

PRELIMINARY RESPONSE TO AUDIT REPORT

**By:
The Wackenhut Corporation**



**This is a Preliminary Response to the Audit Report prepared by Miami-Dade County
Audit and Management Services Department dated April 2008.**

I. Points of Fact

- The Wackenhut Corporation (“Wackenhut”) is a leading provider of contract security services to local, state and federal governments and to commercial businesses throughout the United States. Wackenhut employs over 38,000 security professionals across the country.
- This matter involves the Security Officer Services Contract (Number TR04-SOS) for Miami-Dade Transit (“MDT”) between Miami-Dade County, Florida (the “County”) and Wackenhut (the “Contract”), and the predecessor contract.
- Wackenhut has been successfully servicing MDT on the Metrorail Contract since 1989. For nearly 20 years, this has been a successful public-private partnership wherein there have been many significant accomplishments and cost savings that have benefited the County and its taxpayers.
- This Contract is not a traditional manned guarding contract.
- The service is provided in a complex and dynamic mass transit system in a major metropolitan area.
- Wackenhut officers assigned to MDT have highly specialized qualifications and training for security personnel, including a minimum of 3 years civilian or military law enforcement experience.
- The nature of the service requires rapid movement of Wackenhut officers, which is necessary to respond to incidents in real time and to confront and deter criminal activity.
- In addition to providing security, Wackenhut, through its Custom Protection Officer® Division, provides other significant services to MDT such as station management, manning kiosks, acting as ambassadors, exchanging fare medium, performing turnstile readings, maintaining revenue management logs and maintenance repair requests, opening and closing stations, opening and closing restrooms, among other services; all of which results in additional and substantial cost savings to the County.
- Per the Contract, the Sign-in Register is the only contractually required method for recording time and attendance on the Metrorail and other MDT facilities. This has been the case for almost 20 years and no other method has been authorized by the Contract or otherwise allowed.
- It has been Wackenhut’s position from the inception of the audit to take full responsibility and to reimburse the County for any substantiated billing errors. Wackenhut, however, objects to paying an artificially inflated amount derived through questionable extrapolation methods which rely on Logbooks and Activity Reports, documents that are not and have never been intended to be used as a timekeeping instrument (Especially when other documentary evidence, such as the County's own records, are available to refute audit findings).

II. Introduction, Background and History of the Contract

It is important to note from the outset that the Metrorail / Metromover Contract is not a traditional manned guarding contract. In traditional security services contracts, individuals are assigned to stand stationary posts and “observe and report.” Since the inception of the Metrorail Contract, Wackenhut has been delivering a cost effective quasi-law enforcement level of service to MDT through its Service Trademarked and industry leading Custom Protection Officer® (“CPO”) Division. The services contemplated in the Contract require a very complex and dynamic operation within a large mass transit system operating in a major metropolitan area with the principal objective of protecting patrons, county personnel and property. CPOs, all of whom have a civilian law enforcement or military law enforcement background along with specialized training, are constantly on the move; observing, assisting, deterring incidents as well as detaining and ejecting those who either violate MDT rules or commit crimes on Metrorail. On an urban transit system, which moves large volumes of the traveling public, a protective component is required that is equal to or greater than any threat that is posed. Wackenhut’s unique and unprecedented CPO program serves the traveling public well by providing this necessary protective component. In addition, Wackenhut CPOs serve as station managers, man kiosks, act as ambassadors, exchange fare medium, perform turnstile readings, maintain revenue management logs and maintenance repair requests, open and close stations, open and close restrooms, among other services, resulting in additional and substantial cost savings to Miami-Dade County.

Almost immediately after Wackenhut commenced providing security services under the original contract in 1989, major crimes were reduced by approximately 87%. As a result, MDT patrons were safer, ridership increased, and Miami-Dade County was able to reassign fifty (50) law enforcement officers from the MDT sites back into our communities. This resulted in an estimated net savings to the taxpayer of \$3 Million annually. Nearly twenty (20) years later, despite the fact that the transit system and ridership have grown significantly, the Miami-Dade Police Department maintains only a small contingent of approximately 6-8 sworn law enforcement personnel assigned to MDT on a full time basis.

