

AUDIT COMMITTEE MEETING
Thursday, July 23, 2009
12:30 p.m. – KCW – 1st Floor Board Room
AGENDA

OLD BUSINESS

1. Approval of the Minutes for the June 25, 2009 Audit Committee Meeting

NEW BUSINESS

2. Internal Audit Report – Audit of the Ashbritt, Inc. and C&B Services Invoices for District Portable Repairs Related to Hurricane Wilma

The School Board Of Broward County, Florida
Facilities & Construction Management
Michael C. Garretson
Deputy Superintendent

July 16, 2009

TO: Patrick Reilly, Chief Auditor
Office of the Chief Auditor

FROM: Michael C. Garretson, Deputy Superintendent
Facilities & Construction Management



SUBJECT: **AUDIT OF ASHBRIIT, INC. AND C&B SERVICES INVOICES**
PORTABLE REPAIRS RELATED TO HURRICANE WILMA - DRAFT

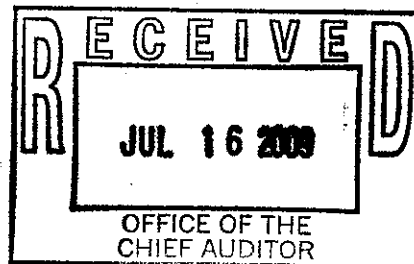
Enclosed is the Facilities and Construction Management Division response to the subject audit. We are forwarding two binders containing the response and supporting documents. One of the binders is intended for the audit committee chair.

We have also made an electronic copy of the response and supporting documents available at the following URL:

<http://www.broward.k12.fl.us/constructioncontracts/home/audit.htm>

MCG/DH:st

Enclosure



**Audit of the Ashbritt, Inc. and C&B Services Invoices for District Portable
Repairs Related to Hurricane Wilma**

June 2009

Office of the Chief Auditor

The School Board of Broward County, Florida



The School Board of Broward County, Florida

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THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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July 17, 2009

Members of the School Board of Broward County, Florida
Members of the School Board Audit Committee
Mr. James F. Notter, Superintendent of Schools

Ladies and Gentlemen:

In accordance with the 2008-2009 Audit Plan, and at the request of the Audit Committee, the Office of the Chief Auditor has performed an audit of the Ashbrite, Inc. and C&B Services Invoices for District Portable Repairs Related to Hurricane Wilma. The objective of this audit was to: determine whether or not the necessary internal controls were in place during administration of C&B Services' scope of work; ascertain whether the District was charged fairly, even though the services were performed during an emergency repair period; determine and explain the relationship between the School Board of Broward County (SBBC) and C&B Services, as well as to determine the relationship between the SBBC and Ashbrite, Inc.; perform assessment and analysis to determine the appropriateness of the transactions due to the unusual nature of the invoicing and payment related procedures; identify the actual scope of work to ensure that the final invoices paid by the District were properly reviewed and approved in a responsible manner; and report recommendations to the administration, if needed.

In our opinion, the F&CM Division staff identified significant problems with invoicing practices, job costs and licensing status of C&B Services early in their documented work period. Ashbrite, Inc. was later selected to process the invoices for C&B Services. The illogical insistence on the part of some F&CM staff that C&B was a subcontractor to Ashbrite, Inc. while processing C&B Services' invoices raised questions and suspicions, as some of the F&CM staff making that claim were involved in the request, approval and issuance of P.O. No. 2600018029 to C&B Services. Ashbrite was not issued a P.O. until January 5, 2006. Records show that C&B Services was nearly completed with their authorized scope of work by the middle of January, 2006. Therefore, the required P.O. request and approval process was documented, but later denied by F&CM staff after the C&B Services' licensure issue was exposed. A documentation trail was provided to enable F&CM and Capital Payments Review staff to approve and recommend that the invoices be paid, but there were clear signs of coercion and falsified documentation to facilitate the approvals and ultimately the recommendation to process payments to Ashbrite, Inc. As a result of identified payments for work not performed, overbilling and double-billing, the District should seek reimbursement in the total amount of \$765,608.15. Additionally, we believe that the final documents submitted for payment were falsified and inflated and that the issue should be reported to FEMA, the IRS and other state and federal authorities for an investigation.

The five detailed audit observations/recommendations were presented to F&CM Division staff which identified overbilling and double-billing by Ashbrite, Inc. and significant improvement opportunities regarding internal controls. Follow up responses to Management's responses were necessary for all five observations.

This report will be presented to the Audit Committee at its July 23, 2009 special meeting and to the School Board at its August 18, 2009 Regular School Board Meeting.

Sincerely,

Patrick Reilly, CPA
Chief Auditor
Office of the Chief Auditor

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EXECUTIVE SUMMARY

Scope and Methodology

This audit was performed in accordance with the 2008-2009 Audit Plan, and at the request of the Audit Committee. This audit of services associated with repair of District Portables, included a review of services provided by C&B Services, an out of state company (TX). Purchase Order (P.O.) No. 2600018029, for an amount not to exceed \$1,000,000, was requested on November 8, 2005 and issued to C&B Services on November 22, 2005. C&B Services commenced work on November 3, 2005. Invoices were submitted and problems were identified by Facilities & Construction Management (F&CM) Division staff which eventually caused those and other C&B Services invoices to be processed by AshBritt, Inc. for the total scope of work completed by C&B Services during a two month period, pursuant to issuance of P.O. No. 2600018029. The objective of this audit was to:

- Determine whether or not the necessary internal controls were in place during administration of C&B Services' scope of work;
- Ascertain whether the District was charged fairly, even though the services were performed during an emergency repair period;
- Determine and explain the relationship between the School Board of Broward County (SBBC) and C&B Services, as well as to determine the relationship between the SBBC and AshBritt, Inc.;
- Perform assessment and analysis to determine the appropriateness of the transactions due to the unusual nature of the invoicing and payment related procedures;
- Identify the actual scope of work to ensure that the final invoices paid by the District were properly reviewed and approved in a responsible manner; and
- Report recommendations to the administration, if needed.

Our audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The aforementioned standards require that we plan and perform the audit to ensure a reasonable basis for our judgments and conclusions regarding the function under audit. An audit includes assessments of applicable controls and compliance with the requirements of laws, rules and regulations when necessary to satisfy the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

It is our responsibility to perform the review under generally accepted auditing standards and Government Auditing Standards, as well as provide recommendations to improve operations, strengthen internal controls and ensure compliance with the requirements of laws, rules and regulations in matters selected for review. It is the administration's responsibility to implement recommendations, to maintain an internal control environment conducive to the safeguarding of District assets and to preserve the District's resources, and to comply with applicable laws, regulations and School Board policies.

The procedures used to satisfy our objectives in this audit included:

- Review of the Executive Order 05-219, as executed by the Governor of Florida;
- Review of P.O. No. 2600018029 to C&B Services and the associated work scope;
- Review of P.O. No. 2600021755 to AshBritt, Inc.;
- Review of files and invoices, submitted by C&B Services and review of invoices later submitted by AshBritt, Inc., to assess and verify work scope and invoicing procedures;
- Review of SBBC project files and conduct interviews with appropriate District staff;
- Review of available school site condition assessments from the days following Hurricane Wilma;
- Researched all Notice to Proceed documentation and compared to project deliverables;
- Review of subcontract invoices and warranty documentation;
- Interviews with various individuals associated with the services rendered; and
- Perform other auditing procedures as deemed necessary.

Opinion and Summary of Results

In our opinion, the F&CM Division identified a significant problem with the invoicing practices, job costs and licensing status of C&B Services early in their documented work period. Recommendations were made to hold their invoices for a thorough review before issuing payment. The District auditors were informed and performed a cursory review, and upon determining that there were several possible fraud indicators, the issue was turned over to the State Attorney's Office. Statements were made during that time period that C&B Services was a subcontractor to AshBritt, but that was dismissed, as C&B Services had clearly established a prime contractor relationship with the SBBC as evidenced by P.O. No. 2600018029, issued to C&B Services on November 22, 2005. Moreover, all of the invoices associated with C&B Services' work were initially being submitted directly to the District and not to AshBritt, Inc.

The insistence, on the part of some F&CM staff during the first round of invoicing by C&B Services, that C&B was a subcontractor to AshBritt, Inc. raised questions and suspicions, as some of the F&CM staff making that claim were involved in the execution of P.O. No. 2600018029 to C&B Services. AshBritt did not receive a P.O. until January 5, 2006. Records show that C&B Services was nearly completed with their authorized scope of work by the middle of January, 2006. Therefore, the required request and approval process was documented, but later denied by F&CM staff after the C&B Services' licensure issue was exposed.

As some F&CM staff members brought up the licensure issues and the process by which C&B Services was selected for work following Hurricane Wilma, it became a possibility that some staff were trying to expose a potential fraud, whereas others were trying to potentially cover it up. The Project Manager in charge of the Portables Department at the time of the emergency procurement period documented to the auditors that the Deputy Superintendent had facilitated a meeting that included lobbyist Ron Book, two representatives of C&B Services along with the F&CM Director of Design & Construction Contracts. The Project Manager documented that he and the Director of Design & Construction Contracts were both directed to establish a purchase order and scope of work for C&B Services and get them working on site. That meeting occurred on November 2, 2005, and C&B Services invoices document that they began invoicing the District on November 3, 2005. On November 8, 2005, a memo requesting a P.O. for C&B Services was addressed to Capital Budget which was requested by the District's Project Manager of Portables on November 8, 2005, and approved by both the F&CM Executive Director of Facilities Project Management and the Deputy Superintendent of F&CM.

On January 5, 2006, Ashbritt, Inc. was issued P.O. No. 2600021755 for portable roofing. C&B Services was originally issued a P.O. not to exceed \$1,000,000 for that same scope of work, however by the time the AshBritt, Inc. invoices were submitted, reviewed, requested for payment and approved for payment, the District paid out nearly \$2.2 million to Ashbritt, Inc. for C&B Services' original scope of work. Ashbritt, Inc. was selected to process C&B Services' invoices. Those invoices were grossly overstated and, despite several staff members' objections, the invoices were eventually paid. The work associated with the invoices was not properly monitored, inspected, verified or documented over the 60 day period in which C&B Services provided the portable repair services. F&CM personnel did not provide proper oversight, and as a result the District was grossly overcharged and subsequent staff recommendations and disclaimer notes on approved invoices were ignored by the highest level of the F&CM Division. In fact, although the Capital Payments Review Supervisor had reduced the amount of P.O. No. 2600021755 by \$2,098,747.22 on February 26, 2007, the Deputy Superintendent of F&CM would later request and approve an increase of \$1,182,600 on Ashbritt's P.O. to pay a final payment in the amount of \$1,239,034.10.

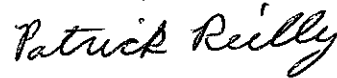
A documentation trail was provided to enable F&CM and Capital Payments Review staff to approve and recommend that the invoices be paid, but there were clear signs of coercion and falsified documentation to facilitate the approvals and the ultimate recommendation to process payments to AshBritt, Inc. As a result, the District should seek reimbursement in the total amount of \$765,608.15. Additionally, we believe that the final documents submitted for payment were falsified and inflated and that the issue should be reported to FEMA, the IRS and other state and federal authorities for an investigation.

OBSERVATIONS

1. **REQUEST REIMBURSEMENT IN THE AMOUNT OF \$237,580 FROM ASHBRIIT, INC. FOR OVERBILLING THE DISTRICT FOR HURRICANE WILMA ROOFING REPAIRS.**
2. **IMPROVE THE INTERNAL CONTROL PROCEDURES OVER THE VENDOR PAYMENT PROCESS AND ESTABLISH WARRANTY REQUIREMENTS TO STATE THE ACTUAL VALUE OF WARRANTY COVERAGE.**
3. **VERIFY COMPLETENESS OF ROOFING WORK AND COMPLIANCE WITH APPLICABLE BUILDING CODES FOR ALL ROOFS REPLACED, AS INVOICED BY ASHBRIIT, INC. ALSO REQUEST RETURN OF THE RETAINAGE UNTIL THE VERIFICATION PROCESS HAS BEEN PERFORMED AND ALL INSPECTIONS PASSED.**
4. **IMPROVE CURRENT PROCESSES FOR VERIFICATION OF WORK NEEDED TO ENSURE VALIDITY OF PROJECTS PRIOR TO ISSUANCE OF NOTICE TO PROCEED.**
5. **REQUEST REIMBURSEMENT FROM ASHBRIIT, INC. IN THE AMOUNT OF \$528,028.15 FOR OVERBILLING AND/OR DOUBLE-BILLING FOR PORTABLE INTERIOR REMEDIATION. ADDITIONALLY, STRENGTHEN THE INVOICE REVIEW, REQUEST AND APPROVAL PROCESS.**

We would like to thank the Facilities & Construction Management Division, Ashbriit, Inc. and Nations Roof, LLC and all District personnel who aided in the completion of this report.

Submitted by:



Patrick Reilly, CPA
Chief Auditor
Office of the Chief Auditor

Audit Performed by: Dave Rhodes
William J. Wright
Vicki Mangol

BACKGROUND

Hurricane Wilma hit Broward County on October 24, 2005 and caused significant amounts of damage to Broward County schools. A specific element of that damage was identified in the many portable classrooms located at various sites throughout the District. In the days following the storm, schools were closed and the District began the clean up and repair process to restore public health and safety.

In anticipation of the pending hurricane, Governor Jeb Bush executed Executive Order No. 05-219 on October 19, 2005. In that order, Section 8 (A) specified:

"I hereby give all agencies of the State, including the collegial bodies within those agencies, the authority to suspend the effect of any statute, rule, ordinance, or order of the state, regional, or local governmental entity, to the extent needed to procure any and all necessary supplies, commodities, services, temporary premises, and other resources, to include without limiting the generality of the foregoing, any and all statutes and rules which affect budgeting, printing, purchasing, leasing, and the conditions of employment and the compensation of employees, but any statute, rule, ordinance, or order shall be suspended only to the extent necessary to ensure the timely performance of disaster response functions as directed by the State Coordinating Officer."

Between October 31 and November 2, 2005, Building Department (BD) personnel performed a walk-thru and detailed assessment of the District's portables and maintained documentation of the conditions of the portable units. Each of the reports included an inventory of the portables on site, a condition assessment for each, the date of the inspection and the name of the person who provided the inspection. The reports specifically identified which units required roof repair or replacement, dry-in, moisture abatement and general clean up of the area due to debris. Additionally, there were notes regarding whether or not each unit had electricity and whether or not the unit could be occupied.

On November 2, 2005 the Deputy Superintendent of F&CM facilitated a meeting including lobbyist Ron Book, two representatives from Crochet & Borel (C&B) Services from Texas, the F&CM Director of Design & Construction Contracts, and the District's Portable Crew's Project Management crew leader. During that meeting the Deputy Superintendent of F&CM directed those staff members to expedite issuance of a Purchase Order (P.O.) and to get C&B Services assigned to do portable repairs not to exceed \$1,000,000.

On November 3, 2005 the Portable Crew's Project Manager emailed Ron Chatagnier of C&B Services to memorialize the meeting and to provide C&B with a scope of work and instructions on how to proceed and whom to contact during execution of their work. He informed C&B Services, in writing, that if other necessary repairs were identified, they would need to provide an estimate for review and approval. On November 3, 2005 C&B commenced work, with Nations Roof providing roof repairs as a subcontractor to C&B Services. Also, C&B Services utilized the company LFR Inc. for moisture mapping and interior assessment, and FERS Inc., from Pompano Beach, FL, for labor regarding interior demolition, drying and clean up.

On November 7, 2005 C&B Services provided a cost proposal (**See: Attachment 3**) to the District indicating the cost of re-roofing portables, based on a primary cost for one size (\$10,785.60) and a higher cost (\$11,232.00) for any larger portable unit. Then on November 8, 2005 the crew leader of the Portables Department requested, via memo, issuance of a P.O. for an amount not to exceed \$1,000,000. That request was approved by the Executive Director and the Deputy Superintendent of F&CM. On November 10, 2005 the Portables crew leader documented Supplementary Instructions to C&B Services stating that C&B would be issued a Notice to Proceed (NTP) and that they would have a 60 day period in which to complete their scope of work. He also specified a point of contact that C&B was to call to keep the District updated on their daily work location and instructions on whom to contact regarding calling in inspections.

On November 17, 2005 the F&CM Cost Estimator sent an email to the F&CM Director of Design & Construction Contracts, other Project Managers and the Capital Payments Review Supervisor to alert them that invoices he had reviewed from C&B Services were two times the industry standard rates for the work

documented. On November 22, 2005 P.O. No. 2600018029 was issued for the work assigned to C&B Services. C&B Services continued to submit invoices.

On November 22, 2005, the F&CM Director of Design & Construction Contracts sent an email to the F&CM Executive Director, Project Management and the F&CM Senior Project Manager. That email contained a spreadsheet described as "Assignment Sheet 4 HW.xls." That spreadsheet contained the vendors and their respective scopes of work, as assigned due to Hurricane Wilma related damages. The F&CM Executive Director, Project Management then forwarded the document for all Project Managers (PM) to attach to their PM Meeting Minutes for November 22, 2005. Assignment Sheet 4 HW.xls documented that C&B Services was providing portable repairs at various locations and that a Notice to Proceed (NTP) was issued on November 10, 2005; "Pending signature on NTP from C&B." C&B was clearly the prime contractor providing services with a not to exceed amount of \$1,000,000 and the F&CM Director of Design & Construction Contracts was disseminating that information to the Project Management Staff. We reviewed the project files, interviewed staff and requested a copy of the NTP for C&B Services. Despite documentation indicating that NTP was issued, we were unable to obtain a copy.

On November 8, 2005 the School Board approved post-Hurricane Wilma repair purchases in an amount not to exceed \$15,000,000. A list of contractors was also included as an exhibit to Agenda Item JJ-2 during the School Board's Regular School Board Meeting (RSBM). Then on December 13, 2005 the School Board approved an additional amount that was not to exceed \$16,189,350 on Agenda Item JJ-1. An exhibit to that item included the contractors and their not to exceed amounts. C&B Services was not on that list. It is understandable that they would not be on the November 8, 2005 list, as their P.O. was requested on that same day. When the School Board approved additional emergency services on December 13, 2005 and the corresponding contractor list still did not include C&B Services; Ashbritt Inc., however was included on that list with a not to exceed amount of \$3.1 million for portable repairs. Subsequently, on January 5, 2006 Ashbritt, Inc. was issued P.O. No. 2600021755 for \$3.1 million. Note: C&B Services had ceased providing their services by approximately January 16, 2006.

Shortly after issuance of the \$3.1 million P.O. to Ashbritt, the F&CM Cost Estimator sent emails to several F&CM staff members indicating that C&B Services was an unlicensed and out-of-state contractor. On January 19, 2006 the F&CM Cost Estimator stated in an email to an F&CM Project Manager that after checking their unit rates, C&B Services' invoices were double the R.S. Means (industry standard data, by region) rates. He further stated that C&B Services had not followed their instructions on how to become a registered contractor with the School Board. He described how C&B and another local contractor had been "given instructions" on how to do construction business in Florida and with the School Board. He stated that those instructions included securing legal counsel and either forming a Joint Venture (J.V.) or a General Contractor was to qualify C&B to contract with the state. Those statements were suspicious, as it is not routinely the job of the Contracts Department to instruct unlicensed, out-of-state contractors on how to get work with the School Board.

Later, on that same day, the Senior Project Manager sent an email to all Project Managers telling them that he had just been advised not to process the C&B Services invoices. He stated that C&B Services had failed to execute a contract with the District. Illogically, C&B Services had been issued a P.O. nearly two months earlier, had been given a scope of work and had provided all of the repair services by that date.

On January 30, 2006 an F&CM Project Manager notified the Audit Department regarding the unlicensed activity by the out-of-state contractor and the claims of inflated invoices. It was later learned that on January 18, 2006, while invoices were being held and payment was not being processed for C&B Services, the F&CM Director of Design & Construction Contracts sent a memo to Mr. Terry Jackson, the Vice President of Ashbritt, Inc. noting that pursuant to their December 12, 2005 meeting, Ashbritt had still not provided the necessary documentation that would lead to their NTP and avoid delays in payments for their work. However, it has been documented that Ashbritt had not performed any work for the School Board prior to that memo, calling to question what payments may have been delayed.

After assurance that the invoices were being held and the issues with C&B Services were being investigated by F&CM managers, the auditors did not follow up until March 1, 2006. As a follow up, and

based on some verbal statements by F&CM staff, the auditors requested information regarding a development that Ashbritt, Inc. was routinely being identified as the prime contractor for all work that was provided by C&B Services. When asked how C&B Services could be the subcontractor to Ashbritt, Inc. for C&B's scope of work, knowing that C&B had established a prime contractor relationship with the District, the auditors were informed in an email trail by the F&CM Director of Design & Construction Contracts that he could not explain C&B's actions. Note: The F&CM Director of Design & Construction Contracts was present during the November 2, 2005 meeting when C&B Services' work was authorized per direction of the Deputy Superintendent of F&CM.

Upon receiving information regarding the role Ashbritt, Inc. was performing, more questions were asked by the auditors and the available C&B Services invoices were duplicated and reviewed. The invoices at that time amounted to \$841,396.19. Based on the manner in which the invoices were numbered, it was clear that the latest date that C&B Services was on site was around January 16, 2006. The Chief Auditor and the Director of Facility Audits visited the Capital Budget offices and gathered all P.O. related information that was available and determined that C&B Services' offices were located in Port Neches, TX. The F&CM Senior Project Manager sent an email to the auditors stating that the invoices were still being held and that they would not be paid until the licensing issues could be resolved.

It was not until March 6, 2006 that the auditors officially learned of the meeting that took place between the Deputy Superintendent of F&CM, Mr. Book and the others regarding the issuance of a P.O. for C&B Services. A March 7, 2006 email trail confirmed the facts of that meeting and lead to the discovery of other critical facts. However, the invoices were still being held, primarily based on the licensure issues that C&B Services had, as they were not a licensed contractor in Florida. Their cost proposal of November 7, 2005 included the license number of CGC059533, which was a General Contractor's license, not a roofing license. It was determined that Nations Roof, LLC was providing the roofing services for C&B Services.

On July 20, 2006, the SBBC Capital Payment Review Supervisor sent an email to the F&CM Director of Design & Construction Contracts regarding the status of C&B Services. Specifically, her questions were detailed: *"What is the status of this contract? Do we have a legal obligation as a result of the NTP and P.O. issued? Do we have a legal obligation to pay the invoices?"*

On July 26, 2006, the F&CM Director of Design & Construction Contracts responded stating that *"We have referred this matter to legal, however, the emergency contract was (and is) intended to be with Ashbritt, not C&B. We dealt with Ashbritt from the start and C&B is their sub."* He continued by stating that *"Per our conversation Friday C&B received an NTP directly from 'Portables' not 'Contracts' and that resulted with confusion. Please advise how much C&B has been paid, if anything, so we can take this into consideration."*

Recall that on November 22, 2005, the F&CM Director of Design & Construction Contracts disseminated the Assignment Sheet 4 HW.xls which indicated that C&B Services was clearly a prime contractor and Ashbritt, Inc. was not included as a contractor with the District for any scope of work at that time. Also note that the spreadsheet indicated that C&B Services had received a NTP on November 10, 2005. The contradictory nature of the two statements from the F&CM Director of Design & Construction Contracts, as noted on the Assignment Sheet 4 HW.xls, dated November 22, 2005 and his July 26, 2006 response to the SBBC Capital Payment Review Supervisor are incompatible.

On September 11, 2006, Ashbritt, Inc. Managing Vice President submitted Emergency Service Affidavits (per his review and verification to the auditors) for emergency services at the sites of C&B's scopes of work, which were previously completed. The affidavits were stamped by the F&CM Reception personnel on September 19, 2006. The affidavits specified that the scope of work was to include:

"Provide mitigation and roof work; begin remediation process using extracting and drying equipment. Have technicians perform mold remediation and hygiene cleaning. Provide temporary roofing, new roofs and window board up. Perform interior demolition; such as removing carpets, carpet pads, sheetrock, insulation and ceiling tiles."

