with a written explanation of the circumstances justifying the emergency procurement within five days of initiating an agreement for work to be performed.

Along with meeting the requirements for the 7040 and/or 7360 Plans, emergency contractors are required to state their intent to be part of the ERT Pool. Additionally, participating contractors are required to maintain proof of insurance for Workers' Compensation, General Liability and Automotive Liability. Furthermore, contractors must be available 24 hours per day / seven days per week and respond to the department's emergency call, within two hours of the call, by communicating with a live person from said department. If a contractor fails to respond two consecutive times within two hours of being contacted for an emergency, the department shall notify SBD of the contractor's lack of compliance.

PHCD's Procurement and Payment Processes

PHCD's emergency procurement process is decentralized amongst its 28 housing sites throughout the County. Many of the sites consist of multiple buildings. Collectively,

³ Florida Statute Section 255.0525 *Advertising for Competitive Bids or Proposals* requires either 21 days or 30 days from the advertisement of the bid to the bid opening depending on the estimated contract value. The section also allows for these timeframes to be altered by the local government entity in any manner that is reasonable under the emergency circumstances. The term "emergency" means an unexpected turn of events that causes (a) an immediate danger to the public health or safety; or (b) an immediate danger or loss of public or private property; (c) an interruption in the delivery of an essential governmental service.

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PHCD manages over 6,900 housing units.⁴ These properties include assisted living facilities and public housing developments that are staffed by onsite administrators, maintenance staff, and clerical personnel. Onsite administrators may manage multiple sites and are responsible for each site's daily operations.

Repairs are considered an emergency if they impact life safety or are deemed severe. Generally, repairs to housing units involving air conditioning, plumbing, and leaks may warrant emergency remediation. Emergency repairs may be completed within a tenant's unit or externally on the grounds of the housing properties. Tenants are required to call the PHCD's county-wide maintenance hotline to report an emergency within their units. Upon receipt of the reported emergency, the site administrator creates a work order (work ticket) in PHCD's Elite ProcureIt System (Elite). The onsite maintenance staff will then report to the tenant's unit to determine the severity of the repair. If the onsite maintenance personnel cannot perform the repairs (whether in a tenant's units or on property grounds), the work order request may be forwarded to PHCD's tradesmen in the Asset Management Division for completion. Repairs that are completed by PHCD's tradesmen are air conditioning, electrical, roofing, plumbing, structural maintenance, and building maintenance.⁵ Emergency repairs that cannot be resolved by PHCD's on-site maintenance personnel or tradesmen are procured using the ERT Pool. Factors that may contribute to the use of the ERT Pool include limited staff, complexity of the emergency, and/or duration of the repair. The PHCD Asset Management Division Chief works directly with the site administrators in assessing whether the emergency repair will be completed by PHCD's personnel or through the ERT Pool.

When the ERT Pool is utilized, the site administrator submits a written request, via email, to the PHCD Asset Management Division Chief and the Chief Financial Officer (CFO) for approval to access the Pool. Upon approval, the site administrator accesses the CIIS system to retrieve the current rotation list for the specific trade group. The site administrator will then communicate with the contractor at the top of the CIIS rotation list for availability to respond to the emergency. The site administrator documents the phone call, including whether the contractor answered the call and the contractor's availability. As needed, the site administrator will contact other contractors on the list in the order of

⁴ This includes privately-managed PHCD sites under the Federal Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program. The RAD Program allows the County to rehabilitate and improve these housing sites via procurements with third-party developers. These redevelopment contracts are for a 75-year lease term. Repairs and maintenance are the responsibility of the privately-managed contractor.

⁵ PHCD tradesmen are required to maintain a trade license or a certificate for these types of repairs. PHCD tradesmen are housed at the Newberg Warehouse, located in Little River Miami, and are dispatched to housing sites across the county, as needed and when available.

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the rotation list until a response is received and the contractor agrees to evaluate the emergency and perform the work. We noted that site administrators did not always include the CIIS rotation list or document their communication with the contractors. IO 3-53 does not require the user department to maintain a copy of the CIIS rotation list; however, the OIG considers the CIIS rotation as an authoritative document marking the standing of each contractor for the specific emergency at that given time. This is further discussed in Finding 1.

Upon the receipt of the contractor's quote, the site administrator obtains, via email, the Asset Management Division Chief's approval to proceed with the work. Prior to the award, the site administrator obtains the contractor's insurance certificates through CIIS or from ISD's Risk Management Division. Depending on the contractor's proposal amount, the on-site maintenance staff or PHCD's Vacancy Trade Coordinator will monitor the contractor's work. The onsite maintenance staff monitors emergency repairs up to \$10,000.

Once the work is completed, the contractor submits an invoice requesting payment to the site administrator. If the contractor's invoice is deemed to be complete, the site administrator prepares an Elite Order Request and uploads and submits the contractor's invoice along with the project's originating documents (including the Elite work order request, the approval email from the Division Chief or CFO, the award letter, and the contractor's insurance certificates⁶) to PHCD's Procurement Division.⁷ The Procurement Division then creates a purchase order in Elite. The site administrator then "acknowledges" the receipt of the purchase order which is then forwarded to PHCD's Finance Division for payment processing.

The Procurement Division notifies SBD, via CIIS, of the emergency repair upon the Procurement Division's approval of the contractor's invoice and the project's supporting documents. At this stage, the Procurement Division creates an RPQ in CIIS and notifies SBD of the emergency award. The invoice and the project's supporting documents are sent to SBD for review and final approval. SBD manually approves the emergency award in CIIS, which simultaneously triggers the contractor's rotation in the ERT Pool. The timing of these notifications, resulting in delays ranging from 20 to 305 days, is further discussed in Finding 2.

⁶ Before the contractor is paid, its insurance is requested and verified a second time.

⁷ While not an "originating" document, a contractor evaluation form is required to be submitted at the end of the project.

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Once the payment process is finalized, the contractor is paid through Elite. PHCD does not use the County's central financial system (formerly FAMIS and IWA, currently INFORMS) to process vendor payments. OIG Auditors found that invoices for 32 projects reviewed were not paid within the County's 14-day or 30-day Prompt Payment Policy (depending on the procurement vehicle). Payment delays ranged from 29 days up to 619 days. This condition is further discussed in Finding 4.

The OIG conducted a preliminary review of emergency projects within the MCC Program and found that PHCD had the highest project count among all departments for projects initiated during the period of January 1, 2019 through October 26, 2020. Table 1 below identifies the total number of emergency contracts awarded from both the MCC 7040 and 7360 Plans, by department, for the period noted. PHCD project dollars totaled \$4.20 million, which amounts to 11% of the total project dollars awarded for the period under review.

**Table 1 – ERT Pool Projects Awarded by Department
for the period of 1/01/2019 – 10/26/2020**

Dept Code per CIIS	Department Name	No. of Projects Awarded	Awarded Dollar Amounts	\$ Amount Percentage
HD	Public Housing	410	\$4,195,972	11.40%
MT	DTPW	74	\$13,028,293	35.38%
FR	Fire & Rescue	32	\$618,765	1.68%
ISD	Internal Services	30	\$2,174,695	5.91%
WS	WASD	17	\$14,363,170	39.01%
PR	PROS	9	\$488,185	1.33%
LB	Library	7	\$192,223	0.52%
CR	Corrections	4	\$65,088	0.18%
CU	Cultural Affairs	4	\$62,921	0.17%
SP	Seaport	3	\$17,407	0.05%
SW	DSWM	3	\$93,664	0.25%
AV	Aviation	2	\$926,170	2.52%
PD	Police	2	\$574,030	1.56%
PE	RER	2	\$18,319	0.05%
	Total	599	\$36,818,902	100%

Source: Capital Improvement Information System (CIIS)

Note: PHCD 410 ERT projects were under both the 7040 and 7360 Plans.