At the end of 2005, Part 1 crimes on MDT were at their lowest point in over fifteen (15) years. During the 2004-2005 timeframe, for example, 1.3 Million vehicles were parked on MDT Metrorail property each year. In 2004, out of 1.3 Million vehicles, only ten (10) were reported stolen on MDT Metrorail property. Only eleven (11) vehicles were reported stolen from MDT Metrorail property in 2005. In 2006 alone, 26,200,122 patrons used the Metrorail/Metromover system. As a basis of comparison: Part 1 crime statistics on the Metrorail/Metromover for the year 2006 were less than 1 patron per 100,000, whereas Florida Department of Law Enforcement (FDLE) Part 1 crimes statistics for Miami-Dade County in 2006 were 5,964 per 100,000. These significant results could not have been achieved without Wackenhut CPOs effectively providing the services contemplated in the Contract, notwithstanding MDT's elimination of posts in 2006 due to budgetary constraints.

Separate and apart from the on-going audit discussed below and per the Contract, in 2007 alone MDT conducted over 9,914 (approximately 826 per month) unannounced site inspections of

Wackenhut personnel. Notwithstanding the aggressive number of inspections, Wackenhut achieved a compliance rate of over 99%. Most infractions found during these site inspections were for minor issues, such as an officer not wearing a hat at the time of the inspection.

III. Qui Tam Action

Wackenhut, while it acknowledges the existence of a pending lawsuit by a third-party individual plaintiff, is puzzled by its inclusion in the audit report. The fact that there is a lawsuit pending is completely irrelevant and has no bearing on whether or not Wackenhut has properly billed the County for services performed. There has been no ruling by a judge or finding by a jury of any wrongdoing; and the mere existence of allegations does not prove or disprove any element of this audit. Its inclusion in the audit report is not only irrelevant but also inflammatory. Wackenhut believes that the lawsuit has served as a distraction to the audit process. Wackenhut notes that the audit report makes reference to only selected portions of deposition testimony that appear unfavorable to Wackenhut. Conversely, there is no reference to cross examination of the unfavorable testimony or to any of the scores of favorable testimony, including the testimony of County employees. There have been approximately 90 depositions taken in the lawsuit. If deposition testimony is to be relied upon as a source for audit findings (and Wackenhut submits that it should not), then, to be fair, AMS must examine all the testimony before drawing conclusions. To draw any such conclusions would require AMS to make credibility judgments, which is outside their scope of responsibility and expertise.

Specifically with respect to the statements made by AMS in the Audit Report pertaining to the Qui Tam Action, it is important to note that these are allegations by a former disgruntled employee that was terminated for abandoning her post (while still signed in) on a non-county facility. Ms. Trimble, the named plaintiff in the Qui Tam action, never worked on Metrorail. Ms. Trimble testified under oath in her own deposition that she has no knowledge of any aspect of the Metrorail operation or Contract. While there has been no court adjudication of this action, to date Ms. Trimble has not produced one single time sheet or invoice or any other document that indicates any instance of overbilling of the County on the Contract.

AMS further states that during the course of the audit it was provided copies of depositions and taped statements from former and current employees regarding the alleged abuses. It is important to note that the depositions were provided to AMS by the plaintiff's attorney and the taped statements, which were not taken under oath, were taken by the plaintiff's attorney's investigator. The plaintiff's attorney, who has a direct financial interest, has routinely provided to AMS, the media and others only those portions of depositions that seem to support his allegations, a conduct which has since been restricted by the court. Nowhere in AMS's report do they make reference to any cross examination or impeachment testimony where many of the allegations were completely contradicted or proved false. AMS, however, chose to "note" many of these baseless allegations as fact. In Wackenhut's opinion, this is clear proof that AMS was influenced by the unproven allegations set forth in the Qui Tam action.

IV. The Audit

Wackenhut acknowledges that there has been an on-going audit since September 2005. The audit covers a period from October 1, 2002 through September 30, 2005. Wackenhut has fully supported the audit and cooperated with AMS in the audit process. To that end, Wackenhut has provided copious amounts of documentation. Never once has Wackenhut refused or even hesitated to provide any documentation that was requested, nor has it attempted to delay or thwart the audit in any way.