A documented but unexecuted NTP, dated September 13, 2006, was intended to authorize Ashbritt, Inc. to provide "portable repairs and drying" with a not to exceed limit of \$3.1 million. The proposed NTP included an attachment of C&B's scope of work. Then on November 9, 2006 a revised version of the NTP was documented to Mr. Jackson of Ashbritt, Inc. was for a not to exceed amount of \$1,000,000, but this time the scope included "Portable Roofing, Drying and Tear Outs." That NTP was also not executed. A third iteration of the NTP, which was also not executed, was changed to a not to exceed amount of \$760,000, a square footage cost matrix including a 5% mark up for Ashbritt, but more importantly, it is the first time C&B's proposal of November 7, 2005 was documented on the developing NTP. That is the first documented indicator in an NTP that the intent was based on Ashbritt, Inc. invoicing for the work performed by C&B Services.

On February 9, 2007 an executed NTP authorized Ashbritt, Inc. to: *"commence providing services and/or submitting invoices for the work indicated below in accordance with the following..."* A not to exceed amount was included instead of the previously proposed "5% mark up."

1. The services to be provided are limited to Portable Roof Repairs and/or replacement as per C&B Services, Inc. proposal dated November 7, 2005.
2. The contract amount is not to exceed \$1,001,252.78 and the Work is to be completed within 180 consecutive calendar days of execution of the NTP. (Insurance Certificates)
3. The terms and conditions, other than those stated in this NTP are according to Document 00520, Construction Services Minor Projects (Open End) Agreement.
4. OTHER INSTRUCTIONS: Pricing

Portable Size	Unit Price
Up to 1,023 Square Feet of Roof	\$11,325
Over 1,023 Square Feet of Roof	\$11,794

5. BILLING INSTRUCTIONS – Monthly: Submit to Building 4, Reception. See below for invoice submittal requirements.

Ashbritt, Inc. initially provided invoices for 16 locations for re-roofing charges. The invoices were dated January 30, 2007 by Ashbritt and they were stamped as received by F&CM Reception on February 14, 2007. The cost for each portable roof invoiced was exactly the amount noted in the February 9, 2007 NTP. That calls to question whether SBBC staff established reasonable costs for the work provided by C&B Services, or if Ashbritt, Inc. negotiated the amount prior to execution of the NTP for the \$1,001,252.78. These circumstances raise the specter of collusion regarding the agreed to pricing. Additionally, the costs per unit were in excess of the C&B Services November 7, 2005 cost proposal noted as item 1 of the NTP. Each location was billed the maximum per portable. Invoicing the maximum per portable on the re-roofing invoices would indicate that every roof required replacement. C&B Services' own invoices did not represent that every portable roof was replaced. Most of the work C&B invoiced was interior work.

On February 26, 2007 Capital Budget reduced Ashbritt's P.O. from \$3.1 million to \$1,001,252.78 as identified in the executed NTP dated February 7, 2009. Based on the invoices reviewed from C&B Services for the 60 day period in which they worked at various sites, it was determined that Ashbritt, Inc. had invoiced for the work that C&B Services had originally performed, but for which payment was being held due to the technicalities noted. We also documented that C&B Services was invoicing the District exorbitant per diem fees and applying 10% profit and 10% overhead to all invoices. Ashbritt, Inc. processed some C&B Services invoices with 10% profit and 10% overhead, whereas other invoices did not include overhead and profit. There was no clear method or reason for application of the overhead and profit. See the table below for a summary comparison of the two sets of invoices:

Summary - C &B Services vs. Ashbritt Invoices

Fee Categories	C&B Services Invoices	Ashbritt Invoices
Per Diem	\$190,762.50	\$208,875.00
Labor	\$667,138.75	\$749,442.94
Equipment	\$162,368.00	\$171,323.35
Materials	\$76,297.15	\$68,591.45
Mobilization	\$24,416.60	\$27,408.44
Other (Roofing)	\$734,812.71	\$959,597.71
Heavy Equipment	\$9,584.22	\$0.00
Fuel Service	\$4,239.75	\$0.00
Admin. Fee	\$18,557.97	\$158.46
Overhead & Profit	\$176,104.32	\$0.00
Total Charge		
Comparison	\$2,064,281.97	\$2,185,397.35

More issues were documented regarding the Ashbritt, Inc. invoices received by F&CM Reception on February 14, 2007. Nations Roof, LLC had been the roofing subcontractor to C&B Services during the re-roofing scope. Nations Roof, LLC provided a two year warranty for each roof installed. A problem came up when it was documented that Nations Roof, LLC would only warrant each portable roof up to \$7,800, stated as the original installation cost. Upon a review of the Nations Roof, LLC invoices, it was documented that Nations Roof actually charged C&B Services \$9,360 per portable roof replacement. When applying the price of \$11,325 established in the executed Ashbritt, Inc. NTP from February 9, 2007, it is clear that the District was being charged a \$1,965 mark up by Ashbritt, Inc. per portable roof. Based on the fact that Ashbritt, Inc. invoiced for 84 roof replacements on their roofing invoice, the District incurred a mark up of \$165,060 by Ashbritt, Inc.; and that was in addition to overhead and profit fees previously included in the C&B Services' invoice which Ashbritt, Inc. was using as the basis for their own invoices. Note: Nations Roof later revised their warranty documents by removing the amount at the request of Ashbritt, Inc. to strike the line including the amount, per a March 15, 2007 email received by the F&CM Purchasing Agent.

As a result of the Nations Roof warranty limit of \$7,800, the first invoices submitted by Ashbritt, Inc. in the amount of \$921,077 were reduced to an amount of \$592,800. That amount was established when each roofing line item in the invoice was reduced from \$11,325 or \$11,794 respectively to \$7800 each. The revised invoice amount also represented a deduction of \$45,300, as four portables were unable to be verified at Meadowbrook Elementary School.

The Nations Roof, LLC warranty stated: *"The original installation cost is \$7,800 per portable, above which Company shall have no liability."* The noted warranty language drove a decision to pay only \$592,800 of the revised total of \$875,777, as the Deputy Superintendent of F&CM noted in a faxed memo to Ashbritt, Inc. on March 5, 2007 that: *Until warranty or other billing from the subcontractor(s) information can be provided which reflects actual costs, we will process invoices at \$7,800 per portable."* Subsequently, a payment was processed to Ashbritt, Inc. in the amount of \$592,800 by School Board Check No. 1229472, dated 3/21/07; 14 months after the repair services were completed by C&B Services.

We documented that Nations Roof, LLC had invoiced C&B Services \$960,656.01 for the roofing services, which clearly stated that the actual cost per roof was \$9,360. It would seem reasonable that Ashbritt, Inc. would have simply provided that information based on the March 5, 2007, memo from the Deputy Superintendent of F&CM. However, we documented that on March 14, 2007 Nations Roof had received a request from C&B Services Billing Supervisor, via email that we obtained, to alter the language of the existing warranty documents. We also documented that during that same day there were emails sent from

the C&B Services' Billing Supervisor to the Managing Vice President of Ashbritt, Inc. stating that *"Nations Roof has agreed to just remove the last sentence that mentions the \$7,800 warranty limit. To document this agreement, they prefer having that line marked through and initialed by a school representative, then over-night to be initialed and returned by Nations Roof. I need to let them know if this is agreeable to you and the school..."*

Then, on March 15, 2007 11:02 AM there was a follow up email from Nations Roof to the Billing Supervisor at C&B Services asking: *"Did you determine what process was going to be used to delete that line from the NR warranty?"*

On the same day, March 15, 2007 12:58 PM, the Managing Vice President of Ashbritt, Inc. sent an email, via his BlackBerry to another Ashbritt, Inc. associate. In that email, he directed the associate to forward the March 14, 2007 email from the Billing Supervisor of C&B Services, regarding Nations Roof agreeing to *"...remove the last sentence that mentions the \$7,800 warranty limit..."* to the School Board and then to call the Billing Supervisor at C&B Services. On March 15, 2007 the Ashbritt, Inc. associate forwarded the trailing email to the F&CM Purchasing Agent.

On March 19, 2007, C&B's Billing Supervisor emailed Nations Roof and informed them that *"I just heard from our school board contact. He said that the School Board is requesting revised warranties with the line removed. They were not in favor of editing existing warranties."* Then on March 21, 2007 8:47 AM a Nations Roof associate sent an email to the Billing Supervisor of C&B Services stating *"I have all of the new warranties. Do you want them sent to you? Please provide the address that you would like them send to."* At 11:21 AM, that same morning, C&B's Billing Supervisor emailed back and gave the address to send the revised warranties to their Port Neches, TX address.

Finally, on March 27, 2007, a memo was sent from the Billing Supervisor of C&B Services to the F&CM Director of Design & Construction Contracts with the revised warranties. The memo stated: *"Enclosed are the revised Nations Roof Warranties. Note the removal of a specified dollar limit in item number 2, per the School Board's request. Warranties are provided 'up to the Owner's original installation cost.'"*

The documented communication loop indicates that, although Nations Roof may have been an unwitting participant, the warranty documents were altered by a request that was initiated by C&B Services to Nations Roof. During the period of time that decisions were being made, regarding how the documents would be altered, evidence of communication between Ashbritt, Inc., C&B Services and F&CM Contracts Department, specific to the alteration of the warranty documents was identified.

On April 17, 2007 Ashbritt, Inc. submitted follow up invoices for the same locations for the remainder of the \$875,777, less 10% retainage, stated to be due pending inspections. A second check was paid to Ashbritt, Inc. in the amount of \$186,197.23 by School Board Check No. 1242046, dated May 16, 2007. Per the memo faxed to Ashbritt, Inc., dated March 5, 2007 it was clear that Ashbritt, Inc. was to provide either *"...warranty or other billing from subcontractor(s)..."* in order to address the remainder of the revised invoiced amount of \$875,777.

On September 19, 2007 F&CM Reception staff stamped an invoice for retainage on the re-roofing invoices. Although the amount requested by Ashbritt, Inc. was \$94,013.74, handwritten changes were made to the invoice and the total amount paid was \$94,482.72, without the previously documented "pending inspections" being performed. The total amount paid to Ashbritt, Inc. after the retainage payment was \$873,010.97. We reviewed the Hurricane Wilma inspection binder maintained by the Building Department and documented a total of 30 inspections for the work performed by C&B Services. Moreover, there was only one passed inspection, all other roofing inspections were stated to have failed or noted that the contractor was not on-site. More importantly, no new code inspections were performed prior to release of the 10% retainage.

We also reviewed for any subsequent permits or inspections requested by Ashbritt, Inc., but found none. After speaking with Mr. Dahlgren, Managing Vice President of Ashbritt, regarding C&B Services'

invoices, it was determined that Ashbritt, Inc. did not provide any additional work. Rather they were only billing the District for work previously invoiced by C&B Services, per Mr. Dahlgren's statement.

Two other invoices submitted by Ashbritt, Inc. included invoice 0584-17a, in the amount of \$30,577.50 for added work at William Dandy Middle School. Portables 783C, 7M and 128 were all included in that invoice. However, while reviewing the post-Wilma condition inspection documents provided by the Building Department (BD), which included conditions noted on November 2, 2005, all three of those portables received a clean bill of health with no comments suggesting repairs were needed. Portables 134C and 102N were noted as having "Major roof damage" and "unusable" but the 3 portables (783C, 7M, 128) included on the invoice did not require repair or replacement.

Also, invoice 0584-6b requested \$40,770 for the repair of 4 portables at Meadowbrook Elementary School. Those portables were 1161, 935C, 163P and 159P. After reviewing the post-Wilma condition inspection documents provided by the BD, which included conditions noted on October 31, 2005, portables 935C, 163P and 159P were noted to have been in good condition with no roof or interior damage documented. Portable No. 1161 did not even appear on the condition assessment as being located on the Meadowbrook ES campus.

As background to the issues discovered on invoices 0584-17a and 0584-6b, an email from Mr. Dahlgren to a task assigned employee in the F&CM Contracts Department should be analyzed. On March 9, 2007 Mr. Dahlgren copied the F&CM Purchasing Agent and Director of Design & Construction Contracts, as well as Ron Chatagnier of C&B Services and Ms. Templeton of C&B Services. The purpose of the email was to ask the task assigned F&CM employee for details on the William Dandy and Meadowbrook portables. As Mr. Dahlgren was unable to identify or locate information in his documentation, he asked whether or not the portables even existed. He stated *"If they exist, can someone from Mike's team go there to see if the work was performed?"*

It is important to recall the William Dandy and Meadowbrook portables identified in invoices 0584-17a and 6b, respectively, were not damaged by Hurricane Wilma, per condition assessments by the BD. Additionally, at the time the Portables Project Manager II reviewed and requested approval of Ashbritt's first invoice, he noted "no info" for the 4 portables at Meadowbrook. The question becomes, how did the Project Manager II have "no info" when Ashbritt's first invoice was reviewed on March 9, 2007, but he was able to verify the work for Meadowbrook invoice 0584-6b when requesting approval on August 2, 2007? The work would have been completed on or before the conclusion of the 60 day period noted at the outset of C&B Services' commencement of work, which would have been on or around January 22, 2006 (P.O. issued 11/22/05).

Ashbritt, Inc. received their NTP on February 9, 2007, with an attached scope of work that did not identify any of the units invoiced for Wm. Dandy or Meadowbrook. Also, the information was available in the BD assessment reports that the seven (7) portables in question were in good shape and no roof or interior problems. In fact, the BD assessment reports documented an additional eight (8) portables as having been reroofed that received a clean bill of health but were invoiced by Ashbritt, Inc. The cost to replace the roofs, noted as being in good condition on the post-Wilma BD walk-thru reports, is \$204,319.00.

On October 12, 2007 Ashbritt, Inc. invoices were stamped as received by F&CM Reception. Invoices 0584-21 through 39 were submitted. The total amount of the invoices was \$1,183,845.94 for *"Hurricane Wilma interior demo, drying, mold abatement and restoration."* The original C&B Services partial invoices included roofing and interior costs, and the total of those invoices was \$841,396.19, as documented from invoices held by F&CM. Those costs were stated as being inflated by the F&CM Cost Estimator as early as November 17, 2005. The total of all C&B Services' invoices, as of the date of this review, is \$2,064,281.97, which included replacement of roofs on units that were not authorized, had no documented damage and were verified in a manner that could be construed as mismanagement.

The invoices for the interior work were characterized as "alleged work" by the District's Contracts Department, per an October 24, 2007 memo sent to the Executive Director of the PPO Division, as *"The alleged work was not authorized by Facilities & Construction Management."* This statement was false. The

memo was one of many documents manufactured to create a fraudulent documentation trail to justify payment and to create the appearance of F&CM providing due diligence regarding the Ashbritt, Inc. invoices. On or around October 19, 2007, the same person who sent the memo to PPO had received a letter from Ron Chatagnier of C&B Services stating that C&B Services was directed in its original scope of work to perform interior work, such as debris removal; content manipulation with classroom and offices; hygienic wipe-down of walls and furniture; removed damaged sheetrock in various areas as needed; repeated replacement of temporary roofing as the environment dictated; and that those directives came from 4 Project Managers in the Portables Department, not the PPO Division or site-based staff. Therefore, when the October 24, 2007 memo was sent out to PPO, there was no question where C&B Services had received their direction or when they had received it. Moreover, there was no meaningful, additional review performed to ensure the invoices were reasonable and accurate, based on work actually performed.

The original invoices submitted by C&B Services routinely identified that they were providing interior work from the outset. Their invoices included costs for equipment, materials and labor for items only associated with interior work, just as described above by Ron Chatagnier of C&B Services. The assertion that the "alleged work" was not directed by F&CM staff is an intentionally false statement, as C&B Services provided a statement that they had only received direction from 4 Project Managers in the Portables Department. It is also false that there was more work added; more work was invoiced, but it did not reconcile to work documented in the daily work logs kept by C&B Services' Project Managers.

There is misleading content in the document dated November 29, 2007 from the Deputy Superintendent of F&CM to the Managing Vice President of Ashbritt, Inc. That memo states that *"F&CM have reviewed the invoices submitted on October 3, 2007. Upon receipt, the following actions occurred: Invoice Review by School Based Staff; Invoice Review by Physical Plant Operations; Invoice Review by Portables Department Staff, and Invoice Review by Facilities & Contracts Staff."* That memo creates a false illusion of checks and balances to justify the pending payments, which never should have been made for inflated invoices and work that was not performed and poorly verified.

Our office followed up with the PPO Division and the Area Superintendents who were contacted regarding work verification, and nearly all advised us that they had either not responded to the original memos or that they had responded that their Areas, Divisions or Departments were not responsible for issuing any additional work and that they would not have been able to verify invoices for work provided by contractors overseen by the F&CM Division.

There is no tangible evidence that C&B Services performed extra remediation work in the back up information included in their invoices. Moreover, the original scope of work indicates that C&B Services continued to invoice the District in excess of their \$1,000,000 P.O., without an increase to their P.O. or issuance of a new P.O. Additionally, their work was nearly finished by the time Ashbritt, Inc. received a P.O. of its own.

There is evidence that additional work was not performed and that costs were inflated with vague back up as documented by the Senior Project Manager who approved all of the 0584-21 through 39 invoices with a disclaimer stating: *"per MG memo 11-29-07."* The Senior Project Manager approving the inflated invoices is the person who stated in an April 20, 2007 email to the F&CM Director of Design & Construction Contracts that he was bothered by processing payments for grossly over-billed work with such vague back up. We found that the NTPs were routinely worded in a deceptive manner to look as though there was still work ongoing or yet to be commenced in the time period that Ashbritt, Inc. was being issued Notices to Proceed.

With work completed in January of 2006, there are few conceivable reasons for F&CM to hold invoices. Ashbritt, Inc. stated that their function was to process invoices for the work provided by C&B Services. There was no logical reason for them to have begun invoicing in January of 2007 and to complete their invoicing in January of 2008 when the work was completed by C&B Services in January of 2006. Ashbritt, Inc. stated to the auditors that they had not provided any work, and that they were processing invoices only for the work provided by C&B Services.

On January 8, 2008, the Deputy Superintendent of F&CM requested and approved that the Director of Capital Budget increase P.O. No. 2600021755 in the amount of \$1,182,600, so that final Ashbrite, Inc. invoices could be processed for final payment. Staff members were being directed to rely on falsified and inaccurate documents -- such as NTPs implying that there was work to be commenced upon execution of NTP and to be completed within 180 days of execution; invoices submitted in a manner consistent with work being performed, when in fact it was not; memoranda that routinely included false statements; other false statements; and an overall failure to document, monitor and verify work -- or were coerced in some manner to sign off or otherwise look the other way while these acts occurred.

On February 6, 2008, check No. 0002005085 was issued to Ashbrite, Inc. in the amount of \$1,239,034.10 as final payment for Hurricane Wilma related interior repair services. The total amount paid to Ashbrite, Inc. on P.O. No. 2600021755 is \$2,183,861.55. The total amount of C&B Services' invoices total \$2,064,281.97 for what began as a \$1,000,000 purchase order for post-Wilma repair work.

SECTION I

DETAILED OBSERVATIONS

1. **REQUEST REIMBURSEMENT IN THE AMOUNT OF \$237,580 FROM ASHBRIITT, INC FOR OVERBILLING THE DISTRICT FOR HURRICANE WILMA ROOFING REPAIRS.**

OBSERVATION

Based on our review, Ashbriitt, Inc. overcharged the District for work provided during the Hurricane Wilma recovery effort. As a result of their billing practices and failure to provide the District with the proper licensure, C&B Services' invoices were held until Ashbriitt, Inc. was selected by Facilities & Construction Management to process the invoices with a mark up. Hourly fees were excessive and per diem rates charged to the District were abused and billing documentation was altered. As a result, the District should seek reimbursement in the amount of \$237,580.

BACKGROUND

C&B Services invoiced the District \$2,064,281.97 for portable roofing and interior clean up at 19 locations which represented the basis for Ashbriitt, Inc invoices. C&B Services subcontracted roofing work out to Nations Roof, LLC. Although invoices from Nations Roof, LLC were documented in the amount of \$960,656.01, C&B Services' invoices only documented a cost of \$734,812.71 for those roofing charges. Additionally, Ashbriitt, Inc. invoices documented a cost of \$11,325 or \$11,794 per roof, depending on the size. Ashbriitt, Inc. invoiced the District a total of \$929,020.21 for roofing charges. C&B Services' invoices routinely stated a cost of \$11,700 per roof, whereas documented invoices from Nations Roof, LLC showed a cost of \$9,360 per roof. Additionally, Nations Roof, LLC warranty documents indicated that they would only warranty up to \$7,800 and that they would accept no liability above that installation cost. Nations Roof, LLC stated that amount to have been erroneously noted on the original warranty.

C&B Services' invoices noted a 10% overhead and 10% profit mark up in the amount of \$176,104.32, which was a cost passed on to the District in the Ashbriitt, Inc. invoices. It is excessive for the District to have roofing costs marked up from the \$9,360 installation cost to the \$11,325, as later invoiced by Ashbriitt, Inc., representing an additional \$1,965 per roof cost to the District when overhead and profit were previously added. We documented the roof costs noted in Nations Roof, LLC back up invoices and cross referenced them to the C&B invoices, which also included the overhead and profit mark up, and determined that the District was overbilled in the amount of \$72,705. That is based on 37 portable reroof invoices which also included the overhead and profit mark up.

In addition to overbilling by charging overhead and profit and a 17% mark up (\$1,965) per portable as noted above, the Per Diem rates were also grossly overbilled on the invoices provided by C&B Services and Ashbriitt, Inc. Upon review of the Per Diem Summary documents found in the back up for C&B Services' invoices, we determined that Per Diem charges were abused and were overbilled to the District for local subcontractors hired by C&B Services, while charging the District \$55 per hour at standard rates and \$82.50 overtime rates for clean up labor.

The daily Per Diem rate stated on C&B Services' invoices was \$150 per day. During the period of November 4, 2005 to November 17, 2005 (14 day period), we documented that C&B Services invoiced the District \$58,050 and a total of \$190,762.50 for their 60 day invoicing period. Their invoices over that 14 day period included 387 per diem charges when only 73 per diem charges should have been charged for C&B Services' staff documented as working on School Board projects, per the Per Diem Summary reports. Therefore, the District should have paid approximately \$11,000 in per diem charges during that 14 day period. C&B Services charged the District \$58,050, including overbilling in the amount of \$47,100 during that 14 day period.

Our office only found the 14 day sample of the Per Diem Summary reports in C&B Services' back up files, however we noted, in the per diem section of their Labor Charges found in each invoice that they continued to consistently charge per diem in the same manner through completion of their 60 day project. We also found that Ashbriitt, Inc., when invoicing the District on C&B Services' behalf, marked those per diem costs up by an additional \$18,112.50, for a grand total of \$208,875 in

documented per diem charges. Therefore, when extrapolated across the 60 day period, C&B Services should have charged the District approximately \$44,000 in per diem. As such, Ashbrite, Inc. overbilled the district in the amount of \$164,875 for inflated Per Diem charges.

When the amount of \$72,705, associated with the overbilling for the portable roofing is added to the inflated per diem amount of \$164,875, Ashbrite, Inc. overbilled the District in the amount of \$237,580. Ashbrite, Inc. was selected to process invoices on behalf of C&B Services, whose invoices were already stated to have been inflated and potentially fraudulent. Therefore we believe that Ashbrite, Inc. should not have further inflated the invoices, and F&CM staff should have provided better oversight of the review, request and approval processes.

RECOMMENDATION

We recommend the District immediately request reimbursement from Ashbrite, Inc. for overbilling associated with portable roofing projects which were installed by Nations Roof, LLC as the subcontractor of C&B Services, whose invoices were submitted by a third party, Ashbrite, Inc., and ultimately inflated by \$237,580. Additionally, we recommend that District staff be held accountable for the responsibility of fiscal oversight on construction projects and other fundamental fiduciary responsibilities.

ADMINISTRATIVE RESPONSE (Facilities & Construction Management)

We strongly disagree with the statement "As a result of their billing practices and failure to provide the District with the proper licensure, C&B invoices were held until Ashbrite, Inc. was selected by F&CM to process the invoices." The fact is that Ashbrite was represented as the prime contractor from the very first contact with Ashbrite, and, the issuance of the PO to C&B was an error that was later corrected.

