



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL
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www.palmbeachschools.org
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TERESA MICHAEL, CIG, CIGI, CFE
INSPECTOR GENERAL

SCHOOL BOARD
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DEBRA L. ROBINSON, M.D.
ERICA WHITFIELD

DONALD E. FENNOY II, Ed.D., SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Donald E. Fennoy II, Ed.D. Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Teresa Michael, Inspector General

DATE: April 16, 2021

SUBJECT: Contract Review (Report # 21-R-2): Program Management Support Services

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General 2019-2020 Work Plan*, we have reviewed the District's contract with AECOM Technical Services, Inc. for Program Management Support Services (Contract). The primary objective of this review was to determine whether the support services provided by the vendor, and related billings, were consistent with contract terms. We also assessed the adequacy of the related internal controls.

SCOPE AND METHODOLOGY

This review was performed in accordance with the *Principles and Standards for Offices of Inspector General, Quality Standards for Inspections, Evaluations, and Reviews*, as promulgated by the Association of Inspectors General.

The scope of our review covered the time period from January 1, 2017 through January 31, 2020, and included interviewing staff and reviewing:

- Relevant State statutes, rules and requirements including:
 - *Fla. Stat. Section 255.103 (2) - Construction management or program management entities*
 - *Fla. Stat. Section 287.055 (1b) - Procurement of commodities or contractual services*
 - *Fla. Stat. Section 255.071 - Payment of subcontractors, sub-subcontractors, materialmen, and suppliers on construction contracts for public projects*
 - *Fla. Stat. Section 255.0705 - "Florida Prompt Payment Act"*
- *School Board Policy 6.14 - Purchasing Department*, and related department procedures
- *Contract Between The School Board of Palm Beach County, Florida And AECOM Technical Services, Inc. For Program Management Support Services, RFP# 17C-020W*

- Invoices submitted by AECOM Technical Services, Inc. (AECOM), and the related supporting documentation
- PeopleSoft Accounts Payable Report - *Detailed Payment History By Supplier*
- Purchasing Department’s *Purchasing Manual*
- AECOM’s *Program Procedures Manual*

For our testing, we identified all payments the District made to AECOM since contract inception, and judgmentally selected three sample project locations that included a variety of repairs and improvements identified in the District’s 2016 Facility Condition Assessment (FCA). Table 1 below shows the number of repairs and improvements, as well as their estimated cost, for each location.

Table 1: Sampled Projects

Project Location	No. of Repairs/Improvements	Estimated Cost
Bear Lakes Middle School	47	\$15,677,494
Lighthouse Elementary School	40	\$8,321,871
New Horizon Elementary School	40	\$7,471,409
Totals	127	\$31,470,774

Source: www.palmbeachschools.org/referendum_2016

At the time of our review, there were a total of 26 invoices associated with the three project locations, and the Program Manager had not completed the final closeouts for the projects. Thus, we plan to test and verify the Program Manager’s project closeout process during a future review.

Draft findings were sent to the District’s Chief Operating Office and the Facilities Management Department, as well as AECOM, for review and comments. Management responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by District and AECOM staff during this review. The final Memorandum was presented to the Audit Committee at its April 16, 2021, meeting.

BACKGROUND

On November 8, 2016, a one percent (1%) *Local Government Infrastructure Surtax (LGIS)* was approved by voters, with the School District receiving 50% of the proceeds. Sales tax proceeds are used to fund the projects listed on the District’s *FCA*, which was approved by the School Board during its September 7, 2016, meeting. The *FCA* identified the District’s infrastructure needs at the time, including:

- Four new schools, and replacement/re-modernization of schools
- Deferred maintenance (HVAC, fencings, roofs, etc.)
- Furniture and equipment
- Security
- School buses and other vehicles
- Classroom technology

To fulfill these needs, the District contracted with AECOM Technical Services, Inc. to serve as the Program Manager to act on behalf of the School Board for the delivery of the District’s Capital Improvement Program (CIP), and to be an integral part of the capital improvement team. The term of the contract with AECOM began on June 22, 2017, and ends on June 21, 2022, with an option to renew for additional one (1) year periods, up to a total of five (5) additional years.