Wackenhut committed, from the audit's inception, to work in good faith with Miami-Dade County administration, MDT and AMS to determine if there were any billing errors and to take corrective action, including reimbursement to the County for any substantiated erroneous billings. Wackenhut has developed operational and technological enhancements to improve the time, attendance and billing processes.

Despite its cooperation and on-going efforts to assist AMS in this process, Wackenhut has and continues to question the audit methodology. Historically, in the almost twenty (20) years on this Contract, Sign-in Registers (also known as time sheets) have been, as a matter of Contract requirement and business practice, the sole document for capturing time and attendance. The exclusivity of this process has been verified by the Contract Security Manager, a County employee. Wackenhut was contractually obligated to utilize Sign-in Registers for the purpose of payroll and billing. In fact, a percentage of Sign-in Registers are systematically audited by MDT each month in order to verify invoices submitted by Wackenhut. The audit report states that "Wackenhut and MDT have historically relied solely on Sign-in Registers to prove billing accuracy," which is the only contractually mandated process for time capture.

Notwithstanding the Contract language and historic practice and procedure, AMS concluded that Sign-in Registers alone are not reliable. AMS drew this conclusion after AMS made post inspections on a single day wherein they observed that 21 officers recorded their sign-out times upon arrival. In those instances where officers know at the beginning of a shift that they are going to work a 10 hour shift and record their time at the beginning of a shift is a common industry practice and does not in and of itself render the record "unreliable." It certainly does not prove that officers did not complete their shifts.

Similarly, the fact that Sign-in Registers do not in all cases reflect movement between posts does not mean that the record is unreliable. A CPO gets paid the same rate regardless of where he/she works. To the extent there is movement of a supervisor (higher hourly rate) to a CPO (lower hourly rate) post, Wackenhut bills MDT at the post-appropriate rate. In fact, there is no finding by AMS that Wackenhut ever charged an incorrect bill rate to MDT. The movement or redeployment of officers and supervisors on Metrorail is critical to the success of the security operation. Oftentimes, these logistical requirements do not allow for methodical sign-ins as movement occurs. In its quasi-law enforcement role, and in cooperation with MDT and the Miami-Dade Police Department, Wackenhut does, at the behest of MDT, frequently move or redeploy officers for crime suppression, as necessary.

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With regard to the movement and redeployment of officers, Mr. Terry Grant, Security Manager for MDT, testified under oath in the Qui Tam Action as follows:

Q. Do you have the ability to direct Wackenhut resources, meaning they're going to put their guards and when they're going to put them there?

A. Yes.

Q. And what's the procedure for you doing that?

A. Generally speaking, depending on what it is, we...oftentimes do it verbally.

Q. Is that an acceptable procedure --

A. Yes.

Q. -- for you to give a verbal instruction without going to Dennis Shaw [Wackenhut's on-site Project Manager] then?

A. That's correct.

Q. And you said spur of the moment. If something is happening and you need somebody redeployed to a different position, is that a call that you can make in your capacity as security manager?

A. Yes.

Q. If you assign a guard to provide a special function and say it's a guard you're taking off an existing post or redeploying them from a budgeted job number, where do you expect that to be billed -- under that job number or taken out of that job number and billed as a special detail?

A. Its billed under the existing job number.

Q. Okay. So, if you take a roving patrol out of roving patrol to provide a function, say, at Government Center because there's a VIP -- and that's just an example, you can come up with a better example I'm sure -- would you expect to see that billed under the roving patrol number?

A. Yes.

Q. Even though they're not roving?

A. Even though they're not roving, if I understand your question, we regularly relocate people to suit our needs from one post, i.e., a roving patrol to another and without incurring an additional cost to Dade County.

Q. So, the sign-in sheet that you're going to see for that guard who, say, worked a twelve hour shift but has been reassigned from one location, say, a roving patrol to the Government Center special detail, what is the sign-in sheet that you would expect to see? What is that going to look like?