The initial reaction to the invoices by the district's cost estimator and senior project manager was the "sticker shock" of seeing post Hurricane Wilma prices for the first time. Soon after receiving invoices from many other contractors' district staff realized that construction costs had about doubled.

We agree that the district could have been over-charged by contractors during the recovery from Hurricane Wilma. The construction market was chaotic and as a result prices were difficult to determine. Construction costs had escalated as a result of many factors in 2005 that compounded the effects on the costs of recovering from Hurricane Wilma. A booming construction economy, coupled with the recovery from Hurricane Katrina and the hurricanes of 2004, resulted with incomparable costs that were difficult to assess, changed on a day to day basis, and increased more than 150% in one year even after the situation stabilized in early 2006. Our staff diligently collected data and compared it with the invoices to determine whether there was entitlement to payment and a reasonable unit price for work that was confirmed as having been completed. A summary of comparable costs to repair portable classroom roofs is included in Exhibit 3.

In fact, staff was concerned that because of the difficulties assessing the costs being generated during the Hurricane Wilma recovery, that any of the contractors performing work could gouge the district and it would be difficult to detect any unjustifiable cost inflation. The costs submitted by Ashbrite were compared with costs already approved by FEMA, the senior project manager, Project Management staff, and others.

To be consistent and fair, should the district revisit the amounts invoiced and paid to Ashbrite, it should also audit costs paid to the other contractors. Should price gouging be detected, the district should also seek recovery of any other such excesses.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

FOLLOW UP RESPONSE - THE OFFICE OF THE CHIEF AUDITOR

The Office of the Chief Auditor completely rejects the argument that AshBritt, Inc. was the intended prime contractor, as it is a primary theme in the Facilities & Construction Management Division's (F&CM) argument/responses. We have ample documentation indicating that the original intent was for F&CM to enter the School Board into an agreement with Crochet & Borel (C&B) Services. The documentation includes: 1) a meeting in the days following Hurricane Wilma, documented by the Portables Project Manager (PM) who attended the meeting at which time a Purchase Order (P.O.), contract and scope of work were ordered by the Deputy Superintendent of F&CM; 2) direct e-mail communications between the PM and a C&B Services official regarding scope and work instructions; 3) a November 7, 2005 cost proposal submitted on C&B Services' letterhead to SBBC and addressed to the SBBC Portables PM; 4) a November 8, 2005 request for a \$1,000,000 P.O. memo for C&B Services requested by the PM and approved by the Deputy Superintendent of F&CM; 5) an unexecuted Notice to Proceed (NTP) for C&B Services dated November 10, 2005, clearly solidifying a meeting of the minds regarding the documented meeting with C&B Services, which is further corroborated on a spreadsheet maintained by the Director of Design and Construction Contracts and sent to the Executive Director of F&CM and distributed to all pertinent PMs regarding Hurricane Wilma projects, verifying that C&B Services was the intended prime contractor from the day C&B Services met with the Deputy Superintendent, lobbyist Ron Book and other District staff; 6) C&B invoices were consistently submitted directly to SBBC rather than to AshBritt, Inc.; 7) original work assignment spreadsheets and inspection tickets noting that C&B Services was the prime contractor, and 8) November 22, 2005 issuance of P.O. #2600018029, in the amount of \$1,000,000, to C&B Services, establishing a prime contractor relationship with the District.

The request for reimbursement in the observation has nothing to do with "sticker shock"; rather it indicates over-billing due to cost mark ups on portable roofing charges and the addition of Overhead and Profit; also inflated costs due to the abuse of per diem charges for local subcontract workers and C&B Service staff. Those billing practices have nothing to do with the cost of the materials or labor at that time.

The fact that F&CM agrees that the District "could have been over-charged by contractors during the recovery of Hurricane Wilma" supports audit Observation #1. As stated, the identified overbilling is not based on the unit cost data referenced in F&CM's response, rather the overbilling identified on the 37 portable roofs and the abuse per diem costs. The escalation in repair costs following a natural disaster was not questioned in Observation #1.

Many issues are included in the F&CM Staff response to Observation No. 1 which are not directly related to the recommendation based on this specific review. The issues are valid from the perspective that further review of other projects and contractors are necessary, but are otherwise off point regarding this audit recommendation. The Office of the Chief Auditor firmly stands by the recommendation to request immediate reimbursement in the amount of \$237,580, which was not addressed in the F&CM response.

2. **IMPROVE THE INTERNAL CONTROL PROCEDURES OVER THE VENDOR PAYMENT PROCESS AND ESTABLISH WARRANTY REQUIREMENTS TO STATE THE ACTUAL VALUE OF WARRANTY COVERAGE.**

OBSERVATION

Facilities & Construction Management (F&CM) staff colluded with Ashbritt, Inc. and C&B Services, and effected the alteration of warranty documents to enable Ashbritt, Inc. to receive a pending payment in the amount of \$186,197.23 for roofing work previously rejected due to a documented warranty limit of \$7,800 per portable unit.

BACKGROUND

On January 30, 2007, Ashbritt, Inc. prepared the first invoices in a series of invoices for hurricane emergency services provided by C&B Services, also known as Crochet & Borel Services, an out of state company (TX). The first set of invoices was numbered 0584-01 thru 16. These invoices requested payment for roofing services in the amount of \$921,077. After review by the Project Manager, the amount of that invoice was corrected and reduced to \$875,777, as four (4) portable units could not be verified at that time. It was also determined that the warranty for each unit, provided by C&B Services' subcontractor, Nations Roof, LLC, would only cover up to the stated installation cost of \$7,800 per roof (See: Attachment #1). \$7,800 was the amount expressly stated in the warranty documents provided by Nations Roof, LLC. Therefore, the billable amount was temporarily reduced to \$592,800, based on \$7,800 per portable.

On March 5, 2007, the Deputy Superintendent of F&CM sent a memo, via fax, to Ashbritt, Inc. stating that on March 2, 2007 Ashbritt, Inc. had been notified that a discrepancy in their warranty documentation had surfaced (See: Exhibit A). He informed Ashbritt, Inc. that *"until warranty or other billing from the subcontractor(s) information could be provided reflecting actual costs, we will process invoices at \$7,800 per portable."* Then on March 7, 2007 Ashbritt, Inc. was paid on check No. 1229472, in the amount of \$592,800; based on \$7,800 per portable roof for a portion of the \$875,777 total invoice.

We documented that on March 14, 2007 Nations Roof received a request from C&B Services' Billing Supervisor to alter the language of the existing warranty documents containing the language regarding the warranty limit. We also documented that later that same day there was email sent from the C&B Services' Billing Supervisor to the Managing Vice President of Ashbritt, Inc. stating that *"Nations Roof has agreed to just remove the last sentence that mentions the \$7,800 warranty limit. To document this agreement, they prefer having that line marked through and initialed by a school representative, then over-night to be initialed and returned by Nations Roof. I need to let them know if this is agreeable to you and the school..."* (See: Exhibit B)

Then, on March 15, 2007 11:02 AM there was a follow up email (See: Exhibit C) from Nations Roof to the Billing Supervisor at C&B Services asking: *"Did you determine what process was going to be used to delete that line from the NR warranty?"*

On the same day, March 15, 2007 12:58 PM, the Managing Vice President of Ashbritt, Inc. sent an email, via his BlackBerry to another Ashbritt, Inc. associate. In that email, an Ashbritt, Inc. associate was directed to forward the March 14, 2007 email from the Billing Supervisor of C&B Services, regarding Nations Roof agreeing to *"...remove the last sentence that mentions the \$7,800 warranty limit..."* He was also to forward the email to the School Board and then to call the Billing Supervisor at C&B Services and the associate complied with that directive. The F&CM Purchasing Agent received the email on March 15, 2007 2:33 PM (See: Exhibit D).

On March 19, 2007 the Billing Supervisor with C&B Services emailed Nations Roof (See: Exhibit E) and informed them that *"I just heard from our school board contact. He said that the School Board is requesting revised warranties with the line removed. They were not in favor of editing existing*

warranties." Then on March 21, 2007 8:47 AM a Nations Roof associate sent an email to the Billing Supervisor of C&B Services (See: Exhibit F) stating "I have all of the new warranties. Do you want them sent to you? Please provide the address that you would like them sent to." At 11:21 AM, that same morning, the Billing Supervisor emailed back and gave the address to send the revised warranties to their Port Neches, TX address (See: Exhibit F).

Finally, on March 27, 2007, a memo was sent from the Billing Supervisor of C&B Services to the F&CM Director of Design & Construction Contracts (See: Exhibit G) with the revised warranties. The memo stated: "Enclosed are the revised Nations Roof Warranties. Note the removal of a specified dollar limit in item number 2, per the School Board's request. Warranties are provided 'up to the Owner's original installation cost.'" (See: Attachment #2)

The documentation revealed that District staff and vendors actively participated in the alteration of the warranty documents which is clear from the timeline and events noted above. However, it has routinely been stated that C&B Services was a subcontractor to Ashbrite, Inc. after C&B Services had difficulty getting their invoices processed. Although it is false that C&B Services was a subcontractor to Ashbrite, Inc. it is unclear why C&B Services was communicating directly with the F&CM in March of 2007 when Ashbrite, Inc. had become the new prime contractor through their spending authority of \$3.1 million on P.O. No. 2600021755. The continued relationship between C&B Services and F&CM is more evidence of collusion and manipulation of payment related documentation.

On April 20, 2007, the Senior Project Manager sent an email to the F&CM Director of Design & Construction Contracts and a task assigned assistant (See: Exhibit H). The email stated:

"The Ashbrite/C&B invoices continue to bother me about processing their payments because they appear to be so grossly over-billed and the supporting back-up is vague.

I think we have come-up with the best solution to put the burden of proof on them. We cannot process the invoices until we are confident that FEMA will reimburse us for the same amount..."

Ashbrite, Inc. prepared another set of invoices numbered 0584-01a thru 16a for the remainder of the first invoice, less 10% retainage, pending inspections (See Observation #3). The invoices were approved by the Senior Project Manager of F&CM on April 23, 2007 and paid with check No. 1242046 dated May 16, 2007, in the amount of \$186,197.23. We believe that payment represents an overcharge to the District, as the revised warranty documentation did not address the issues raised by the Deputy Superintendent in his March 5, 2007 memo to Ashbrite, Inc. The Nations Roof, LLC warranties stating \$7,800 were apparently no longer an obstacle in the payment process, as the altered warranty documents made no mention of any dollar amount, rendering the warranty documents not only altered, but potentially useless to the District if needed. Additionally, the warranty documents were then relied upon as supporting documentation in the approval process of the \$186,197.23 payment to Ashbrite, Inc. Note: the District roofs were never registered with GAF, the company who provides the 10 year warranty on materials.

RECOMMENDATION

We recommend that the District improve internal control procedures over the vendor payment process and establish warranty requirements to state the actual value of the warranty coverage. Additionally, we recommend that the District establish the workmanship warranty with the "prime" contractors and ensure that all staff take steps to ensure that manufacturers' warranty documents are requested prior to payment in full.

ADMINISTRATIVE RESPONSE (Facilities & Construction Management)

Extensive improvements have been implemented since Hurricane Wilma in an effort to improve the payment process and ensure compliance with all of the technical details associated with emergency recovery work – including specification of the warranty requirements.

Within six months of Hurricane Wilma, district staff prepared bid documents for “Construction Services for Emergency Projects” (CSEP), advertised for bids, received bids, and recommended awards of CSEP contracts to 13 bidders. Since that time, the board has awarded 54 CSEP contracts. The contracts specify the prices and all of the provisions found in other district contracts, as well as emergency recovery reporting, assignments, performance, and invoicing procedure. Contracts staff provides training for the contractors and district’s project managers annually at the approach of each hurricane season, on issues relating to administration of the CSEP contracts.

The CSEP agreements also include provisions specifying that the approved District Design and Material Standards (D&MS), and, front end contract administration documents (Divisions 0 & 1), are requirements of the CSEP contracts. The D&MS documents included in the CSEP contracts specify the items to be covered under extended warranties, the terms of those warranties, and the submittal requirements for the warranty documents.

Staff believes this finding has been resolved for several years and recommends that the auditors consider whether staff has taken significant steps to improve the district’s response to emergencies.

FOLLOW UP RESPONSE - THE OFFICE OF THE CHIEF AUDITOR

The Office of the Chief Auditor concurs that the proactive steps taken by Facilities & Construction Management (F&CM) and the District will aid in ensuring the District will have pre-qualified and licensed contractors available to respond to future natural disasters. In the South Florida region it is important to have such preparations to ensure adequate internal controls and procurement processes.

A critical point that was not clearly addressed in the F&CM response is the collusive acts documented between F&CM Contracts Department staff and the vendors. The documented collusive acts facilitated payment of invoices in the amount of \$186,197.23 based on altered/falsified warranty documents to remove any restrictions on billable amounts which did not reconcile to the originally issued roof warranties in the amount of \$7,800 each. We documented that F&CM Contracts staff continued to correspond with C&B Services regarding the altered warranty documents long after the argument was developed that Ashbritt, Inc. was the prime contractor. This is not only unusual, but is counterintuitive to those actions. Also, there was no adequate response to the recommendation that the “prime” contractor be the issuer of warranties in future projects/contracts.

Finally, there was no response to the failure on the part of the roofing subcontractor to register the roofs (warranties) regarding the manufacturers’ warranty of the roofing materials. The subcontract relationship between C&B Services and Nations Roof puts the District in a position of no leverage regarding the 10 year warranty on materials used in the roof replacements. The District should still pursue obtaining the appropriate warranty coverage with the manufacturer noted on the warranty documents.

3. **VERIFY COMPLETENESS OF ROOFING WORK AND COMPLIANCE WITH APPLICABLE BUILDING CODES FOR ALL ROOFS REPLACED, AS INVOICED BY ASHBRIITT, INC. ALSO REQUEST RETURN OF THE RETAINAGE UNTIL THE VERIFICATION PROCESS HAS BEEN PERFORMED AND ALL INSPECTIONS PASSED.**

OBSERVATION

The Facilities & Construction Management Division recommended payment to Ashbriitt, Inc. for their final retainage amount for roofing invoices in the amount of \$94,482.72, as stated on invoice No. 0584-19, without the specified inspections. Invoices 0584-01a thru 16a requesting \$186,197.23 specified that the 10% retainage would be due pending inspections. Per a review of Building Department inspection records, those inspections did not occur, but the retainage invoice was reviewed, approved and paid to Ashbriitt, Inc. in the amount of \$94,482.72.

BACKGROUND

Ashbriitt, Inc. provided the District with invoices 0584-01 thru 16 in the amount of \$921,077 for roofing services invoiced by C&B Services. Those invoices were reviewed by the Project Manager and corrected to an amount of \$875,777. The amount paid, initially, was \$592,800, and based on an amount of \$7,800 per portable due to warranty documents stating actual costs of \$7,800 per portable roof. Then Ashbriitt, Inc. provided the District with invoices 0584-01a thru 16a in the amount of \$186,197.23 for the remainder of the roofing invoices, less 10% retainage, to be paid pending inspections.

During the time that C&B Services was performing their scope of work, Nations Roof, LLC was installing portable roofs at assigned District locations as a subcontractor to C&B Services. Upon review of the Hurricane Wilma Inspection Ticket Binder, maintained by the Building Department, we documented a total of 30 inspections on the portables, as requested by C&B Services and/or Nations Roof, LLC. A total of 84 new roofs were invoiced by Nations Roof, LLC to C&B Services. The inspection ticket review process indicated that there were no follow up inspections regarding the hurricane work, as specified as a condition of final payment of retainage. Those inspections would have occurred between the approval of invoices 0584-01a thru 16a, in the amount of \$186,197.23 on April 23, 2007 and November 2, 2007, when the payment was made to Ashbriitt, Inc. on check No. 1275878 in the amount of \$94,482.72 for final retainage. Therefore, it is indicative of mismanagement on the part of F&CM to approve payment without first verifying that the specified inspections have been requested, performed and passed.

RECOMMENDATION

We recommend that F&CM require and verify all necessary inspections for completeness of work and compliance with applicable building codes before releasing retainage on construction projects. Additionally, we recommend that the District request reimbursement of \$94,482.72 from Ashbriitt, Inc., to be held by the District pending documented inspections to ensure that work was actually performed at each portable location, and that the work was performed in accordance with the applicable codes that existed at the time of the hurricane, or as required by the Chief Building Official. We also recommend that any portion of that retainage not be repaid to Ashbriitt, Inc. for any work deemed to have not been performed or that which is not in compliance with the applicable building codes, as determined by the Chief Building Official.

ADMINISTRATIVE RESPONSE (Facilities & Construction Management)

During the Hurricane Wilma recovery process, the amount of work in progress exceeded the district's ability to supervise, manage, and inspect all of the work. As a result, uninspected work was performed by various contractors. This is no fault of the other contractors. Ashbriitt's invoices underwent more scrutiny than other contractors who had been paid in full long before Ashbriitt actually submitted invoices. During review of Ashbriitt's invoices Project Management requested building code

inspections of the roof work from the Building Department. The Building Department suggested destructive testing as indicated above and staff decided that such testing was not feasible.

If the district should revisit the inspections of work performed during its recovery from Hurricane Wilma, and to be consistent and fair, it should also audit projects performed by other contractors to determine whether this issue is isolated to Ashbritt, or in fact, caused by the district's limited resources during the Hurricane Wilma recovery period. It should be noted that the roofs installed by Ashbritt's forces have not experienced any unusual failures in the 3-½ years since they were installed.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

FOLLOW UP RESPONSE - THE OFFICE OF THE CHIEF AUDITOR

Facilities & Construction Management Division (F&CM) did not adequately address what controls are going to be put in place to ensure that all roofing and/or construction work requiring inspections will be performed in the future. This is the second audit where the Office of the Chief Auditor has identified the failure to have inspections performed and obtain "passed" inspections for work performed. The response did not address the issue of the \$94,482.72 retainage being paid without inspections being performed. We strongly recommend that \$94,482.72 be temporarily reimbursed. F&CM should require and verify all necessary inspections for completeness of work and compliance with applicable building codes before any or all retainage is paid back to the vendor. Also, the Deputy Superintendent of F&CM coerced the Executive Director of F&CM to expedite payment of the retainage to Ashbritt, Inc. without ensuring that the appropriate inspections were performed. See the September 18, 2007 memo from Michael Garretson to Rick Ragland under tab 6 of the additional exhibits provided with F&CM's responses.

Based on the fact that the Building Department requested destructive testing to verify the required code compliance, which was then deemed not feasible by staff, it is clear that there was a breakdown in the internal controls built into the statutes regarding code requirements. Staff does not determine when Building Code requirements are feasible, especially when there were no final inspections prior to issuance of the retainage in the amount of \$94,482.72. For staff to refuse the testing request by the Building Department implies that there was coercion or influencing of a building code certificate holder to violate provisions of the Florida Building Code. The Florida Statutes § 468.629(1)(f) clearly states that:

"No person may: Threaten, coerce, trick, persuade, or otherwise influence, or attempt to threaten, coerce, trick, persuade, or otherwise influence, any certificate holder to violate any provision of this part."

Regardless of how long ago the roofs were installed and how few of the "unusual failures" have occurred, it is a matter of building code and statute whether the units should be properly inspected to comply with Florida Building Code and FEMA requirements for reimbursement not that of staff.

There is no excuse for failing to ensure that building code inspections were performed the roofs. The inspections should have been performed before release of any retainage dollars. The fact that it was difficult to provide inspections during the days and weeks following the hurricane makes it even more unacceptable that destructive tests were later deemed not feasible by F&CM staff when the Building Department made that recommendation to perform such tests. The argument that destructive tests would have voided the warranties is nonsensical, as the 2 year warranties were set to expire on or near November 2, 2007 when the retainage check was paid to Ashbritt, Inc. Furthermore, the warranties had already been altered/falsified by March 27, 2007, per the cover letter from C&B Services to the Director, Design & Construction Contracts when the altered warranties were delivered to F&CM.

The Office of the Chief Auditor agrees that other vendors should be audited; however, our recommendation was specific to the audit of Ashbritt/C&B Services' invoices.

4. **IMPROVE CURRENT PROCESSES FOR VERIFICATION OF WORK NEEDED TO ENSURE VALIDITY OF PROJECTS PRIOR TO ISSUANCE OF NOTICE TO PROCEED.**

OBSERVATION

As a result of a failure to verify or cause verification of hurricane related damages prior to authorizing the work, the District paid \$204,319 in unnecessary portable roofing repairs. The Deputy Superintendent of Facilities & Construction Management (F&CM) issued Notices to Proceed to Ashbritt, Inc. for a total of fifteen (15) portables without first verifying a need for those services.

BACKGROUND

Between October 31 and November 2, 2005 Building Department (BD) personnel documented a walk thru inspection to assess hurricane damages. The assessment identified the condition of all portables at Meadowbrook ES. Specifically, portables 935C, 163P and 159P were documented to be in "GOOD" condition. The portables were noted to have "NO" power, but that they could be occupied with power. Note: portable 1161 PHC did not appear on the assessment list, however it was later verified.

On November 2, 2005, BD performed a walk-thru at William Dandy Middle School. The assessment identified the condition of all portables on the site at that time. Specifically, portables 128, 783C and 7M were documented, regarding condition, as "Okay." Comments identified that the power had been restored and that they could be occupied. Both of the assessment reports noted above also included clear language and identification of portables that suffered roof damage, interior damage and any specific notes on the nature of those damages, identifying issues that would ultimately require repairs as a result of the hurricane. Below is a list of undamaged portables per the BD damage report.

Undamaged Portable Units per Building Department Walk-Thru 10/31 to 11/2/05

Location	Unit No.	District Cost	Nations Roof Price
Davie ES	R5	\$11,794.00	\$9,360.00
Deerfield Beach MS	499C	\$11,325.00	\$9,360.00
Deerfield Beach MS	951C	\$11,325.00	\$9,360.00
Meadowbrook ES*	1161PHC	\$11,325.00	\$9,360.00
Meadowbrook ES*	1162PHC	\$11,325.00	\$9,360.00
Meadowbrook ES	935C	\$11,325.00	\$9,360.00
Meadowbrook ES	163P	\$11,325.00	\$9,360.00
Meadowbrook ES	159P	\$11,325.00	\$9,360.00
Millennium MS	111C	\$11,325.00	\$9,360.00
Millennium MS	63	\$11,325.00	\$9,360.00
Park Trails ES	576C	\$11,325.00	\$9,360.00
Park Trails ES	682C	\$11,325.00	\$9,360.00
Piper HS*	541C	\$11,325.00	\$9,360.00
Ramblewood MS	81C	\$11,325.00	\$9,360.00
Ramblewood MS	83C	\$11,325.00	\$9,360.00
William Dandy MS	783C	\$11,325.00	\$9,360.00
William Dandy MS	7M	\$11,325.00	\$9,360.00
William Dandy MS	128	\$11,325.00	\$9,360.00
		\$204,319.00	\$168,480.00

*Not identified on list

On March 9, 2007 the Managing Vice President with Ashbritt, Inc. sent an email to a task assigned employee in the F&CM Contracts Department and copied the Project Coordinator and Billing Supervisor of C&B Services, as well as the F&CM Director of Design & Construction Contracts and the Purchasing Agent (See: Exhibit I). The purpose of the email was to ask the Contracts Department for details on William Dandy Middle School and Meadowbrook Elementary School portable projects. Specifically, he was trying to identify or locate information on whether or not the seven (7) portables at those two sites existed or not. He asked that someone from the Portables Department verify the work was performed. We noted that C&B Services' Project Coordinator and Billing Supervisor were on the Cc list. Ashbritt, Inc. had come into the project to process invoices for C&B Services, which had issues regarding licensure and billing irregularities. C&B Services' staff should have been able to verify work that they were responsible to have performed and invoiced. Therefore, it is unclear why Ashbritt, Inc. did not get the necessary back up documentation directly from C&B Services, identifying when the work was completed and the costs in support of that work.