Pursuant to, ***F.S. 255.103 (2) Construction management or program management entities,***

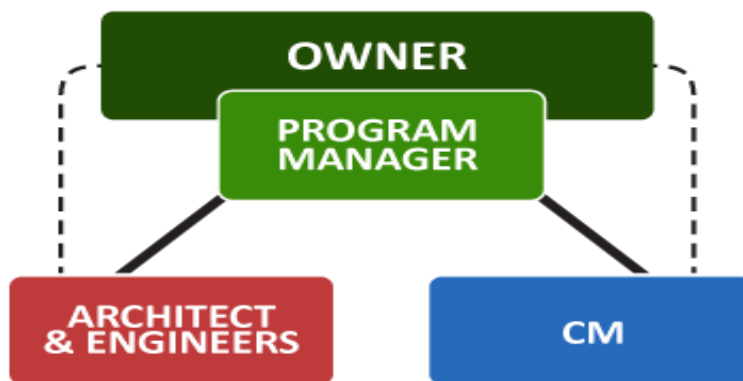
A governmental entity may select a construction management entity, pursuant to the process provided by s. 287.055, which is to be responsible for construction project scheduling and coordination in both preconstruction and construction phases and generally responsible for the successful, timely, and economical completion of the construction project. The construction management entity must consist of or contract with licensed or registered professionals for the specific fields or areas of construction to be performed, as required by law.

The ***National Association of Construction Auditors (NACA)***, defines Program Management as,

A qualified individual or firm authorized by the owner to be responsible for coordinating time, equipment, money, tasks and people for all or specified portions of a specific project¹.

The diagram below demonstrates an overview of the Program Management relationship between the School District (Owner), Program Manager (AECOM), architects/engineers, and construction managers (CM). The Program Manager works on behalf of the School District to schedule, monitor, and manage projects.

Diagram of the Program Management Relationship



¹ *National Association of Construction Auditors Glossary, Construction Management & Auditing Terms*

CONCLUSIONS

1. The Program Manager was Compliant with 8 of 9 Contract Attributes Tested, and Appeared to Satisfactorily Administer the Related Program Management Services

We reviewed the District's contract with AECOM and selected the following nine key attributes to determine whether the Program Manager:

1. Provided invoices that were accurate, appropriate and consistent with contract terms;
2. Provided appropriate experienced staff to the District;
3. Ensured staff were fingerprinted and background checked in accordance with the *Jessica Lunsford Act*;
4. Created and maintained a program procedures manual to provide a framework on how the program would be executed on a day-to-day basis;
5. Reviewed project budgets in conjunction with the District's capital budget;
6. Created and maintained a master scheduling system to track project scheduling and completion;
7. Reviewed, implemented, updated, and monitored project schedules;
8. Coordinated with District staff to ensure all parties were aware of project activities, issues, and expenses; and attended various District meetings as requested; and,
9. Reviewed design and construction related documentation for fairness and reasonableness, including change orders.

Our examination concluded that the Program Manager was compliant with 8 of the 9 attributes above, with the exception of attribute #1, as further detailed in Conclusion #2. As part of our assessment of whether AECOM provided program management support services in accordance with the contract terms, we reviewed their *Program Procedures Manual*, as well as controls related to the project managing process, including, budgeting, scheduling, monitoring, reviews/approvals, and related documentation. We found that the Program Manager maintained a detailed procedures manual, outlined roles and responsibilities of staff, and appeared to satisfactorily administer key program management services by:

- Providing a sufficient number of experienced staff;
- Obtaining background checks and vendor badges for their staff;
- Updating project budgets;
- Maintaining a master scheduling system;
- Using a web-based reporting system to monitor projects;
- Coordinating projects with District Staff and attending various District meetings as requested, including Construction Oversight and Review Committee meetings; and,
- Evaluating contractor documentation for fairness and reasonableness.

