



# Follow-up Review of Airport Hourly Billing Rates Audit for Three Consultant Agreements

## Office of the County Auditor

### Follow-up Review

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**County Auditor**

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**Report No. 22-20**  
**September 29, 2022**



**OFFICE OF THE COUNTY AUDITOR**

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September 29, 2022

Honorable Mayor and Board of County Commissioners

We have conducted a follow-up review of our Airport Hourly Billing Rates Audit for Three Consultant Agreements (Report No. 21-06). The objective of our review was to determine the implementation status of our previous recommendations.

We conclude that of the ten recommendations in the original report, all of them were implemented. We commend management for implementing our recommendations. The status of each of our recommendations is presented in this follow-up report.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

We appreciate the cooperation and assistance provided by the Broward County Aviation Department throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton  
County Auditor

cc: Monica Cepero, County Administrator  
Andrew Meyers, County Attorney  
Kimm Campbell, Deputy County Administrator  
Kevin Kelleher, Assistant County Administrator  
Mark Gale, CEO/Director, Aviation Department

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# IMPLEMENTATION STATUS SUMMARY

REC. NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1A	Require Broward County Aviation Department (BCAD) staff to work with Ricondo & Associates, Inc. (Ricondo) to evaluate whether the work underbilled is within the scope of services and authorized not-to-exceed amount and resolve the underbilling issue according to the evaluation results.	✓			
1B	For future invoices, ensure prime consultants and their subconsultants consistently bill at the hourly rates based on actual raw hourly labor rates paid to the employees and capped by the maximum billing rates in the contract.	✓			
2A	Ensure that overhead and fringe benefit rates on Exhibit Bs agree with, or do not exceed, the rates on the underlying Statements of Direct Labor, Fringe Benefits, and General Overhead certified by independent Certified Public Accountants in accordance with the Federal Acquisition Regulation ("FAR") guidelines prior to the Exhibit B approvals.	✓			
2B	For the other current agreements utilizing HDR Engineering, Inc. (HDR), require BCAD staff to perform a review to ensure accuracy of overhead and fringe benefit	✓			

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REC. NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
	rates on Exhibit Bs, and require HDR to remit any additional overpayments identified to the County.				
3	Ensure future reimbursable expenses are in compliance with contract requirements.	✓			
4A	Ensure that the new contracts include, and existing contracts are amended to include, a requirement to submit timesheets or other activity logs that document the nature of services or tasks performed and number of hours worked.	✓			
4B	Perform adequate contract administration to ensure that the services are authorized via executed Work Authorizations and Notices to Proceed before the actual service commencement dates.	✓			
4C.1	Work with Enterprise Technology Services (ETS) staff, if applicable, to design a process and a query allowing utilization of PeopleSoft as a centralized source and tool to accurately review, record, and track the contracts as a whole, ensuring that all contracts are set-up in PeopleSoft using a unique contract identifier, such as Request for Proposals (RFP) / Request for Letters of Interest (RLI) number, assigned to each contract during the procurement process.	✓			

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REC. NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
4C.2	Work with ETS staff, if applicable, to design a process and a query allowing utilization of PeopleSoft as a centralized source and tool to accurately review, record, and track the contracts as a whole, ensuring that Work Authorization and Purchasing Order references are unified and entered in PeopleSoft, along with other fields necessary for BCAD Contract Administrator / Project Manager to properly administer and monitor budget and actual expenses for each Work Authorization individually and each contract as a whole.	✓			
4C.3	Work with ETS staff, if applicable, to design a process and a query allowing utilization of PeopleSoft as a centralized source and tool to accurately review, record, and track the contracts as a whole, ensuring that payments processed in PeopleSoft are properly linked to the contract with the unique contract identifier, and the payment history report for each contract is readily available to be generated from PeopleSoft and used by BCAD Contract Administrator / Project Manager to track payments for the contract.	✓			

# INTRODUCTION

## **Scope and Methodology**

The Office of the County Auditor conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted a follow-up review of our Airport Hourly Billing Rates Audit for Three Consultant Agreements (Report No. 21-06). The objective of our review was to determine the implementation status of our previous recommendations.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our follow-up review included such tests of records and other review procedures, as we considered necessary in the circumstances. The follow-up testing was performed as of August 2022. However, transactions, processes, and situations reviewed were not limited by the review period.