VII. OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to assess PHCD's utilization of the ERT Pool under the MCC 7040 and 7360 Plans, including its compliance with IO 3-53 requirements and the County's Prompt Payment Policy. The OIG also reviewed SBD's responsibilities for

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administering the ERT Pool. The County's applicable Implementing Orders, Board resolutions and ordinances, and the Code of Miami-Dade County were reviewed and consulted. The scope of our review covered the period of January 1, 2019 through October 26, 2020.

The OIG selected a sample of 33 of the 410 PHCD emergency contracts. These samples were selected on a random basis⁸ and amounted to \$1,015,059 (or 24.2%) of PHCD's total awarded dollars (\$4,195,972). The scope of work for the 33 projects tested involved emergency electrical, air conditioning, mold remediation, plumbing, and roofing repairs. The attached *OIG Schedule A: PHCD ERT Sample Projects and OIG Findings*, identifies each sample selected and the OIG audit findings noted for each sample.

For the 33 projects selected for testing, OIG Auditors reviewed PHCD's project files, which include the RPQ order requests, departmental approvals, award documentation, notices to proceed, purchase orders, proofs of insurance, contractor invoices, and payment records (including HUD federal grants, if applicable). Auditors also reviewed communications between PHCD staff and SBD staff, and other project information housed in CIIS and PHCD's in-house Elite system. Collectively, these records were examined to evaluate compliance with the requirements and guidelines of IO 3-53. Invoices and payment records were reviewed to assess compliance with the County's Prompt Payment Policy.

OIG Auditors interviewed PHCD administrators and site staff to gain an overview of PHCD administration of the ERT projects including procurement, payment, and reporting processes. This review included conducting site visits, reviewing administrative policies and procedures and process walk-throughs from initiation of the emergency request to contractor payment. OIG Auditors also met with SBD personnel to gauge their responsibilities in administering the MCC Program, especially as it relates to the ERT Pool.

This audit was conducted in accordance with the Principles and Standards for Offices of Inspector General and with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions. Based on our audit objectives, we believe the evidence obtained provides a reasonable basis for our findings and conclusions.

⁸ The OIG used the systematic sampling method. This is a variation of random sampling that requires selecting samples based on a system of intervals in a numbered population. We used this method since it provides a representative sample of the total population and a degree of control in selecting our sample size.

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VIII. OIG AUDIT FINDINGS AND RECOMMENDATIONS

Overall, PHCD's utilization of the ERT Pool generally did not comply with the MCC policies, procedures and requirements. Based on our testing of the project files, there were several instances of non-compliance that collectively rise to the level of an audit finding. We found irregularities concerning the RPQ process and deficiencies in PHCD's payments to contractors. However, we noted that the scope of work described in the RPQs had sufficient detail for pricing the jobs, and the contractor invoices tied to the actual work performed and matched the request/requisition/PO for emergency contractor services. The OIG did not find any deficiencies with contractor registration and election to participate in the ERT Pool.

Finding 1: Documentation demonstrating compliance with the ERT rotational policy was missing from almost half of the sampled project files.

An emergency project is awarded when an unforeseen or unanticipated urgent and immediate need is identified, which threatens the life, health, safety, or welfare of the community. Once an emergency request has been identified and approved, PHCD contacts and subsequently awards the project to an ERT Pool contractor in CIIS in accordance with SBD's Contractor Rotational Policy.⁹ This policy requires that departments accessing the pool to contact and award the emergency project to the next available contractor in the ERT rotation. The rotation of firms is electronically effectuated in CIIS. PHCD explained that contractors are selected from the ERT Pool according to the requested trade and based on the rotation order. PHCD personnel further stated that calls to contractors and contractors' responsiveness (i.e., availability, or lack thereof) are documented and the printed CIIS rotation list is maintained in the ERT project file.

OIG Auditors reviewed 33 emergency project files to determine whether PHCD complied with SBD's Contractor Rotation Policy in that firms were contacted from the CIIS rotation list in the order they appear. We noted that in 17 of the 33 project files, PHCD staff printed the CIIS rotation list and maintained a copy in the project file. The IO 3-53 does not require the user department to maintain the CIIS rotation list, however, that printed list (or screenshot thereof) evidences the standing of each contractor at the time for the specific emergency needed. Of these 17 project files, 14 evidenced that the contractor at the top of the CIIS rotation list received the award and/or that

⁹ IO 3-53 states that the SBD's Contractor Rotation Policy is intended to distribute contracts equitably among contractors registered in the 7040 and 7360 Plans based on the number of prior contracting opportunities within the plan and contract awards. The contractor rotation process establishes the placement of each contractor for future RPQs. Once SBD approves a contractor to participate in the ERT Pools and the contractor's profile is complete in the CIIS, the system will allocate the placement of that contractor based on a rotation factor.

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communications with contractors were made in the order they appear, before the eventual award. Eleven (11) of the 33 project files did not have a CIIS rotation list; however, two (2) RPQs for emergency elevator repairs, with the same contractor, identified communication with ISD staff, including a prior ISD Director, on the need for the emergency repairs. The first RFP email correspondence identified that the said ISD Director approved the needed emergency repairs.¹⁰

OIG Auditors found that the remaining five (5) project files also had a CIIS contractor listing, however, these lists were printed by contractor names (alphabetically) and not by the trade category. As such, OIG Auditors could not authoritatively conclude that awarded contractors were contacted in the order they would have appeared on the CIIS rotation list (i.e. trade category). The OIG notes that there may be some confusion on the proper CIIS rotation list to utilize when communicating with contractors since both lists are similar and has the same identical report header “CIIS – 7040 Emergency Contractors 126.”

The difference between the two lists is that the CIIS rotation list’s “Emergency RT” column identifies a single trade category for each contractor, while the second contractor list’s (alphabetical list) “Emergency RT” column states each contractors’ registered trade codes. Thus, one contractor may have several trade codes listed (such as general contractor, master plumber, etc.), with different rotation factors that may not apply to the required emergency trade code currently being procured. Furthermore, the second CIIS contractor listing did not evidence that the contractors for that required emergency trade code were contacted in the order that they would have appeared on the correct CIIS rotation list via their rotation factor. (See Exhibit 1 Composite for both types of lists).

OIG Auditors later discussed using the second list—the alphabetical listing—with the SBD Section Chief, who advised that the correct CIIS rotation list identifies the contractors by a single trade code. The SBD Section Chief further explained when user department staff goes into CIIS to retrieve the CIIS rotation list, the initial list identifies the contractor alphabetically; however, the department staff has to click on the “Emergency RT” column header, on the right for the report listing, to identify contractors by single trade codes. Thereafter, the staffer should scroll down to the needed trade code for the emergency repair needed.

¹⁰ Both RPQs’ emails noted that the site location was awaiting elevator repairs; however, a contractor was not responding to PHCD calls. PHCD sought assistance from ISD Contract Management staff and the ISD Director since both elevators were out of service at an elderly housing site. Email correspondences also noted that elevators were up for modernization.