The Program Manager appeared to satisfactorily administer the contracted program management services, and the related internal controls appeared adequate, except as noted below.

Management Response from Chief Operating Officer: *Management concurs. No action needed on the 8 contract attributes in compliance. (Please see Attachment A).*

Management Response from AECOM: Agree. (Please see Attachment B).

2. Invoices/Payments Not Always in Equal Monthly Installments as Required

The contract stipulates that the Program Manager shall receive a total 2.2 percent (.022) of actual expenditures for design/planning and construction activities, to be paid in equal monthly installments based on the duration of the project. More specifically, **SCHEDULE 4.2** of the contract states,

Design/Planning Services

Program Manager agrees and understands that it shall be paid ½ of 1 percent (.005) based on School Board’s estimated project budget for projects that Program Manager receives a Design/Planning Phase Notice to Proceed... Given that the design and planning services are preliminary to the School Board incurring construction expenditure, the ½ of 1% (.005) will be paid in equal monthly payments based upon the duration as stated in the Design/Planning Phase Notice to Proceed and beginning on the 25th day of the month after the Design/Planning Notice to Proceed has been issued for a project.

Construction Services

School Board shall pay Program Manager 1.7 percent (.017) of its estimated project budget on projects for which Program Manager has received a Construction Phase Notice to Proceed, payable in equal monthly installments based upon the Estimated Project Duration set forth in the Construction Notice to Proceed... Equal monthly payments to Program Manager shall commence on the 25th day of the month after the Construction Notice to Proceed issues and on the 25th of each month thereafter.

As to any payments due herein, Program Manager shall invoice the School Board for each project detailing the calculation of the amount requested to be paid within 5 days of the close of each month.

We verified that the Program Manager’s invoice/payment amounts were appropriately based on ½ of 1 percent (.005) of project budgets for design/planning services, and 1.7 percent (.017) of project budgets for construction services. However, we found that invoices/payments were not always timely nor in equal monthly installments as required. More specifically, we analyzed design and construction related payments for projects at three sample locations (Bear Lakes Middle School, Lighthouse Elementary School, and New Horizons Elementary School) and found the following:

Payments Related to Design/Planning Services. According to the *Notices to Proceed - Planning, Scheduling, and Design Review*, payments related to work performed at each of the three locations were to be made in 12 monthly installments of \$4,989.32, \$2,715.69, and \$1,942.91, respectively (see Table 2).

Table 2: Established Equal Monthly Installments for Design/Planning Services

Project Location	Project Value	(a) Total Amount Due (Project Value x .005)	(b) Number of Installments	Equal Monthly Installment Amount (a / b)
Bear Lakes Middle School	\$11,974,365.50	\$59,871.83	12	\$4,989.32
Lighthouse Elementary School	\$6,517,664.00	\$32,588.32	12	\$2,715.69
New Horizons Elementary School	\$4,662,991.00	\$23,314.96	12	\$1,942.91

Source: *Notice to Proceed (NTP)- Design and Planning Services. (See Exhibit 1 for a sample NTP).*

According to the contract terms, the first monthly installments were due in February 2018, and the final monthly installments were due in January 2019. However, instead of invoicing the District in 12 equal monthly installments, the Program Manager only submitted a total of two invoices for each location; the first invoice in July 2018, and the second invoice in October 2018 to account for 100% of the work completed. Although the final lump sum invoices were submitted in October 2018, the last equal monthly installments were not contractually due until January 2019. As a result, installments due for the months of November, December, and January were paid 1, 2, and 3 months in advance, respectively. A total of 3 monthly installments appeared to be paid in advance for design/planning related services for each of the three locations (see Table 3).