On August 8, 2007 a Notice to Proceed (NTP) (See: Exhibit J) was issued to Ashbritt, Inc. in the amount of \$79,275 for additional units not on the original list of work attached to the original NTP of February 9, 2007. The notice to proceed was issued despite the fact that C&B Services' original scope of work was completed in January, 2006 and any additional work should have been identified and verified long before the issuance of the August 8, 2007 NTP. Ashbritt, Inc. invoice 0584-6b was for services provided at Meadowbrook ES and invoice 0584-17a was for services provided at William Dandy MS.

On August 21, 2007 a memo was faxed (See: Exhibit K) to the Vice President/COO of Ashbritt, Inc. regarding the August 8, 2007 NTP for Meadowbrook ES and William Dandy MS. The memo was from the F&CM Purchasing Agent noting that the work at the two locations had been verified by visual inspections and that warranty information had been received.

The original invoice submitted by Ashbritt, Inc. in the amount of \$921,077 had four portables removed from the list, as they could not be verified as having been reroofed when the initial invoice 0584-01 to 16 was submitted, reviewed and approved in March of 2007. The Meadowbrook portables on invoice 0584-6b are those same units. It is unclear how those units could not be verified in March of 2007; over 16 months after they were completed, but F&CM was able to be verified by August 21, 2007, per the F&CM Purchasing Agent's memo to the Vice President/COO of Ashbritt, Inc.

Upon review of the daily work logs maintained by C&B Services' staff, it was determined that no work, interior or roof related, was performed on the Meadowbrook ES portables per invoice No. 0584-6b. Additionally, upon review of the daily work logs for William Dandy MS, it was determined that no work, interior or roof related, was performed per invoice No. 0584-17a. On August 31, 2007 invoices 0584-6b and 0584-17a were paid with check No. 1262505 in the amount of \$71,347.50.

Note: We documented that Nations Roof double-billed C&B Services for nine (9) portable roof replacements in the amount of \$84,240.

RECOMMENDATION

We recommend that F&CM Division improve the process for verifying that work is actually required before issuance of Notice to Proceed in order to ensure that work is not commenced without pre-approval as it clearly creates unnecessary cost. Improving the above mentioned process will help in safeguarding the District's assets.

ADMINISTRATIVE RESPONSE (Facilities & Construction Management)

As mentioned in Item No. 2 above, F&CM has taken the necessary steps under its control for the issuance of the NTP. The inspections and reporting of the conditions of the district's facilities after a disaster are the responsibility of the Physical Plant Operations and Safety Departments. The audit mentions reports prepared by the Building Department. F&CM Contracts Department staff and Project

Management staff did not receive the reports. If so, staff would have taken these reports into consideration. In this case, given the apparent limitations of the reports, and the availability of more detailed reports, the Building Department reports would not change the outcome in this matter.

F&CM staff has coordinated with the Physical Plant Operations and Safety Departments to improve the reporting activities. F&CM will also coordinate with the Building Department if in fact it is also responsible to report conditions of the district's facilities after a disaster.

With respect to the "undamaged portable units" it appears that Building Department personnel performed a "walk-thru inspection" implying that the roofs were not damaged. This would explain the discrepancy between the inspection reporting "undamaged portable units" and roof repairs performed by Ashbritt's forces. It has also been documented that because of untested temporary repairs and subsequent heavy rains that such damage was not detected in any of the initial damage assessments.

Since F&CM has not been provided these reports, F&CM Project Management staff will review the Building Department assessment condition reports to determine whether the conditions included a roof inspection.

In the event that F&CM Project Management staff finds that the inspections excluded the roof, it will coordinate with the Building Department to improve the reporting process.

FOLLOW UP RESPONSE - THE OFFICE OF THE CHIEF AUDITOR

It is unacceptable to state that the Building Department's inspection reports were not received by F&CM Contracts Department staff and Project Management staff. The statement "given the apparent limitations of the reports and the availability of more detailed reports, the Building Department reports would not change the outcome in this matter" is illogical. We utilized work order damage reports, FEMA documentation and C&B Services daily work report logs, in addition to the Building Department assessments to reconcile the actual damages and scope of work that C&B Services actually provided. To imply that the Building Department assessments were the sole basis for our analysis is totally incorrect.

F&CM states that the roofing material utilized by C&B Services' subcontractor, Nations Roof, was unique and easily identified from ground level. It was stated that the unique white edged strip was used on roofs invoiced by Ashbritt, Inc., which were easily visible from ground level. However, we visited both Meadowbrook ES and William Dandy MS and did not document any such visible roofing system from ground level, or upon the roof on the units identified as being re-roofed per Ashbritt, Inc. and Nations Roof invoices. What's more, we documented at least three totally different types of roofing materials and installation types for units stated to have been replaced by Nations Roof and invoiced to the District by Ashbritt, Inc. That fact-set calls into question the entire roofing verification process, in our opinion. We did collect the invoices provided to C&B Services by Nations Roof and documented 84 roofing replacement charges, including nine (9) double billings, representing costs that were passed on to the District.

You stated that F&CM has coordinated with PPO and the Building Department and Safety Department to improve reporting activities. Also, F&CM will coordinate with the Building Department/ however, you never stated what processes have been developed.

In response to undamaged portable units, you state that the Building Department's inspection reports were "walk thru inspections" and would explain discrepancies between the inspection reporting of "undamaged portable units" and roof repairs by Ashbritt forces. The unnecessary roof work was performed; however no dry out or interior work was performed by C&B personnel, as would be expected when roof leaks occur. Also, custodians that we visited confirmed that some roofs were completely replaced that were not leaking and some minor leaks were simply patched and not replaced.

5. **REQUEST REIMBURSEMENT FROM ASHBRIITT, INC IN THE AMOUNT OF \$528,028.15 FOR OVERBILLING AND/OR DOUBLE-BILLING FOR PORTABLE INTERIOR REMEDIATION. ADDITIONALLY, STRENGTHEN THE INVOICE REVIEW, REQUEST AND APPROVAL PROCESS.**

OBSERVATION

The District was overbilled and/or double-billed in the amount of \$528,028.15 when Ashbriitt, Inc. submitted invoices for interior remediation which was either not performed at all or was double-billed. The invoices indicate that Ashbriitt, Inc. invoiced for portables by their state issued identification number, and by also using the portable numbers assigned by the schools for ease of identification for students.

BACKGROUND

C&B Services, out of Port Neches, TX was issued a scope of work and began repairing portable interiors and subcontracting roof repairs and replacements to Nations Roof, LLC. As of November 3, 2005, C&B Services commenced work at 19 locations in total. The invoices submitted to the District, beginning in November, 2005 were immediately flagged and scrutinized by F&CM staff and stated to have been inflated. C&B Services was issued P.O. No. 2600018029, in an amount not to exceed \$1,000,000 (See: **Exhibit L**). After examining their invoices, it was determined that they claimed to have provided \$2,064,281.97 in interior and roofing services for the District.

As a result of improper licensure and claims of inflated invoices C&B Services' invoices were held by the F&CM Division until the invoices could be reviewed and the licensure issue resolved. After January 5, 2006, when Ashbriitt, Inc. was issued P.O. 2600021755 (See: **Exhibit M**), a decision was made by F&CM to process C&B's invoices through Ashbriitt, Inc.; Ashbriitt's P.O. was not to exceed \$3,100,000.

During the review period for Ashbriitt, Inc. invoices 0584-21 thru 39, F&CM utilized a questionable verification method to determine whether or not the invoices were legitimate and/or the work had been performed (See: **Exhibit N**). Although it should have been routine to cross reference state portable numbers and school issued portable numbers to ensure the District was not being overbilled or double-billed, there was apparently no such review, as those invoices were processed and paid to Ashbriitt, Inc. in the amount of \$1,239,034.10. On February 6, 2008, over two years after the interior work had been completed, F&CM requested, approved and processed invoices 0584-21 thru 39.

Our office gathered all invoices and associated back up documentation from F&CM, Ashbriitt, Inc. and Nations Roof, LLC. C&B Services' invoices included daily work logs that identified all of the work they had provided during each day of the project. We reviewed and documented their services for every day, at every location and compared their documented services and portable numbers serviced. Upon review, it was evident that there were assessments followed by issuance of equipment specifically for drying out units. Their daily work logs indicated how many dehumidifiers and fans were being charged to invoices and also included which units were being dried out. The portable units that were being dried out routinely required visits by C&B staff to empty water containers in the dehumidifiers and equipment servicing to maintain proper functionality. That occurred regularly.

On September 19, 2007, the Deputy Superintendent of F&CM sent memos to each of the Area Superintendents to assist F&CM in the verification of work completed and how the work may have been authorized. On October 19, 2007 F&CM was sent a memo regarding who directed C&B regarding scope (See: **Exhibit O**). Additionally, on October 24, 2007 a memo was sent to the PPO Division for the same general purpose. [Note: the memo to PPO attempted to identify the authorizing source(s) of the "alleged work" which was stated to have been additional scope (See: **Exhibit P**)].

We determined, by reviewing C&B Services' own documents, which units were serviced or not serviced. Ashbriitt, Inc. submitted potentially fraudulent invoices, overstating the number of units

serviced and thereby inflated the invoices for the services which were not provided, as documented in C&B Services' own documents. The checks and balances were in place, as there was a request, approval and review process. However, based on the fact that the Capital Payments Department decreased P.O. No. 2600021755 immediately following the Notice to Proceed to Ashbritt, Inc. in the amount of \$1,001,252.78 and the Senior Project Manager approved requests to process the invoices, with disclaimers, it appears that the warnings were ignored to the detriment of the District. See the table below, as it compares services invoiced vs. services provided, and the dollar value associated.

Ashbritt, Inc. Invoice Table – 0584-21 thru 39

Location/Invoice	Documented Units Serviced	Documented Units Invoiced	Invoice Amount	Allowable payment per work verified	Percentage of work verified vs. invoiced
Invoice No. 0584-21	8	34	\$33,933.74	\$8,144.10	24%
Invoice No. 0584-25	2	17	\$23,147.52	\$2,777.70	12%
Invoice No. 0584-22	3	6	\$8,310.26	\$4,155.13	50%
Invoice No. 0584-23	3	3	\$82,584.52	\$82,584.52	100%
Invoice No. 0584-24	4	15	\$112,613.44	\$30,405.63	27%
Invoice No. 0584-26	1	2	\$21,295.88	\$10,647.94	50%
Invoice No. 0584-27	6	11	\$157,024.69	\$84,793.33	54%
Invoice No. 0584-28	2	3	\$30,798.57	\$20,635.04	67%
Invoice No. 0584-29	3	4	\$82,775.93	\$62,081.95	75%
Invoice No. 0584-30	8	11	\$63,951.61	\$46,684.68	73%
Invoice No. 0584-31	4	5	\$68,190.56	\$54,552.45	80%
Invoice No. 0584-32	8	8	\$149,335.97	\$149,335.97	100%
Invoice No. 0584-33	10	21	\$76,677.39	\$36,805.15	48%
Invoice No. 0584-34	5	21	\$72,876.84	\$17,490.44	24%
Invoice No. 0584-35	4	9	\$125,758.98	\$55,333.95	44%
Invoice No. 0584-36	1	10	\$43,223.11	\$4,322.31	10%
Invoice No. 0584-37	3	5	\$31,346.93	\$18,808.16	60%
Invoice No. 0584-38	2	4	\$25,918.77	\$12,959.39	50%
Invoice No. 0584-39	2	7	\$29,269.39	\$8,488.12	29%
			\$1,239,034.10	\$711,005.95	

**0584-21 to 39
reimbursement**

\$528,028.15

On November 29, 2007 the Deputy Superintendent of F&CM sent a memo (See: **Exhibit Q**), via fax, to Ashbritt, Inc. stating that a thorough review process had been performed and that their invoices were going to be processed. Then on January 8, 2008 the Deputy Superintendent of F&CM requested that P.O. No. 2600021755 be increased in the amount of \$1,182,600 so that interior invoices could be processed in full (See: **Exhibit R**). Finally, on February 6, 2008 check No. 0002005085 was issued to Ashbritt, Inc. in the amount of \$1,239,034.10 for invoices 0584-21 thru 0584-39. The work was verified in a questionable manner, the number of units was overstated and the overall amount of the invoices was inflated.

RECOMMENDATION

We recommend that the District request reimbursement from Ashbritt, Inc. in the amount of \$528,028.15 for invoices paid for services not provided and for documented double-billings. Additionally, we recommend that F&CM strengthen their review, request and approval process for all invoices, in order to safeguard the District's resources.

ADMINISTRATIVE RESPONSE (Facilities & Construction Management)

The audit reports that "interior work was either not performed at all or was double-billed." There are two cost components included with the interior work – interior demolition and dehumidification/mold abatement. The costs for both activities were combined in a single amount for each school. Staff required that the costs be separated and quantified. The costs for demolition were evaluated on a unit quantity basis. The costs for dehumidification/mold abatement are based on labor time and material.

In the case of Flanagan HS it is estimated that the demolition costs were approximately \$20,462.20. The total cost for interior repairs at Flanagan HS was \$23,147.52. This would indicate that the dehumidification/mold abatement costs were \$2,685.32. Review of the case study in Exhibit 7, Step 4 indicates Ashbritt documented work in a total of 19 units/rooms and invoiced for 17 units/rooms. F&CM documented that ten (10) portables were reported as needing roof work by PPO and up to sixteen (16) portables needed roof or exterior wall siding work were reported by the Safety Department.

The following photographs provided by the Safety Department clearly indicate severe damage to more than 2 portable classroom units at Flanagan HS.



In response to the "overbilling and/or double-billing" issue, costs based upon unit quantities such as labor time, materials, and equipment are not directly related to whether a portable classroom number is mentioned once, twice, or more. These costs are not evaluated on a "per portable" basis. Such costs are instead directly related to the damage sustained at a location and the labor time, materials, and equipment incorporated at each site in servicing the portable classroom units at that site.

Staff's review identified three locations where the invoices identified both the "state-issued" and "school-issued" portable numbers -- Deerfield MS, Pioneer MS, and Pompano MS. Staff visited each location and confirmed these designations as duplications. Staff determined that the inclusion of both numbers in the reports or on the invoices did not result with an inflation of costs or double-billing.

In response to the suggestion that "... the work was not performed," staff audited a number of documents to confirm that the work was performed. As already mentioned, interior demolition was a

function of the subsequent replacement quantities. In addition to extrapolating the unit quantities from the restoration work, staff had visited the sites to observe the finished work and reviewed inspection reports to confirm whether the work had been performed.

Confirming the dehumidification/mold abatement work was more difficult. There were inconsistencies in Ashbritt's reports as indicated in the audit. There may have been opportunities to expand work and costs for dehumidification/mold abatement. There are also valid reasons for the expansion of the scope of work. The first two weeks after the hurricane were relatively dry, and then Broward County experienced heavy rains. Temporary tarps then failed after Ashbritt had performed the dehumidification/mold abatement work requiring Ashbritt to re-perform the dehumidification/mold abatement work.

Project managers complained that Ashbritt's rapid response resulted with work having been performed before the project managers' reached the site. Ashbritt's reports indicate that a former project manager for the portable department was on site during the work. The project manager did not, however, document or report any inappropriate activities or over-charges.

In order to determine whether the costs for the dehumidification/mold abatement work were reasonable, staff relied on the daily reports submitted by Ashbritt's subcontractor, C&B. The summaries of these reports were included with the invoices submitted by Ashbritt. Staff sought the assistance of FEMA and Broward County Board of Commission staff. Certain costs including per diem, administration and other excesses were reduced or excluded on the recommendation of FEMA and Broward County Board of Commission staff.

The reports indicate only two (2) dehumidifiers were utilized at Flanagan HS and the Equipment Log documents that they were utilized in unit 145N. There are comments in the reports indicating other portable classroom units were dehumidified, and presumably, the dehumidifiers were moved from unit-to-unit and subsequently not documented as such on the Equipment Log. School-based staff confirmed that Ashbritt performed the work indicated in the invoices.

Another unique characteristic of the work performed by Ashbritt enabled project managers to identify the work performed by Ashbritt. Upon completion of the demolition and dehumidification/mold abatement process Ashbritt applied a white mold inhibitor to the treated surfaces. When project managers were conducting field visits during and immediately following the work, they noted the existence of this unique characteristic and considered this during the invoice approval process.

The costs for dehumidification/mold abatement could not be assigned a "per portable" cost. In fact, these costs are not directly related to the listing of portable classroom units, rooms, or buildings on the invoices. The dehumidification/mold abatement costs are not sensitive to the number of rooms listed. These costs are instead directly related to damage sustained, the time spent at each site, and materials and equipment utilized in servicing the portable classroom units at that site. The results of this analysis are included in Exhibit 5. We disagree with this audit finding and recommendation as follows:

1. There is no documented evidence of over-billing or double-billing for interior work.
2. There is documented evidence the interior work was performed.
3. As indicated in the response to Recommendation No.2, staff has implemented improvements to strengthen the invoicing process.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

FOLLOW UP RESPONSE - THE OFFICE OF THE CHIEF AUDITOR

The contract documents included in the additional exhibits provided by Facilities & Construction Management included the contract terms and conditions that all contractors were to comply with regarding the emergency related work during the post-Wilma repair period. General Conditions 15.06.01 states:

The Contractor shall keep a daily log, an updated copy of the Contract Documents, approved shop drawings and other submittals, and other documents and materials as required by the Contract Documents at the site.

Also, General Conditions 15.06.03 states:

Upon final completion of the Work, all of these items shall be finally updated and provided to the Owner and shall become property of the Owner.

Our office looked at the multiple project assignment spreadsheets which routinely did not include dates and/or times of updated scopes of work, rendering them less than useful and other methods were then utilized to verify scopes of work performed vs. assigned. We compared those scopes of work to damage reports provided by multiple departments and sources. We also methodically documented the daily work activities identified in the required daily logs maintained by C&B Services. The daily logs documented demolition, remediation and debris removal at the sites and units for which those services were provided.

Additionally, our office agrees that there was damage to the portables pictured in the F&CM management responses regarding Flanagan HS. However, F&CM states in an exhibit that invoices were submitted by "...all of the other contractors performing work at Flanagan HS including; Advanced Roofing, Inc., James B. Pirtle Construction Co. Inc., and H.A. Contracting Corp." The example continues to conclude that since other contractors performed other scopes of work, Ashbrite must have performed the work regarding demolition of the ceilings in four noted portable units. Verifying work through a process-of-elimination is an unacceptable way to justify payment to vendors. That example is the precise reason that the daily work logs are more reliable than the process-of-elimination verification method. We documented damages to the portables noted in the photos, but did not document sufficient audit evidence, in any way, that C&B Services provided the work for which Ashbrite invoiced the District. Conversely, we were only able to determine that C&B Services provided a brief assessment of multiple units and continued to document only those units that required demolition or remediation, which only included the two units serviced. The units pictured were not among those serviced by C&B Services and were, at best, verified a year and a half after completion by the process-of-elimination method described and not by reviewing the contractors own daily work records. Ashbrite, Inc. invoices included units that were not supported in C&B Services' own daily work logs.

Our office documented that the process for verifying the work prior to approving payment included sending memos to Area Superintendents, PPO Staff, Facilities Environmental Remediation Staff and ultimately school based staff. Those School Board staff members were not being asked to verify whether the work had been completed by C&B Services or Ashbrite, Inc., in those memos rather the question being asked was whether or not staff had authorized any additional amount of work that justified the high dollar amount of the interior remediation invoices. Upon review of the documented responses from those staff members, it was determined that the conclusion to pay Ashbrite's invoices was not justified, as F&CM staff and PPO staff routinely responded that they had no relationship or knowledge of the scope of work in question. Additionally, there was a document provided by C&B Services specifying that they had only received work authorization and direction from the Portable Department Project Managers. Therefore, the survey of school based staff was inadequate documentation.

Note: The F&CM LEA Coordinator responded to the memo sent out by F&CM Contracts Department, that he did not work with C&B Services/Ashbritt or authorize additional work. He is the remediation point of contact within the Facilities Department regarding asbestos and/or mold remediation. If there was mold remediation, as identified on Ashbritt, Inc.'s \$1,239,034.10 interior remediation invoices, it is not understandable how that specialist would not have had knowledge of C&B Services' scope of work.

We reviewed the work documented by C&B Services and also determined from Ashbritt, Inc. that their firm had provided no work, but only processed the invoices for C&B Services' work. Therefore, the Office of the Chief Auditor stands by the statement that the District was overbilled and/or double-billed and strongly recommends that the District request immediate reimbursement in the amount of \$528,028.15 and that the F&CM Division immediately provide updated policies and procedures for assigning, monitoring and verifying work and work completion. The actions of simply taking a survey of staff members, who are not responsible for management of construction contracts and/or capital repair activities, to justify a payment in the amount of \$1,239,034.10 is irresponsible at best and mismanagement at worst.

Clearly, the Office of the Chief Auditor agrees that there were more than 2 units damaged on the Flanagan HS portable site by the fact that 4 units were invoiced and documented with either roofing replacement or interior remediation, backed up by daily logs and subcontractor roofing invoices. We believe that other contractors' scopes and charges to the District indicate that multiple units were repaired, just not by C&B Services.

SECTION II

EXHIBITS



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

1700 Southwest 14th Court • FORT LAUDERDALE, FLORIDA 33312 • TEL 754-321-1517 • FAX 754-321-1681

FACILITIES & CONSTRUCTION MANAGEMENT

Michael C. Garretson, Deputy Superintendent
michael.garretson@browardschools.com

SCHOOL BOARD

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Vice-Chair ROBIN BARTLEMAN
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STEPHANIE ARMA KRAFT, ESQ.
ROBERT D. PARKS, EdD
ELEANOR SOBEL
BENJAMIN J. WILLIAMS

March 5, 2007

VIA FAX (954) 545-3585

JAMES F. NOTTER
Interim Superintendent of Schools

Mr. Ralph Dahlgren, Managing Vice President
AshBritt Environmental
480 South Andrews Avenue
Suite 103
Pompano Beach, Florida 33069

SUBJECT: Emergency Roof Repair – Hurricane Wilma

Dear Mr. Dahlgren:

On March 2, 2007, you were notified that a discrepancy in the roof warranty documentation had surfaced (see attached letter).

Until warranty or other billing from the subcontractor(s) information can be provided which reflects actual costs, we will process invoices at \$7,800.00 per portable.

If you have any questions or need additional assistance, contact Denis Herrmann at (754) 321-1675.

Respectfully,


Michael C. Garretson
Deputy Superintendent

Attachment: Letter – March 2, 2007

Cc: Denis Herrmann, Director
Design and Construction Contracts

Printed by: Kevin B Bellamy
Title: FW: Nations warranty moisture maps and pics : CAB

Thursday, March 15, 2007 2:39:37 PM
Page 1 of 2



Thursday, March 15, 2007 2:33:11 PM
Urgent Message

From: ☪ "Justin Horan" <jhoran@ashbritt.com>
Subject: FW: Nations warranty moisture maps and pics
To: ☪ Kevin B. Bellamy

I will call you shortly regarding this matter.

Justin

-----Original Message-----

From: Ralph Dahlgren
Sent: Thursday, March 15, 2007 12:58 PM
To: Justin Horan
Subject: Fw: Nations warranty moisture maps and pics

Please forward to school board and call them to see if they are agreeable then call janelle.

I am out of the office today and tomorrow.

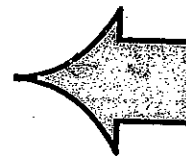
Ralph

Sent from my BlackBerry® wireless device

-----Original Message-----

From: "Janelle Templeton" <jtempleton@candbservices.com>
Date: Wed, 14 Mar 2007 14:30:29
To: "'Ralph Dahlgren'" <rdahlgren@ashbritt.com>
Cc: "'Ron'" <rchatagnier@candbservices.com>, <tcrochet@candbservices.com>
>
Subject: Nations warranty moisture maps and pics

Ralph,



Regarding the Nations Roof Warranty: Nations Roof has agreed to just remove the last sentence that mentions the \$7800 warranty limit. To document this agreement, they prefer having that line marked through and initialed by a school representative, then over-night to be initialed and returned by Nations Roof. I need to let them know if this is agreeable with you and the school. I am working with Jill Tackett in the Atlanta, GA area. She will help facilitate this change.

