OFFICE OF THE INSPECTOR GENERAL

ANNUAL REPORT 2021

"Self-criticism Is the secret weapon of democracy."

-Adlai Stevenson

Joseph M. Centorino, Inspector General

TO Honorable Mayor and Members of the City Commission
FROM: Joseph M. Centorino, Inspector General

RE: Annual Report of OIG Activity
DATE: November 1, 2021

INTRODUCTION

This annual report is submitted to the City of Miami Beach Mayor and City Commission by the Office of the Inspector General in compliance with City of Miami Beach Code Section 256-(j).

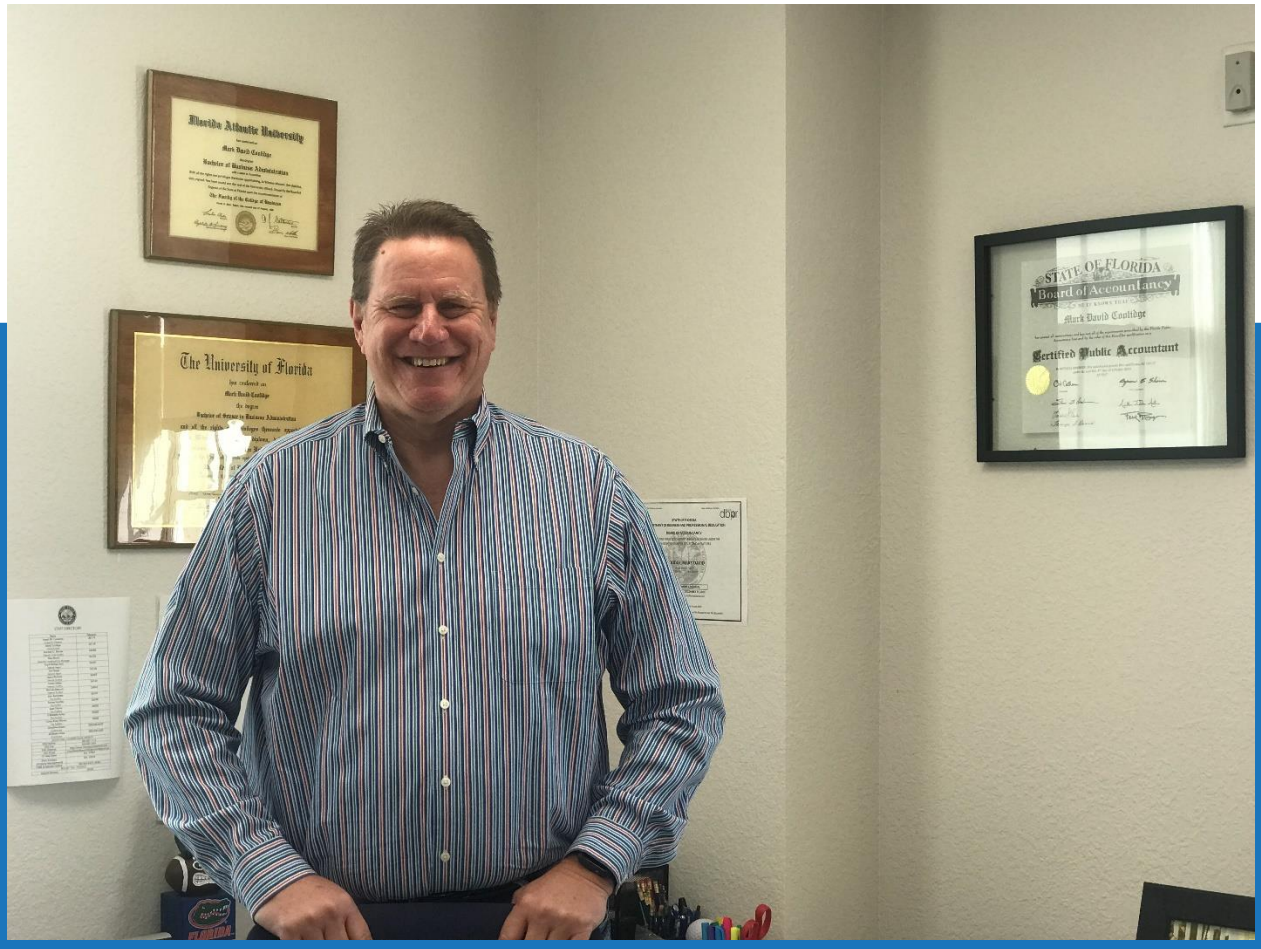
The City of Miami Beach Office of the Inspector General was created by a City Charter Amendment passed by the voters of Miami Beach in November 2018. The office was established "as an independent body to perform investigations, audits, reviews, and oversight of municipal matters including City contracts, programs, projects, and expenditures, in order to identify efficiencies, and to detect, investigate and prevent fraud, waste, mismanagement, misconduct and abuse of power."