Table 3: Number of Monthly Installments Appeared to be Paid in Advance

Project Location	Final Payment Due (per Contract)	Final Payment Made	(a) # of Monthly Installments Due as of October 2018	(b) # of Monthly Installments Appeared to be Paid as of October 2018	# of Monthly Installments Appeared to be Paid in Advance (b -a)
Bear Lakes Middle School	Jan-19	Oct-18	9	12	3
Lighthouse Elementary School	Jan-19	Oct-18	9	12	3
New Horizons Elementary School	Jan-19	Oct-18	9	12	3

Source: Contract and PeopleSoft Accounts Payable Report - *Detailed Payment History By Supplier*

A quantification of the above described advance payments for design/planning services is summarized in Table 4 below.

Table 4: Quantification of Apparent Advance Payments

Project Location	(a) Equal Monthly Installment (per Contract & NTP)	(b) # of Months Appeared to be Paid in Advance	Total Amount Appeared to be Paid in Advance (a x b)
Bear Lakes Middle School	\$4,989.32	3	\$14,968
Lighthouse Elementary School	\$2,715.69	3	\$8,147
New Horizons Elementary School	\$1,942.91	3	<u>\$5,829</u>
Total			\$28,944

Payments Related to Construction Services. Similarly, according to the *Notices to Proceed - Construction Management Services*, payments related to work performed at each of the three locations were to be made in 15 monthly installments of \$13,868.87, \$8,240.60, and \$7,757.13, respectively (see Table 5).

Table 5: Established Equal Monthly Installments for Construction Services

Project Location	Project Value	(a) Total Amount Due (Project Value x .017)	(b) Number of Installments	Equal Monthly Installment Amount (a / b)
Bear Lakes Middle School	\$12,237,257	\$208,033	15	\$13,868.87
Lighthouse Elementary School	\$7,271,110	\$123,609	15	\$8,240.60
New Horizons Elementary School	\$6,844,548	\$116,357	15	\$7,757.13

Source: *Notice to Proceed -Construction Management Services. (See Exhibit 2 for a sample NTP).*

The first equal monthly installments were due in October 2018. However, the first invoices were dated January 19, 2019, and included 8 months worth of installments, instead of the 4 months (Oct. - Jan.) worth of installments that were contractually due at that time. As a result, the Program Manager appeared to be paid 4 months (Feb. - May) in advance for construction related services for each of the three locations (see Table 6).

Table 6: Number of Monthly Installments Appeared to be Paid in Advance

Project Location	First Payment Due (per Contract)	First Payment Made	(a) # of Monthly Installments Due as of January 2019	(b) # of Monthly Installments Appeared to be Paid as of January 2019	# of Monthly Installments Appeared to be Paid in Advance (b -a)
Bear Lakes Middle School	Oct-18	Jan-19	4	8	4
Lighthouse Elementary School	Oct-18	Jan-19	4	8	4
New Horizons Elementary School	Oct-18	Jan-19	4	8	4

Sources: Contract and PeopleSoft Accounts Payable Report - *Detailed Payment History By Supplier*

A quantification of the above described advance payments for construction services is summarized in Table 7 below.

Table 7: Quantification of Apparent Advance Payments

Project Location	(a) Equal Monthly Installment (per Contract & NTP)	(b) # of Months Appeared to be Paid in Advance	Total Amount Appeared to be Paid in Advance (a x b)
Bear Lakes Middle School	\$13,868.87	4	\$55,475
Lighthouse Elementary School	\$8,240.60	4	\$32,962
New Horizons Elementary School	\$7,757.13	4	\$31,029
Total			\$119,466

Although it appeared the Program Manager was paid in advance at certain points in time, as of December 1, 2020, total payments have not exceeded the amount of the purchase orders, or the total amounts due. Nonetheless, advance payments are discouraged. **School Board Policy 6.14 (7)** states:

Advance Payments - To ensure adequate protection to the School District that goods and contractual services will be provided, advanced payment for goods and contractual services is discouraged. With adequate safeguards, however, the School Board may approve advance payments for contracts requiring School Board approval; the Superintendent or his/her designee may approve advance payments for contracts requiring his/her approval; and the Director of Purchasing may approve advance payments for all other contracts, as follows:

a. for maintenance agreements, software license agreements, subscriptions, contracts to reserve space, and certain other commodities, when advance payment will result in a savings to the School District equal to or greater than the amount the School District would earn by investing the funds and paying in arrears, or where those items are essential to the operation of the School District and are available only if advance payment is made; or ...