Printed by: Kevin B Bellamy

Title: FW: Nations warranty moisture maps and pics : CAB

Thursday, March 15, 2007 2:39:37 PM

Page 2 of 2

I am over-nighting a package to you that includes pictures and moisture maps. As noted by the letter attached to the moisture maps, these were documents sent previously to the school board in January 2006. Only two or three of these charts are duplicates included in the billing support you have.

I am also enclosing the picture files. One disk is a Broward Co. school, but I have not been able to identify the specific school.

Please call me ASAP regarding the warranty issue. I may be reached at 409 722-9697 (off) or 409 658-7006 (cell).

Thanks,

Janelle

Printed by: Dave G Rhodes

Title: FW: Broward: Request to Issue New Warranties - Not Revision : CAB

Thursday, June 04, 2009 3:42:07 PM

Page 5 of 8

Thanks,

Janelle

From: Jill Tackett [<mailto:JillTackett@Nationsroof.com>]
Sent: Thursday, March 15, 2007 11:02 AM
To: jtempleton@candbservices.com
Subject: FW: NRW Std. Warranty - Deerfield Beach High

Did you determine what process was going to be used to delete that line from the NR Warranty?

Jill Tackett

Nations Roof

office: 678.567.1533

cell: 770.900.1422

direct: 678.279.2445

jilltackett@nationsroof.com

"Be true to your work, your word and your friend." - Henry David Thoreau

Printed by: Kevin B Bellamy

Title: FW: Nations warranty moisture maps and pics : CAB

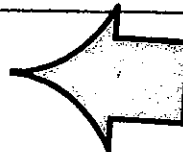
Thursday, March 15, 2007 2:39:37 PM

Page 1 of 2



Thursday, March 15, 2007 2:33:11 PM

Urgent Message



From: ¶ "Justin Horan" <jhoran@ashbritt.com>
 Subject: FW: Nations warranty moisture maps and pics
 To: ¶ Kevin B. Bellamy

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 Sent: Thursday, March 15, 2007 12:58 PM
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 Subject: Fw: Nations warranty moisture maps and pics

Please forward to school board and call them to see if they are agreeable then call janelle.

I am out of the office today and tomorrow.

Ralph

Sent from my BlackBerry® wireless device

-----Original Message-----

From: "Janelle Templeton" <jtempleton@candbservices.com>
 Date: Wed, 14 Mar 2007 14:30:29
 To: "'Ralph Dahlgren'" <rdahlgren@ashbritt.com>
 Cc: "'Ron'" <rchatagnier@candbservices.com>, <tcrochet@candbservices.com>
 >
 Subject: Nations warranty moisture maps and pics

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Page 2 of 2

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I am also enclosing the picture files. One disk is a Broward Co. school, but I have not been able to identify the specific school.

Please call me ASAP regarding the warranty issue. I may be reached at 409 722-9697 (off) or 409 658-7006 (cell).

Thanks,

Janelle

Printed by: Dave G Rhodes

Title: FW: Broward: Request to Issue New Warranties - Not Revision : CAB

Thursday, June 04, 2009 3:42:07 PM

Page 4 of 8

Jill Tackett

Nations Roof

office: 678.567.1533

cell: 770.900.1422

direct: 678.279.2445

jilltackett@nationsroof.com

"Be true to your work, your word and your friend." - Henry David Thoreau

From: Janelle Templeton [<mailto:jtempleton@candbservices.com>]

Sent: Monday, March 19, 2007 2:21 PM

To: Jill Tackett

Subject: RE: NRW Std. Warranty - Deerfield Beach High

Jill,

I just heard from our school contact. He said that the School Board is requesting revised warranties with the line removed. They were not in favor of editing existing warranties.

Let me know how I may be of assistance.

Printed by: Dave G Rhodes

Title: FW: Broward: Request to Issue New Warranties - Not Revision : CAB

Thursday, June 04, 2009 3:42:07 PM

Page 3 of 8

C&B Services

346 Twin City Highway

Port Neches, TX 77651

Thank you for making these changes so promptly.

Janelle

From: Jill Tackett [<mailto:JillTackett@Nationsroof.com>]
Sent: Wednesday, March 21, 2007 8:47 AM
To: Janelle Templeton
Subject: RE: NRW Std. Warranty - Deerfield Beach High

Hi,

I have all of the new warranties. Do you want them sent to you? Please provide the address that you would like them sent to.

Thanks! Jill

HA1800

Exhibit G

CORPORATE
346 Twin City Hwy.
Port Neches, TX 77651
409.722.9697
1.800.420.3144
409.722.7273 Fax

HOUSTON
10515 Okanella, Suite 600
Houston, TX 77041
713.937.3473
1.866.302.6653
713.937.3466 Fax



DISASTER RESTORATION

AUSTIN
2200 Denton Drive, Suite 106
Austin, TX 78758
512.837.5774
1.866.783.3351
512.252.2608 Fax

LAKE CHARLES
One Lakeshore Drive,
Suite 1640B
Lake Charles, LA 70629
337.477.8228
1.800.420.2144

March 27, 2007

Mr. Denis Herrman
Broward Co. Schools
1700 Southwest 14 Court
Fort Lauderdale, FL 33312

Dear Mr. Herrman,

Enclosed are the revised Nations Roof Warranties. Note the removal of a specified dollar limit in item number 2, per the School Board's request. Warranties are provided "up to the Owner's original installation cost."

Ron Chatagnier will be in contact to arrange a progress meeting with you shortly. He also wants the opportunity to discuss the progressive changes and expanding services offered by our company.

If I may be of further assistance, please contact me at the corporate office number listed above.

Sincerely,

Janelle Templeton,
Billing Supervisor

Fire & Water Damage Restoration • Catastrophe Restoration • Air Duct Cleaning
Residential • Commercial • Industrial
www.candbservices.com

Printed by: Michael A Solley
Title: Ashbritt / C&B Invoices : CAB

Friday, April 20, 2007 3:36:08 PM
Page 1 of 1



Friday, April 20, 2007 10:48:55 AM
Message

From: 📧 Jack A. Cooper
Subject: Ashbritt / C&B Invoices
To: 📧 John N. Hodge
 📧 Denis A. Herrmann
Cc: 📧 Rick Ragland
 📧 Michael A. Solley

Good Morning, John and Denis,

The Ashbritt / C&B invoices continue to bother me about processing their payments because they appear to be so grossly over-billed and the supporting back-up is vague.

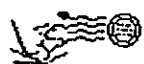
I think we have come-up with the best solution to put the burden of proof on them. We cannot process the invoices until we are confident that FEMA will reimburse us for the same amount. We definitely need some help from the Broward County staff that processed their invoices so we can follow their lead. Once we reach that level of confidence I think we need to meet with the FEMA staff to confirm we are on the right track.

Please let me know what you need from me or how I may help.

Thanks

Printed by: John N Hodge
 Title: RE: Missing Data : CAB

Friday, March 09, 2007 2:20:33 PM
 Page 1 of 2



Friday, March 09, 2007 10:37:06 AM

Message

From: ♀ "Ralph Dahlgren" <rdahlgren@ashbritt.com>
 Subject: RE: Missing Data
 To: ♀ John N. Hodge
 Cc: ♀ Kevin B. Bellamy
 ♀ Denis A. Hermann
 ♀ "Justin Horan" <jhoran@ashbritt.com>
 ♀ "Ron" <rchatagnier@candbservices.com>
 ♀ "Janelle Templeton" <jtempleton@candbservices.com>

John,

Looking for details on William Dandy and Meadowbrook portables. I am not able to identify or locate. Do these portables actually exist or is it that they were not on the original list? If they exist, can someone from Mike's team go there to see if work was performed?

Given the lack of details on these portables, please remove them from the invoice until we solve this issue. Thanks.

William Dandy Middle
 783C, 7M, 128

Meadowbrook Elem
 #1161, 935C, 163P, 159P

Ralph

-----Original Message-----

From: John N. Hodge [mailto:john.hodge@browardschools.com]
 Sent: Monday, February 26, 2007 1:45 PM
 To: Ralph Dahlgren
 Cc: Drew Lippman; Kevin B. Bellamy
 Subject: Pioneer Middle Portable 453

PLEASE DISREGARD PREVIOUS E MAILS - 453 is correct portable number.
 Sorry

Good Afternoon - On the referenced invoice, there are no charges listed for this portable. Was work completed on this portable? If so, we

Printed by: John N Hodge
Title: RE: Missing Data : CAB

Friday, March 09, 2007 2:20:33 PM
Page 2 of 2

will
correct invoice. Please advise. I called and left a message to call
but
that won't be necessary if you receive this email first.
John



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
 1700 Southwest 14th Court • FORT LAUDERDALE, FLORIDA 33312 • TEL 754-321-1517 • FAX 754-321-1681

**FACILITIES & CONSTRUCTION
MANAGEMENT**

Michael C. Garretson, Deputy Superintendent
 michael.garretson@browardschools.com

SCHOOL BOARD

Dr. Howard M. Dwyer, Jr., Chairman
 Dr. Robert L. Davis, Vice Chairman
 Dr. William A. Hargis, III, Member
 Dr. Stephen A. Kraft, Member
 Dr. Eleanor S. Sorel, Member
 Dr. Robert L. Davis, Jr., Member
 Dr. Benjamin J. Thompson, Member

August 8, 2007

Mr. John Noble Jr., Vice President/COO
 Ashbrite, Inc.
 486 South Andrews Avenue
 Suite #103
 Pompano Beach, FL 33069

Noted
J. J. May
8/21/2007

Subject: NOTICE TO PROCEED (NTP) - EMERGENCY REPAIRS - HURRICANE WILMA
 CONTRACTOR: Ashbrite, Inc.
 FACILITY: Various Sites

Dear Mr. Noble:

This NTP is to address additional units that were added to the original list of units to perform work on attached to the NTP dated February 9, 2007. Inspections by School Board of Broward County Portables Department staff have verified the work has been performed.

Please consider this Notice to Proceed as your authorization to commence providing the services and submit invoices for the work indicated below in accordance with the following provisions.

1. The services to be provided are limited to Portable Roof Repairs and/or replacement as per C & B Services, Inc. proposal dated November 7, 2005.
2. The contract amount is not to exceed \$79,275.00 and the Work is to be completed within 180 consecutive calendar days of execution of this NTP. (Insurance Certificates)
3. The terms and conditions, other than those stated in this NTP are according to the terms and conditions of the 00520, Construction Services Minor Projects (Open End) Agreement.
4. OTHER INSTRUCTIONS: Pricing

Portable Size	Unit Price
Up to 1,023 Square Feet of Roof	\$11,325
Over 1,023 Square Feet of Roof	\$11,794

5. BILLING INSTRUCTIONS - Monthly: Submit to Building 4, Reception. See invoice submittal requirements.

This NTP entitles you to submit invoices according to No. 5 above. All invoices shall be accompanied by unitized quantities priced according to the above terms. Supporting documentation required shall include schedule of values with unit quantities, unit costs, extended amount totaled and multiplied by the above indicated agreed multiplier and photographs made of the work prior to commencing and during the Work. Additionally, all requirements set forth above, or as may be required by documentation by FEMA, the District's insurers, and the Stafford Act shall be provided by the Contractor.

The School Board of Broward County, Florida reserves the right to audit any and all documents related to this contract, limited to, those records necessary to evaluate and verify direct and indirect costs (including overhead allocations, etc.) may apply to costs associated with this contract. See agreement form for further provisions.

This NTP is issued pursuant to Policy 3320, Section I.h, under the authority of the Superintendent of Schools. Acceptance by the below parties is an indication of the agreement to the terms and conditions as indicated above and as if included herein. No other agreements written or otherwise are to be construed as part of this agreement.

August 8, 2007

For The School Board of Broward County, Florida

Michael C. Garretson
Michael C. Garretson, Deputy Superintendent
Facilities and Construction Management

For the Contractor

John Noble Jr.
John Noble Jr., Vice-President/COO

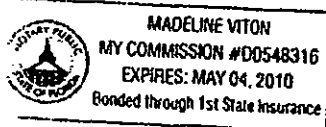
STATE OF FLORIDA

COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of August, 2007 by John Noble, Jr. of Ash Britt, Inc. Name of Person
Name of Corporation or Agency on behalf of the corporation/agency.
He/She is personally known to me or produced _____ as identification.
and did/did not first take an oath. Type of Identification

My Commission Expires:

(SEAL)



Madeline Viton
Signature - Notary Public

Madeline Viton
Printed Name of Notary

D0548316
Notary's Commission No.

MCG/DH:

cc: Derrick Ragland, Executive Director, Project Management
Robert Warumberg, Director, Supply Management & Logistics
Pam Norwood, Capital Payment Review Supervisor
Denis Herrmann, Director, Design and Construction Contracts
Michael Solley, Project Manager
Project File
CC File



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
 1700 Southwest 14th Court • FORT LAUDERDALE, FLORIDA 33312 • TEL 754-321-1517 • FAX 754-321-1681

FACILITIES & CONSTRUCTION MANAGEMENT
 Michael C. Garretson, Deputy Superintendent
 michael.garretson@browardschools.com

SCHOOL BOARD

Chair BEVERLY A. GALLAGHER
Vice-Chair ROBIN BARTLEMAN
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 STEPHANIE ARMSTRONG KRAFT, ESQ.
 ROBERT D. PARKS, ESQ.
 ELEANOR SOBEL
 BENJAMIN J. WILLIAMS

JAMES F. NOTTER
 Superintendent of Schools

August 21, 2007

VIA FAX (954) 545-3585

Noted P.H. May 8/21/2007

Mr. John Noble Jr., Vice President/COO
 AshBritt Environmental
 480 South Andrews Avenue
 Suite 103
 Pompano Beach, Florida 33069

SUBJECT: NOTICE TO PROCEED (NTP)-EMERGENCY REPAIRS- HURRICANE WILMA
CONTRACTOR: Ashbritt, Inc.
FACILITY: Various Sites

Dear Mr. Noble:

An NTP for emergency roof repairs was issued on August 8, 2007. The purpose of this NTP was to cover costs for roof repairs at two locations that were not on the original list of approved work locations for Ashbritt, Inc.:

Meadowbrook Elementary - Portables 1161, 935C, 163P, 159P - \$45,300.00
 William Dandy Middle School - Portables 783C, 7M, 128 - \$33,975.00

Mr. Michael Solley, Project Manager II verified work at these locations by conducting visual inspections. Warranty information for these locations have been received.

If you have any questions or need additional assistance, contact me at (754) 321-1675.

Respectfully,

Kevin Bellamy
 Kevin Bellamy
 Construction Purchasing Agent

Cc: Denis Herrmann, Director
 Design and Construction Contracts

PURCHASE ORDER
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
SUPPLY MANAGEMENT AND LOGISTICS
7720 WEST OAKLAND PARK BOULEVARD
SUNRISE, FLORIDA 33351
TELEPHONE (754) 321-0505

EQUAL OPPORTUNITY EMPLOYER

SUBMIT ALL INVOICES IN DUPLICATE TO:

SCHOOL BOARD OF BROWARD COUNTY
ACCOUNTS PAYABLE DEPARTMENT
(754) 321-0673
7720 W. OAKLAND PARK BLVD.
SUNRISE, FL

33351

PURCHASE ORDER

2600018029T

PAGE

1

BLANKET RELEASE

PURCHASE ORDER NUMBER AND DATE
 TO BE MAINTAINED WITH ALL INVOICES
 ALL INVOICES, BILL OF LADING,
 PACKING SLIPS AND INVOICES
 FOLLOWED BY INVOICE 9011
 INFORMATION WILL BE SENT IN
 REPLY OF INVOICE AT SCHOOL'S
 REQUEST AND/OR DELAY OF PAYMENTS.

CHANGE NOTICE

C & B SERVICES
346 TWIN CITY HIGHWAY

PT NEECHES TX 77651

CAPITAL PAYMENTS
7720 OAKLAND PARK BLVD.
SUITE 304
SUNRISE, FL

33351

954-767-8570

DATE RECEIVED		TERMS OF SALE		TAX	
11/28/2005		NET 30		0.00	
VENDOR		DESTINATION		ADDITIONAL COST	
FOB DESTINATION		UNIT PRICE		AMOUNT	
0001	1	EACH	910060100	1,000,000.00080	1,000,000.00
11/22/2005		REQUISITION: 9731014418 LINE: 0001		CNTR: 000000000000	
		FUND: 100 ACCT: 11150700		PTS:	
		REQUESTER: CAPITAL PAYMENTS			
		GL EFFECTIVE DATE: 11/28/2005			
		PAYMENT BASIS: SIGNED INVOICE			
MAINTENANCE AND REPAIR SERVICES (WILMA 2005) BUILDING AND OR SITE REPAIR WORK RE HURRICANE WILMA NOTICE TO PROCEED (NTP) MUST BE EXECUTED PRIOR TO WORK OR INVOICE. ALL PROJECTS TO BE COORDINATED WITH SCHOOL/SITE PROJECT MANAGER. BOND REQUIRED FOR PROJECTS OVER \$200,000.00 THIS SBBC ITEM # IS SOLELY FOR REPAIRS AND RESTORATION OF DAMAGES DUE TO HURRICANE WILMA. ALL INVOICES MUST BE PROCESSED BY INDIVIDUAL SCHOOLS. PURCHASE OF EMERGENCY REPAIR AND RELATED SERVICES NECESSITATED BY HURRICANE WILMA AT DISTRICT LOCATIONS NTP NOT TO EXCEED AMOUNT AS REQUIRED BY DAMAGE ASSESSED BOARD APPROVED, 11/8/2005, AGENDA JJ-2 ALL INVOICES SHOULD BE ATTENTION "EPC"					

** END OF DOCUMENT **

1,000,000.00

The undersigned hereby certifies that the above information is true and correct to the best of his knowledge and belief.
 I hereby certify that the above information is true and correct to the best of my knowledge and belief.
 I hereby certify that the above information is true and correct to the best of my knowledge and belief.
 I hereby certify that the above information is true and correct to the best of my knowledge and belief.

FLORIDA STATE SALES TAX EXEMPT: 06-00151400990-0
 FEDERAL EXCISE TAX EXEMPT: 06-70-1012-1
 FROM 12/77 REVISED 1/1/04

754-321-0504

BY

DEPARTMENT OF SUPPLY MANAGEMENT & LOGISTICS
 SUPPLY MANAGEMENT & LOGISTICS

PURCHASE ORDER
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
SUPPLY MANAGEMENT AND LOGISTICS
7720 WEST OAKLAND PARK BOULEVARD
SUNRISE, FLORIDA 33351
TELEPHONE: (754) 321-0505

EQUAL OPPORTUNITY EMPLOYER

SUBMIT ALL INVOICES IN DUPLICATE TO:

SCHOOL BOARD OF BROWARD COUNTY
 ACCOUNTS PAYABLE DEPARTMENT
 (754) 321-0673
 7720 W. OAKLAND PARK BLVD.
 SUNRISE, FL 33351

PURCHASE ORDER

2600021755T

PAGE

1

BLANKET RELEASE

PURCHASE ORDER NUMBER AND SHIP
 TO INFORMATION MUST APPEAR ON
 ALL SHIPMENTS. BILL OF LADING,
 PACKING LIST AND INVOICES.
 FAILURE TO INCLUDE THIS
 INFORMATION WILL RESULT IN
 REFUSAL OF SHIPMENT AT VENDOR'S
 EXPENSE AND/OR DELAY OF PAYMENTS.

CHANGE NOTICE

ASHBRITT INC
 480 SOUTH ANDREWS AVENUE
 SUITE 103
 POMPANO BEACH FL 33069

S
H
I
P
T
O

CAPITAL PAYMENTS
 7720 OAKLAND PARK BLVD.
 SUITE 304
 SUNRISE, FL

33351

954-767-8570

DATE PRINTED		TERMS OF SALE		TAX	
01/10/2006		NET 30		0.00	
SHIP VIA		FOB		FREIGHT TERMS	
VENDOR		DESTINATION		FOB DESTINATION	
0.00		0.00		0.00	
LINE	QUANTITY	U/M	VENDOR ITEM NO.	UNIT PRICE	AMOUNT
	DATE DUE	CAT. #	SBBC ITEM NO.		
0001	1	EACH	910060100	3,100,000.00000	3,100,000.00
	01/05/2006				
REQUISITION: 9731014635 LINE: 0001 FUND: 100 ACCT: 11150700 REQUESTER: CAPITAL PAYMENTS GL EFFECTIVE DATE: 01/10/2006 PAYMENT BASIS: SIGNED INVOICE MAINTENANCE AND REPAIR SERVICES (WILMA 2005) BUILDING AND OR SITE REPAIR WORK RE HURRICANE WILMA NOTICE TO PROCEED (NTP) MUST BE EXECUTED PRIOR TO WORK OR INVOICE. ALL PROJECTS TO BE COORDINATED WITH SCHOOL/SITE PROJECT MANAGER. BOND REQUIRED FOR PROJECTS OVER \$200,000.00 THIS SBBC ITEM # IS SOLELY FOR REPAIRS AND RESTORATION OF DAMAGES DUE TO HURRICANE WILMA. ALL INVOICES MUST BE PROCESSED BY INDIVIDUAL SCHOOLS. **HURRICANE WILMA EMERGENCY REPAIRS** *PORTABLE REPAIRS - VARIOUS LOCATIONS* NOT TO EXCEED \$3,100,000.00 BOARD APPROVED 12/13/05 - JJ-1 DELIVER INVOICES TO:					
				CNTR: 00000000000	PTS:

** CONTINUED **

The nondiscrimination clause contained in Section 102, Executive Order 11246, as amended by Executive Order 11375, relative to Equal Employment Opportunity for all persons without regard to race, color, religion, sex or national origin, and the implementing rules and regulations prescribed by the Secretary of Labor, are incorporated herein.

Delivery of this Purchase Order via electronic means or via US Postal Service constitutes SBBC's approval for the purchases of the goods and services stated herein.

TOTAL

FLORIDA STATE SALES TAX EXEMPT: 85-8013140099C-8
 FEDERAL EXCISE TAX EXEMPT: 59-70-0062-1

FORM 3277 REVISED 5/1/04

754-321-0504

SUPPLY MANAGEMENT & LOGISTICS

HURRICANE WILMA WORK VERIFICATION INFORMATION

PORTABLE DRYOUT/DEMOLITION

C & B SERVICES, INC.

1. Can you or members of your staff verify that this company performed work at your site? Yes X No _____

2. Did you or members of your staff direct this company to perform any additional tasks beyond the scope of work assigned by the district?

Yes _____ No X

Please explain either answer:

I CANNOT VERIFY

4. Was Physical Plant Operations personnel (Maintenance Department) present?

Yes X No _____

Name of PPO Representative: TOO LONG AGO - CANT REMEMBER

3. Please note the name of the Project Manager assigned to your site during the time of this work. SAM BAYS

Please provide any additional information that may assist in verification of work completed by C & B at your site:

Please list names of staff members assisting in completing this survey:

Vince Alessi

Thank You

Principal Signature: Vincent P. Alessi

School: DEERFIELD BEACH MIDDLE

Date Completed: 11/10/07

HA1800

Exhibit O

CORPORATE
346 Twin City Hwy.
Port Neches, TX 77651
409.722.9697
1.800.420.3144
409.722.7273 Fax

HOUSTON
10515 Okanella, Suite 600
Houston, TX 77041
713.937.3473
1.866.302.6653
713.937.3466 Fax



AUSTIN
2200 Denton Drive, Suite 106
Austin, TX 78758
512.837.5774
1.866.783.3351
512.252.2608 Fax

LAKE CHARLES
One Lakeshore Drive,
Suite 1640B
Lake Charles, LA 70629
337.477.8228
1.800.420.2144

October 19, 2007

John Hodge
Broward County Schools
Broward County, Florida

Dear John,

Listed below are the various Broward County representatives who both directed and advised C&B regarding the extent of scope performed. Services C&B was directed to perform beyond the original scope included: debris removal; content manipulation within classroom and offices; hygienic wipe-down of walls and furniture; removed damaged sheetrock in various areas as needed; repeated replacement of temporary roofing as the environment dictated. These services, along with additional drying and remediation services, were required due to additional water damage occurring subsequent to the Hurricane.