EXECUTIVE STAFF



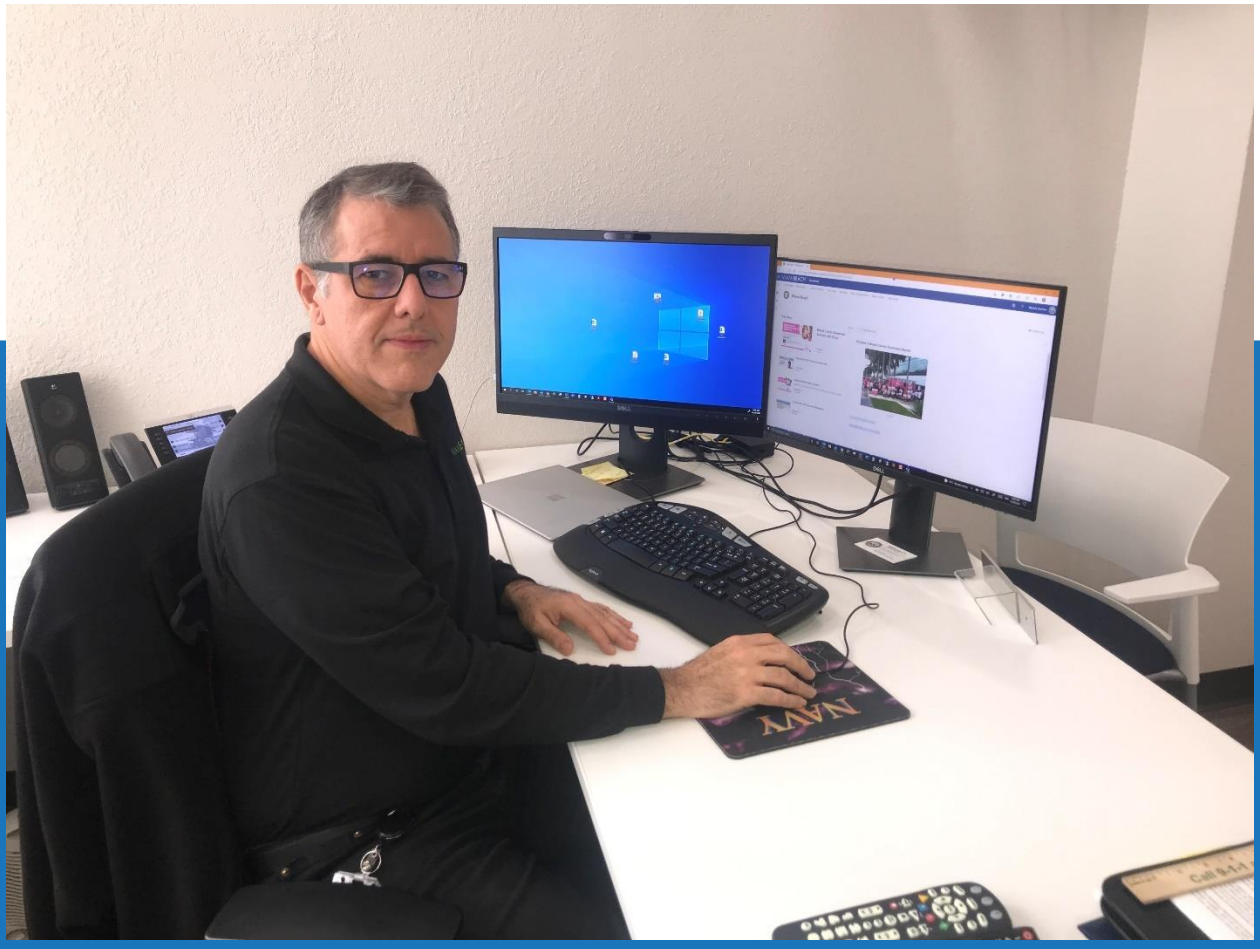
INSPECTOR GENERAL

Joseph M. Centorino, appointed as Inspector General by the City Commission following his nomination by an independent Selection Committee, began a four-year term on November 1, 2019. He is an attorney and member of the Florida Bar and served in previous positions as Executive Director and General Counsel at the Miami-Dade County Commission on Ethics and Public Trust, and as Chief of the Public Corruption Unit at the Miami Dade State Attorney's Office. He holds a B.A. and M.A. in Political Science from Tufts University and a J.D. from Boston College Law School.



CHIEF AUDITOR

Mark Coolidge was appointed as Chief Auditor for the OIG by the Inspector General on April 1, 2020. He previously served as Interim Internal Auditor for the City of Miami Beach and has been employed by the City since 1993. He holds a B.S. degree in Business Administration with a Major in Finance from the University of Florida as well as a B.S. in Business Administration from Florida Atlantic University with a Major in Accounting. He is a Certified Public Accountant, with certifications as an Internal Auditor and as an Inspector General Auditor.



DEPUTY CHIEF AUDITOR

Norman Blaiotta was appointed as Deputy Chief Auditor by the Inspector General on April 1, 2020, prior to which he served as City's Senior Internal Auditor. He holds a B.A. in Accounting from Inter-American University and an M.A. in Finance from Metropolitan University in Puerto Rico. He has obtained certifications as a Fraud Examiner, Internal Auditor, and Inspector General Auditor.



EXECUTIVE ASSISTANT/OFFICE MANAGER

Elisa Alonso serves as Executive Assistant/Office Manager, having previously served the City in administrative positions with Internal Audit, Budget, Grants, Organizational Development, and the Bass Museum. Ms. Alonso attended Faculty of Foreign Languages University (Havana). She is the sole OIG administrative staff support member and is involved in all phases of OIG operations.