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OIG Auditors discussed the lack of the CIIS rotational list and communication documentation in the RPQ files with PHCD's Procurement Manager who stated that all files should include the CIIS list printout confirming that the contractor was selected on a rotational basis from the CIIS database. The Procurement Manager could not provide an explanation other than stating that the lack of documentation is not the proper protocol.

The ERT Pool was established to equitably distribute emergency projects among the prequalified contractors based on their respective standings. In the absence of documentary evidence showing the placement of the contractors on the rotation list at any given time, the OIG is unable to determine whether the contractors awarded were those next in line to equitably receive the emergency work.

In the OIG's first audit report (involving the Miami-Dade Fire Rescue Department's utilization of the MCC ERT Pool), the OIG recommended that SBD require departments maintain a copy of the CIIS rotational list in their project files. SBD concurred with the OIG's recommendations and replied that it "updated the Miscellaneous Construction Contracts Training document to include the requirements for departments to print the rotation emergency list providing the names of the firms contacted as a part of the project file. The Miscellaneous Construction Contracts Training document will be provided to all users and will be posted on the Policies & Procedures section of CIIS."

Recommendation No. 1 to PHCD:

To maintain the integrity of SBD's rotational policy, it is paramount that all ERT awarded projects comply with guidelines outlined in IO 3-53. The OIG recommends that PHCD's Procurement Division train site staff to consistently maintain proof that the ERT rotational policy was adhered to by contacting contractors in the order listed on CIIS rotation list.

PHCD Response

As indicated in the OIG Report, maintaining a copy of the CIIS rotation list in the project files is not a requirement of IO 3-53. However, PHCD agrees that including the CIIS rotation list in the files is a good practice and will ensure a copy of the rotation log [sic] is included in the files moving forward.

Finding 2: PHCD's site staff failed to timely notify SBD of the ERT awards within the required five-day period.

IO 3-53 requires that the user department provide SBD with a written explanation justifying emergency procurements within five (5) days after the contractor has confirmed

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its availability to perform the work. The OIG's review of PHCD's project files found that only two (2) of the 33 sampled ERT awards were timely submitted to SBD. Thirty-one (31) of the 33 emergency awards (94 percent) were reported to SBD between 20 and 305 days after the contractor agreed to perform the work. See Table 2 on the next page.

Table 2: Emergency Project Award Notifications to SBD

#	Project MCC Number	Contractor Contact Date	SBD Notification Date	Days Between Contractor Contact & SBD Notification
1	7040-43918	10/18/19	10/21/19	3
2	7360-37995	3/5/19	3/8/19	3
3	7040-53845	7/16/20	8/5/20	20
4	7040-51881	4/30/20	5/21/20	21
5	7040-52562	5/26/20	6/18/20	23
6	7040-53337	6/19/20	7/16/20	27
7	7360-53133	6/2/20	7/12/20	40
8	7360-37321	12/28/18	2/11/19	45
9	7360-35843	10/30/18	12/18/18	49
10	7360-44683	8/5/19	9/23/19	49
11	7360-53875	6/25/20	8/20/20	56
12	7360-38296	1/3/19	3/6/19	62
13	7040-37625	12/28/18	3/4/19	66
14	7040-49563	1/10/20	3/19/20	69
15	7360-55188	6/10/20	8/20/20	71
16	7040-43390	6/11/19	8/22/19	72
17	7040-43510	6/25/19	9/5/19	72
18	7040-48801	1/13/20	3/25/20	72
19	7040-55436	6/15/20	9/2/20	79
20	7040-45641	7/29/19	10/24/19	87
21	7360-42460	6/2/19	9/11/19	101
22	7040-39931	2/26/19	6/19/19	113
23	7360-43299	4/15/19	8/8/19	115
24	7040-52371	1/28/20	6/10/20	134
25	7040-51277	11/14/19	5/5/20	173
26	7040-51278	11/14/19	5/6/20	174
27	7040-44690	9/13/19	3/23/20	192
28	7040-51574	10/25/19	5/8/20	196
29	7040-45187	3/12/19	10/21/19	223
30	7040-34757	6/14/18	1/31/19	231
31	7040-34295	5/22/18	2/1/19	255
32	7040-39850	8/10/18	4/29/19	262
33	7040-33451	8/2/18	6/3/19	305

Note: Dates are as noted in CIIS and PHCD's project files.

OIG Auditors noted that PHCD staff, mainly from its the Procurement Division, does not notify SBD until the contractor invoice is approved to be processed for payment. Additionally, the RPQ is not created in CIIS until this time. Site staff, who initiates the emergency procurements and who should be notifying SBD, advised that they were not aware that they have to notify SBD of the emergency awards.

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For the four PHCD sites that OIG Auditors visited, all site administrators stated that they were unaware of the IO 3-53 language that requires that SBD be notified within five days after the contractor agreed to perform the work. In addition, site administrators stated that they had not been trained to notify SBD.

This finding was discussed and confirmed with PHCD's Procurement Manager and the PHCD Asset Management Division Chief. The PHCD Procurement Manager advised the OIG Auditors that generally only a few justifications are submitted timely to SBD and the majority are late. The PHCD Procurement Manager added that the five-day requirement is not being followed due to multiple emergencies that have to be addressed and/or misplaced or incomplete RPQ documentation. PHCD's decentralized procurement process is also cited as a contributing factor to the delayed notification. The PHCD Division Chief advised that site staff are being pulled in many directions which may delay the notifications to SBD. The Procurement Manager stated that site staff received training on the overall emergency procurement process, including notifying SBD. Both these explanations, however, overlooks the fact that, in practice, the notification is made at the time of invoice payment. The Procurement Manager further stated that they would attempt to notify SBD more timely.

OIG Auditors observed that SBD constantly implores PHCD staff to provide timelier award notification. This was observed in the CIIS notes and attached email correspondences in the sampled project files. OIG Auditors reached out to the SBD Section Chief, who advised that the individual sites bear the responsibility to notify SBD upon award of an emergency award. The SBD Section Chief further stated that this is an ongoing condition that has been addressed numerous times by SBD on an individual project basis. The SBD Section Chief further emphasized that failing to timely notify SBD greatly impacts the contractor's position in the rotation as this is the very mechanism that initiates the firm's rotation. The SBD Section Chief added that to her knowledge site administrators received training concerning procuring and awarding emergency awards. The OIG concurs that the failure to timely notify SBD of each emergency award will result in that contractor unfairly remains in its rotational placement. This creates the risk that the contractor may receive an unfair advantage to receive additional ERT awards ahead of other firms in the pool.

Recommendation No. 2 to PHCD:

The OIG recommends that the PHCD administration properly train its site staff on the requirements of the IO and assure that all site procurement staff has training resources available to comply with the ERT Pool requirements.

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Recommendation No. 3 to PHCD:

The OIG recommends that PHCD site staff notify SBD as to the contractor selected upon the award of emergency repair work.

PHCD Response

PHCD addressed Finding 2 with all staff that utilizes the MCC Programs via email July 12th, 2022, advising that in accordance with IO 3-53 within five working days after the contractor is contacted to perform the work described in the Emergency RPQ, the user department's director or authorized designee shall submit to ISD/SBD, a written explanation of the circumstances mandating the emergency procedures.

Finding 3: PHCD's ERT project files lacked evidence indicating whether site administrators reported non-responding contractors to SBD.

IO 3-53 requires that user departments report to SBD contractors that fail to respond two (2) consecutive times within two hours of being contacted for an emergency request. These non-responding contractors may be subject to a six-month suspension and may reapply when the suspension period has expired.