The Broward County representatives C&B reported to are as follows:

Jim Livingston - Flanagan High, Cypress Bay High, Pioneer Middle

Jim Pace - Nova High and Nova Middle Schools

Joe Pieret - Dandy Middle, Piper High, Meadowbrook Elem., Davie Elem., Millenium Middle, Welleby Elem.

Cal York - Park Trail Elem., Monarch High, Deerfield Beach Middle, Deerfield Beach High, Pompano Beach Middle

Sincerely,

Ron Chatagnier/jct

Fire & Water Damage Restoration • Catastrophe Restoration • Air Duct Cleaning
Residential • Commercial • Industrial
www.candbservices.com

The School Board Of Broward County, Florida
Facilities & Construction Management
Michael C. Garretson
Deputy Superintendent

October 24, 2007

TO: Thomas Linder, Executive Director
Physical Plant Operations

FROM: John Hodge, Task Assignment
Design and Construction Contracts

VIA: Michael C. Garretson
Deputy Superintendent

MC G/lat

SUBJECT: HURRICANE WILMA – WORK VERIFICATION

We have received invoices from Ashbritt Environmental and its subcontractor C & B Services indicating Physical Plant Operations may have directed C & B to perform work in response to Hurricane Wilma. The alleged work was not authorized by Facilities and Construction Management. We are in the process of finalizing payment of the invoices and are also currently reviewing these invoices with school based staff.

We have informally contacted your staff with respect to these invoices and were advised that Physical Plant Operations has no record of authorization of additional work.

We are requesting that your staff review the attached invoices and indicate names of those who may have authorized this additional work and respond no later than November 7, 2007 with your final analysis. We will then proceed to process these invoices.

Please contact Mike Solley, Project Manager II at 754-321-1654 if you have questions.

Thank You

MCG/DH/JH: kt

Cc Donnie Carter, Deputy Superintendent, Operations

Attachments: E-Mail Responses
Asbritt Environmental Invoices
Daily Project Summary Sheet – Deerfield Beach Middle/Deerfield Beach High

1700 SW 14th Court – Ft. Lauderdale, FL 33312
Phone: 754-321-1500 Fax: 754-321-1680



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
 1700 Southwest 14th Court • FORT LAUDERDALE, FLORIDA 33312 • TEL 754-321-1517 • FAX 754-321-1681

**FACILITIES & CONSTRUCTION
 MANAGEMENT**

Michael C. Garretson, Deputy Superintendent
 michael.garretson@browardschools.com

SCHOOL BOARD

Chair
Vice-Chair

ROBIN BARTLEMAN
 MAUREEN S. DINNEN
 BEVERLY A. GALLAGHER
 JENNIFER LEONARD GOTTLIEB
 PHYLLIS C. HOPE
 STEPHANIE ARMA KRAFT, ESQ.
 ROBERT D. PARKS, Ed.D.
 ELEANOR SOBEL
 BENJAMIN J. WILLIAMS

JAMES F. NOTTER
Superintendent of Schools

November 29, 2007

VIA FAX (954) 545-3585

Mr. Ralph Dahlgren, Managing Vice President
 AshBritt Environmental
 480 South Andrews Avenue
 Suite 103
 Pompano Beach, Florida 33069

SUBJECT: Portable Interior Repair Invoices – Hurricane Wilma

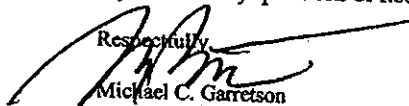
Dear Mr. Dahlgren:

We have reviewed the invoices submitted on October 3, 2007. Upon receipt, the following actions occurred:

- Invoice Review by School Based Staff
- Invoice Review by Physical Plant Operations Staff
- Invoice Review by Portables Department Staff
- Invoice Review by Facilities & Contracts Staff

Upon review, we have determined the locations on the attached list approved for payment. We intend to process the invoices as validated by staff. We are in the process of researching other sources to verify those locations where a dollar amount does not appear and will respond in 30 days.

If you have any questions or need additional assistance, contact Denis Herrmann at (754) 321-1675.

Respectfully,

 Michael C. Garretson
 Deputy Superintendent

Attachment: Portable Interior Repair Invoice List

Cc: Rick Ragland, Executive Director, Project Management
 Jack Cooper, Senior Project Manager
 Denis Herrmann, Director, Design & Construction Contracts
 Greg Boardman, Project Manager III
 Michael A. Solley, Project Manager II

Portable Interior Repair ListNovember 29, 2007

Cypress Bay High	\$ *****
Deerfield Beach High	\$ 82,584.52
Flanagan High	\$ 23,147.52
Meadowbrook Elementary	\$157,024.69
Monarch High	\$ 82,775.93
Nova Middle	\$ 68,190.56
Pioneer Middle	\$ 76,667.39
Pompano Beach Middle	\$125,758.98
Ramblewood Middle	\$ 31,346.93
William Dandy Middle	\$ 29,269.39
Davie Elementary	\$ 8,310.26
Deerfield Beach Middle	\$112,613.44
Margate Middle	\$ 21,295.88
Millenium Middle	\$ 30,798.57
Nova High	\$ 63,951.61
Park Trails Elementary	\$149,335.97
Piper High	\$ 72,876.84
Quiet Waters Elementary	\$ 43,223.11
Welleby Elementary	\$ 25,918.77

Total - \$1,205,090.36

=====

***** Awaiting confirmation on Cypress Bay High

The School Board Of Broward County, Florida
Facilities & Construction Management
Michael C. Garretson
Deputy Superintendent

January 8, 2008

TO: Omar Shim, Director
Capital Budget

FROM: Michael C. Garretson
Deputy Superintendent 

SUBJECT: PURCHASE ORDER INCREASE - HURRICANE WILMA INTERIOR
REPAIRS - PURCHASE ORDER # 2600021755

This is to request an increase to the attached Purchase Order approved on December, 13, 2005. The School Board of Broward County, Florida approved spending authority in the amount of \$3,100,000 per Exhibit 2 with respect to Ashbrite Environmental for Emergency Procurement Orders for Hurricane Wilma Repairs (see attached Agenda Request Form for 12/13/05). I am requesting that \$1,182,600 be added to the attached purchase order as per my approval of the attached NTP previously provided to your office so that interior invoices can be processed for final payment.

If you have any questions or need additional assistance, contact Denis Herrmann at (754) 321-1675.

Thank You

Attachments: Agenda Request Form
Authorization to Proceed - Exhibit 1
Approval List - Exhibit 2
Collaboration Form - Exhibit 3
NTP - 12/06/07
Purchase Order #2600021755

Cc: Rick Ragland, Executive Director, Project Management
Jack Cooper, Senior Project Manager
Denis Herrmann, Director, Design and Construction Management
Michael A. Solley, Project Manager II
Pam Norwood, Capital Payment Review Supervisor

1700 SW 14th Court - Ft. Lauderdale, FL 33312
Phone: 754-321-1500 Fax: 754-321-1680

SECTION III
ATTACHMENTS



THE ROOFING SOLUTIONS COMPANY

Building Owner:
Broward County Public Schools
1700 SW 14th Court
Ft. Lauderdale, FL 33312

ROOF SYSTEMS WARRANTY NON TRANSFERABLE

Attachment # 1

NATIONS ROOF WEST
5463 E. HEDGES AVE.
FRESNO, CA 93727

559-252-1255 VOICE
559-252-1256 FAX

WWW.NATIONSROOF.COM

CA License #821049

Building Name & Location:
Charles W H Flanagan
12800 Taft Street
Penbroke Pines, FL
Portable: 145N26, 580C-30, 32N-31, 351-C

Roofing Manufacturer: GAF

Square Feet: 900 each

Date of Completion: 11/16/2005

Warranty Expires: 11/15/2007

Nations Roof West ("Company") warrants to the Building Owner ("Owner") subject to the terms, conditions, and limitations stated herein, that Company will, at its cost or expense, repair or cause to be repaired any leaks in the roof membrane and membrane flashing installed by Company (the "Roofing System") resulting from defects in the Roofing System workmanship applied by or through Company for a period of 2 years commencing from the Date of Completion (the "Warranty Period"). Upon expiration of the Warranty Period, Company shall have no further obligation.

Terms, Conditions, Limitations

- Owner shall provide Company with written notice within thirty (30) days of the discovery of any leaks in the Roofing System. Oral notice may be acted upon by Company at its discretion but may not be relied upon in pursuit of a claim against Company for not honoring this Warranty.
- Owner's remedy and Company's sole and exclusive liability shall be limited to Company's repair of the Roofing System during normal working hours at its cost. Company will provide over the life of the Warranty labor and materials to repair leaks having an aggregate value up to the Owner's original installation cost. The original installation cost is \$ 7800 per portable, above which Company shall have no liability.
- This Warranty shall not be applicable and Company shall not be responsible for the repair of leaks in the Roofing System if in Company's judgment they are caused by any of the following:
 - Acts of God, including but not limited to, earthquakes, gales, hail, hurricanes, lightning, tornadoes and/or windstorm;
 - Any acts or omissions of other trades or contractors or service to or maintenance of any roof top equipment or traffic of any nature on the Roofing System;
 - Any acts of negligence, accidents, abuse or misuse, including but not limited to, vandalism, civil disobedience, or acts of war;
 - Faulty vents, equipment supports and other edge conditions and penetrations of Roofing System, unless work was performed by Company;
 - Structural elements of the building, including cracking, building movement, settlement, deflection, deterioration and decomposition of walls, foundation or roof deck; or
 - Metal work or other material not furnished by Company used in the Roofing System.
- This Warranty shall be null and void if in the judgment of Company any of the following shall occur:
 - After installation of the Roofing System by Company, any alterations or repairs are made on or through the Roofing System, or objects including, but not limited to structures, fixtures, or utilities are placed upon or attached to the Roofing System, without prior notification and opportunity being given to Company to install the roofing application thereto at the Owner's expense or, in the alternative, obtaining prior written authorization from Company for another to install the roofing application;
 - Failure by the Owner or lessee to use reasonable care in maintaining the Roofing System including, but not limited to twice annual inspections by Company or another manufacturer authorized contractor;
 - The roof and or Roofing System is used as a promenade or work deck, or is sprayed or flooded; or
 - Owner fails to comply with every term or condition stated in this Warranty.
- Areas that pond water (as defined by the NRCA) are not covered by this Warranty.
- During the Warranty Period, Company, its agents or employees, shall have free access to the Roofing System during regular business hours.
- Company shall have no obligation under this Warranty until all bills for installation, supplies, materials, and service have been paid in full.
- Company's failure at any time to enforce any of the terms or conditions stated herein shall not be construed as a waiver of such provision.
- Nothing herein shall render Company liable, in any way, for any damage to Owner's building, or any components, contents or occupants thereof, or interruption of any business conducted in the building, including but not limited to any and all damage in any way related to or resulting from any type of biological growth or mold contamination of Owner's building. Owner is responsible for regular inspections for and prompt reporting of leaks.
- Company does not either itself or through its representatives, practice architecture or engineering. Company offers no opinion on and expressly disclaims any responsibility for the structural soundness of any roof deck on which the Roofing System may be applied. Opinions of competent structural engineers should be obtained by the Owner as to the structural soundness of the roof deck, or its ability to properly support the Roof System. Company accepts no liability for any failure of the roof deck or resulting damages.
- Company reserves the privilege to charge a fee of \$ 95.00 per person per hour for investigating any leaks or roof problems that fail to come under the Warranty obligations of Company as described herein.
- This Warranty supersedes and is in lieu of any and all other expressed warranties that are in conflict with the terms and conditions stated herein. This Warranty is superceded by any applicable manufacture's warranty covering the Roofing System and/or workmanship of Company.
- This Warranty is intended solely for the Owner's benefit and is nontransferable or assignable without the prior written consent of Company.

THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF, AND ALL IMPLIED WARRANTIES AND SPECIFICALLY THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED AND DISCLAIMED. COMPANY SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES.

NO REPRESENTATIVE OF COMPANY HAS AUTHORITY TO MAKE ANY REPRESENTATIONS OR PROMISES EXCEPT AS STATED HEREIN.

Nations Roof West

By

Terry L. Rizer - President

April 18, 2006



ROOF SYSTEMS WARRANTY NON TRANSFERABLE

NATIONS ROOF WEST
5463 E. HEDGES AVE.
FRESNO, CA 93727

559-252-1255 VOICE
559-252-1256 FAX

WWW.NATIONSROOF.COM

CA License #82149

Building Owner:

Broward County Public Schools
1700 SW 14th Court
Ft. Lauderdale, FL 33312

Building Name & Location:

Charles W H Flanagan
12800 Taft Street
Penbrooke Pines, FL
Portable: 145N26, 580C-30,32N-31,651-C

Roofing Manufacturer: GAF

Square Feet: 900 each

Date of Completion: 11/16/2005

Warranty Expires: 11/15/2007

Nations Roof West ("Company") warrants to the Building Owner ("Owner") subject to the terms, conditions, and limitations stated herein, that Company will, at its cost or expense, repair or cause to be repaired any leaks in the roof membrane and membrane flashing installed by Company (the "Roofing System") resulting from defects in the Roofing System workmanship applied by or through Company for a period of 2 years commencing from the Date of Completion (the "Warranty Period"). Upon expiration of the Warranty Period, Company shall have no further obligation.

Terms, Conditions, Limitations

1. Owner shall provide Company with written notice within thirty (30) days of the discovery of any leaks in the Roofing System. Oral notice may be acted upon by Company at its discretion but may not be relied upon in pursuit of a claim against Company for not honoring this Warranty.
2. Owner's remedy and Company's sole and exclusive liability shall be limited to Company's repair of the Roofing System during normal working hours at its cost. Company will provide over the life of the Warranty labor and materials to repair leaks having an aggregate value up to the Owner's original installation cost.
3. This Warranty shall not be applicable and Company shall not be responsible for the repair of leaks in the Roofing System if in Company's judgment they are caused by any of the following:
 - a. Acts of God, including but not limited to, earthquakes, gales, hail, hurricanes, lightning, tornadoes and/or windstorm;
 - b. Any acts or omissions of other trades or contractors or service to or maintenance of any roof top equipment or traffic of any nature on the Roofing System;
 - c. Any acts of negligence, accidents, abuse or misuse, including but not limited to, vandalism, civil disobedience, or acts of war;
 - d. Faulty vents, equipment supports and other edge conditions and penetrations of Roofing System, unless work was performed by Company;
 - e. Structural elements of the building, including cracking, building movement, settlement, deflection, deterioration and decomposition of walls, foundation or roof deck; or
 - f. Metal work or other material not furnished by Company used in the Roofing System.
4. This Warranty shall be null and void if in the judgment of Company any of the following shall occur:
 - a. After installation of the Roofing System by Company, any alterations or repairs are made on or through the Roofing System, or objects including, but not limited to structures, fixtures, or utilities are placed upon or attached to the Roofing System, without prior notification and opportunity being given to Company to install the roofing application thereto at the Owner's expense or, in the alternative, obtaining prior written authorization from Company for another to install the roofing application;
 - b. Failure by the Owner or lessee to use reasonable care in maintaining the Roofing System including, but not limited to twice annual inspections by Company or another manufacturer authorized contractor;
 - c. The roof and or Roofing System is used as a promenade or work deck, or is sprayed or flooded; or
 - d. Owner fails to comply with every term or condition stated in this Warranty.
5. Areas that pond water (as defined by the NRCA) are not covered by this Warranty.
6. During the Warranty Period, Company, its agents or employees, shall have free access to the Roofing System during regular business hours.
7. Company shall have no obligation under this Warranty until all bills for installation, supplies, materials, and service have been paid in full.
8. Company's failure at any time to enforce any of the terms or conditions stated herein shall not be construed as a waiver of such provision.
9. Nothing herein shall render Company liable, in any way, for any damage to Owner's building, or any components, contents or occupants thereof, or interruption of any business conducted in the building, including but not limited to any and all damage in any way related to or resulting from any type of biological growth or mold contamination of Owner's building. Owner is responsible for regular inspections for and prompt reporting of leaks.
10. Company does not either itself or through its representatives, practice architecture or engineering. Company offers no opinion on and expressly disclaims any responsibility for the structural soundness of any roof deck on which the Roofing System may be applied. Opinions of competent structural engineers should be obtained by the Owner as to the structural soundness of the roof deck, or its ability to properly support the Roof System. Company accepts no liability for any failure of the roof deck or resulting damages.
11. Company reserves the privilege to charge a fee of \$95.00 per person per hour for investigating any leaks or roof problems that fail to come under the Warranty obligations of Company as described herein.
12. This Warranty supersedes and is in lieu of any and all other expressed warranties that are in conflict with the terms and conditions stated herein. This Warranty is superceded by any applicable manufacture's warranty covering the Roofing System and/or workmanship of Company.
13. This Warranty is intended solely for the Owner's benefit and is nontransferable or assignable without the prior written consent of Company.

THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF, AND ALL IMPLIED WARRANTIES AND SPECIFICALLY THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED AND DISCLAIMED. COMPANY SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES. NO REPRESENTATIVE OF COMPANY HAS AUTHORITY TO MAKE ANY REPRESENTATIONS OR PROMISES EXCEPT AS STATED HEREIN.

Nations Roof West

By 

Terry D. Smith

March 26, 2007



C & B Services, Inc.
 346 Twin City Highway
 Port Neches, TX 77651
 Phone: 409-722-9697
 Fax: 409-722-1278

PROPOSAL- CONTRACT

Date of Proposal:	November 7, 2005	Florida License #: CGC059533
PROPOSAL SUBMITTED TO:		DESCRIPTION OF JOB Re-Roof Damaged Portable Classrooms
Mr. Joe Dellilo		Job Name Broward County School District
Broward County School District		Job Address: Multiple - Throughout Broward County, FL
		City / State:
		Job Phone:

Bid Description: We propose to furnish all labor, material, taxes, equipment, and supervision to replace the Built Up Roofing on the aforementioned project as follows:

Scope of Work to be provided on an approximately square foot area:

- Tear off existing roof system.
- Mechanically attach a 1/2" Dens Deck prime roof board.
- Install a GAF Everguard Freedom HW TPO membrane.
- Install new 24 gauge galvanized cave metal and a 22 gauge galvanized cleat.
- Remove all roofing debris.
- Provide a 10 year manufacturers warranty.
- Two year Nations Roof standard warranty.
- Price based on the existing wood decking and supports meeting the applicable requirements.
 - If the fastener pull out test does not meet acceptable engineering requirements there may be additional cost which shall be borne by the owner.
- Permit, engineering, ACM and pull out testing cost to be paid by the owner and is specifically excluded.
- Exclusions: The above proposal is based on receiving approved engineering, building department roof system acceptance, existing roofing not containing asbestos and drainage required for permitting. However, if the engineering reports require additional changes to the scope of work or system design or asbestos containing materials (ACM) are found to be present the additional cost shall be borne by the owner. Due to the circumstances we have been able to determine if the existing roof system contains asbestos. We specifically excluded asbestos removal from our bid, additional cost will apply. It is the responsibility of the building owner to insure all roof level electrical lines meet current code requirements and work is completed prior to completion of the installation of the new roof system. Any existing mechanical equipment on the existing roof that does not meet South Florida Building Code is the responsibility of the building owner at time of roof installation in order to receive final inspection. This may include raising HVAC or mechanical curbs, installation of hurricane stands and clips, lightning protection and etc. The realignment of satellite dishes is the responsibility of the owner. City or county permit fees and required engineering, asbestos testing fees shall be paid for by the owner and is specifically excluded. Our visual inspection has determined that the drainage is provided by the existing structure, however if it is discovered that additional drainage is required to meet city or county inspection the cost shall be borne by the owner. Deck replacement.

We Hereby Propose to furnish labor and materials complete in accordance with the above Scope of Work, for the
 Units at 27' x 32', 27' x 34', 25' x 36'..... \$10,785.60 Each
 Units at 24' x 47'..... \$11,232.00 Each

SECTION IV

**FULL TEXT OF ADMINISTRATIVE
RESPONSES**

The School Board Of Broward County, Florida
Facilities & Construction Management
Michael C. Garretson
Deputy Superintendent

July 16, 2009

TO: Patrick Reilly, Chief Auditor
Office of the Chief Auditor

FROM: Michael C. Garretson, Deputy Superintendent
Facilities & Construction Management



SUBJECT: **AUDIT OF ASHBRIIT, INC. AND C&B SERVICES INVOICES**
PORTABLE REPAIRS RELATED TO HURRICANE WILMA - DRAFT

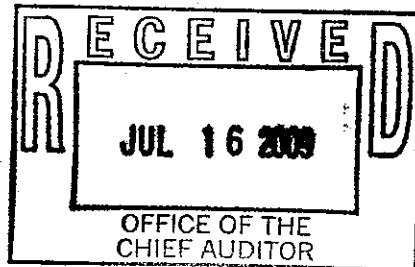
Enclosed is the Facilities and Construction Management Division response to the subject audit. We are forwarding two binders containing the response and supporting documents. One of the binders is intended for the audit committee chair.

We have also made an electronic copy of the response and supporting documents available at the following URL:

<http://www.broward.k12.fl.us/constructioncontracts/home/audit.htm>

MCG/DH:st

Enclosure



The School Board Of Broward County, Florida
Facilities & Construction Management
Michael C. Garretson
Deputy Superintendent

July 16, 2009

Signature on File

TO: Patrick Reilly, Chief Auditor
Office of the Chief Auditor

FROM: Denis Herrmann, Director
Design & Construction Contracts

VIA: Michael C. Garretson, Deputy Superintendent
Facilities & Construction Management

SUBJECT: **AUDIT OF ASHBRIIT, INC. AND C&B SERVICES INVOICES
PORTABLE REPAIRS RELATED TO HURRICANE WILMA - DRAFT**

This is to request your consideration of certain facts that have been omitted from the subject audit. The events related to this audit are troubling and we suggest you review the practices leading to the following concerns:

- The audit indicates that in 2006 the auditors determined "that there were several possible fraud indicators." Why would this information not be provided to the Deputy Superintendent, Facilities and Construction Management, at that time and instead be forwarded directly to the State Attorney?
- The results of the audit appear to have been provided to the press in April 2009 as evidenced by the article dated April 16, 2009 by Bob Norman in Exhibit 1. The auditors met with staff and reviewed the files the week of June 1, 2009. Was the audit concluded before the meeting and document review?
- The audit questions the decisions of key Facilities and Construction Management (F&CM) staff. The auditors never interviewed four of those staff including: the deputy superintendent; director, design and construction contracts; senior project manager; or the project manager in charge of the portables department in 2005.
- We have met with the F&CM staff involved during the subject work, those responsible for processing the invoices, and those preparing this response. Our staff indicates that they are not aware of any crimes, misconduct, or unethical behavior such as fraud, coercion, cover-up, false statements, falsified documents, or inflated invoices.

We suggest you give careful consideration to correcting these concerns. If you become aware of any questionable activities relating to this division in the future we would hope that you would first provide this office with an opportunity to resolve the issue before proceeding to the State Attorney's office.

1700 SW 14th Court – Ft. Lauderdale, FL 33312
Phone: 754-321-1500 Fax: 754-321-1680

\\\\Faccp3\\contracts\\Users\\Aviles_Mickey\\MG Corres\\Audit Ashbriit 07-16-09 FINAL.docx

AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

July 16, 2009

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With respect to the premature release of the audit, we agree with the board member's comments in Exhibit 1 of the audit addressing the second issue. This is especially true in this case because the audit appears to be imbalanced and incomplete. There are several reasons for this conclusion.

First, staff provided documentation and information indicating that the district intended to contract with Ashbriitt, Inc. from the beginning. The fact that Ashbriitt was initially identified as the prime contractor contradicts your suggestion that staff contracted with Ashbriitt after-the-fact to cover-up the work performed by C&B Industries, Inc.

Secondly, staff identified 124 portable classroom units needing \$25,000 in repairs each, totaling \$3,100,000. The Board approved the purchase of these services and authorized a contract with Ashbriitt on 12/13/05. These activities occurred within one month of the initial meeting with Ashbriitt. The work included roofing and interior repairs, and when completed, the costs were comparable to prices paid to other contractors.