INVESTIGATIVE STAFF

Jim McGee was hired in December 2019 as the first investigator for the OIG, with previous experience as an investigator for the Miami-Dade Commission on Ethics, as a licensed private investigator, and as a staff investigator for two U.S. Senate Committees. He has extensive experience as an investigative journalist with both the *Washington Post* and *Miami Herald*. Jim holds a B.S. degree in Journalism from the University of Florida, and is certified as a Fraud Examiner, Forensic Accountant, and Inspector General Investigator.

Jani Kline Singer was hired as an investigator in January 2020. She is an attorney and a former public corruption prosecutor with the Miami-Dade State Attorney's Office, a former public defender, and a former managing attorney at the Florida Department of Children and Families. Jani earned a Bachelor's degree in Politics and Sociology at Mount Holyoke College, a law degree from the University of Miami School of Law, and is certified as an Inspector General Investigator.





INTERNAL AUDITORS

Internal Auditors handle a wide variety of assignments, including both extensive operational and compliance audits, reviews and inspections of City programs and departments, and assist in investigations. The analysis performed by them frequently includes ensuring compliance with City policies and procedures, City Code, State Statutes, and City contracts; ensuring financial integrity and adequate internal controls; and conducting follow-up audits.

The OIG has three Internal Auditors. **Jessica Romero Losada** Is a graduate of Sacred Heart University (San Juan) with a Bachelor's degree in Business Administration (Accounting), and a Master's Degree in Business Administration (Taxes). She is a Certified Inspector General Auditor. **Tomas Valdes,** a graduate of Florida International University with both Bachelor's and Master's Degrees in Accounting, is also a Certified Inspector General Auditor. **Marcela Mercurio**, a recent 2021 hire, is a C.P.A, with a Bachelor's degree in Public Accounting from Universidad de Belgrano (Argentina), a Master's in Business Administration from Henderson State University, and a Master's Degree in Accounting from Texas A&M University (Corpus Christi).



RESORT AND SANITATION TAX AUDITORS

Tax auditors closely examine the internal records of businesses responsible for remitting resort taxes or sanitation taxes (franchise fees and roll-off permit fees) to the City pursuant to the City Code and State Statutes, and issue audits that may result in substantial assessments against those entities failing to pay the full amount of monies owed.

There are four Resort Tax Auditors on OIG staff: **John Benincasa**, the most senior auditor, has been with the City since 1999, and studied Accounting at FIU; **Yorney Sanchez**, a graduate of Jose A. Echeverria University (Havana) with a Bachelor degree in Industrial Engineering, as well as a Bachelors in Accounting at FIU; **Carlos Enzo Villaran**, holder of a B.S. in Accounting from Nova Southeastern University; and **El Mostafa Achar**, who has a B.S. in Business Administration (Accounting) from University of Central Florida and a Master of Accounting from Nova Southeastern University.

Juan Ospina is the OIG Sanitation Auditor, and holds a Bachelor of Science in Industrial Engineering from Xavier Pontifical University (Bogota), and a Bachelor of Accounting and Master of Business Administration, both from FIU.

Prior to joining the OIG, Messrs. Sanchez, Villaran, Acher and Ospina were employed as Tax Auditors with the State of Florida Department of Revenue.



PROFESSIONAL TRAINING

The Association of Inspectors General (AIG) is a national organization dedicated to promoting certification standards and educational programs for Inspectors General and professional staff throughout the country. Upon obtaining certification, members are required to complete 40 hours of Continuing Professional Education every two years.

All OIG Supervisors and Investigators, two Internal Auditors and the Sanitation Tax Auditor are now members of the AIG as well as the Florida Chapter of AIG, and have obtained Certification in their various disciplines through completion of prescribed courses provided through the AIG Inspector General Institute. During the past year Inspector General Joseph Centorino, Internal Auditor Tomas Valdes, and Sanitation Tax Auditor Juan Ospina successfully completed their respective Certification requirements.

All professional staff have participated in various professional education programs during the past year, sponsored by AIG, AIG Florida Chapter, AIG NY/NJ Chapter, the Institute of Internal Auditors (IIA), the IIA Miami Chapter, Hall Consulting, Inc., Association of Certified Fraud Examiners (ACFE), Florida Government Finance Officers Association, U.S. Department of Justice Procurement Collusion Strike Force (PCFS), and Florida Tourist Development Tax Association, Inc. (FDTDA). These programs have covered a wide range of topics relevant to the operations of the OIG, including detection, prevention and vulnerabilities of fraud, online investigative research methods and technology, procurement collusion, tax and internal auditing techniques, ethics, executive investigations, digital crime scene analysis, and cybersecurity.

OIG INVESTIGATIVE AND AUDIT SUPPORT TECHNOLOGIES

The OIG uses several software programs and online services to efficiently manage a caseload that includes investigations and auditing of major construction projects and a wide range of other important municipal matters, as well as the ongoing oversight responsibility to report on General Obligation Bond (GO Bond) projects. These digital tools support a standard investigative workflow for civil fact investigations that includes collecting and reviewing massive collections of documents and searching databases; recording and transcribing interviews; analyzing and documenting facts; and reporting findings and recommendations.

The mainstay of the OIG's investigative team's use of digital technologies is CaseFleet, a cloud-based platform used by small law firms to organize evidence, analyze facts, and manage document- intensive fact investigations with numerous witnesses. Concurrently, all Audit Division staff use MKinsight software, an Audit Management System that provides comprehensive functionality in Audit Planning, Scheduling, and Electronic Working Papers.