A. It would reflect that he would was working roving patrol.

Q. Okay. Would it reflect anywhere on that sign-in sheet that he was at special detail?

A. No.

Once AMS deemed Sign-in Registers unreliable, it turned to other documents, namely Logbooks and Activity Reports to verify invoices. Logbooks and/or Activity Reports are not intended and have never been used as a means to verify payroll and billing. Specifically, and pursuant to the terms of the Contract, Logbooks are to be utilized to capture "unusual events" occurring during the course of the shift so the County Contract Administrator can use same for investigatory purposes at a later date if needed. Activity Reports, which by design are not as bulky as bound Logbooks in order to facilitate portability, are utilized by roving patrols and roving supervisors. AMS has incorrectly concluded that the lack of an entry in a Logbook or Activity Report for a period of time evidences that there was no officer on duty during that time period. This is incorrect. By way of example, if there is an emergency or special event, there may be large blocks of time for which there is no Logbook or Activity Report entry. (An officer is not going to stop responding to an emergency, customer concern or other incident merely to make an entry in a Logbook or Activity Report).

Again, the Contract language does not allow for the use of Logbooks and Activity Reports as a record of time verification. However, to the extent that AMS relies on secondary source

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documentation to perform an audit, **all** available secondary source documentation should be considered. During the course of the audit, Wackenhut presented rail patrol dispatch entries and Blue Phone Logs (a County document) to verify time worked by an officer/supervisor. Both types of additional secondary source documentation were arbitrarily and capriciously disallowed by AMS and no adjustments were made to any AMS “findings,” even if such documentation provided proof that an officer was at a post for all or part of a shift. In those instances where there was no Logbook or Activity Report documentation to consider for a specific shift, AMS disallowed the entire shift, and ignored the Blue Phone Log and/or rail patrol dispatch entry that confirmed that an officer was actually on duty. Had such documentation been considered, the error rate would have decreased significantly.

V. Sample Selection Methodology and Additional Testing Performed

AMS derived a statistical sample from the billing and payroll data provided by Wackenhut. AMS then applied the Poisson Distribution Method to determine a sample size that could be extrapolated over the entire population in a fair and reasonable manner. Based on a number of statistical assumptions, AMS came up with a sample size of 292 items later revised to 338 because an individual officer can work and be billed to more than one job number on any given service date. Wackenhut agrees with the use of the Poisson Distribution Method, but objects to the fact that later identified irregular exceptions (i.e. anomalies) were left in the sample to be extrapolated over the entire three (3) year billing amount of \$39,225,019.

In addition, once testing began AMS also took an additional step resulting in an increased sample size of 505. The audit report states that “another 167-related transactions were identified, further enhancing the sample size to 505.” Such “enhancements” appear to make the sample size less random and it is, therefore, questionable whether the extrapolation is fair and reasonable.

As a matter of fact, AMS concluded that 8 individuals and 3 stations had an abnormal exception rate. Some of those individuals and all of the stations are in the “random” 505 sample, which means that in the entire sample you get a higher than normal error rate. The higher than normal error rate was further exacerbated by the disallowance of entire shifts discussed earlier. It is Wackenhut’s position that the audit findings identified on Schedule IV cannot be extrapolated over the 3 year audit period because of anomalies (not all of which are attributable to Wackenhut) and because of the questionable methodology adopted by AMS that artificially inflates the error rate. **As per Schedule IV, the total amount of questionable billings is \$14,722.20 over the 3 year audit period.** It simply makes no logical sense to conclude that \$14,722.20 in questionable billings morphs into an amount of \$5.93 Million in “questionable billings” as presented by AMS. For someone to assume that the \$5.93 Million figure is accurate would equate to 12 of 22 stations (or an estimated 1,700 hours per week of services) having no coverage for 3 straight years. Alternatively, it would equate to having over 15 roving posts open every week for 3 straight years. Obviously, either scenario has no basis in fact.