Finally, the audit concludes that the district was overcharged and ignores documented evidence that:

1. Damage assessments indicating the work performed by Ashbriitt was necessary.
2. Evidence the work was observed and documented by SBBC staff.
3. Proof the work was verified by staff before invoices were considered.
4. Documentation that the invoices were adjusted to exclude costs such as per diem, administration, and excesses.
5. The unit quantities and prices paid to Ashbriitt were representative of the documentation of the work performed.
6. The costs were consistent with contemporaneous market prices.

We recommend that you revisit the audit to consider all of the available documented evidence and testimony before making a final recommendation.

The following response addresses these issues and others with detailed information and documentation. Please consider this additional information, include this information in the audit report, and reconsider your conclusions.

Administrative Response to the Opinion, Summary of Results, and Background

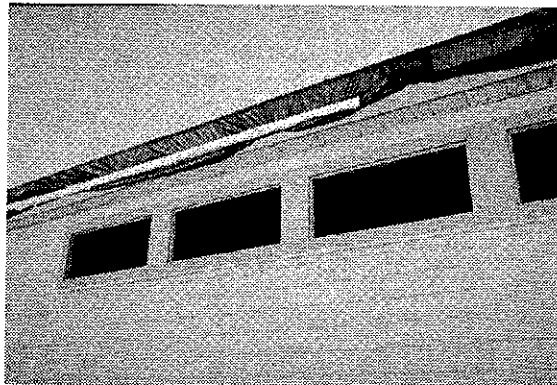
This response was developed by Facilities & Construction Management (F&CM) staff with a focus on reviewing the information contained in the audit to identify whether Ashbriitt over-charged the district. Staff reviewed all of the materials in the F&CM files and conducted an audit of one of the projects, Flanagan HS. These documents include a report regarding Flanagan HS prepared by the Safety Department including documentation from Physical Plant Operations (PPO). Staff conducted an audit of the documentation relating to Flanagan HS and included this as a case study in Exhibit 7.

District staff returned to work on 11/1/05, within one week of Hurricane Wilma, to find hundreds of roofs damaged or destroyed. Identifying the work needed to repair the roofs and locating contractors to perform the work presented many challenges. The Superintendent of Schools on 10/25/05, issued authorization to enter into contracts in Exhibit 1 and plans were made to have contractors immediately proceed with temporary roofs so that water and wind damaged interiors could be made ready for the opening of school within ten (10) days. Staff initially identified hundreds of portable classrooms needing significant repairs and assigned various contractors to further assess the damage and prepare cost estimates. By 11/30/05 portable project management staff identified 619 portable classroom units requiring roofing and interior repairs throughout the district. Of these, as indicated in Exhibit 1, Ashbriitt was assigned roofing and interior repairs for 124 portable classroom units at \$25,000 each, totaling \$3,100,000. On 12/19/05 a requisition was processed for this amount as indicated in Exhibit 1.

The costs of the work performed by Ashbriitt are categorized as follows:

Category	Cost
Roofing	\$ 944,358.47
Interior Demolition	\$ 135,039.79
Interior Dehumidification/Mold Abatement	\$ 1,103,984.31
TOTAL	\$ 2,183,382.57

Ashbriitt submitted the following photos depicting the roof and interior damage at Deerfield MS.



AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

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In the final analysis, after review of the procedures, documentation, data, and the invoices, staff concludes there is no documentation or empirical evidence indicating that Ashbriitt overcharged the district. The payments to Ashbriitt are further justified by the following:

1. Ashbriitt was assigned a majority of the work it performed.
2. All of the work Ashbriitt performed appears to have been necessary.
3. The costs for the roofing work were reasonable and the work was easily identified.
4. The costs for demolition were reasonable and the work was identifiable visually and by way of extrapolation from the work of other contractors.
5. The costs for dehumidification and mold abatement appear to be excessive, however, the costs were well documented by Ashbriitt and there is no documented evidence contradicting Ashbriitt's representations.

Procedures

Immediately after F&CM staff reported to work following Hurricane Wilma, the procedures in Exhibit 1 were reviewed and implemented to ensure accountability, control, and administration of the work of numerous contractors assisting the district in its recovery. F&CM also organized an Emergency Procurement Center (EPC) designating staff from F&CM and Capital Payments to provide cost estimating, requisitioning, invoicing, and contracting support to project managers and contractors.

The procedures required project managers and contractors to coordinate with EPC staff to properly prepare the contracts, ensure agreement on the terms, verify the assigned contractors, prepare board approval items, verify pricing, confirm scope, coordinate assignments, and issue the Notice to Proceed (NTP) documents.

The procedures included the following criteria relating to portable classroom repairs:

- Establish a written contract defining the terms of the agreement.
- Invoice on a "per portable" basis for accounting purposes as per the capital payments department standard procedures.
- Utilize a unit cost basis comparable to RS Means in accordance with FEMA requirements.
- Require submission of documentation including reports and photographs in accordance with FEMA requirements.

Ashbriitt's Contract

The first meeting with Ashbriitt's representative occurred and was documented on 11/3/05 and recorded in the meeting notes included in Exhibit 2. The purpose of the meeting was to discuss utilizing a contract between Ashbriitt and the Broward County Board of Commissioners dated 3/13/01, entitled Disaster Recovery Services and excerpted in Exhibit 2, to assist with the repairs of the portable classrooms. C&B

AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

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was presented as a subcontractor to Ashbriitt. Contracts staff advised that Ashbriitt was not a pre-qualified contractor with the district. Ashbriitt indicated it was under contract with the Board of County Commissioners and thereby would qualify to contract with the district.

On Ashbriitt's behalf, on 11/9/05, C&B produced a copy of the contract between Ashbriitt and Broward County with an offer to piggy-back that contract. C&B continually represented itself to contract department staff as a subcontractor to Ashbriitt as documented in Exhibit 2. Contracts staff reviewed the proposed contract and noted several reasons why it would be in the district's best interest to utilize the district's contract. Staff immediately exchanged information with Ashbriitt and began preparations to contract with Ashbriitt.

The issuance of a purchase order to C&B was an error resulting from staff failing to follow the procedures set forth in Exhibit 1. Contracts staff was unaware of the purchase order issued to C&B at the time. When it became evident that a purchase order was issued to C&B, the Contracts Department staff took the necessary steps to reverse the error as documented in Exhibit 2.

Review of the attached documents in Exhibit 2 shows that:

1. The district was offered a contract with Ashbriitt at the initial meeting on 11/3/05.
2. Staff met with Ashbriitt and corresponded with Ashbriitt immediately after the initial meeting.
3. The district received a draft agreement from Ashbriitt on 11/9/05.
4. Staff prepared a contract for Ashbriitt on 11/22/05.
5. The School Board authorized a contract with Ashbriitt 12/13/05.
6. Ashbriitt provided insurance to the district on 1/20/06 listing The School Board of Broward County as additional insured.
7. Project Management was advised on 1/23/06 that Ashbriitt was the prime contractor.
8. Ten (10) letters to Ashbriitt from 1/18/06 - 1/19/07 demanding contract documents.

The so-called "manufacturing of documents to create a fraudulent documentation trail" was simply staff's response to the above requirements. In order for the district to be eligible for FEMA assistance it must enter into a written contract, perform the work on a unit quantity pricing arrangement, and require documentation supporting the work such as reports and photos. Ashbriitt's initial invoices were not organized accordingly. The invoices were not organized on a per-portable basis and much of the work was not differentiated by category or unitized by cost and quantity.

The processing of Ashbriitt's contract, supervision of its work, and payments to Ashbriitt, Inc. initially followed the same procedures imposed on the many other contractors helping the district open schools after Hurricane Wilma. The following conditions then forced staff to change the way Ashbriitt's contract was administered:

1. Communication to senior project management staff that the auditor referred the Ashbriitt contract to the state attorney resulted with an environment of fear and intimidation among project management staff.
2. This environment prolonged the processing of the payments to Ashbriitt, Inc.

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3. Ashbriitt's work was completed prior to most of the other contractors, however, Ashbriitt's paperwork was reviewed long after most other contractors had been paid. As a result, Ashbriitt's invoices were scrutinized much more thoroughly than many of the other contractors' invoices.
4. Ashbriitt's sluggish response to increasingly demanding paperwork requirements, execution of the contract, and submittal of its invoices further delayed the process.

There was never any question among those responsible with processing contracts that Ashbriitt was the prime contractor. If these facts alone were given consideration, then logically there could be no cause or motivation for a cover-up of the work performed by C&B through "coercion," preparing "falsified documents," or making "intentional false statements to potentially cover up potential fraud" as suggested in the audit.

C&B's Purchase Order

After the storm, staff immediately took steps to review procedures, assess damage reports provided by PPO and Safety, and assign work to contractors. The F&CM offices were without power and the amount of work necessary to open schools exceeded the ability of available staff to respond effectively. Communication among staff, other departments, school locations, and contractors was inhibited by the existing conditions and was conducted mostly on a face-to-face basis. Establishing coordination and control was difficult and this led to mistakes such as erroneously issuing a purchase order to C&B.

It was in this environment that F&CM was tasked by the Superintendent to perform major repairs to numerous facilities in order to open the school system within ten (10) days. Contractors were sent to schools to quantify the work and prepare cost estimates. Contractors often began work immediately to meet the schedule. The amount of available F&CM staff was insufficient to supervise all of the work. The Building Department was unable to provide inspectors to make inspections at every school undergoing repairs due to the enormity of the damage and amount of work necessary to reopen the school system. There were over 6,000 work orders issued by PPO during the first few weeks after the storm. The Kathleen C. Wright Administration Building was severely damaged and staff had to be relocated. These conditions prohibited staff from administering work as under normal conditions.

C&B's Invoices

With respect to C&B's invoicing issues, C&B erroneously delivered invoices directly to the school locations where it had performed work instead of to Ashbriitt, its prime contractor. Some of those invoices eventually reached F&CM, while others did not. The audit appears to encompass the partial collection of invoices that reached F&CM as the basis for the costs associated with this work. As a result, the figures reported in the audit do not represent all of the work performed by C&B. Understandably, the auditor's reliance on the incomplete invoices explains the cost discrepancy between the audit findings and invoices.

The tables in Exhibit 3 identify the invoice amounts initially submitted by C&B and those later submitted by Ashbriitt. A comparison of those amounts indicates the district paid Ashbriitt \$208,430.01 less than the

AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

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amounts initially invoiced by C&B. A comparison of the audit findings in the table on page 7 of the audit and the tables in Exhibit 3 indicates the following:

	Categories	C&B Services Invoices	Ashbriitt Invoices	Change (Reduction)
Audit	Roof	\$734,812.71	\$929,020.21	\$194,207.50
	Interiors	\$1,329,469.26	\$1,225,799.64	(\$103,669.62)
	Total	\$2,064,281.97	\$2,154,819.85	\$90,537.88
Staff's Response	Roof	\$1,033,080.03	\$944,358.47	(\$88,721.56)
	Interiors	\$1,358,732.55	\$1,239,024.10	(\$119,708.45)
	Total	\$2,391,812.58	\$2,183,382.57	(\$208,430.01)

Market Prices

The prices paid to Ashbriitt for roofing were on a "per portable" basis and comparable to prices paid by the district to other contractors. The average cost per portable classroom unit roof paid to various contractors as indicated in Exhibit 3 was about \$11,720.24. The average cost per portable classroom unit roof paid to Ashbriitt was \$11,377.81. Ashbriitt's roof prices included all temporary roofing, demolition, trash removal, decking and fascia replacement. Some of the other contractor's stated prices for portable classroom unit roof replacements exclude these costs. As a result, Ashbriitt's prices for portable classroom unit roofs are below the average costs at the time the work was performed as summarized below.

CONTRACTOR	ROOFING		
	UNITS	COST	AVERAGE
Advanced Roofs, Inc.	89	\$1,440,343.15	\$16,183.63
Ashbriitt, Inc.	83	\$944,358.47	\$11,377.81
H.A. Contracting, Inc.	35	\$203,264.00	\$5,807.54
Padula & Wadsworth Construction Co., Inc.	57	\$775,984.10	\$13,613.76
James B. Pirtle Construction Co., Inc.	57	\$554,069.47	\$9,720.52
D. Stephenson Construction, Inc.	111	\$1,145,125.26	\$10,316.44
TOTAL	432	\$5,063,144.45	\$11,720.24

The costs for the interior repair work were determined on a time and material basis, not on "per portable" basis. The interior work included two distinct categories: 1) demolition of water and mold damaged materials, and, 2) dehumidification/mold abatement of the interior spaces. Labor and material costs were documented on a daily basis and were reported along with the activities, locations, and rooms that were serviced. Ashbriitt did not provide any restoration work to replace demolished materials in the portable classroom units it serviced; this was done by other contractors.

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The costs for demolition were combined with those for dehumidification/mold abatement. Staff had already established costs paid to other contractors at the time for demolition. Staff utilized those costs to evaluate the cost for the demolition work performed by Ashbriitt. Staff quantified the demolition work by comparing the invoices for the restoration work performed by other contractors in the portable classroom units serviced by Ashbriitt by deducing the following:

If, a contractor invoiced for the replacement of a ceiling,	Then, the ceiling had to have been demolished and removed.
If that contractor did not also invoice for the demolition of that ceiling,	Then, another contractor must have demolished that ceiling.
If only Ashbriitt invoiced for demolition and dehumidification/mold abatement of that unit,	Then it was concluded that Ashbriitt had demolished that ceiling.

In contrast, staff possessed limited comparable cost data for the dehumidification/mold abatement work. Therefore, staff reviewed the time and material costs for dehumidification/mold abatement with representatives of FEMA, the Safety Department, and Broward County Board of Commissioners staff. Broward County had also utilized similar services and had established cost parameters.

Some of the costs, such as per diem, were unacceptable; therefore, staff demanded that Ashbriitt reduce its prices to fall within unit prices established with FEMA and Broward County as documented by the emails in Exhibit 3. In the end, such costs were excluded from the invoices submitted by Ashbriitt. A summary of the costs for interior work on the district's portable classroom units follows below:

CONTRACTOR	INTERIORS		
	UNITS	COST	AVERAGE
Advanced Roofs, Inc.	0	\$0.00	0
Ashbriitt, Inc.	168	\$1,239,024.10	\$7,375.14
H.A. Contracting, Inc.	69	\$512,909.36	\$7,433.47
Padula & Wadsworth Construction Co., Inc.	38	\$370,655.97	\$9,754.10
James B. Pirtle Construction Co., Inc.	132	\$1,611,402.41	\$12,207.59
D. Stephenson Construction, Inc.	187	\$3,832,113.54	\$20,492.59
TOTAL	594	\$7,566,105.38	\$12,737.55

Ashbriitt provided only the demolition and dehumidification/mold abatement work to the interiors. It appears that H.A. Contracting, Inc. and D. Stephenson Construction, Inc. performed the restoration work for the units serviced by Ashbriitt. These contractors also provided both demolition and restoration at other portable classroom units. The average costs for interior repairs listed above have not been adjusted to reflect this difference.

Building Condition Assessment Inspections

The audit indicates that between 10/31/05 and 11/2/05 the Building Department inspected the district's portables and documented the conditions of the portables. These reports were not provided to F&CM staff. The audit further indicates that certain portables did not require the roof repairs performed by Ashbriitt. One building inspector at the time that participated in the "walk-thru" inspections indicates that the inspections excluded inspecting the conditions of the rooftops of the portable classrooms due to time constraints and the lack of access to the portable roofs.

F&CM staff discovered that much of the damage to the portable roofs could not have been observed from the ground level. In many cases the central area of the roof material and plywood decking had lifted from the roof frame while leaving the edges of the roof intact. In other cases the roof had penetrations and other surface damage not visible from ground level. Therefore, the reliance solely on the building inspector reports to determine whether the work was justified is unreasonable.

Coincidentally, the audit does not take into account the fact that PPO and the Safety Department are responsible to conduct "windshield safety inspections" immediately following a hurricane event. These inspections result with written reports, photographs, and the generation of PPO work orders. Examples of the written reports, photographs, and the PPO work orders are found in the Flanagan HS Case Study in Exhibit 7, under Step 2.

The PPO and Safety Department reports are not intended to determine exactly how much work was needed at each school. Crews later visited each site and updated the work orders to include additional damage that could not be discovered during a brief initial "windshield safety inspection." Discovery of additional work would then result with an expansion of the scope of work by a contractor. This helps to explain why Ashbriitt's final scope of work had expanded beyond the initial scope assigned by Project Management staff.

The auditors' consideration of the PPO and Safety Department reports would reveal that substantially more work may have been necessary than was revealed in the Building Department Assessment Reports. In fact, as concluded in the case of Flanagan HS, the audit alleges that two (2) portable classroom units required repairs while the initial PPO and Safety Department reports Exhibit 7, under Step 2 indicated at least ten (10), and as many as sixteen (16) portable classroom units required repairs on 10/27/05. The omission of the information in the PPO and Safety Department reports by the auditor understates the number of units requiring service at Flanagan HS, and, thereby incorrectly concludes that the district was over-billed by Ashbriitt for fifteen (15) units of the seventeen (17) units or rooms charged to the district.

Building Code Inspections

The ability to schedule or receive inspections while the work was in process was also often impossible. The 619 portable classrooms identified as requiring repairs alone stretched the Building Department resources beyond its ability to respond to every inspection request. Many projects performed by different contractors went without inspections. In this case the audit reports about 30 of the 83 roofs repaired by

AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

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Ashbriitt were inspected by the Building Department. This ratio does not appear to be unusual in the weeks immediately following Hurricane Wilma.

In the case of the roofs repaired by Ashbriitt, staff requested inspections on several occasions but the Building Department could not perform those inspections. Later, the Building Department suggested that F&CM staff hire an outside firm to perform destructive testing to inspect beneath the roof coverings. F&CM staff decided not to perform such inspection because:

1. Destructive testing would damage the roof and require a patch.
2. The damage would void the warranty.
3. The cost of the destructive test and required patch was not justified.

The roofs repaired by Ashbriitt were inspected by F&CM staff and have performed satisfactorily in the 3 ½ years since they were installed. The one remaining question relating to the failed final inspection has to do with a Notice of Acceptance (NOA) and whether the materials fastening the roof meet the building code requirements. Because roof materials were limited at the time, and, NOA's were not available for all materials used during this period, staff is unable to resolve this issue.

Processing the Contract and Ashbriitt's NTPs

According to the procedures, Contracts staff was responsible to prepare contracts, review prices, and process the Notices to Proceed (NTP). The NTP in Exhibit 6, documents the contract terms and conditions. Contracts staff then reviews invoices for conformance to the contract requirements. Staff began the process of preparing a contract with Ashbriitt on 11/3/05. By 11/22/05 staff had reviewed a contract proposed by Ashbriitt, and in response, presented Ashbriitt with a draft contract on the district forms. Numerous attempts were made by staff over the ensuing year to compel Ashbriitt to accept the district's terms and execute the NTP. Each time staff made contact, Ashbriitt's staff indicated they were extremely busy and would respond soon. Ashbriitt never indicated it did not wish to contract with the district, in fact, Ashbriitt applied for contractor pre-qualification on 7/24/06 and was approved as a pre-qualified State General Contractor by the School Board on 9/6/06.

In this case, invoices were reviewed at the same time the contract was prepared and the NTPs issued. This was because Project Managers had received invoices that were delivered to schools by C&B. Staff did not act on the invoices because it was determined that a contract with C&B did not exist. At the same time staff was attempting to execute a contract with Ashbriitt and issue the NTPs. Later, Ashbriitt's subcontractors began complaining that they had not received payment for the work they had performed for Ashbriitt. Contracts staff was asked to assist project management in resolving the problem.

Review and consideration of the invoices and processing of the NTP was hampered by the fact that three key project managers were not involved during resolution of this issue. First, the project manager originally involved in the assignments was reassigned to other duties. Secondly, the project manager who replaced that project manager resigned. Finally, the project manager responsible to oversee the portables department was reassigned. This issue was resolved with the hiring of two project managers who were subsequently assigned to assist with the processing of Ashbriitt's NTPs and invoices.

AUDIT OF ASHBRIITT, INC. AND C&B SERVICES INVOICES

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Resolution of this issue required that Ashbriitt execute NTPs, obtain invoices from its subcontractors, prepare its invoices to the district, and comply with the requirements cited earlier. Ashbriitt's initial invoices were not separated by the type of work (roofing vs. interior work), costs were not indicated by unit quantity or price, and the invoices were not on a "per-portable" classroom basis. Ashbriitt was unwilling to perform the work necessary to make many of the changes to the invoices. Staff then decided that it would be necessary for staff to perform the analysis required to solve this problem.

A contract was issued with the first NTP and the subsequent NTPs were issued as follows:

Date Issued	Amount	Scope
2/9/07	\$1,001,252.78	Roof Repairs and/or Replacement for 77 Units at 17 locations
8/8/07	\$79,275.00	Roof Repairs and/or Replacement - 3 Units at Dandy MS and 4 Units at Meadowbrook ES
12/6/07	\$1,205,090.36	Interior Repairs to 168 Units at 19 Locations

The amount authorized by NTP compared with the actual payments is as follows:

Category	Authorized Amount	Amount Paid
Roofing	\$1,080,527.78	\$944,358.47
Interiors	\$1,205,090.36	\$1,239,024.10
Total	\$2,285,618.14	\$2,183,382.57

The roofing NTPs and invoices were processed first because the proposed invoices included unit prices and quantities. These prices and quantities were more easily determinable than those related to the interior demolition and dehumidification/mold abatement. Project Management staff reviewed the roofing assignment lists, confirmed the locations of each portable classroom unit, and visited each site to confirm whether the portable classroom units claimed by Ashbriitt were completed by Ashbriitt. This task was made easier as a result of the unique material Ashbriitt utilized in the roofing work. Ashbriitt's roofing work was distinguished from other contractors' roofing by a unique, white, edge strip visible from ground level.

Additionally, in the case of any discrepancies in the documentation, or portable classroom unit numbers or locations, senior Project Management staff intervened by researching and determining the correct locations and number designations. The invoices for Park Trails ES and Quiet Waters ES were identified as having an identical portable classroom unit number (250CX) at each location. Through research of the portable location database by senior Project Management staff, and a visit to each site, staff concluded that unit number 250CX was located at Park Trails ES. The invoice for Quiet Waters ES was subsequently revised to correct this error.

With respect to Meadowbrook ES, portable classroom units 935C, 163, 159, and 1162phc were not included on the original assignment list issued by Project Management. These units then appeared on an invoice submitted by Ashbriitt and were stricken by staff because they did not appear on the original assignment list. Senior Project Management staff then visited Meadowbrook ES and confirmed that units 935C, 163, 159, and 1162phc received roof repairs performed by Ashbriitt. Incidentally, unit 1162phc was

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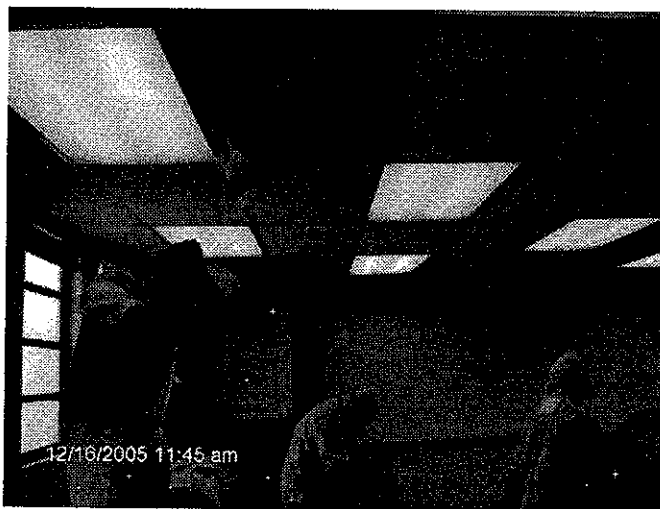
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part of a double-wide unit also comprised of unit 1161phc. Unit 1161phc was approved as part of the initial invoice. Ashbriitt was then allowed to invoice later for these units under a second invoice which was subsequently approved.