The OIG's review of PHCD's 33 project files did not evidence that SBD was ever notified of unresponsive contractors. Four of the project files reviewed had documentation showing that PHCD site staff left messages for contractors that did not answer when they were contacted for emergency repair requests; other project files noted "no answer." However, there is no documentation in the project files or in the project's CIIS notes that SBD was made aware of contractors that were contacted but did not provide a follow-up response to PHCD.¹¹

OIG Auditors spoke with several site administrators who all indicated that they were not aware that they had to notify SBD of non-responding contractors. The PHCD Procurement Manager advised OIG Auditors that PHCD chooses not to report non-responding contractors to SBD. The Procurement Manager explained that some contractors refuse to work at PHCD site due to safety concerns or theft of work equipment, and/or refuse to take on PHCD work due to chronic late payments. There are, however, certain contractors that are very responsive to PHCD's emergency calls and consistently perform emergency repairs at various PHCD sites.

¹¹ Exception is noted for RPQ #53133 & #53875, wherein PHCD staff contacted ISD in its attempt to find a contractor to repair the two broken elevators at an elderly site. See Footnote 10.

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The SBD Section Chief stated that any notes in CIIS about a non-responding contractor is followed up by SBD contacting the contractor to determine the factors for not responding to the request. The SBD Section Chief further explained that in understanding the dynamics of the contractors' position and given the fact that these very contractors respond to other departments but not PHCD, SBD must strike a balance when deciding whether to suspend and/or remove a contractor from the ERT Pool. The SBD Section Chief further added that SBD hosts regular meetings with contractors and has learned that some firms are opting out of working with PHCD. Thus, SBD is seeking to develop other solutions to address this issue, such as creating mini-blanket purchase orders for PHCD; however, this task may be difficult since PHCD has many sites spread throughout the County. Concerning the impact of contractor removal from the ERT Pool, the SBD Section Chief stated that the availability of firms depends on the trade. For instance, fencing has a small number of firms, while plumbing has a lot more firms.

Notwithstanding some contractors' hesitancy to take on PHCD emergency repairs, PHCD's non-compliance with the IO's reporting requirements impacts the integrity of the ERT Pool. In true emergencies, departments should not have to spend valuable time attempting to contact firms unwilling to take on the work. Departments should be able to count on those contractors that have asked to participate in the ERT Pool to respond to emergencies.

OIG Auditors inquired with the SBD Section Chief on whether it has considered establishing dedicated pools of contractors within specific trades for PHCD. The SBD Section Chief advised that many years ago SBD encouraged PHCD to establish dedicated pools in light of PHCD's overwhelming emergency requests. To initiate this process, PHCD would have to develop broad scopes to cover the needed emergencies. The SBD Section Chief further advised that PHCD sought her assistance in developing the scopes on its behalf; however, due to her additional responsibilities with other County departments, she advised PHCD to engage a consultant, via one of the County's procurement pipelines (e.g., the Equitable Distribution Program [EDP]), to assist with this process.

OIG Auditors also discussed the possibility of having a dedicated pool of contractors with the PHCD Asset Management Division Chief and CFO. The Division Chief stated that he was open to the idea; however, such decision will have to be discussed and arranged with SBD. The CFO added that a dedicated pool, in CIIS, requires additional steps with guidance from SBD, which has yet to occur. Both PHCD and SBD have acknowledged PHCD's limitations within the ERT Pool; however, the steps needed to implement dedicated pools have yet to get underway.

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Recommendation No. 4 to PHCD and SBD:

The OIG strongly recommends that PHCD re-initiate discussions with SBD to develop dedicated ERT Pools for PHCD's most needed emergency repairs. Under SBD's guidance and direction, PHCD should develop the various scopes of work and trades necessary to customize such pools. If additional resources are needed, PHCD should seek the services of a consultant through the EDP to assist with this development. This must be a joint PHCD/SBD effort but given PHCD's acknowledgement that only some contractors are willing to take on its emergency repairs and admission that it never reports non-responding contractors, it is imperative that this situation be rectified.

PHCD Response

While many reasons as to why small contractors refuse to accept emergency jobs/projects for PHCD were cited by the SBD Section Chief and the PHCD Procurement manager, the fact remains, these reasons are anecdotal in nature and not based on data. That said, considering why small vendors are not responding to PHCD for emergency jobs, as recommended by OIG and suggested by the SBD Section Chief, PHCD will coordinate with ISD/OCI to develop a dedicated Emergency Response Team (ERT) pool of contractors to better address PHCD's specialized operational needs. Creating a dedicated pool of vendors (modeled after the one developed by Miami Dade County's Water and Sewer Department - WASD) for PHCD's most frequent emergency repairs may mitigate payment policy issues.

Recommendation No. 5 to PHCD:

The PHCD administration should ensure that its site staff is aware of the requirements of the IO regarding the reporting non-responding contractors to SBD. While suspension from the pool may not be warranted, this data will assist in the development of the dedicated PHCD pools or enhance other methods to improve contractor responsiveness.

PHCD Response

PHCD will request for staff to be retrained by ISD/OCI regarding the overall emergency award process during which all staff will be provided with copies of IO 3-53 and the ERT Rotational Policy. Subsequently, PHCD will retrain staff internally and have staff sign a document indicating what was covered in the training to include the importance of reporting non-responding contractors.

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Finding 4: PHCD chronically pays late in violation of the County's Prompt Payment Policy

Miami-Dade County has established, since the 1990's, a policy of prompt payment to certified SBE firms.¹² This policy requires payment to be made within 14 days of receipt of the bill or invoice on those amounts not in dispute. For the 33 project files reviewed, OIG Auditors determined that payments on 32 project invoices did not comply with the County's Prompt Payment Policy.¹³ Payments were made between 29 and 619 days of the invoice receipt date (see Table 3 below).

Table 3: PHCD Prompt Payment Delays

	Count	Percentage
Less than or equal to 14 days	0	0%
15 to 30 days	1	3.1%
31 to 45 days	9	28.1%
46 to 60 days	3	9.4%
61 to 120 days	8	25.0%
121 to 180 days	5	15.6%
Greater than 180 days	6	18.8%
Total	32	100%

Source: Elite Procurelt; PHCD provided support.

In one instance, a contractor was not paid until the OIG Auditors inquired about the payment documentation. During the audit fieldwork, OIG Auditors were advised by PHCD's Procurement Division personnel that the project payment records could not be located. Upon further request by OIG Auditors, staff determined that although the payment requisition was prepared it was not processed for payment. Payment to this contractor was later made on July 12, 2021, on an invoice dated November 1, 2019. This oversight resulted in the contractor being paid more than 20 months after the invoice date.

¹² See Section 2-8.1.1.1.1(3)(i) of the Code of Miami-Dade County for the general premise of prompt payment and Section 10-33.02(3)(b)(1)(a) for the specific codification of the Prompt Payment Policy as it applies to SBE construction firms.

¹³ Because the 7040 Plan is a set-aside for SBE firms, all payments made for work procured under the 7040 adhere to the 14-day Prompt Payment Policy. The 7360 Plan, however, is an unrestricted pool open to SBE firms and non-SBE firms. As such, work performed by SBE firms under the 7360 adhere to a 30-day Prompt Payment Policy (see Administrative Order 3-19), but work performed by non-SBE firms (i.e., large companies) only need to be paid within 45 days even if the prime contractors have SBE subcontractors working on the project. One of the 33 projects tested by the OIG involved a SBE firm that received work under the 7360 ERT Pool for which the OIG calculated a payment made in 27 days.