VI. Summary Results

In this section AMS goes beyond the scope of an audit and advocates for positions or conclusions that are either based on extraneous information not relevant to the audit or which are simply erroneous. More specifically:

Audit Report. (Page 8, bullet 1) *Officers did not always remain at their assigned Posts for the entire shift duration even though Sign-in Registers indicated otherwise. The officers were told to move to another Post, early depart the post leaving it unmanned, or wait for a relieving officer who had been assigned elsewhere. The departing officer was billed as if he completed the full shift and replacement officers who came from other Posts were billed as if they never moved from their initial Post Assignment. In the Log Books, relieving officers did not always identify themselves and continued to make hourly entries on behalf of the departing officer. This irregular practice was detected as the penmanship was distinctively different.*

Wackenhut's Response. See excerpts from Terry Grant's deposition set forth above. MDT expected officers to remain signed in on their original Sign-in Register although they may have been redeployed to a different post (officers could be redeployed to or away from a given post during the course of a shift). Per Terry Grant's deposition testimony, the County expected the redeployed officers to be billed under their regularly assigned post, which would require that they remain signed in/out on their original Sign-in Register even though they were redeployed to another post.

Audit Report. (Page 8, bullet 2) *Rail Patrol Officers were oftentimes used to cover vacancies at static posts and employees moved from Post to Post to alleviate shortages and the County was billed as though both the static and mobile units were fully staffed. Rail Patrol Units are supposed to provide visible uniformed presence on the Metrorail trains, however, when such officers are used to fill static post vacancies the risk of crime incidents can be heightened.*

Wackenhut's Response. The Contract allows Rail Patrol Officers and roving supervisors to fill static posts as dictated by operational requirements. In the instances where supervisors are deployed, or a supervisor deploys a rover to cover a static post, the higher supervisor/rover bill rate is reduced to a lower CPO bill rate. In fact, AMS does not cite any instance whereby Wackenhut erroneously billed MDT the incorrect bill rate (i.e., the County is not billed at the higher rate). The operational plan takes into account that roving supervisors and officers are deployed to cover static posts should the need arise. In these instances, other supervisors and rovers patrol the trains to address or deter criminal activity.

Audit Report. (Page 9, bullet 4) *Supervisors were billed in part as standing guard at open Posts for up to three hours although Log Books and/or Supervisory Activity Reports indicate these individuals were at other locations conducting required Post Checks.*

Wackenhut's Response. Supervisors have the discretion to sign in on a static post that would otherwise be open and to deploy a replacement from a roving post to relieve them so that they can continue to perform their required post checks or other critical duties, including special details. Despite the fact that supervisors manning a static post still continue to perform some of

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their supervisory duties, the supervisor bill rate is reduced to a lower CPO bill rate so that the County is never billed for the higher supervisor rate in these instances. Regardless, supervisors continue to receive pay at the supervisor rate with Wackenhut absorbing the difference.

Audit Report. (Page 9, bullet 4) *Certain stations require two Posts which must be manned individually. However, we found instances whereby one of the two Posts was unmanned, yet hourly entries were made in both pertinent Log Books by the lone officer on duty and the County was billed as though both Posts were covered.*

Wackenhut's Response. Wackenhut routinely deploys and redeploys personnel as dictated by daily operational requirements and/or in response to other issues. In some instances, an officer assigned to a static post where there are 2 or more officers co-located may be redeployed to another post altogether in response to an operational necessity, special event or due to a need for heightened security at another location as acknowledged by MDT. The officer that is redeployed remains signed in, paid and billed for services rendered at their original post while he/she is actually working at another post as a result of the redeployment. As indicated above and per Terry Grant's deposition testimony, the County expected the redeployed officers to be billed under their regularly assigned post, which would require that they remain signed in / out on their original Sign-in Register even though they were redeployed to another post. This type of redeployment was used by the County as a way of utilizing resources to the highest and best need.

On Page 9, Paragraph 3, AMS reports that in some instances posts were left unmanned, supervisors did not make the required post checks and/or officers failed to sign out at the end of the shift for which AMS assessed liquidated damages totaling \$199,900. Liquidated damages, if assessed, should be assessed in accordance with the Contract, which allows Wackenhut an opportunity to respond individually to each penalty assessed and for MDT to make the final determination. Despite an unprecedented and dramatic increase in the number of physical post inspections since this audit began, Wackenhut's compliance rate was nearly 99% in 2006 and exceeded 99% for 2007.