Regarding William Dandy MS, portable classroom units 783C, 7M, and 128 were not included on the original assignment list issued by Project Management. These units then appeared on an invoice submitted by Ashbriitt and were stricken because they did not appear on the original assignment list. Senior Project Management staff then visited William Dandy MS and confirmed that units 783C, 7M, and 128 received roof repairs performed by Ashbriitt. Ashbriitt was then allowed to invoice later for these units under a second invoice which was subsequently approved.

In contrast with the roofing work, the demolition and dehumidification/mold abatement work was more difficult to quantify and verify. Demolition and dehumidification/mold abatement work leaves behind little or no physical evidence upon which to quantify the work performed. The following photos submitted by Ashbriitt depict the nature of this work at Deerfield MS.



The work claimed by Ashbriitt also exceeded the work assigned by the portables project managers. Therefore, staff undertook the following steps to verify and quantify the demolition and dehumidification/mold abatement work performed by Ashbriitt.

First, Project Management compared the assigned work with the invoices and determined that certain work was performed beyond that which was assigned by Project Management. There was the possibility that PPO staff, school-based staff, or others may have requested the additional work. Therefore, staff issued copies of the invoices with a request that PPO and school-based staff identify any work they may have requested.

Next, Project Management staff performed visual inspections of the roofs to confirm whether the invoiced work had been performed. During these visits, Project Management staff exchanged the memo,

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questionnaire, and Ashbriitt's invoices with school-based staff and discussed the work in question. Many of the school-based staff responded and the response are indicated in Exhibit 4.

Because there were usually multiple contractors working at a school, Project Management and Contracts staff compared the invoices received from Ashbriitt with those of other contractors working at the same site. All of the invoices were identified and the data on those invoices pertaining to units and quantities were catalogued in the spreadsheets in Exhibit 5. As indicated above, if the demolition work invoiced by Ashbriitt had been performed, and if the other contractors had not invoiced for that demolition work, then it was concluded that Ashbriitt must have performed that demolition work at that site.

Finally, this comparison was also utilized in identifying the quantity of demolition work performed by Ashbriitt. Staff was able to extrapolate the quantity of demolition work performed by Ashbriitt from the quantities of restoration work performed by others on the units serviced by Ashbriitt. The data utilized to extrapolate this information and the resulting quantities are included in Exhibit 5.

This is demonstrated in the Flanagan HS Case Study as follows. First, all of the invoices are listed in Exhibit 5a. In this case we are looking at Unit 580C. Note that the invoices include installing new ceiling tile and insulation and provide unit quantities.

Flanagan High	H.A Contracting	580C	Install Ceiling Tile	SQ FT	792
Flanagan High	H.A Contracting	580C	Install Insulation	SQ FT	792

Then, when it is confirmed that only Ashbriitt invoiced for demolition of the new ceiling tile and insulation in Exhibit 5a, Ashbriitt is designated as having performed the demolition in Exhibit 5b.

Flanagan High	Ashbriitt	580C	Demo Ceiling	SQ FT	792
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Finally, all of the demolition costs are determined for each facility in Exhibit 5c by assigning costs to the unit quantities from Exhibit 5a.

School Name	Contractor	Portable Number	Item	Units	Quantity	Rate \$/Unit	Extended Cost (\$)
Flanagan High	Ashbriitt	145N	Demo Ceiling	SQ FT	792	6.55	5,187.60
Flanagan High	Ashbriitt	32N	Demo Ceiling	SQ FT	748	6.55	4,899.40
Flanagan High	Ashbriitt	580C	Demo Ceiling	SQ FT	792	6.55	5,187.60
Flanagan High	Ashbriitt	651C	Demo Ceiling	SQ FT	792	6.55	5,187.60
							20,462.20

School Name	Contractor	Portable Number	Item	Units	Quantity	Rate (\$/Unit)	Extended Cost (\$)
Davie El.	Stephenson	391C	Demo Ceiling	SQ FT	770	6.55	5,043.50

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In the case of Flanagan HS it is estimated that the demolition costs were approximately \$20,462.20. The total cost for interior repairs at Flanagan HS was \$23,147.52. This would indicate that the dehumidification/mold abatement costs were \$2,685.32.

With the demolition costs separated from the dehumidification/mold abatement work, staff was now able to assess the reasonableness of those costs. There may have been opportunities to expand work and costs for dehumidification/mold abatement. There are also valid reasons for the expansion of the scope of work. Project managers reported that temporary tarps provided by FEMA had been installed by the district on portable classroom unit roofs. The first two weeks after the hurricane were relatively dry, and then Broward County experienced heavy rains. These tarps then failed after Ashbriitt had performed the dehumidification/mold abatement work. Ashbriitt then re-performed the dehumidification/mold abatement work.

Project managers complained that Ashbriitt's rapid response initially resulted with work having been performed long before the project managers' ability to observe ongoing work. These project managers were concerned that they were unable to inspect the work and control the costs of these activities. The project managers did not, however, document or report any inappropriate activities or specific overcharges.

In order to determine whether the cost for the dehumidification/mold abatement work was reasonable, staff relied on the daily reports submitted by Ashbriitt's subcontractor, C&B. The summaries of these reports were included with the invoices submitted by Ashbriitt. Staff had no comparable internal source to use as a basis and sought the assistance of FEMA and Broward County Board of Commission staff. Certain costs including per diem, administration and other excesses were reduced or excluded on the recommendation of FEMA and Broward County Board of Commission staff.

Another unique characteristic of the work performed by Ashbriitt enabled project managers to identify the work performed by Ashbriitt. Upon completion of the demolition and dehumidification/mold abatement process, Ashbriitt applied a white colored mold inhibitor to the treated surfaces. When project managers were conducting field visits during and immediately following the work, they noted the existence of this unique characteristic and considered this during the invoice approval process.

The costs for dehumidification/mold abatement could not be assigned a "per portable" cost. In fact, these costs are not directly related to the listing of portable classroom units, rooms, or buildings on the invoices. The dehumidification/mold abatement costs are not sensitive to the number of rooms listed. These costs are instead directly related to damage sustained and the time spent at each site, and materials and equipment utilized in servicing the portable classroom units at that site. The results of this analysis are included in Exhibit 5d.

After each of the foregoing steps were taken by staff to identify the roofing and dehumidification/mold abatement work completed by Ashbriitt, it was determined that Ashbriitt had an entitlement to payment. Staff was now in a position to prepare NTPs for the work and submit them to Ashbriitt. This process resulted in a reduction of the amounts paid to Ashbriitt from that of C&B as well as Ashbriitt's initial invoices as indicated in Exhibit 3.

The inquiry of PPO and School-based staff, several spreadsheets, and other documents in Exhibit 5 were developed to coordinate the mass of information necessary to determine what costs were justified. The audit concludes that these documents were "manufactured to create a fraudulent documentation trail to justify payment and create an appearance of F&CM providing due diligence..." In fact, these documents were analyzed to ensure that fraud not exist. Numerous documents and detailed testimony have been provided to the auditors. Staff indicate d to the auditors that these documents were compiled to comply with FEMA, the contract, and other requirements. These documents verify that the work was completed by Ashbriitt, inspected in part by building code inspectors, requested by district representatives, and verified by F&CM staff. These facts were omitted from the audit.

Processing Ashbriitt's Invoices

Before the NTPs were processed, the senior project manager rejected initial invoices submitted by Ashbriitt indicating the invoices appeared to be "grossly over-billed" with "vague supporting documentation." This was resolved during the NTP process illustrated above.

The senior project manager then directed staff to "place the burden of proof on Ashbriitt" and "make sure FEMA would reimburse the invoiced amounts." Staff then met with representatives of FEMA, the Safety Department, and Broward County Board of Commissioners to compare unit prices and allowable charges. Staff required that Ashbriitt adjust its invoices accordingly and the invoices met the criteria set forth by FEMA, the Safety Department, and Broward County as requested by the senior project manager.

Next, the senior project manager rejected the invoices and insisted that the warrantees attached to the invoices be revised to remove the dollar limit of the warranty coverage. Staff demanded removal of this limitation for the purposes of affording the district full coverage for any warranty defects and Ashbriitt complied. Staff disagrees with the audit comment that this rendered the warrantees "useless." In fact, the district received a higher degree of protection as a result of Ashbriitt's compromise on this issue.

Finally, after making the above revisions to the invoices, the senior project manager indicated that some additional form of authority was necessary to approve the invoices submitted by Ashbriitt. The memo dated 9/18/07 related to the roofing repairs in Exhibit 6 was then prepared and the invoices for retainage held for the roofing repairs were approved. No such memo was prepared relating to the interior repairs and those invoices were also processed at a later time. The final payments were made to Ashbriitt about February 2008.

A Case Study - Flanagan HS

In order to provide an example of the process conducted to review Ashbriitt's invoices, staff randomly selected the emergency work at Flanagan HS. The case study, Exhibit 7, includes all of the documentation, and provides a demonstration and explanation of the steps that were taken by staff to confirm whether Ashbriitt completed the work in its invoices. The steps taken for Flanagan HS were also undertaken for each of the schools in question. Each step is accompanied by documentation used in the analysis of the invoices and the conclusions that are based on that documentation.

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In the case of Flanagan HS, for Invoice No. 0584-25, as indicated in the table on page 20 of the audit, two (2) portable classroom unit interiors were "serviced" while the district paid for seventeen (17) portable classroom units and areas of the permanent buildings. The basis for documenting the "serviced" units in the audit was the field reports prepared by C&B. The case study includes written reports prepared by C&B documenting work to seventeen (17) portable classroom units and several areas of the permanent buildings.

In addition, the case study also includes other documents including field reports prepared by the project manager during the restoration work, invoices from other contractors for the restoration work resulting from C&B's demolition work, and a confirmation by school-based staff that Ashbriit or C&B completed the work indicated on the invoices. These documents provide evidence that work was performed on seventeen (17) or more portable classroom units or other rooms, not two (2) as reported in the audit.

The case study will be discussed further in response to Audit Recommendation No. 5.

Conclusion

The audit overlooks numerous documents that contradict the audit findings. The audit discounts the observations and testimony of staff, misrepresents the actions of staff, and reports unfounded allegations of collusion and fraudulent documentation.

In addition, as noted above in the case study, the audit recommendations appear to be based on incorrect and incomplete information. **The auditors should revisit these findings and conduct a more thorough and complete review.**

Administrative Responses to the Recommendations

1. Request reimbursement in the amount of \$237,580 from Ashbriit, Inc. for overbilling the district for Hurricane Wilma Roofing Repairs

We strongly disagree with the statement "As a result of their billing practices and failure to provide the District with the proper licensure, C&B invoices were held until Ashbriit, Inc. was selected by F&CM to process the invoices." The fact is that Ashbriit was represented as the prime contractor from the very first contact with Ashbriit, and, the issuance of the PO to C&B was an error that was later corrected.

The initial reaction to the invoices by the district's cost estimator and senior project manager was the "sticker shock" of seeing post Hurricane Wilma prices for the first time. Soon after receiving invoices from many other contractors district staff realized that construction costs had about doubled.

We agree that the district could have been over-charged by contractors during the recovery from Hurricane Wilma. The construction market was chaotic and as a result prices were difficult to determine. Construction costs had escalated as a result of many factors in 2005 that compounded the effects on the costs of recovering from Hurricane Wilma. A booming construction economy, coupled with the recovery from Hurricane Katrina and the hurricanes of 2004, resulted with incomparable costs that were difficult

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to assess, changed on a day to day basis, and increased more than 150% in one year even after the situation stabilized in early 2006. Our staff diligently collected data and compared it with the invoices to determine whether there was entitlement to payment and a reasonable unit price for work that was confirmed as having been completed. A summary of comparable costs to repair portable classroom roofs is included in Exhibit 3.

In fact, staff was concerned that because of the difficulties assessing the costs being generated during the Hurricane Wilma recovery, that any of the contractors performing work could gouge the district and it would be difficult to detect any unjustifiable cost inflation. The costs submitted by Ashbriit were compared with costs already approved by FEMA, the senior project manager, Project Management staff, and others.

To be consistent and fair, should the district revisit the amounts invoiced and paid to Ashbriit, it should also audit costs paid to the other contractors. Should price gouging be detected, the district should also seek recovery of any other such excesses.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

2. Improve the internal control procures over the vendor payment process and establish warranty requirements to state the actual value of warranty coverage.

Extensive improvements have been implemented since Hurricane Wilma in an effort to improve the payment process and ensure compliance with all of the technical details associated with emergency recovery work - including specification of the warranty requirements.

Within six months of Hurricane Wilma, district staff prepared bid documents for "Construction Services for Emergency Projects" (CSEP), advertised for bids, received bids, and recommended awards of CSEP contracts to 13 bidders. Since that time, the board has awarded 54 CSEP contracts. The contracts specify the prices and all of the provisions found in other district contracts, as well as emergency recovery reporting, assignments, performance, and invoicing procedure. Contracts staff provides training for the contractors and district's project managers annually at the approach of each hurricane season, on issues relating to administration of the CSEP contracts.

The CSEP agreements also include provisions specifying that the approved District Design and Material Standards (D&MS), and, front end contract administration documents (Divisions 0 & 1), are requirements of the CSEP contracts. The D&MS documents included in the CSEP contracts specify the items to be covered under extended warranties, the terms of those warranties, and the submittal requirements for the warranty documents.

Staff believes this finding has been resolved for several years and recommends that the auditors consider whether staff has taken significant steps to improve the district's response to emergencies.

3. Verify completeness of roofing work and compliance with applicable building codes for all roofs replaced, as invoiced by Ashbriitt, Inc. Also request return of the retainage until the verification process has been performed and all inspections passed.

During the Hurricane Wilma recovery process, the amount of work in progress exceeded the district's ability to supervise, manage, and inspect all of the work. As a result, uninspected work was performed by various contractors. This is no fault of the other contractors. Ashbriitt's invoices underwent more scrutiny than other contractors who had been paid in full long before Ashbriitt actually submitted invoices. During review of Ashbriitt's invoices Project Management requested building code inspections of the roof work from the Building Department. The Building Department suggested destructive testing as indicated above and staff decided that such testing was not feasible.

If the district should revisit the inspections of work performed during its recovery from Hurricane Wilma, and to be consistent and fair, it should also audit projects performed by other contractors to determine whether this issue is isolated to Ashbriitt, or in fact, caused by the district's limited resources during the Hurricane Wilma recovery period. It should be noted that the roofs installed by Ashbriitt's forces have not experienced any unusual failures in the 3-½ years since they were installed.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

4. Improve current processes for verification of work needed to ensure validity of projects prior to issuance of Notice to Proceed.

As mentioned in Item No. 2 above, F&CM has taken the necessary steps under its control for the issuance of the NTP. The inspections and reporting of the conditions of the district's facilities after a disaster are the responsibility of the Physical Plant Operations and Safety Departments. The audit mentions reports prepared by the Building Department. F&CM Contracts Department staff and Project Management staff did not receive the reports. If so, staff would have taken these reports into consideration. In this case, given the apparent limitations of the reports, and the availability of more detailed reports, the Building Department reports would not change the outcome in this matter.

F&CM staff has coordinated with the Physical Plant Operations and Safety Departments to improve the reporting activities. F&CM will also coordinate with the Building Department if in fact it is also responsible to report conditions of the district's facilities after a disaster.

With respect to the "undamaged portable units" it appears that Building Department personnel performed a "walk-thru inspection" implying that the roofs were not damaged. This would explain the discrepancy between the inspection reporting "undamaged portable units" and roof repairs performed by Ashbriitt's forces. It has also been documented that because of untested temporary repairs and subsequent heavy rains that such damage was not detected in any of the initial damage assessments.

Since F&CM has not been provided these reports, F&CM Project Management staff will review the Building Department assessment condition reports to determine whether the conditions included a roof

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inspection. In the event that F&CM Project Management staff finds that the inspections excluded the roof, it will coordinate with the Building Department to improve the reporting process.

5. Request reimbursement from Ashbriitt, Inc. in the amount of \$528,028.15 for overbilling and/or double-billing. Additionally, strengthen the invoice review, request and approval process.

The audit reports that "interior work was either not performed at all or was double-billed." There are two cost components included with the interior work - interior demolition and dehumidification/mold abatement. The costs for both activities were combined in a single amount for each school. Staff required that the costs be separated and quantified. The costs for demolition were evaluated on a unit quantity basis. The costs for dehumidification/mold abatement are based on labor time and material.

In the case of Flanagan HS it is estimated that the demolition costs were approximately \$20,462.20. The total cost for interior repairs at Flanagan HS was \$23,147.52. This would indicate that the dehumidification/mold abatement costs were \$2,685.32. Review of the case study in Exhibit 7, Step 4 indicates Ashbriitt documented work in a total of 19 units/rooms and invoiced for 17 units/rooms. F&CM documented that ten (10) portables were reported as needing roof work by PPO and up to sixteen (16) portables needed roof or exterior wall siding work were reported by the Safety Department.

The following photographs provided by the Safety Department clearly indicate severe damage to more than 2 portable classroom units at Flanagan HS.



In response to the "overbilling and/or double-billing" issue, costs based upon unit quantities such as labor time, materials, and equipment are not directly related to whether a portable classroom number is mentioned once, twice, or more. These costs are not evaluated on a "per portable" basis. Such costs are instead directly related to the damage sustained at a location and the labor time, materials, and equipment incorporated at each site in servicing the portable classroom units at that site.

Staff's review identified three locations where the invoices identified both the "state-issued" and "school-issued" portable numbers -- Deerfield MS, Pioneer MS, and Pompano MS. Staff visited each location and

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confirmed these designations as duplications. Staff determined that the inclusion of both numbers in the reports or on the invoices did not result with an inflation of costs or double-billing.

In response to the suggestion that "... the work was not performed," staff audited a number of documents to confirm that the work was performed. As already mentioned, interior demolition was a function of the subsequent replacement quantities. In addition to extrapolating the unit quantities from the restoration work, staff had visited the sites to observe the finished work and reviewed inspection reports to confirm whether the work had been performed.

Confirming the dehumidification/mold abatement work was more difficult. There were inconsistencies in Ashbriitt's reports as indicated in the audit. There may have been opportunities to expand work and costs for dehumidification/mold abatement. There are also valid reasons for the expansion of the scope of work. The first two weeks after the hurricane were relatively dry, and then Broward County experienced heavy rains. Temporary tarps then failed after Ashbriitt had performed the dehumidification/mold abatement work requiring Ashbriitt to re-performed the dehumidification/mold abatement work.

Project managers complained that Ashbriitt's rapid response resulted with work having been performed before the project managers' reached the site. Ashbriitt's reports indicate that a former project manager for the portable department was on site during the work. The project manager did not, however, document or report any inappropriate activities or over-charges.

In order to determine whether the costs for the dehumidification/mold abatement work were reasonable, staff relied on the daily reports submitted by Ashbriitt's subcontractor, C&B. The summaries of these reports were included with the invoices submitted by Ashbriitt. Staff sought the assistance of FEMA and Broward County Board of Commission staff. Certain costs including per diem, administration and other excesses were reduced or excluded on the recommendation of FEMA and Broward County Board of Commission staff.

The reports indicate only two (2) dehumidifiers were utilized at Flanagan HS and the Equipment Log documents that they were utilized in unit 145N. There are comments in the reports indicating other portable classroom units were dehumidified, and presumably, the dehumidifiers were moved from unit-to-unit and subsequently not documented as such on the Equipment Log. School-based staff confirmed that Ashbriitt performed the work indicated in the invoices.

Another unique characteristic of the work performed by Ashbriitt enabled project managers to identify the work performed by Ashbriitt. Upon completion of the demolition and dehumidification/mold abatement process Ashbriitt applied a white mold inhibitor to the treated surfaces. When project managers were conducting field visits during and immediately following the work, they noted the existence of this unique characteristic and considered this during the invoice approval process.

The costs for dehumidification/mold abatement could not be assigned a "per portable" cost. In fact, these costs are not directly related to the listing of portable classroom units, rooms, or buildings on the invoices. The dehumidification/mold abatement costs are not sensitive to the number of rooms listed. These costs are instead directly related to damage sustained, the time spent at each site, and materials and

equipment utilized in servicing the portable classroom units at that site. The results of this analysis are included in Exhibit 5. We disagree with this audit finding and recommendation as follows:

1. There is no documented evidence of over-billing or double-billing for interior work.
2. There is documented evidence the interior work was performed.
3. As indicated in the response to Recommendation No.2, staff has implemented improvements to strengthen the invoicing process.

We recommend that the audit be revised to consider and report all of the available documented evidence and testimony before recommending further action.

Exhibits

- 1)
 - Web-shot of New Times article entitled "The Broward School Board awards a million dollars in work to an unlicensed company" dated 4/16/09
 - Email from Stephanie Kraft dated 7/13/09
 - Superintendent's memo dated 10/25/05 "Authorization to Process Emergency Repair Purchases"
 - Facilities & Construction Management Emergency Procurement Procedures
 - Portable Department Initial Cost Estimate dated 11/30/05
 - School Board Meeting Agenda Request Form dated 12/13/05 for Post Approval of Hurricane Wilma Repairs
- 2)
 - Meeting notes and phone message documenting the meetings with Ashbriitt in November 2005
 - Excerpt of a contract submitted by C&B between Ashbriitt, Inc. and the Broward County Board of County Commissioners
 - An email to Ashbriitt dated 11/22/05 discussing the contract between Ashbriitt, Inc. and the Broward County Board of County Commissioners
 - A draft contract prepared by staff for Ashbriitt dated 11/22/05 for Ashbriitt
 - A draft contract marked "NG" prepared by staff for C&B dated 11/16/05 for Ashbriitt
 - Meeting notes documenting meetings with Ashbriitt from December 2005 to December 2006
 - Email dated 1/23/06 advising project management that Ashbriitt is the prime contractor
 - Insurance Certificate supplied by Ashbriitt dated 1/20/06 naming SBBC as additional insured
 - Ten (10) letters to Ashbriitt from 1/18/06 to 1/19/07 regarding the contract
- 3)
 - Table - Cost Comparison of Portable Classroom repairs
 - Table - Ashbriitt Roof Invoices
 - Table - Ashbriitt Interior invoices
 - Email dated 5/2/07 to Ashbriitt regarding per diem and other charges
 - Email dated 7/23/07 to Ashbriitt regarding per diem and other charges
 - Email dated 9/27/07 to Ashbriitt regarding per diem and other charges
- 4)
 - Memo dated 9/18/07 to Selected Principals requesting Hurricane Wilma Hurricane Information
 - Ashbriitt/C&B Interior Invoice Update summarizing the responses to the 9/18/07 memo
- 5)
 - Four Tables
 - 5a) Accounting of all interior repairs by invoice numbers by school with unit quantities
 - 5b) Analysis of all interior repairs to identify demolition work
 - 5c) Tabulation of demolition performed by Ashbriitt with unit quantities and costs
 - 5d) Tabulation of all roofing and interior work by room and location performed by Ashbriitt
- 6)
 - Three (3) NTPs and Contract Documents issued to Ashbriitt
 - Memo to Executive Director dated 9/18/07 regarding Roof Retainage Payments
- 7)
 - Flanagan HS Case Study

SECTION V

APPENDIX

Abbreviations

- BD – Building Department
- C&B – Crochet & Borel
- COO – Chief Operations Officer
- ES – Elementary School
- FEMA – Federal Emergency Management Agency
- FERS – Florida Environmental Remediation Services
- FBC - Florida Building Code
- F&CM - Facilities and Construction Management
- F.S. – Florida Statutes
- GAF – GAF Materials Corporation
- HW – Hurricane Wilma
- IRS – Internal Revenue Service
- JV – Joint Venture
- LLC – Limited Liability Company
- MG – Michael Garretson
- MS – Middle School
- NR – Nations Roof, LLC
- NTP – Notice to Proceed
- OCA – Office of the Chief Auditor
- PPO – Physical Plant Operations Division
- PM – Project Manager
- P.O. – Purchase Order
- RSBM – Regular School Board Meeting
- SBBC – School Board of Broward County
- TX - Texas