Generally, the OIG records formal interviews with witnesses whose statements are deemed material to an official investigation. To ensure the accurate and fair characterization of witness statements, the recordings are uploaded to the on-line transcription service Sonix.ai, where the finished statements are stored for later review and report writing.

While these digital tools dramatically improve the efficiency and reliability of the OIG's fact-finding process, it is essential that they also be configured and used in ways that support the OIG's responsibility to protect the rights and reputations of individuals and business entities and maintain the confidentiality of OIG investigative and audit work-product. This ethical imperative is reflected in the OIG's selection of tools that use advanced encryption (CaseFleet and MKinsight), multi-factor authentication (PeopleMap and Business Insider) and rigorous security protocols. It also informs the selection of professional development courses that OIG staff attends.



OUTREACH

Despite the elimination of most opportunities to personally address citizen groups, boards, organizations and the general public during the pandemic, the OIG has continued to promote its visibility, accessibility and hotline through virtual meetings and presentations, distribution of OIG posters to interested citizen groups, businesses, and condominium associations.

OIG has continued to take an active role in City trainings. The Inspector General now participates directly in all new employee orientation sessions. He has also presented to the Neighborhood Leadership Academy, which has been re-started virtually following its suspension during the pandemic. Both the Inspector General and the Chief Auditor were included among the City presenters for the City Employee Academy Program.

The Inspector General has continued to address any resident group or any other civic organization to which he is invited. During the past year he has made presentations to the Miami Beach Chamber of Commerce, Collins Park Neighborhood Association, West Avenue Neighborhood Association, and Mid-Beach Neighborhood Association. He has also addressed the City's Budget Advisory Committee and Black Affairs Advisory Committee.

The Inspector General was also an invited speaker at the Institute for Internal Auditors Miami Chapter Fraud Conference, the Association of Inspectors General Florida Chapter Roundtable on Local Offices of Inspector General, the Institute for Ethical Leadership and Governance at St. Thomas University, and the Global Ties Miami program, "Enhancing Citizen Complaint Systems and Improving Oversight of Public Services."



LEGISLATIVE INITIATIVES

There were two major legislative initiatives adopted by the City Commission during the past year that have enhanced OIG operations:

- The City's **Whistleblower Ordinance,** which protects City employees who report significant wrongdoing within City government from retaliation by supervisors, was amended to include reports made by whistleblowers to the Inspector General within the ordinance. This should serve to encourage City employees having knowledge of corruption or malfeasance or wastefulness inside City government to provide the type of information to the OIG that is vital to its mission.

- The City's **Cone of Silence Ordinance**, which prohibits City officials, procurement personnel, prospective contractors, and lobbyists from communicating about pending bids or other procurement matters to influence decisions on City contracts, was amended to exempt OIG staff from its restrictions, enabling the OIG to receive tips or other information from any of these individuals about possible improprieties meriting investigation during the procurement process.



COMPLETED INTERNAL AUDITS

1. **First Class Parking Systems LLC (FCPS) – Compliance Audit (2015/18 Concession Agreement)**

   The concessionaire, FCPS was determined to be compliant with the tested provisions of the 2015/18 agreement with the City, except for (1) non-compliance with maintenance/examination of records requirements; and (2) late payments submitted for 17 of 39 (43.59%) invoices billed from October 1, 2015 through September 30, 2018.

2. **First Class Parking Systems, LLC – Compliance Audit (Concession Agreements in effect from October 1, 2018 through April 30, 2020)**

   FCPS did not provide the City with all the records required under the agreements with the City. OIG staff determined that the Return Performance Standard was being incorrectly calculated thereby resulting in a $13,400.00 penalty owed to the City that had not been billed to FCPS. Also, the concessionaire had not timely obtained all its required 2018/19 and 2019/20 fiscal year Business Tax Receipts, and it owed $11,147.30 in State sales taxes due to incorrect calculations on City payments. Although the concessionaire paid the associated late charges billed, it submitted 21 of the 52 invoices billed during the audit period after the due date. Finally, the concessionaire's insurance certificates were not totally compliant with the requirements in the concession agreements, and needed to be upgraded.

3. Public Works Warehouse Inventory Valuation as of September 30, 2020

This audit involved a complete inventory of all Public Works vehicles, equipment and supplies maintained in its City warehouse. Based upon results of test counts and inventory reports, OIG staff recommended that the Finance Department use the valuation of $2,614,727 for the inventory as of September 30, 2020. The annual physical inventory was conducted effectively, with the corresponding valuation deemed reasonable. OIG staff conducted random test counts of 305 different parts totaling 12,913 units on hand with a cumulative value of $1,291,427.53.

A comparison of the units on hand with physical test counts identified differences for nine of the 305 sampled parts (2.95%). More specifically, there was a net difference of 11 units on hand totaling an immaterial $1,813.38, as some sampled parts quantities were overstated, while others were understated. Lastly, an unannounced September 2020 site visit found that a handful of cameras were in disrepair as either their pictures were blacked out or unclear. Overall, the audit was deemed successful, and the Department of Public Works deserves credit for its cooperation and for its maintenance of its physical inventory.