On Page 9, Paragraph 4, AMS makes reference to excessive overtime worked by Wackenhut personnel and then states: "Wackenhut must be held accountable for the overbilling." However, in another part of the Audit Report, at the bottom of page 3, AMS acknowledges that Wackenhut employees worked overtime in order to meet the required coverage levels, "however these costs were not billable, unless a special request was made and approved by MDT. No overtime charges were billed during the audit period." In other words, Wackenhut incurred additional expenses not billable to the County to ensure that the contractually required service was provided.

Significantly, AMS does not cite to any instance whereby the County was billed for services that were not supported by payroll, therefore this notion "Ghost Posts," as argued by the Plaintiff's lawyer and amplified by the media, is simply false. Said another way, there is no finding in the Audit Report that Wackenhut billed the County for phantom or non-existent employees.

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Beginning in the last paragraph of Page 9, AMS acknowledges that the CyberLock/CyberPoint system, like the Logbooks and Activity Reports, is not used to validate billings or determine adequacy of coverage. Yet, AMS appears to use system information to suggest that officers who failed to use the system on an hourly basis were not on post and, therefore, no bill for such officer should have been submitted to the County. The CyberKey system is a dysfunctional, antiquated, mismatched and ill-maintained technology that cannot and is not used by Wackenhut or MDT to verify payroll / billing in connection with the delivery of our services under this contract. From Terry Grant's own sworn testimony, this is what he had to say about the CyberLock/Cyber Point system:

A: Sometimes we find that the system for whatever reason malfunctioned and didn't record the cyber touch.

Q: When you were talking about the cyber key system, you said -- and I tried to write this down -- it was not as reliable as we hoped it would be. What did you mean by that?

A. Well, early on, the cyber system was really acquired [for a different purpose]. What we found out during that process of actually acquiring it for that, they had a follow-on system that would allow you to put the cyber points at different locations to track different things, people who had possession of the key. They made it fairly clear to us in the beginning that it had never been tried to the level that we were going to try it in over there but they were of the school that it was a pretty good system... What we have come to learn is that, over time, we are starting to see quite a bit of failures in not only the authorizers that are out there to allow the downloading of the information but in the cyber points themselves...I certainly wouldn't say that we could use it to monitor people's time...

VII. Findings and Recommendations/Billing Practices/Results of General Testing

On Page 12 of its Audit Report, AMS states that their exception rate was 15% of hours and amounts billed. AMS achieved this percentage rate by relying on a comparison between invoiced hours, Logbooks and Activity Reports. AMS also questioned billings where the Logbooks and/or Activity Reports were not available to corroborate invoiced hours. Wackenhut takes exception to using the Logbooks and/or Activity Reports as a secondary time keeping mechanism. The contract clearly states that the Sign-in Register is the document of record for payroll and billing purposes. Interestingly, AMS does not note any discrepancies between the Sign-In Registers and the payroll / billing items selected during the audit period.

Also on Page 12 of the Audit Report, AMS discusses "common billing anomalies" and states that officers were not at their assigned posts for the entirety of hours billed although Sign-In Registers indicated otherwise. AMS further states that according to log book entries, replacement officers came from other locations to cover open posts yet, the County was billed as though both posts were filled. Further, AMS asserts that rail patrol officers were frequently used to cover unmanned static posts without a replacement to backfill their posts, meanwhile the County was billed as though both the rail and static post were covered. Wackenhut and MDT acknowledge that officers are deployed and redeployed as necessary to meet the needs of the Contract to ensure that we can effectively address and deter criminal activity and respond to the fluid needs of Miami Dade Transit.