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We note that 11 of the 13 contractors included in our testing sample were certified SBE firms.¹⁴

According to site administrators, once the contractor's invoice is received and the work is acknowledged as complete, the payment requisition is immediately initiated in Elite. Site administrators advised that delays in the payment process may result from issues with the contractor's insurance, routing of the payment requisition for approval, and processing of the invoice for payment. The PHCD Procurement Manager highlighted that some contributing factors for payment delays include the contractor not properly itemizing repairs, expired insurance, changes in site staff, misplaced RPQs, and staff oversight.

These late payment concerns were further discussed with the SBD Section Chief who stated that the primary reason for not enforcing possible suspension of non-responsive contractors, as noted above in Finding 3, relates to the fact that PHCD consistently pays the contractors well after the 14-day requirement. The SBD Section Chief stated that contractors constantly complain that their invoices are being challenged by inexperienced (non-construction related) PHCD staff, thus resulting in further delays, which at times delayed contractor payments upwards of a year. The SBD Section Chief has encouraged more involvement by the PHCD Asset Management Division staff, who are generally more experienced in construction management, to streamline the payment process.

OIG Auditors spoke with the PHCD Asset Management Division Chief about streamlining the procurement and payment process. He explained that because the payment process begins when site staff enters the contractor's invoice into Elite, it is up to the site staff to timely submit the invoices. He further explained that timely submission is not always possible because staff often gets pulled in many directions. The CFO advised that several factors, such as insurance¹⁵ and bonding¹⁶ verification, contribute to payment delays.

¹⁴ For the two non-SBE firms that received work under the 7360 ERT Pool, payments needed to have been made within 45 days. These too were late.

¹⁵ In our first audit report on the ERT Pool, we noted that insurance verification prior to the RPQ award and insurance verification prior to invoice payment may be redundant especially when the emergency repair work is completed quickly. For the 33 projects sampled, the average length of time between RPQ issuance and invoice receipt was 65 days. As the OIG's multi-phase audit continues, the issue of insurance verification contributing to payment processing delays will be further studied.

¹⁶ The OIG notes that according to IO 3-53, only projects over \$200,000 require performance bonds. Projects under \$200,000 will be reviewed on a project-by-project basis to determine if a bond is required.

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The CFO further advised that the centralization of contractor invoices was previously studied and deemed impracticable as there are no cost savings to be realized. The CFO stated that additional staff would be required and PHCD simply does not have the required funding. The CFO further stated that due to the age of PHCD's properties, there are numerous critical repairs and maintenance that also need to be addressed.

The acknowledgment that contractors won't take PHCD work because of its chronic late payment results in fewer firms willing to do business with PHCD. As PHCD earlier noted, there are certain contractors that are very responsive to PHCD's emergency calls and consistently perform emergency repairs at various PHCD sites. Knowing how late PHCD pays and knowing that there aren't many firms willing to do this work, these responsive contractors have all the more incentive to quote higher prices for the emergency work.

Recommendation No. 6 to PHCD:

Whether by centralizing the receipt and payment of invoices or by streamlining and expediting the invoice workflow, PHCD must find a way to pay contractor invoices timely. The OIG strongly recommends that PHCD look for steps in the payment processing workflow that can be completed more quickly in order to meet the 14-day turnaround time required of the County's Prompt Payment Policy. The OIG requests that PHCD, in response to this particular recommendation, describe what action(s) it will take to reduce the time it takes to pay contractor invoices.

PHCD Response

The over-arching issue for PHCD regarding the 14-day payment policy is the volume of emergencies being handled as an agency on a weekly basis. While the audit identified a total of 410 (average of 4 per week) emergency projects during the audit period, PHCD has seen that number increase to approximately 8 to 10 emergency projects per week during the past 12 months. As mentioned in the report, these emergency awards include situations of air conditioning repairs, electrical repairs, mold remediation, sewer/water line repairs, roof repairs, etc. Considering the management of over 7,000 living units and the age of the units, emergencies arise for families living in our properties more frequently than not. Add the high number of emergencies to be handled to the already 3,100 (on average) invoices processed monthly by PHCD and we create an administrative burden to meet the 14-day timeline for small vendors. In managing residential properties (as opposed to commercial, office or industrial properties) of an

None of the 33 project awards sampled by the OIG exceeded \$200,000 and none of them had a bond requirement.

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aging housing stock, our volumes reflect the need to address issues quickly for the protection of our residents on a 24/7 basis, and such volume indeed taxes our resources to meet the 14-day payment policy. . . .

. . . PHCD will retrain all staff regarding the importance of processing invoices timely but also stress the importance of documenting when the work performed is actually completed and accepted to ensure accurate dates are used when calculating the 14-day requirement. Lastly, as part of the process of documentation, we will incorporate a data collection method to obtain reasons why contractors refuse to accept emergency contracts with PHCD to ensure we have a more accurate picture. This information will be beneficial to PHCD and ISD/SBD.

PHCD has already reached out to ISD/SBD to coordinate training and process improvements for PHCD. PHCD will ensure continuous communication with SBD so that concerns brought forth by contractors continue to be remedied but to also further develop the necessary tools for PHCD to meet the needs of the families served.

IX. CONCLUSION

Our recommendations serve to address areas of improvement in PHCD's utilization of the MCC ERT Pool. During the audit, PHCD acknowledged opportunities for improvement and agreed to retrain site staff and provide them with on-demand electronic access to training materials. Furthermore, PHCD acknowledges the need for specialized pools to better serve its needs in using the ERT Pool. Accordingly, we expect to see improvements in PHCD's RPQ solicitation practices and heightened compliance with the ERT requirements. The OIG appreciates PHCD's concurrence with the report recommendations. The OIG asks PHCD to report on the status of fully implementing the recommendations and to include in its response any new or amended policies and procedures, supporting the refresher training for staff utilizing the ERT Pool and the implementation of the specialized pools. We kindly request that PHCD provide the OIG with this status report on or before January 6, 2023.

Lastly, we would like to thank the staffs of PHCD and SBD/ISD for their cooperation and the courtesies extended to us throughout this audit.