## **Overall Conclusion**

We conclude that of the ten recommendations in the original report, all of them were implemented. We commend management for implementing our recommendations. The status of each of our recommendations is presented in this follow-up report.

# OPPORTUNITIES FOR IMPROVEMENT

This section reports actions taken by management on the Opportunities for Improvement in our previous audit. The issues and recommendations herein are those of the original audit, followed by the status of the recommendations.

## **1. Hourly Billing Rates Invoiced by Prime Consultant and Subconsultant Needed to Comply with the Contract Requirements.**

During our prior audit, we identified that one prime consultant and one subconsultant invoiced the County at hourly billing rates, which were inconsistent with the actual raw hourly rates paid to their employees and resulted in improper billings to the County. Specifically:

- A.** One of four sampled subconsultants to Cartaya and Associates, Architects, P.A. (Cartaya), CMS-Construction Management Services, Inc. (CMS), overbilled the County by \$9,071 for one employee, using raw hourly labor rates in excess of the actual raw hourly labor rates paid to the employee since the inception of the contract through April 2020. Subsequently, the prime consultant issued a check to the County for the full amount of this overbilling.

Due to the same issue, Broward County Aviation Department (BCAD) staff requested another prime consultant, Gresham, Smith, and Partners (GSP), which also utilizes CMS as a subconsultant to perform a similar review to ensure the rates billed comply with the contract. Based on the review, there was a total overbilling of \$11,869 by CMS under the GSP contract. As a result, the prime consultant issued a check to the County for the full amount of this overbilling.

- B.** Ricondo & Associates, Inc. (Ricondo), the prime consultant, underbilled the County by \$14,089 on two Payment Applications reviewed due to the consultant's errors on the improperly updated invoice template.

### **We recommended management:**

- A.** Require BCAD staff to work with Ricondo to evaluate whether the work underbilled is within the scope of services and authorized not-to-exceed amount and resolve the underbilling issue according to the evaluation results.
- B.** For future invoices, ensure prime consultants and their subconsultants consistently bill at the hourly rates based on actual raw hourly labor rates paid to the employees and capped by the maximum billing rates in the contract.



**Implementation Status:**

- A. Implemented.
- B. Implemented.

**2. Fringe Benefit and Overhead Rates Used for Exhibit B Salary Costs Needed to be Supported by Underlying FAR Schedule.**

During our prior audit, we identified that Fringe Benefit and Overhead Rates represented in the Exhibit B for one of Cartaya's subconsultants, HDR Engineering, Inc. (HDR), was in excess of the rates on the underlying certified Statement of Direct Labor, Fringe Benefits, and General Overhead (FAR Schedule), resulting in an overpayment of \$2,299 to HDR. Subsequently, the prime consultant issued a check to the County for the full amount of this overbilling and Exhibit B for HDR was amended.

**We recommended** management:

- A. Ensure that overhead and fringe benefit rates on Exhibit Bs agree with, or do not exceed, the rates on the underlying Statements of Direct Labor, Fringe Benefits, and General Overhead certified by independent Certified Public Accountants in accordance with the Federal Acquisition Regulation ("FAR") guidelines prior to the Exhibit B approvals.
- B. For the other current agreements utilizing HDR, require BCAD staff to perform a review to ensure accuracy of overhead and fringe benefit rates on Exhibit Bs, and require HDR to remit any additional overpayments identified to the County.

**Implementation Status:**

- A. Implemented.
- B. Implemented.

