



Office of the County Auditor

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June 9, 2014

To: The Mayor and Members, Board of County Commissioners

From: Evan A. Lukic, County Auditor 

Subject: Review of Metric Engineering Inc.'s Self-Audit of Hourly Billing Rates
MM 14-03

Summary

This review was undertaken at the request of the Highway Construction and Engineering Division (HCED) due to their discovery of potential overbillings under the consultant contract with Metric Engineering Inc. (Metric) for the traffic signalization improvement program (RLI # R0840008R1). Specifically, HCED project management identified in early June 2013 that Metric billed the County the maximum rates identified in the contract instead of actual salary costs as required by the contract. At HCED's request, Metric willingly performed a self-audit of hourly billing rates (including their subconsultants) invoiced to the County and identified a total overbilling of \$52,006. HCED through its initiatives has recovered the \$52,006 in overbillings as of the date of this report and has instructed Metric to properly submit future invoices based on actual rates over the remainder of the contract.

The objective of our review was to verify the completeness and accuracy of the self-audit performed by Metric. We found no significant inaccuracies or omissions in Metric's self audit.

Background

On June 28, 2011, the Board of County Commissioners entered into a consultant services contract with Metric Engineering Inc. (Metric) for the traffic signalization improvement program. As required by the contract, any services shall be authorized in writing by a Work Authorization.

In June 2013, HCED management identified that Metric billed the County the maximum rates, not the actual rates paid to their employees as required by the contract. Once HCED became aware the issue, they required Metric to perform a self-audit of the hourly billing rates invoiced (including their subconsultants) from the inception of the contract through May 2013 for all maximum amount not-to exceed Work Authorizations

and determine any overbillings to the County. HCED also instructed Metric to properly submit future invoices based on actual rates starting June 2013. As of May 2013, the County had paid Metric approximately \$1.28 million.

Metric prepared an analysis showing rates billed, actual pay rates, hours worked, and calculated a total overbilling of **\$52,006** to be credited to the County. HCED asked assistance from our office to verify the accuracy of self-audit results prepared by Metric.

The table below shows a breakdown of the overbillings by Metric and its subconsultants.

Table 1 - Overbillings by Metric and its Subconsultants

Consultant/Subconsultants	Overbilled Amounts
Metric Engineering Inc.	\$ 48,608
Albeck Gerken, Inc.	1,548
Florida Engineering & Testing, Inc.	1,850
Total Overbillings	\$ 52,006

Source: Prepared by the County Auditor's Office with information obtained from Metric's self-audit results

Methodology:

To accomplish our objective, we selected a sample of four invoices totaling \$125,513 for the time periods of April 2012, August through September 2012, January 2013 and February 2013. We reviewed Metric's self-audit results for the four invoices selected by comparing the rates billed on invoices for each job classification to Exhibit A Salary Costs of the contract and to the actual rates paid to the individuals on payroll documentation.¹

We found no significant inaccuracies or an omission in Metric's self-audit.

As noted above, HCED has recovered the total overbillings; therefore no further action is necessary.

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¹ Our review was limited to the raw salary rates paid to employees and we did not evaluate the accuracy of the fringe or overhead rates.

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cc: Bertha Henry, County Administrator
Thomas Hutka, Director of Public Works
Richard Tornese, Director of Highway Construction and Engineering