OIG Appendix C

OIG Rejoinder to the Responses Received

Report Date October 14, 2005

OFFICE OF THE INSPECTOR GENERAL
REJOINDER to the FINAL AUDIT REPORT ON
Miami-Dade County Water and Sewer Department
Contract for Plug Valves and Operators Contract No. 5057-2/02-OTR-SW

Finding 1

In its response, WASD states: "WASD's automated inventory system allows all stock items as well as divisional one time purchases to be tracked by requisition number, item description and the vendor FID." The OIG recognizes that although WASD's inventory system provides *limited* tracking ability, stock items are not adequately accounted for due to inaccurate reporting of inventory items (i.e. incorrect stock code number, description or unit price).

WASD further states that: "There may be occasions where the same stock could be used for different, but similar end products, but this does not affect performance or accuracy." The OIG disagrees with this statement for the very reasons stated by WASD; *because* the valves are different, they should be assigned unique stockcode numbers even if the end products are similar. Accordingly, the OIG maintains its position that these inventory items contain inaccurate quantity and price records.

Finding 2

The OIG notes that although WASD's current system contains various modules of accounting for its inventories, they do not interface with each other, which precludes WASD from efficiently compiling current, complete and accurate data. The OIG is encouraged by WASD's response and looks forward to the results of the implementation of the various system upgrades. Furthermore, it is essential that the new system be capable of providing a collective accounting and inventory summary reports of item purchases, receipts and issues, as opposed to an item-by-item basis.

Finding 3

WASD's response does not adequately address the finding or recommendation. Section 2.35 clearly states that there may be *ancillary items* that must be purchased by the County during the term of this contract. The items obtained under the Special Purchase Order directive were not ancillary items; they were a valve type not awarded in the Contract. Furthermore, the items were purchased from a vendor that was an otherwise successful bidder on the contract, i.e. the vendor was not awarded any group under the contract.

WASD relies on the authorization granted to it by the former DPM director, who stated: "Your request is granted on the condition that the aggregate value of SPOs awarded by WASAD for any one commodity in this fiscal year shall not exceed

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$25,000." WASD did exceed the aggregate amount as the identified six purchases totaled $27,727. Moreover, the DPM authorization was dated March 21, 2000, thus referencing Fiscal Year 1999/2000. These six split purchases were made two years later from February 2002 to April 2002. Accordingly, the OIG disagrees with WASD's justification and reaffirms its original position.

Finding 4

The OIG disagrees with WASD's response and maintains its original position for the same reasons detailed above in finding number 3. Contract Sections 2.35 and 2.39 (Group O), refer to items covered by the contract. These Contract Sections authorize purchases of repair / replacement parts and / or accessories (ancillary) items for valves. The items referred to in this finding were other valve types not "repair/replacement parts and/or accessories (ancillary items) for valves." Additionally, WASD misinterpreted the provisions of Section 2.35. Specifically, section 2.35 authorizes the purchases of items ancillary to the contract *not* the department.