4. OIG Contract Allocation Fee Reports FY 2019/20 and FY 2020/21

The original intention of the Contract Allocation Fee Ordinance was to provide the OIG with an independent funding source for its budget. It was based on a .5% assessment on applicable contracts handled by City departments. The amount allocated to the OIG fund for any individual City contract was capped at $50,000.

The OIG assumed the task of conducting annual audits of the fees collected under the ordinance. Based on the data submitted by City departments for the 2019/20 fiscal year, only 11 contracts were subject to the OIG contract allocation fee and the OIG fund was owed only $3,475, an insignificant sum, due largely to the inapplicability of the ordinance to existing contracts entered prior to April 1, 2020, as well as to confusion among some departments as to which contracts were to be included. For Fiscal Year 2020/21, the number of contracts subject to the contract allocation fee rose to 50, and the fees owed to the OIG fund rose to $18,868, but still not close to the amounts anticipated.

The OIG concluded from these efforts that the use of OIG auditors to monitor the collection of these fees from City departments under the existing ordinance was an inefficient process for both the OIG and City departments. It did not result in the funding needed, but rather consumed City resources to monitor the collection of funds from within the City, based on criteria that were confusing to many.

The OIG, in tandem with the Finance Department, proposed a repeal of the ordinance and a new arrangement whereby the OIG, beginning in FY 2021/22, is considered an internal service department, funded through appropriate assessments to each City department, without a specific formula tied to City contracts.

5. Building Department Expenditures Audit and Follow-up of Management Responses

Use of Building Department funds is restricted by State law to permissible uses in connection with the enforcement of the Florida Building Code. The City's Building Official, is authorized under State statute to oversee and control this function, ensuring compliance with Florida Statutes and guarding against expenditure of Building Department funds for impermissible purposes unrelated to the Building Code. The Building Official requested that the OIG audit the City's use of the restricted funds.

Testing determined that at least $5,631,897.76 in restricted Building Department funds had been used by the City over period of years for unallowable activities, contrary to the Code. In addition, the Notes to Financial Statements on the City's Comprehensive Annual Financial Report incorrectly reported approximately $6.2 million of the restricted Building Operations Reserves as Unrestricted Fund Balance. Furthermore, an amount totaling $18,124.87 in payroll and fringe benefits related to non-Building Department work performed by City employees was incorrectly paid with restricted Building Department funds and had not been repaid. Lastly, the Building Department's cost allocation percentage has not been updated and is not accurate, necessitating that steps be taken to rectify these deficiencies.

6. DAVID Access and Internal Control Review

The City's Parking and Finance Departments had previously been granted access at no charge to the Driver and Vehicle Information Database System (DAVID), which Is overseen by the Florida Department of Highway Safety and Motor Vehicles (FLHSMV), which mandates compliance with FLHSMV procedural requirements. OIG staff's testing found that the authorized departments did not properly document all their searches, as there were 1,567 unexplained discrepancies.

Also, authorized DAVID users performed undocumented searches during non-working hours that raised concerns about their legitimacy. Eight of the 12 reviewed Quarterly Quality Control Review Reports were not timely submitted, ranging from a low of 14 days to a high of 155 days for an average of almost 55 days per report. The Annual Certification was signed and submitted to the State despite deficiencies in Standard Operating Procedures. Also, three tested former City employees' access to DAVID was not immediately revoked as required in the signed agreement with FLHSMV.

The Parking and Finance Departments have since determined that the use of the DAVID system is not essential to their operations and have voluntarily given up use of the system. It should be noted that the City still has access to the DAVID system through both the OIG and the Police Department.

7. State Beachfront Management Agreement #3595 (Financial and Operational Reports) for the 2018/19 Fiscal Year

State Beachfront Management Agreement No. 3595 requires the City of Miami Beach to remit 25% ("sand tax") to the State from monies collected from private concessionaires for the use of State beachfront property. It requires the City to provide the State with an annual audit report of monies collected from concessionaires. Two separate reports are performed annually: (1) a Financial report informing the State of the accuracy of the City's quarterly sand tax payments; (2) an Operational report that reviews City procedures and internal controls and the accuracy of transactions occurring on State-owned property.

Based upon an examination of City records for the period of October 1, 2018 through September 30, 2019, the OIG found underpayments and overpayments of sand taxes owed to the State. Most concerning was the Office of Real Estate's $600,000.00 underpayment related to the incorrect general ledger distribution of several Boucher Brothers payments occurring from June 2017 through October 2019. On a positive note, the City Administration, once notified of the oversight, promptly took the appropriate corrective action.

In addition, several outstanding balances remain unpaid, including some identified in OIG's 2019 audit report, which also affect the amount of the City's sand tax payments to the State. Although the COVID-19 pandemic has likely contributed to the delinquency or inability to pay by parties named in the audit, the OIG recommended that the City actively research different approaches to improve its future collection efforts.

8. Miami Beach Cultural Arts Council Audit (2018/19 Fiscal Year)

The OIG annually performs this audit pursuant to City Code Section 2-64. Eighteen randomly selected grantees files were reviewed, which included five Anchors/Junior Anchors and 13 Cultural Presenters, to determine compliance with the grant program eligibility requirements. These sampled grantees were awarded $319,561 (37.10%) of the $861,254 allotted during the 2018/19 fiscal year. The audit noted the following deficiencies that needed corrective action:

- Documentation provided by grantees was not fully compliant with the eligibility requirements of the Program Guidelines.
- Grant awards were not always timely or accurately disbursed in compliance with the Program Guidelines.
- Lack of supporting documentation and unreliable review of grantees' Final Reports resulted in a reduction of grant awards.
- The journal entry in the City's Financial System recorded for unpaid CAC grant awards awarded during the 2018/19 fiscal year was overstated by $51,973.