* * * * *

MIAMI-DADE COUNTY

OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

SCHEDULE A

**PHCD ERT Sample Projects and OIG Findings
(2 Pages)**

*Audit of Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

**IG20-0005-A
September 23, 2022**

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL

OIG FINAL AUDIT REPORT

*Audit of the Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

Schedule A – PHCD ERT Sample Projects and OIG Findings

No	MCC Number	Site Name & Scope of Work	Contractor Name	Project Amounts	OIG Finding No.			
					1	2	3	4
1	7360-53875	New Haven Gardens - Emergency Elevator Installation	Delaware Elevator of Florida, Inc.	\$47,725	X	X	X	X
2	7360-35843	New Haven Gardens – Site Lighting	Multi Electric Corp	\$54,920		X	X	X
3	7040-43390	Ward Towers - Emergency Replacement Of Roof Fans	Blizzard Air Conditioning LLC	\$18,471		X	X	X
4	7040-39931	Ward Towers - Emergency Glass Window Repairs	World of Frameless Glass, Inc.	\$10,450	X	X	X	X
5	7360-42460	Ward Towers ALF - Emergency Repair Of Sewer Line	Jazz Plumbing, Inc.	\$105,847		X	X	X
6	7040-44690	Little River Plaza - Emergency A/C Removal / Disposal	Blizzard Air Conditioning LLC	\$17,604	X	X	X	X
7	7360-43299	Facilities Division - Emergency REAC Repairs	Canyon Construction Inc.	\$116,475		X	X	X
8	7360-53133	Little River Terrace - Emergency Elevators Repair	Delaware Elevator of Florida, Inc.	\$15,574	X	X	X	X
9	7040-52371	Little River Terrace - Emergency Electrical Repair	Jador International Corporation	\$3,500	X	X	X	X
10	7360-38296	Facilities Division - REAC HUD Inspection / Repairs	Canyon Construction Inc.	\$137,075	X	X	X	X
11	7040-33451	Annie Coleman - Emergency Meter Block Repair	Done Wright A/C and Electric Service Inc.	\$11,305	X	X	X	X
12	7360-37321	Palmetto Gardens - Emergency Parking Lot Light Repair	Done Wright A/C and Electric Service Inc.	\$76,348		X	X	X
13	7040-49563	Liberty Square 003 - Lead / Asbestos Abatement	911 Protection Corp.	\$14,700		X	X	X
14	7040-53845	Victory Homes - Emergency Bathtub Replacement.	AM Florida Builders Corp.	\$14,170		X	X	X
15	7360-44683	In Cities – Wynwood - Mold Remediation	911 Protection Corp.	\$27,190	X	X	X	
16	7040-34757	Buena Vista Homes - Emergency Roof Repair/Replacement	Crisscross Concrete Cutting & Drilling Inc.	\$12,000		X	X	X
17	7040-43918	Wynwood Homes C – Roof Repair / Replacement.	Regosa Engineering Services, Inc	\$15,590	X		X	X
18	7040-34295	Culmer Gardens - Emergency Roof Repair / Replacement.	Crisscross Concrete Cutting & Drilling Inc.	\$10,850	X	X	X	X
19	7040-45187	Culmer Place – Emergency Repair of Meter Can	Halmag Solutions, Inc.	\$4,100	X	X	X	X
20	7040-37625	Robert King High Towers - Emergency Mold Remediation	911 Protection Corp.	\$18,220	X	X	X	X

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL

OIG FINAL AUDIT REPORT

Audit of the Miami-Dade Public Housing and Community Development Department's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects

No	MCC Number	Site Name & Scope of Work	Contractor Name	Project Amounts	OIG Finding No.			
					1	2	3	4
21	7040-55436	Gwen Cherry Site 16 - Emergency Plumbing Repair	Jazz Plumbing, Inc.	\$8,870	X	X	X	X
22	7360-55188	Three Round Towers - Emergency Roof Project	Regosa Engineering Services, Inc	\$62,337	X	X	X	X
23	7360-37995	Facilities Division - Emergency Electrical Replacement of Parking Lot Lights	Multi Electric Corp.	\$76,268	X		X	X
24	7040-51881	Joe Moretti - Emergency Central A/C Replacement	Done Wright A/C and Electric Service Inc.	\$24,570		X	X	X
25	7040-45641	Gwen Cherry Site 13 - Emergency Repair & Upgrade Meter Can	Jador International Corporation	\$8,600		X	X	X
26	7040-51278	Biscayne Plaza - Exterior lighting	Halmag Solutions, Inc.	\$13,800		X	X	X
27	7040-51277	Wayside - Emergency Electrical Repair of Exterior Lighting	Halmag Solutions, Inc.	\$5,500		X	X	X
28	7040-52562	Florida City Gardens - Emergency Repair & Replacement of Underground Sewer Pipe	AM Florida Builders Corp.	\$22,095		X	X	X
29	7040-39850	Perrine Gardens - Emergency HVAC	Blizzard Air Conditioning LLC	\$16,905		X	X	X
30	7040-43510	Perrine Gardens - Emergency Repair Upgrade of Meter Can	Jazz Plumbing, Inc.	\$15,800	X	X	X	X
31	7040-48801	Arthur Mays Village - Replace Central AC Unit	Done Wright A/C and Electric Service Inc.	\$15,225		X	X	X
32	7040-53337	Arthur Mays Village - Emergency Repair & Replacement of Underground Gas Pipe	Jazz Plumbing, Inc.	\$10,275		X	X	X
33	7040-51574	Arthur Mays Village - Emergency Glass Replacement	World of Frameless Glass, Inc.	\$2,700		X	X	X
				\$1,015,059	16	31	33	32

Source: CIIS and PHCD provided support.

Finding1: Documentation demonstrating compliance with the ERT rotational policy was missing from several sampled project files.

Finding 2: PHCD's site staff failed to timely notify SBD of the emergency awards within the required five-day period.

Finding 3: PHCD's ERT project files lacked evidence indicating whether site administrators reported non-responsive contractors to SBD.

Finding 4: PHCD's emergency procurement payments did not comply with the County's Prompt Payment Policy.

MIAMI-DADE COUNTY

OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

SCHEDULE B

**PHCD ERT Sample Projects Prompt Payment Delays
(2 Pages)**

*Audit of Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

**IG20-0005-A
September 23, 2022**

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL

OIG FINAL AUDIT REPORT

Audit of the Miami-Dade Public Housing and Community Development Department's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects

Schedule B – PHCD ERT Sample Projects Prompt Payment Delays

Vendor Name	Project #	Invoice Amount	Invoice Date	Work Completed Date (CIIS)	Payment Date	Number of Days Between Invoice Date and Payment Date
World of Frameless Glass, Inc.	7040-51574	\$2,700	11/1/2019	10/29/2019	7/12/2021	619*
Done Wright A/C and Electric Service Inc.	7040-33451	\$11,305	9/4/2018**	8/29/2018	6/25/2019	294
Blizzard Air Conditioning LLC	7040-39850	\$16,905	9/19/2018	9/17/2018	6/4/2019	258
Regosa Engineering Services, Inc.	7040-43918	\$15,590	4/15/2019	4/15/2019	12/3/2019	232
Blizzard Air Conditioning LLC	7040-44690	\$17,604	9/13/2019	9/13/2019	4/7/2020	207
World of Frameless Glass, Inc.	7040-39931	\$10,450	12/19/2018**	9/20/2018	6/27/2019	190
Crisscross Concrete Cutting & Drilling Inc.	7040-34295	\$10,850	11/1/2018	10/18/2018	3/28/2019	147
Halmag Solutions, Inc.	7040-45187	\$4,100	8/30/2019	8/30/2019	1/22/2020	145
Crisscross Concrete Cutting & Drilling Inc.	7040-34757	\$12,000	11/2/2018	10/25/2018	3/19/2019	137
Jazz Plumbing Inc.	7040-43510	\$15,800	7/8/2019	7/8/2019	11/21/2019	136
Jazz Plumbing Inc.	7040-55436	\$8,870	6/23/2020	6/20/2020	10/26/2020	125
Delaware Elevator of Florida, Inc.	7360-53133	\$15,574	6/11/2020	6/5/2020	9/23/2020	104
Canyon Construction Inc.	7360-38296	\$137,075	3/2/2019**	2/21/2019	6/11/2019	101
Done Wright A/C and Electric Service Inc.	7040-48801	\$15,225	1/23/2020	1/24/2020	4/27/2020	95
Jazz Plumbing Inc.	7360-42460	\$105,847	9/4/2019	9/4/2019	11/26/2019	83
Delaware Elevator of Florida, Inc.	7360-53875	\$47,725	7/30/2020	9/7/2020	10/7/2020	69
Blizzard Air Conditioning LLC	7040-43390	\$18,471	7/11/2019	7/10/2019	9/17/2019	68
Multi Electric Corp	7360-35843	\$54,920	12/14/2018	12/14/2018	2/20/2019	68
Multi Electric Corp	7360-37995	\$76,268	2/1/2019	5/6/2019	4/9/2019	67
Regosa Engineering Services, Inc	7360-55188	\$62,337	8/13/2020	8/13/2020	10/7/2020	55
Jador International Corporation	7040-52371	\$3,500	5/19/2020	2/6/2020	7/13/2020	55
Halmag Solutions, Inc.	7040-51278	\$13,800	4/15/2020	12/31/2019	6/8/2020	54
Halmag Solutions, Inc.	7040-51277	\$5,500	4/15/2020	4/15/2020	5/27/2020	42