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AMS states that Logbooks and/or Activity Reports were not available for 25 (or 4.95%) of the items selected for testing in the audit. Log books, however, are the property of the County. Wackenhut makes every effort to maintain and safe keep the County's Logbooks in accordance with MDT's expectations and the Contract requirements. However, Logbooks are routinely turned over to MDT and other County agencies for legitimate business purposes and in some instances the Logbooks are not returned. Although the 4.95% rate is exceptional in terms of document retention given the size, scope and complexity of the Contract, AMS nonetheless questions entire shifts of 10-12 hours per instance when Logbooks and/or Activity Reports are not available and then extrapolates those figures across the entire billing population to reach a highly inflated dollar amount that is simply not accurate. Furthermore, in those few instances that Wackenhut was not able to provide a Logbook and/or Activity Reports we introduced other equally credible alternative source documents, which AMS has chosen to arbitrarily and capriciously ignore.

VIII. Findings and Recommendations/Resource Management Issues / Reporting of Lost Hours

Wackenhut routinely reports lost hours to MDT on a monthly basis. This report is submitted to MDT, along with the invoices. MDT is not billed for any lost hours.

AMS reports that one shift supervisor wrote on his daily report "...too many open posts and no CPOs to fill the gaps. I had to utilize supervisors and RP's (rail patrol officers) to cover empty post." Wackenhut acknowledges that roving officers and supervisors are deployed and redeployed to respond to unforeseen daily operational occurrences and security needs, where a greater significance is placed on static posts – a practice approved by MDT. In these instances Wackenhut reduces the supervisor hours and the supervisor bill rates. From an audit prospective, this creates significant challenges because there is so much movement of personnel that in some instances, as noted by AMS, Logbooks and/or Activity Reports will not coincide with Sign-In Registers.

IX. Findings and Recommendations/Resource Management Issues/Excessive Posts

Wackenhut has a proven track record of making recommendations to reduce the number of posts and/or hours of coverage where public safety is not compromised. In fact, Wackenhut's ability to deploy and redeploy our personnel has allowed MDT to realize significant cost cutting measures. This can be verified with MDT.

X. Findings and Recommendations/Resource Management Issues/Supervisory Review of Sign-In Registers

Deposition testimony cited out of context is not a reliable source for any auditor and increases the probability of erroneous conclusions.

XI. Findings and Recommendations/Resource Management Issues/Employees Billed Over 13.5 Hours Per Day

Wackenhut has an almost 20 year history of providing quality labor that meets and exceeds the Contract requirements. The labor we seek is a precious commodity, whose availability has been impacted by many factors as stated by AMS. Fluctuations with respect to the availability of labor are to be expected, but all the while Wackenhut has demonstrated the ability to deliver excellent service which can be verified by MDT. Furthermore, there are many instances wherein MDT makes last minute requests to increase coverage and other instances, which require that employees work beyond their scheduled shift.

XII. Findings and Recommendations/Other Contractual and Compliance Matters/Personnel File Documentation Exceptions (page 32)

Neighborhood Canvas exceptions were approved by MDT for out of area employees who relocated to work under the Contract and did not establish residency in the County at the time of application for employment. In fact, MDT reviewed and approved the personnel records of these employees prior to their assignments. This is evidenced by MDT officials' approval signatures in the respective employee's personnel records.

The fact that copies of the State of Florida class "G" Firearms permits were not located in 2 of the employees' personnel records, does not mean that these employees did not hold these licenses while they were working. Wackenhut formally requests the names of the employees that AMS cited as not having the required documentation in their files in 1-3 instances out of 55.

XIII. Findings and Recommendations/Other Contractual and Compliance Matters/Field Observation Exceptions (Page 32)

Expired class "D" and "G" permits are authorized by the State of Florida if accompanied by a license renewal receipt from the State of Florida. The license renewal receipts are used while the State of Florida processes and issues the new licenses.

MDT is aware that our officers do not have assigned parking spaces at some of the locations where Wackenhut provides service. The scenario described by AMS at post 925 is an approved process by MDT, whereby the station is opened for service, the officer parks his vehicle off site and returns to the station to re-assume his post. All the while the officer is signed in and performing work in connection with the Contract.