In addition to the legal and financial exposure created by advance payments, paying vendors in advance reduces the District's available cash on hand that could be used to fund other programs, earn interest, or pay down debts.

Recommendation

District staff should ensure the Program Manager complies with the terms of the contract that require invoices to be submitted on-schedule in equal monthly installments based on project duration. Invoices that do not comply with the terms of the contract should not be approved and paid by staff, but should be returned to the Program Manager for appropriate revisions. This will help ensure the District receives agreed upon services, and not pay for services that have not yet been rendered.

Management Response from Chief Operating Officer: *Management concurs. To address this shortcoming in contract attribute #9, District staff have implemented a procedure where AECOM submits a Draft Invoice to the Construction Department Financial Applications Manager for initial review to ensure they are in compliance with the NTP and that invoice amounts are correct. Any discrepancies are addressed and resolved on the Draft Invoice before AECOM issues an actual formal invoice for payment. This procedure has been in place since September 2020. (Please see Attachment A).*

Management Response from AECOM: *Agree. In conjunction with District staff, AECOM implemented a procedure where AECOM submits a Draft Invoice to the Construction Department Financial Applications Manager for review to identify any discrepancies to be resolved prior to formal invoice submission. This procedure was implemented in March 2020. (Please see Attachment B).*

3. Inconsistent Invoice Number Structure

Invoice numbers are an important aspect of invoicing as they make it easier to track and preclude duplicate payments. During our review of the Program Manager’s invoices, we noted that several variations of invoice numbering were being used (see Table 8).

Table 8: Examples of Inconsistent Invoice Numbers

Example No.	Invoice Number	Payment Date	Comments
1	37964546	10/5/2017	Batch invoice number
2	37990919-11	12/7/2017	Batch invoice number and payment number
3	2000000210	1/18/2018	PO number used for invoice number
4	2000009114-NO.-1corr	2/20/2018	PO number used for invoice corrected number
5	No.-16	5/31/2018	Inconsistent invoice number
6	Credit-NO.-7	8/16/2018	Inconsistent invoice number
7	1511-1801	8/16/2018	Project number
8	2071-1801A	8/16/2018	Project number with A on the end
9	2000173913-7corr	3/14/2019	PO number used for invoice number, correction
10	-1	5/2/2019	Inconsistent invoice number

Source: PeopleSoft Accounts Payable Report – *Detailed Payment History by Supplier*

An inconsistent invoice structure may make it difficult to analyze and review invoices for accuracy, and to detect duplicate or missing payments. We brought this issue to the attention of both the Facilities Management Department and Program Manager, and they took action to create a uniform and consistent invoice numbering system. Invoice numbers were restructured to include the project number, a “C” for construction or a “D” for design, and the payment number. For example, the first invoice for a construction project would appear as “(project number).C.01”.

Recommendation

Staff should ensure the new invoice numbering system is documented in written procedures, and that the procedures are followed. This may help detect erroneous, duplicate and/or missed payments.

Management Response from Chief Operating Officer: *Management concurs. District staff and AECOM have implemented a system that creates a uniform and consistent invoice numbering pattern that follows the format of "Project number.D.01:" for Design invoices and "Project number.C.01:" for Construction invoices. This numbering system was put in place in late 2020 when it was brought to our attention. Additionally, invoice format is reviewed and addressed during the Draft Invoice review. (Please see Attachment A).*

Management Response from AECOM: Agree. In conjunction with District staff, AECOM has implemented a consistent invoice numbering that follows the format of "Project number.D.01:" for Design invoices and "Project number.C.01:" for Construction invoices. This numbering format increases by the following number with each sequential invoice. This procedure was implemented in March 2020. (Please see Attachment B).