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL

OIG FINAL AUDIT REPORT

Audit of the Miami-Dade Public Housing and Community Development Department's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects

Vendor Name	Project #	Invoice Amount	Invoice Date	Work Completed Date (CIIS)	Payment Date	Number of Days Between Invoice Date and Payment Date
AM Florida Builders Corp	7040-52562	\$22,095	6/3/2020	6/2/2020	7/13/2020	40
Done Wright A/C and Electric Service Inc.	7360-37321	\$76,348	2/4/2019**	2/1/2019	3/14/2019	38
911 Protection Corp	7040-49563	\$14,700	2/21/2020	2/21/2020	3/31/2020	39
AM Florida Builders Corp	7040-53845	\$14,170	7/24/2020	7/24/2020	8/31/2020	38
Canyon Construction Inc.	7360-43299	\$116,475	8/5/2019	6/11/2019	9/10/2019	36
Done Wright A/C and Electric Service Inc.	7040-51881	\$24,570	5/14/2020	5/6/2020	6/15/2020	32
Jador International Corporation	7040-45641	\$8,600	10/4/2019	10/4/2019	11/5/2019	32
Jazz Plumbing Inc.	7040-53337	\$10,275	7/10/2020	7/9/2020	8/10/2020	31
911 Protection Corp	7040-37625	\$18,220	2/6/2019	2/6/2019	3/7/2019	29
911 Protection Corp	7360-44683	\$27,190	9/6/2019	9/15/2019	10/3/2019	27***
Average Number of Days for Payment: 112 Days						

Source: Elite ProcureIt, PHCD provided support

*Contractor was paid upon OIG inquiry for missing payment records.

**Invoices had a stamped receipt date noted. PHCD recognizes the invoice date as the invoice receipt date.

***This payment is timely (27 days) since the project was procured under the MCC 7360 Plan. It is shown on this table for comparison to the payment directly above, which is untimely because it was procured under the MCC 7040 Plan.

MIAMI-DADE COUNTY

OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

EXHIBIT 1 COMPOSITE

CIIS Emergency Contractor Listing Types

1A – CIIS Rotational List (Sorted by Trade)

1B – CIIS Emergency Contractor List (Sorted Alphabetically)

*Audit of Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

IG20-0005-A
September 23, 2022

1A - CIIS Rotational List (Sorted by Trade)



INTERNAL SERVICE DEPARTMENT CAPITAL IMPROVEMENTS INFORMATION SYSTEM MCC 7040 Emergency Contractors Wednesday, June 1, 2022

<u>Name</u>	<u>Address/City/Zip</u>	<u>Phone/Fax</u>	<u>Email</u>	<u>Emergency RT License Type (RT, Factor)</u>	<u>Contractor Contact Phone/Email</u>
<u>PICON DESIGN CORPORATION DBA PICON AIR CONDITIONING AND INSULATION CORP</u>	9468 NW 13 Street Doral 33172	(305) 599-8282 / (305) 599-8284	picondesigncorp@yahoo.com	Air Conditioning Limited(0.50046)	Neil Picon, President (786) 385-9257 picondesigncorp@yahoo.com
<u>Thevenin Enterprises Inc.</u>	2384 West 80th Street Hialeah 33016	(305) 817-8087 / (305) 817-8085	luis@theveninenterprises.com	Air Conditioning Limited(0.39000)	Luis Quintana, President (305) 206-8230 luis@theveninenterprises.com
<u>D.A.C. Air Conditioning Corp.</u>	14650 SW 236 St Princeton 33032	786-293-9009 / 786-293-9010	mario@dacair.net	Air Conditioning Limited(0.18356)	Mario L. Diaz 305-318-3471 mario@dacair.net
<u>OZONE AIR DESIGN LLC</u>	10935 SW 142 Lane Miami 33176	(786) 316-6769 / (305) 280-7539	autneyholmes@ozoneairdesign.com	Air Conditioning Limited(0.02953)	Autney Holmes (786) 316-6769 autneyholmes@ozoneairdesign.com
<u>Dona Wright A/C and Electric Services Inc.</u>	10711 SW 216th Street Miami 33170	305-986-5506 / 305-278-9218	dwrigh54@bellsouth.net	Air Conditioning Limited(0.00000)	David Wright, President (305) 986-5506 dwrigh54@bellsouth.net
<u>AMERICAN COOLING MASTERS CORP DBA AMERICAN BUILDERS MASTERS CORP</u>	10711 SW 55 St Miami 33165	(786) 439-8048 /	americanbuildersmasters@yahoo.com	Air Conditioning Unlimited(0.40023)	Jose Bentez, President (305) 986-5506 dwrigh54@bellsouth.net

1B - CIIS Emergency Contractor List (Sorted Alphabetically)



INTERNAL SERVICE DEPARTMENT CAPITAL IMPROVEMENTS INFORMATION SYSTEM MCC 7040 Emergency Contractors Tuesday, January 28, 2020

<u>Name</u>	<u>Address/City/Zip</u>	<u>Phone/Fax</u>	<u>Email</u>	<u>Emergency RT License Type (RT, Factor)</u>	<u>Contractor Contact Phone/Email</u>
<u>911 PROTECTION CORP</u>	100 Lakeview Dr Weston 33326	(754) 234-0424 /	911protectioncorp@gmail.com	Asbestos(0.00000) Mold Remediation(0.00000)	Edgardo Diaz (754) 234-0424 911protectioncorp@gmail.com
<u>A & A FONTE INC</u>	12963 W. Okeechobee Rd. Hialeah Gardens 33018	305-512-4739 / 305-512-4759	andresfonte@aafonte.com	General Building Contractor(0.15634) General Engineering(0.83492) Underground Utility / Excavation(0.06120)	Andres Fonte, President (305) 512-4739 andresfonte@aafonte.com
<u>A AFFORDABLE CARPET & MAINTENANCE INC</u>	297 NW 23rd Street Miami 33127	305-382-7382 / (305) 438-0233	ifnaranjo@dupontflooring.net	Flooring(0.00000)	Ivette Naranjo, President (305) 525-3202 ifnaranjo@dupontflooring.net
<u>ACME ORGANIZATION INC</u>	P O. Box 170758 Miami 33017	(305) 372-8890 / 305-829-8061	acmeorg98@aol.com	General Building Contractor(0.21840)	Frank Adetu, President (305) 206-7698 acmeorg98@aol.com
<u>Acra Engineering and Construction, Inc.</u>	2451 NW 100th Avenue Miami 33172	305-438-5102 / 305-438-5108	joseangelbustos@acraconstruction.com	Building Contractor(0.15634)	Jose Angel Bustos (786) 663-7825 joseangelbustos@acraconstruction.com
<u>ACT SERVICES INC</u>	8157 N.W. 187th Street Hialeah 33015	(305) 557-5255 / (305) 557-5230	dgolding@act-services.com	General Building Contractor(0.07815) General Engineering(0.88805)	Derrick B. Goding, President