9. **Annual Finance Department Bank Account Reconciliations and Summary Report (2020/21 Fiscal Year)**

This annual review was begun by the Office of Internal Audit because of the $3.6 million fraud committed against the City in 2016 and has been continued under the OIG. OIG Audit Division staff performed the following testing: (1) reviewed the bank reconciliations performed either monthly or quarterly by designated Finance Department staff to verify that they were completed timely and promptly reviewed and approved; (2) confirmed that all entries on the Daily Debit Transaction Report were deemed valid by Finance Department staff; and (3) verified that there is a credit in the general depository account and a corresponding debit transaction in another City bank account for all ZBA (zero balance account) transactions. No exceptions were noted during the 2020/21 fiscal year.

COMPLETED RESORT/SANITATION TAX AUDITS

The Tax Auditors, who primarily conduct Resort Tax revenue-based audits, completed a total of 165 audits, consisting of 77 annual filers and 88 monthly filers, during the October 1, 2020 through September 30, 2021 period. These completed audits resulted in net assessments owed to the City of $1,402,201.43.

Although the Office of the Inspector General determines the amount of an assessment (if any) based on its audit, it is not involved thereafter in the collection phase unless additional documentation is provided, which may lead to adjustment, appeal, settlement or resolution through other City processes and agencies.

Assessments that are not timely paid may result in liens being imposed by the City on properties owned by the delinquent taxpayers or corporate officers, which can remain in effect for up to 20 years. Any collected assessments based on the audits represent additional revenues to the City that would otherwise not have been received.

The Sanitation Tax Auditor, assigned to perform Sanitation audits of waste contractors and/or roll-off companies, completed three revenue-based audits, resulting in over $157,000 in collected monies. In addition, a Roll-off Permit Process Review was also completed whereby several process improvements were implemented by the affected City departments. Several other recommendations addressed in the report are being considered by the City Commission, as of the date of this report.

All Tax Auditors have continued to face delays in obtaining records due to full or partial COVID-19 shutdowns affecting many of the taxpaying entities. The OIG has maintained a policy of permitting reasonable extensions to affected taxpayers when appropriate.



INVESTIGATIONS, REVIEWS, AND INSPECTIONS

The OIG exercises broad investigative authority under Section 2-256(d) of the City Code to investigate City officials and employees, contracts, programs, projects, and expenditures. It has the power to subpoena witnesses, administer oaths, and require production of records regarding any matter within its jurisdiction. Investigative work may cover a wide range of activity, including investigations, reviews, inspections, and preliminary inquiries, which may involve both investigative and audit staff depending on the complexity of the issues. Below is a list of several investigations which resulted in the reporting of significant findings, recommendations, or oversight issues.

The Palm and Hibiscus Islands Investigation

In February 2021 the OIG issued Report No. 20-07 ("Management of the Palm and Hibiscus Neighborhood Improvement Project") based on a lengthy investigation of a major stormwater drainage and road construction project managed by the Capital Improvement Projects (CIP) office. The evidence established that the City's efforts to reduce flooding by accelerating construction projects without proper permitting resulted in serious overrides of existing internal controls during the project.

The evidence showed that, in response to political and organizational pressures to begin construction, City officials made decisions that disrupted CIP's process for managing major construction projects; left CIP without a reliable basis to develop a realistic schedule and cost estimates; and contributed to costly permitting violations that delayed completion of the project for more than two years. More broadly, the report documented that the City did not have a comprehensive policy for the procurement and management of Design-Build projects or an effective system of internal controls to reduce the risks of waste, fraud, and program abuse in such high-value investments.

The report recommended that the City Manager, CIP, and the departments of Public Works and Procurement develop an enhanced system of internal controls for such projects. Subsequently, the City Manager, the Inspector General and other City officials began a collaborative effort to address the report's most urgent findings. To facilitate these efforts, on May 6, 2021, the OIG submitted a memorandum ("A Policy for the Procurement and Management of Design-Build Construction Projects") that outlined eleven policy options that were based on authoritative standards and best practices. The Administration has been receptive to these suggestions and is working collaboratively with the OIG to refine and expand the policy. It is anticipated that, upon adoption, adherence to the policy will serve to avoid or minimize costly missteps in the City's future major construction projects.

Concurrent with these interagency activities, on June 23, 2021 the Commission adopted Resolution 2021-31738 requiring that the Administration obtain independent cost estimates for construction projects valued at more than $5 million and seek Commission approval of estimates over $100,000. On Sept. 6, 2021, CIP and its contractors achieved a critical milestone when the Miami-Dade Division of Environmental Resources Management (DERM) issued an after-the-fact modification to the project's Class II permit for 88 permanent right-of-way drainage connections for private properties, 63 of which have now applied for DERM permits to bring them into compliance with Section 24-48 of the Miami-Dade Code.