4. Staff Occasionally Made Minor Adjustments to Vendor Invoice Amounts Without Documenting the Reasons for the Adjustments

During our review, we noted the amount due on 20 vendor invoices was adjusted by staff prior to payment. The adjustments ranged from (\$2.66) to \$30.48. Nineteen of the 20 adjustments (or 95%) were less than \$1.00. Upon our inquiry, staff indicated they revised the invoices so not to exceed the value of the approved purchase order and not overpay the vendor. Several invoices were revised to correct minor discrepancies caused by rounding. Nonetheless, there was not a documented "audit trail" that indicated why the adjustments were made, as well as a lack of written procedures that addressed this topic. There is less internal control if staff are allowed to revise vendor invoice amounts without established dollar limits and documentation requirements. We communicated this potential issue to management, and they have since updated procedures to limit staff's authority to adjust vendor invoices, and to establish documentation requirements.

Recommendation

We recommend the Facilities Management Department ensure the new procedures are formally documented in writing, and communicated to staff.

Management Response from Chief Operating Officer: Management concurs. District staff look for any potential NTP compliance issues, Invoice Value Discrepancies, Invoice Number Format Discrepancies, etc. on AECOM invoices and makes adjustments during the "Draft Invoice" stage so that redlining is not necessary to approve AECOM invoices. In the event that AECOM submits an invoice that does not capture the adjustments noted during the Draft Invoice review, District staff have implemented a procedure to reject the invoice and request AECOM to resubmit. Additionally, for all other vendor invoices requiring redlining, District staff implemented a procedure in December 2020 which requires redlined invoices be forwarded to the submitting vendor, with an explanation, so that future invoicing complies with requirements. (Please see Attachment A).

Management Response from AECOM: Agree. As stated in Findings #2 and #3 above, a draft invoice review procedure was put in place with the District in March 2020. AECOM believes this will minimize the need for the any additional adjustments by the District. Any adjustment requested by the District during our Draft invoice submission is made in the next sequential and formal invoices. (Please see Attachment B).

-End-

Exhibit 1 – Sample Notice to Proceed - Planning, Scheduling, and Design Review



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

WANDA F. PAUL
CHIEF OF FACILITIES MANAGEMENT

DONALD E. FENNOY II, Ed.D.
CHIEF OPERATING OFFICER

FACILITIES MANAGEMENT
3300 SUMMIT BOULEVARD
WEST PALM BEACH, FL 33406-4108
PHONE: 561-687-7185 / FAX: 561-687-7136
WWW.PALMBEACHSCHOOLS.ORG/FACILITIES SERVICES

NOTICE TO PROCEED – PLANNING, SCHEDULING & DESIGN REVIEW

February 21, 2018

AECOM
2090 Palm Beach Lakes Boulevard, Suite 600
West Palm Beach, FL 33409

Project Name: Bear Lakes MS Facility Renewal

Project Number: 1981-7100


Purchase Order Number: 9201800022

In accordance with the provisions of your contract with the School District for Project Management Services, you are hereby authorized to proceed with the planning, scheduling, design review portion of the project. The estimated value for this project is \$11,974,365.50. The cost of service for your effort is ½ of 1% (.005) of the estimated project budget. Your anticipated duration to complete the project is 12 months. Your monthly invoices should be 1/12 or \$4,989.32 for a period of 12 months.