**3. Travel Related Reimbursable Expenses Needed to be Paid in Compliance with Contract Requirements.**

During our prior audit, we noted that some travel related reimbursable expenses sampled for one prime consultant (Ricondo) and its subconsultant (Nova Consulting, Inc.) did not comply with the contract requirements. Specifically, travel expenses sampled did not have adequate documentation to demonstrate the start and end time of the trips, which should be used as a basis to determine correct meal reimbursement amounts. Further, some meal reimbursements included billings in excess of the maximum daily meal allowance per Florida Statutes and some costs not associated with the traveler.

BCAD staff requested Ricondo and Kimley-Horn and Associates, Inc. (Kimley-Horn), the prime consultant for another contract also covered by the prior audit, to perform self-audits of the reimbursable meal expenses since the inception of the contracts. Based on the self-audits, Ricondo and Kimley-Horn issued checks for a total overbilled amount of \$814 to the County.

**We recommended** management ensure future reimbursable expenses are in compliance with contract requirements.

**Implementation Status:** Implemented.

**4. BCAD Needed to Improve Standard Contract Language for Timesheet Requirements and Implement Adequate Contract Administration Over Timely Approval of Work Authorizations and Payment Tracking Process.**

During our prior audit, we noted that costs invoiced by the prime consultant Ricondo on two Payment Applications reviewed were approved without supporting timesheets. We also found a lack of adequate contract administration and management oversight in the areas of timely approval of Work Authorizations (WA) and payment tracking. Specifically:

- A. \$146,616 in labor costs invoiced by Ricondo on two of the Payment Applications selected for the prior audit were approved without supporting timesheets. We noted that it was the consultant's common practice not to submit timesheets for this contract with the not-to-exceed compensation model.
- B. For three WA under the two contracts reviewed in the prior audit, BCAD did not timely execute WA and Notices to Proceed authorizing service start dates as required by the contracts.
- C. PeopleSoft was not consistently utilized as a centralized source and tool to review, record, and track the contracts as a whole. During our prior audit, we noted that BCAD staff created its own Excel spreadsheets and manually tracked information. The following were the major issues in the process:
  - 1. Some payment transactions were entered into PeopleSoft without Contract identifier (such as Request for Proposals (RFP) / Request for Letters of Interest (RLI) number), Purchase Order numbers, or Project numbers. Therefore, we could not determine if the payment history report in PeopleSoft include all transactions for a specific contract. Further, some payment transactions were entered into PeopleSoft without WA numbers, periods of services, and other necessary fields used by Contract Administrators / Project Managers to track each WA individually and the contract as a whole.

2. BCAD Finance did not track authorized budgets and actual payments for a contract as a whole and generated multiple queries to manually track amounts paid under individual WA in Excel.
3. Contract Administrators / Project Managers tracked budgets and approved payments for Payment Application totals in Excel schedules, which were not reconciled to PeopleSoft.

**We recommended management:**

- A. Ensure that the new contracts include, and existing contracts are amended to include, a requirement to submit timesheets or other activity logs that document the nature of services or tasks performed and number of hours worked.
- B. Perform adequate contract administration to ensure that the services are authorized via executed Work Authorizations and Notices to Proceed before the actual service commencement dates.
- C. Work with Enterprise Technology Services (ETS) staff, if applicable, to design a process and a query allowing utilization of PeopleSoft as a centralized source and tool to accurately review, record, and track the contracts as a whole, ensuring that:
  1. All contracts are set-up in PeopleSoft using a unique contract identifier, such as RFP / RLI number, assigned to each contract during the procurement process.
  2. Work Authorization and Purchasing Order references are unified and entered in PeopleSoft, along with other fields necessary for BCAD Contract Administrator/Project Manager to properly administer and monitor budget and actual expenses for each Work Authorization individually and each contract as a whole.
  3. Payments processed in PeopleSoft are properly linked to the contract with the unique contract identifier, and the payment history report for each contract is readily available to be generated from PeopleSoft and used by BCAD Contract Administrator / Project Manager to track payments for the contract.

**Implementation Status:**

- A. Implemented.
- B. Implemented.
- C.1 Implemented.
- C.2 Implemented.
- C.3 Implemented.