Unauthorized Outside Employment Investigation

Based on information received from a confidential source, an investigation was conducted into alleged unauthorized outside employment by an employee of the City's Department of Economic Development. It was determined that the employee, an attorney, had engaged in legal work for a private client, and that correspondence regarding the work was found on the employee's city computer, including email correspondence with the City's letterhead and documentation regarding compensation for the work performed. Communication with the Human Resources Department revealed that the outside employment was not authorized as required by City policy and that no annual report of the outside employment had been filed as required under the County Ethics Ordinance 2-11.1(k)(2).

Pursuant to the provisions of Section 2-256(d)(8)(b), the Miami-Dade Commission on Ethics and Public Trust was duly notified by the OIG and included in the investigation. The employee, upon being informed of the investigation, cooperated with investigators, and admitted the violation. The employee stipulated to Probable Cause found by the Commission and agreed to pay a $500 fine. The information was then turned over the City administration, which issued a formal written warning to the employee, advising that future ethics violations would result in more serious disciplinary action.

Investigation of Improper Use of City Take-Home Vehicle

Approved City employees, typically consisting of Managers, Assistant Directors, and higher job classifications, frequently receive either car allowances or take-home vehicles as part of their compensation packages. Take-home vehicles are assigned to authorized employees at the City Manager's discretion for work-related travel. All City employees who drive City-owned or leased vehicles must comply with Citywide Procedure No. FL.01.01, issued in June 2014, entitled "Automatic Vehicle/Equipment Location System (AVLS) Procedure" and Citywide Procedure No. HR.03.01, updated in November 2019, entitled "City Vehicle Assignment, Operation and Maintenance."

It was subsequently determined that City Vehicle Number 14401 was used improperly for non-work-related purposes, resulting in reimbursements to the City for the additional fuel consumed, plus SunPass charges. Importantly, the City Administration instituted several new administrative policy improvements, strengthening the take-home vehicle requirements to better deter and detect future abuses.

Review of 1701 Meridian Avenue Commercial Lease Complaint

OIG staff reviewed the complaint information and email correspondence between a citizen complainant and the City, in connection with public records requests and questioned practices regarding renewal of leases of City-owned office space to private tenants. In doing so, the following deficiencies were identified:

- Two of the five tenants named in the complaint were operating without an active business tax receipt (BTR).
- At OIG staff's request, the City's Risk Management Division reviewed the Certificate of Insurance provided by a tenant/assignee and determined that the business was not in compliance with the Lease Agreement between the City and the tenant/assignor in that the Certificate Holder should be the City of Miami Beach and the City should be an Additional Insured for Liability coverage.
- The Facilities and Fleet Management Department did not maintain the CoStar report used to arrive at the $35 per square foot (PSF) to $45 PSF as a public record, as it was generated based on market rates in effect at the time and could not be re-created.

Regarding its leasing practices, the Administration reasoned that keeping a successful operator and good tenant, instead of incurring additional costs to locate a new tenant which might not be successful in the space, made business sense for the City. Although the OIG favors competition for City contracts, including, leases, it concluded that the decision by the City administration was within sound business practices.

As to the unavailable CoStar report, the OIG recommended that, as a best practice, such transitory reports should be immediately copied and maintained as public records.

PROJECTS IN PROGRESS

Indian Creek Improvement Project

The OIG is completing a comprehensive investigation of the Indian Creek Improvement Project State Road (SR/A1A), that has so far included the review of thousands of documents and more than 60 formal witness interviews. This important public works project is one of the City's signature resiliency investments to reduce flooding and counter the existential threat of sea level rise. It includes replacement of the seawall along Indian Creek between 25th and 41st St., elevation of the adjacent roads, and construction of a new stormwater drainage system and pumping station. Originally estimated to cost $25.4 million, the cost to complete this unfinished project now exceeds $50 million. This technically complex and document-intensive investigation has entered a final phase of verification, documentation, and analysis.

Independent Review of Apartment Hotel Conversion

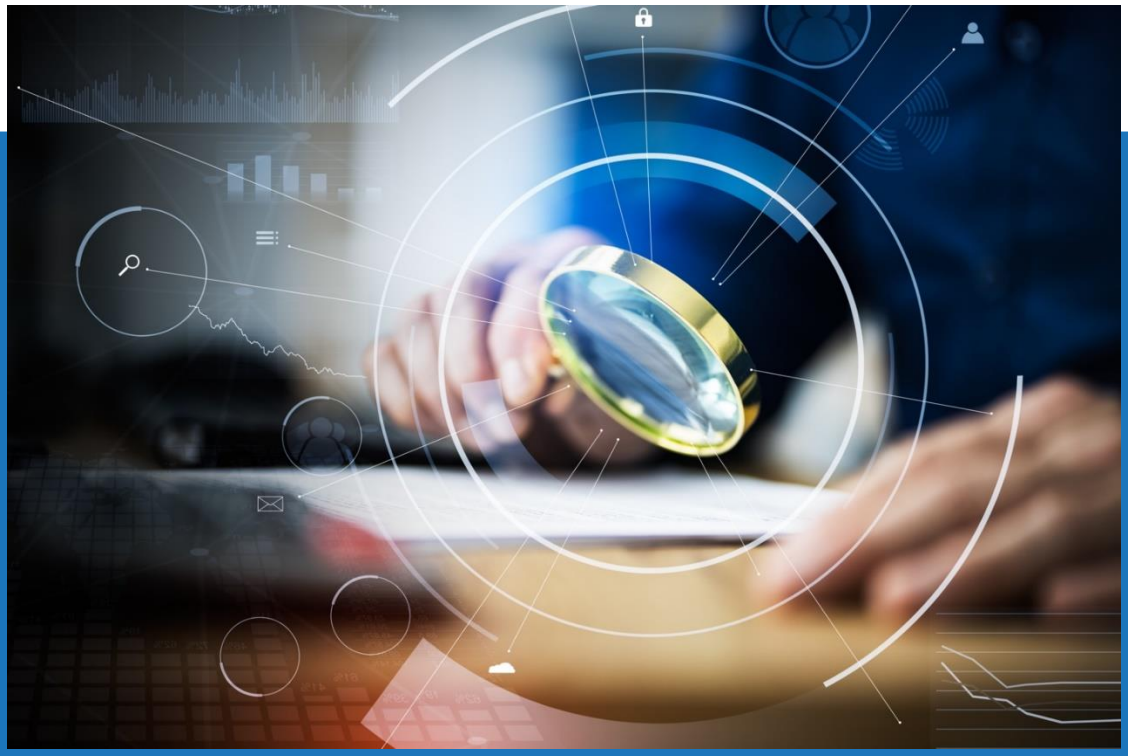
The OIG has completed a draft report requested by the City Commission, providing an independent review, together with independent legal analysis, of permitting and related issues connected to the apartment hotel conversion of 310 Meridian Avenue. The final report will be released following the receipt of comments from affected parties.