In fact, there are 2 stationary posts assigned at the Coral Way Bus Yard. There are no relief / roving officers assigned to the Coral Way Bus Yard, therefore, the officers are expected to take their reliefs on their own. Wackenhut is not aware of the specific incident referenced by AMS involving the golf cart at the Central Bus Yard, however Wackenhut retains a professional golf cart supplier and service company that is immediately dispatched to address any issues reported to management.

XIV. Findings and Recommendations/Other Contractual and Compliance Matters/Uniform Distribution Policies (Page 33)

Wackenhut currently provides police style footwear to its employees at no cost to the employees. The matter regarding the replacement of uniforms is a documentation issue and not a uniform supply issue. Given the logistics, officers assigned to this Contract are permitted to exchange / receive uniforms and equipment at the job site and are not required to visit the office where the documentation is maintained by the quartermaster.

XV. Findings and Recommendations/Other Contractual and Compliance Matters/Post Inspections by MDT Personnel (page 35)

MDT's post inspections are necessary to ensure that Wackenhut is providing the contracted services and filling the required posts. In fact, in 2007 alone MDT conducted 9,914 (average of 826 per month) unannounced site inspections and Wackenhut achieved an over 99% compliance rate further demonstrating through a real time field observation process that Wackenhut is providing and accurately billing for the contracted services.

XVI. Conclusion

The Wackenhut Corporation and Miami-Dade County have been placed in a very tenuous position throughout this process. Wackenhut understands the high level of scrutiny this Contract is under due to the unfortunate media storm created by a greed driven plaintiff's lawyer who has attempted to try his case in the media, instead of proving his case in a court of law. It is Wackenhut's belief that County entities such as MDT and AMS have been placed under undue pressure and influence by unsubstantiated allegations in this ongoing disputed litigation. Wackenhut remains certain that the truth will prevail, allowing Wackenhut to clear its good name – a name synonymous with quality that took half a century to build.

Final Points of Fact

- The CPO / quasi-law enforcement service provided to MDT on Metrorail / Metromover has been highly effective and a great benefit to Miami-Dade County and its taxpayers.
- The accomplishments of Wackenhut's CPO program have afforded Miami-Dade County great savings as compared to deploying its own transit police department. Likely in the millions per year, every year (over \$60 Million in estimated savings since the inception of our first contract in 1989).
- Our almost 20 year track record is an unprecedented positive security event for Miami-Dade County.
- Although AMS has utilized Logbooks and Activity Reports as a time capture document for purposes of verifying payroll / billing, Logbooks and Activity Reports were never intended to be utilized as time capture documents pursuant to the Contract.

PRELIMINARY RESPONSE

- Additional reliable documentation that can be used to verify attendance, such as rail patrol dispatch logs and Blue Phone Logs, were wholly disallowed and discounted by AMS as support during the Audit, even though they clearly evidence Wackenhut officers on duty during varying times throughout the course of the Audit Report when AMS questions billings.
- Evidence of Wackenhut officers coming on duty and off duty is beyond dispute, although same is discounted by AMS, as Wackenhut officers open and close every station every day. This practice is documented on Miami-Dade County Blue Phone Logs and Wackenhut dispatch logs, documents disallowed as support by AMS.
- Questionable billing findings that AMS used as the basis for extrapolation only total \$14,722.20 for the entire 3 year audit period.
- AMS appears to have utilized a handful of selective portions of deposition testimony obtained from plaintiff's counsel in the Qui Tam action, without reviewing the balance of approximately 90 depositions taken, to draw broad conclusions, thereby usurping the role of judge and jury.
- The AMS error rate is clearly artificial due to the inclusion of anomalies that have been identified in the sample.
- If you accept the unreasonably high and erroneous error rate of 15% utilized by AMS, the questioned billings totaling \$14,722.20 are extrapolated to \$5.93 million in questioned billings.
- \$5.93 Million dollars in extrapolated questionable billings would equate to 12 out of 22 stations having absolutely no coverage whatsoever for 3 straight years (or not rendering approximately 1,700 hours per week of services for a 3 year period). Hopefully, this point illustrates the illegitimacy of the error rate and extrapolation methodology utilized by AMS.

Wackenhut reserves the right to modify and/or supplement this Preliminary Response.