Authorized by:

Deputy Chief/Facilities Management  Date 2/21/18
David G. Dolan

Manager/Financial Applications  Date 2-21-18
Sabra H. Avery

Chief/Facilities Management  Date 2-21-2018
Wanda F. Paul

Received by:  Date 2-21-18
AECOM: 
Printed Name and Signature

The School District of Palm Beach County, Florida
A Top-Rated District by the Florida Department of Education Since 2005
An Equal Education Opportunity Provider and Employer

Exhibit 2 – Sample Notice to Proceed - Construction Management Services



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL
FACILITIES CONSTRUCTION
3661 INTERSTATE PARK ROAD N., SUITE 200
RIVIERA BEACH, FL 33404

DAVID G. DOLAN, MBA
DEPUTY CHIEF – FACILITIES MANAGEMENT

WANDA F. PAUL, M.Ed., MBA
CHIEF OPERATING OFFICER

PHONE: 561-882-1923
WWW.PALMBEACHSCHOOLS.ORG/FACILITIESCONSTRUCTION

NOTICE TO PROCEED – CONSTRUCTION MANAGEMENT SERVICES

October 19, 2018

AECOM
2090 Palm Beach Lakes Boulevard, Suite 600
West Palm Beach, FL 33409

Project Name: Bear Lakes MS Facility Renewal

Project Number: 1981-7100

Purchase Order Number: 9201800022

In accordance with the provisions of your contract with the School District for Program Management Services, you are hereby authorized to proceed with the construction management phase of the project. The project's estimated project value is \$12,237,257. The estimated duration is 15 months. Per the Contract, AECOM shall be paid 1.7% (.017) or \$208,033 payable in equally monthly installments of \$13,868.87.

Authorized by:

Deputy Chief of Facilities David G. Dolan Digitally signed by David G. Dolan
Date: 2018.10.19 16:45:59 -0400 Date _____
David G. Dolan

Financial Applications Manager Sabra H. Avery Digitally signed by Sabra H. Avery
DN: cn=Sabra H. Avery, o=School District of Palm Beach
County, ou=Facilities Management,
email=Sabra.Avery@palmbeachschools.org, c=US
User: 2018.10.19 13:19:11 -0400 Date _____
Sabra H. Avery

Chief Operating Officer Wanda F. Paul 10/27/2018 Date _____
Wanda F. Paul

Received by: Juan Alfonso 10/23/18
AECOM: _____ Date _____
Printed Name and Signature

The School District of Palm Beach County, Florida
A Top-Rated District by the Florida Department of Education Since 2005
An Equal Education Opportunity Provider and Employer

ATTACHMENT A - Management Response from Chief Operating Officer



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

WANDA F. PAUL, M.Ed., MBA
CHIEF OPERATING OFFICER

DONALD E. FENNOY II, Ed.D.
SUPERINTENDENT

CHIEF OPERATING OFFICE
3300 FOREST HILL BOULEVARD, B-302
WEST PALM BEACH, FL 33406

PHONE: 561-357-7573 / FAX: 561-357-7569
WWW.PALMBEACHSCHOOLS.ORG/COO

MEMORANDUM

TO: Teresa Michael
Inspector General

FROM: Wanda F. Paul, M.Ed., MBA
Chief Operating Officer

DATE: March 12, 2021

SUBJECT: MANAGEMENT RESPONSE – AECOM CONTRACT REVIEW

Following is the Management response to the AECOM Contract Review.

Finding #1: The Program Manager was Compliant with 8 of 9 Contract Attributes Tested, and Appeared to Satisfactorily Administer the Related Program Management Services

Management concurs.

No action needed on the 8 contract attributes in compliance.

Finding #2: Invoices/Payments Not Always in Equal Monthly Installments as Required

Management concurs.

To address this shortcoming in contract attribute #9, District staff have implemented a procedure where AECOM submits a Draft Invoice to the Construction Department Financial Applications Manager for initial review to ensure they are in compliance with the NTP and that invoice amounts are correct. Any discrepancies are addressed and resolved on the Draft Invoice before AECOM issues an actual formal invoice for payment. This procedure has been in place since September 2020.