Building Department Permitting Processes

The OIG has conducted a review of Building Department permitting process that provides an historical overview of the many changes that have occurred due to evolving information technology as well as the COVID-19 pandemic, and the problems and issues raised by citizens and businesses that go through the process. The report will lead to further analysis to assist the City's decision-makers in determining and evaluating future permitting policies and technologies.

Golf Course Audits

OIG has completed detailed draft audits of the City-run Miami Beach Golf Club and Normandy Shores Golf Club. Final reports will be released following Input from the City's Parks and Recreation Department and the private contractor that manages the golf courses.



CONTRACT OVERSIGHT

The oversight of City contracts from procurement through implementation is a core function of an OIG. During the past year, the OIG retained, as a part-time consultant, **Jill Klaskin Press,** a Certified Public Purchasing Officer (CPPO) with over 25 years of experience with Miami-Dade County Procurement Management. Ms. Press has assisted on a several projects, including the Indian Creek investigation. She has also worked on creating a Contract Risk Assessment Policy under which the OIG can identify high risk contracts requiring special oversight.

General Obligation Bond (GO Bond) Oversight

The OIG has continued to monitor the progress of GO Bond projects at critical points throughout the contracting and construction processes, issuing quarterly reports on progress and concerns. OIG Investigator Jani Singer regularly attended internal staff meetings, CIP/Procurement biweekly meetings and Oversight Committee meetings. She was present for Finance and Economic Resiliency meetings when solutions for closing the funding gaps on GO Bond Projects was discussed. She also monitored the meetings where the Oversight Committee discussed the 72nd Street Community Complex and the reasons for the project's large budget gap.

Ms. Singer recommended to the Program Director that the committee level discussions be captured and posted on the GO Bond dashboard for the public and interested parties, including the Oversight Committee, to easily access. As a result, the GO Bond

Program Director met with the City's Information Technology Department to discuss new technologies designed to capture the committee level conversations and make them readily accessible.

During 2021the focus shifted from the "quick wins" of the previous year to the larger construction projects, which will likely require closer oversight. Ms. Singer monitored the presentations and evaluation committee meeting for RFP 2020-180-ND, the 72nd Street Community Complex. Similarly, she attended the presentations and evaluation committee proceedings for RFQ 2021-196-ND for Architectural Services for the 41st Street Corridor Revitalization. She attended the Urban Forestry Master Plan Commission Workshop to monitor the impact of the plan on Go Bond projects and was present for the community presentation regarding Fire Station #1.

Investigator Singer attended the Mid-Beach Neighborhood Association meetings in February and March after its members raised concerns about the area's Beach Walk project. She also met with residents regarding the Flamingo Park Master Plan. In November 2020 and March 2021, Ms. Singer met with the Program Director to discuss issues raised in public meetings and internal staff meetings that would have impact on the program's schedule.

As noted above, the OIG has focused on the need for internal controls to facilitate stronger management oversight, better decision-making, and reduction in schedule delays, cost escalation and performance failures. The Oversight Committee Chair has asked the Program Director to update the Committee's regarding the implementation of these controls.

CONCLUSION

The past year has been challenging for the OIG, as it has for other City Departments, given the limitations imposed by the COVID-19 pandemic. The OIG has continued to function as designed, with minimal disruption despite these challenges. The Audit Division staff has been brought up to full strength for the first time since the OIG was established. Investigative staff has been fully engaged, with minimal time spent working remotely. Technological tools utilized in support of investigative and auditing functions have been enhanced. Outreach has been continuous and encouraging as more Miami Beach residents have become familiar with an office that is designed to serve all residents and businesses as a civic resource. The OIG looks forward to completing its collaborative efforts with the City Administration to finalize a comprehensive and enhanced system of internal controls for the procurement and management of major construction projects and expansion of OIG's role in oversight of City contracts.

Joseph M. Centorino
Inspector General

11/02/2021
Date

MIAMI BEACH
HISTORIC CITY HALL
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