MIAMI-DADE COUNTY

OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

APPENDIX A

**PHCD's Response to the OIG Draft Report
(3 Pages)**

*Audit of Miami-Dade Public Housing and Community Development Department's
Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects*

**IG20-0005-A
September 23, 2022**

Memorandum



Date: August 18, 2022

To: Felix Jimenez, Inspector General

From: Michael Liu, Director 
Public Housing and Community Development Department (PHCD)

Re: OIG Draft Audit Report of the Miami-Dade Public Housing and Community Development's Utilization of the MCC Emergency Response Team Pool for Emergency Construction Projects – Ref: IG20-0005-A

The Office of the Inspector General (OIG) provided the Public Housing and Community Development Department (PHCD) with a Draft Audit Report of their findings of the utilization of the MCC Emergency Response Pool for Emergency Construction Projects. The report produced 4 Findings which are listed below and 6 Recommendations which are all addressed in PHCD's responses.

Finding 1: OIG Auditors noted the absence of documentation in nearly half of PHCD's emergency project files that demonstrates compliance with the ERT rotational policy. Specifically, these project files did not maintain a copy of the Capital Improvement Information System (CIIS) rotation list or any other documentation evidencing how the contractor was selected for the emergency award. In the absence of complete and accurate documentary evidence, the OIG is unable to determine whether the contractors awarded were selected on a rotational basis. Maintaining a copy of the CIIS rotation list in the project files is not a requirement of IO 3-53. However, the OIG believes that it should be included as an authoritative document that demonstrates that the rotational policy was adhered to.

PHCD Response 1: As indicated in the OIG Report, maintaining a copy of the CIIS rotation list in the project files is not a requirement of IO 3-53. However, PHCD agrees that including the CIIS rotation list in the files is a good practice and will ensure a copy of the rotation log is included in the files moving forward.

Finding 2: concluded that PHCD did not timely notify SBD of the emergency awards within five (5) days of the contractor agreeing to perform the work. OIG Auditors noted that only two of the 33 sampled ERT projects were reported timely to SBD. The remaining emergency awards were reported between 20 and 305 days after award. This deficiency occurred due to PHCD's practice of waiting for the contractor to submit an invoice for the work completed before contacting SBD. Site staff, who initiates the emergency procurements, advised that they were not aware that they have to notify SBD of the emergency awards once the emergency work was awarded.

PHCD Response 2: PHCD addressed Finding 2 with all staff that utilizes the MCC Programs via email July 12th, 2022, advising that in accordance with IO 3-53 within five working days after the contractor is contacted to perform the work described in the Emergency RPQ, the user department's director or authorized designee shall submit to ISD/SBD, a written explanation of the circumstances mandating the emergency procedures.

Finding 3: addresses PHCD's failure to report non-responding contractors to SBD for possible suspension from the ERT Pool. All 33 ERT project files showed that PHCD did not report non-responding contractors to SBD for potential suspension from the ERT Pool. Failure to report non-responding contractors compromises the integrity of the ERT Pool and the efficiency of the emergency award process.

PHCD Response 3: PHCD will request for staff to be retrained by ISD/OCI regarding the overall emergency award process during which all staff will be provided with copies of IO 3-53 and the ERT Rotational Policy. Subsequently, PHCD will retrain staff internally and have staff sign a document indicating what was covered in the training to include the importance of reporting non-responding contractors.

Finding 4: addresses PHCD's noncompliance with the County's Prompt Payment Policy, which requires payment to SBE contractors within 14 days of receipt of the invoice on amounts not in dispute. OIG Auditors noted that payment delays ranged from 27 to 619 days (approximately 20 months). In one instance, the audit revealed that site staff failed to submit an invoice package for payment. Upon the OIG's request to review the payment documentation, PHCD's Finance Division personnel advised that they could not locate the payment records. Upon further review, PHCD personnel concluded that site staff did not submit the invoice package for payment processing. The contractor was eventually paid approximately 20 months after its invoice date. Paying its contractors late discourages some contractors from participating in emergency procurements at PHCD.

PHCD Response 4: The over-arching issue for PHCD regarding the 14-day payment policy is the volume of emergencies being handled as an agency on a weekly basis. While the audit identified a total of 410 (average of 4 per week) emergency projects during the audit period, PHCD has seen that number increase to approximately 8 to 10 emergency projects per week during the past 12 months. As mentioned in the report, these emergency awards include situations of air conditioning repairs, electrical repairs, mold remediation, sewer/water line repairs, roof repairs, etc. Considering the management of over 7,000 living units and the age of the units, emergencies arise for families living in our properties more frequently than not. Add the high number of emergencies to be handled to the already 3,100 (on average) invoices processed monthly by PHCD and we create an administrative burden to meet the 14-day timeline for small vendors. In managing residential properties (as opposed to commercial, office or industrial properties) of an aging housing stock, our volumes reflect the need to address issues quickly for the protection of our residents on a 24/7 basis, and such volume indeed taxes our resources to meet the 14-day payment policy.

While many reasons as to why small contractors refuse to accept emergency jobs/projects for PHCD were cited by the SBD Section Chief and the PHCD Procurement manager, the fact remains, these reasons are anecdotal in nature and not based on data. That said, considering why small vendors are not responding to PHCD for emergency jobs, as recommended by OIG and suggested by the SBD Section Chief, PHCD will coordinate with ISD/OCI to develop a dedicated Emergency Response Team (ERT) pool of contractors to better address PHCD's specialized operational needs. Creating a dedicated pool of vendors (modeled after the one developed by Miami Dade County's Water and Sewer Department – WASD) for PHCD's most frequent emergency repairs may mitigate payment policy issues.

Despite the creation of a dedicated pool of contractors, PHCD from time to time, anticipates that it will still have a need to access the ERT Pool. And as such, as part of the training mentioned in Response 3 above, PHCD will retrain all staff regarding the importance of processing invoices timely but also stress the importance of documenting when the work performed is actually completed and accepted to ensure accurate dates are used when calculating the 14-day requirement. To be clear, the 14-day timeline should begin upon the completion and acceptance by PHCD of the completed work. We understand that the auditors, due to the lack of documentation by site management staff found during the audit, used the invoice dates as the point of reference for the 14-day timeline when that may not have been the accurate date to use. Lastly, as part of the process of documentation, we will incorporate a data collection method to obtain reasons why contractors refuse to accept emergency contracts with PHCD to ensure we have a more accurate picture. This information will be beneficial to PHCD and ISD/SBD.

PHCD has already reached out to ISD/SBD to coordinate training and process improvements for PHCD. PHCD will ensure continuous communication with SBD so that concerns brought forth by contractors continue to be remedied but to also further develop the necessary tools for PHCD to meet the needs of the families served.

cc: Morris Copeland, Chief Community Services Officer, Office of the Mayor
Gerald Farr, Chief Financial Officer, PHCD
Jose Mascorro, Division Director, Asset Management, PHCD
Indira Rajkumar-Futch, Procurement Contracting Manager, PHCD