Finding #3: Inconsistent Invoice Number Structure

Management concurs.

District staff and AECOM have implemented a system that creates a uniform and consistent invoice numbering pattern that follows the format of "Project number.D.01:" for Design invoices and "Project number.C.01:" for Construction invoices. This numbering system was put in place in late 2020 when it was brought to our attention. Additionally, invoice format is reviewed and addressed during the Draft Invoice review.

Finding #4: Staff Occasionally Made Minor Adjustments to Vendor Invoice Amounts Without Documenting the Reasons for the Adjustments

Management concurs.

District staff look for any potential NTP compliance issues, Invoice Value Discrepancies, Invoice Number Format Discrepancies, etc. on AECOM invoices and makes adjustments during the “Draft Invoice” stage so that redlining is not be necessary to approve AECOM invoices. In the event that AECOM submits an invoice that does not capture the adjustments noted during the Draft Invoice review, District staff have implemented a procedure to reject the invoice and request AECOM to resubmit. Additionally, for all other vendor invoices requiring redlining, District staff implemented a procedure in December 2020 which requires redlined invoices be forwarded to the submitting vendor, with an explanation, so that future invoicing complies with requirements.

Cc: David G. Dolan, Deputy Chief, Facilities Management



Robert Bliss <robert.bliss@palmbeachschools.org>

AECOM Contract Review

Alfonso, Juan <Juan.Alfonso@aecom.com>

Mon, Mar 22, 2021 at 4:21 PM

To: Teresa Michael <teresa.michael@palmbeachschools.org>

Cc: Nick Norris <nick.norris.c@palmbeachschools.org>, "Kneedler, Paul" <Paul.Kneedler@aecom.com>, Robert Bliss <robert.bliss@palmbeachschools.org>

Good afternoon Ms. Michael,

Following is AECOM's response to the DRAFT report associated to Contract Review: Program Management Support Services, dated February 22, 2021 and issued to AECOM on the same date.

Our comments are as follows:

Finding #1: The Program Manager was Compliant with 8 of 9 Contract Attributes Tested, and Appeared to Satisfactorily Administer the Related Program Management Services

AECOM Response: Agrees.

Finding #2: Invoices/Payments Not Always in Equal Monthly Installments as Required

AECOM Response: Agrees.

In conjunction with District staff, AECOM implemented a procedure where AECOM submits a Draft Invoice to the Construction Department Financial Applications Manager for review to identify any discrepancies to be resolved prior to formal invoice submission. This procedure was implemented in March 2020.

Finding #3: Inconsistent Invoice Number Structure

AECOM Response: Agrees.

In conjunction with District staff, AECOM has implemented a consistent invoice numbering that follows the format of "Project number.D.01:" for Design invoices and "Project number.C.01:" for Construction invoices. This numbering format increases by the following number with each sequential invoice. This procedure was implemented in March 2020.

Finding #4: Staff Occasionally Made Minor Adjustments to Vendor Invoice Amounts Without Documenting the Reasons for the Adjustments

AECOM Response: Agrees.

As stated in Findings #2 and #3 above, a draft invoice review procedure was put in place with the District in March 2020. AECOM believes this will minimize the need for the any additional adjustments by the District. Any adjustment requested by the District during our Draft invoice submission is made in the next sequential and formal invoices.

Please let me know of any questions or comments regarding this response.

Respectfully,

Juan Alfonso, AIA, NCARB
Vice President

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From: Robert Bliss <robert.bliss@palmbeachschools.org>
Sent: Monday, February 22, 2021 2:16 PM
To: Alfonso, Juan <Juan.Alfonso@aecom.com>
Cc: Nick Norris <nick.norris.c@palmbeachschools.org>; Kneedler, Paul <Paul.Kneedler@aecom.com>; Teresa Michael <teresa.michael@palmbeachschools.org>
Subject: [EXTERNAL] AECOM Contract Review

Mr. Alfonso,

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