

Miami-Dade County
Office of the Inspector General



Annual Report 2016

Message from the Inspector General



"It is critical for our stakeholders to know that we understand the responsibility we have been given and we are committed to providing thorough, accurate reports that provide substantive recommendations to improve processes."

I am pleased to present the Fiscal Year 2016 Annual Report covering the activities of the Office of the Inspector General for the period of October 1, 2015 through September 30, 2016. This Report is provided as a summary of our activities and achievements as we work to fulfill our mission to detect and prevent fraud, waste and abuse in Miami-Dade County.

This Report, in addition to detailing our FY 2016 investigations, reviews, audits and contract oversight activities, also demonstrates our commitment to maintaining the highest possible standards of professionalism and quality of work. In FY 2016 we went through both Reaccreditation by the Florida Commission for Law Enforcement Accreditation and a four day Peer Review by the Association of Inspectors General. We received high praise from both. I report this not because I want to pat ourselves on the back, but because it is critical for our stakeholders to know that we understand the responsibility we have been given and we are committed to providing thorough, accurate reports that provide substantive recommendations to improve processes.

The Reaccreditation and the Peer Review were on-site, in-depth examinations of our work. A number of areas of distinction were noted, including "the depth of knowledge within the staff." It was the unanimous opinion of both the Reaccreditation Team and the Peer Review Team that we are in compliance with all of our standards.

Finally, please take note that we have moved from Flagler Street to the Overtown Transit Village South Tower. Our new work space was designed to optimize efficiency and the holistic approach we apply to our cases. Auditors and Investigators are now co-located to maximize collaboration on critical cases. I would like to thank the Internal Services Department for its professionalism during the planning and execution of our move to the Overtown Transit Village.

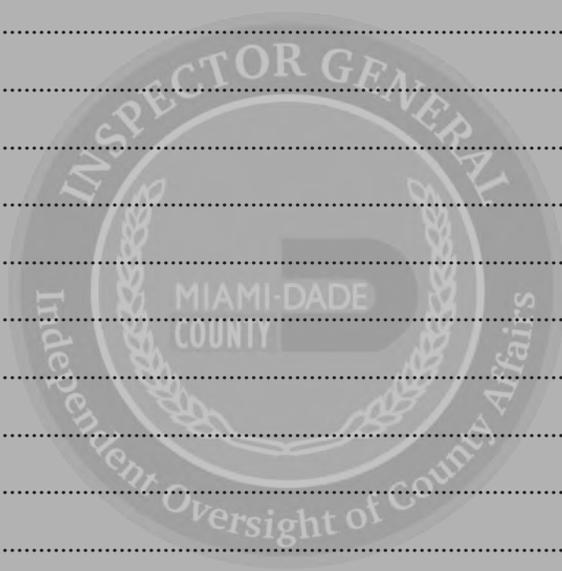
We look forward to another year of service.

Sincerely,

Mary T. Cagle

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ABOUT THIS REPORT

This year's Annual Report details how the Miami-Dade Office of the Inspector General (OIG) benefits the public, supports transparency in local government, and provides savings and efficiency to taxpayers. This Report provides examples of the work that the OIG performs. Perhaps most importantly, the Annual Report explains how the OIG provides County employees, vendors and contractors that work with the County, and the public—with a voice to report wrongdoing.

This Annual Report was produced in accordance with Section 2-1076 (g) of the Code of Miami-Dade County, Office of the Inspector General. This section states that the Inspector General shall annually prepare and submit to the Mayor and Board of County Commissioners a written report concerning the work and activities of the OIG including, but not limited to, statistical information regarding the disposition of closed investigations, audits, and other reviews.

OIG MISSION, VISION AND VALUES

Today, the mission of the OIG is more important than ever before. The County has continued to grow and for FY 2015-2016 had an annual budget of \$6.79 billion and over 26,185 employees. The OIG's goal is to ensure accountability and transparency in government operations and to add value through audits, investigations and contract oversight. By continually looking to find ways to prevent fraud, waste and abuse, the OIG will continue to deliver savings to the taxpayers.

The OIG recognizes the value of a strong, diverse and optimized workforce and continues its commitment to professionalism by supporting its workforce with training and development. This ensures that the highest quality talent is developed to reach long term success in meeting the OIG mission.

Mission	Mission Statement To detect, investigate and prevent fraud, waste, mismanagement, misconduct, and abuse of power through independent oversight of County affairs, and seek appropriate remedies to recover public monies.
Vision	Vision Statement To be recognized as the premier agency in holding Miami-Dade County government accountable, ensuring it continues to provide excellence every day.
Values	OIG Values INTEGRITY We govern ourselves honestly and ethically IMPARTIALITY We conduct our work objectively and independently PROFESSIONALISM We maintain a staff of diverse and highly skilled professionals ACCOUNTABILITY We take responsibility for providing thorough and fair findings and recommendations

MILESTONES

During the past year, in addition to a focus on investigations, audits and contract oversight, the OIG enhanced internal processes by expanding resources to enable staff to do its work and submitted to independent reviews to ensure the Office is in full compliance with OIG standards. To further enhance internal efficiency and productivity, the OIG moved its main office to the Overtown Transit Village South Tower. The change in location and environment has been extremely beneficial. The new office has enhanced the ability of the OIG to take a holistic approach to its work because both the audit and investigative staff now work side-by-side. Additionally, the OIG went through a reaccreditation process performed by the Commission for Florida Law Enforcement Accreditation and a peer review by the Association of Inspectors General. The next three sections provide additional information on these processes.

MOVING TO THE OVERTOWN TRANSIT VILLAGE SOUTH TOWER

In order to improve upon operational excellence, the OIG has undergone a major relocation of its office. OIG headquarters is now located on the 22nd Floor of the Overtown Transit Village (OTV) South Tower. The new office space was strategically designed to seamlessly and efficiently blend all OIG units, improving work flow and communications. Modern desks that allow employees to sit or stand, open workstations, and collaborative work areas facilitate a healthy work environment that fosters creativity and teamwork.



The OIG's move from its original location in a privately-owned building to a County-owned building ultimately saves the County money. Careful consideration was taken in selecting the new office location to ensure the OIG's independence. The OTV was a viable option, as it is conveniently located near the Stephen P. Clark Center. The OTV Towers house many agencies, some non-County, which are open to the public and maintain a constant flow of people. This feature affords more discretion to potential whistleblowers and complainants. The new facility is now located at: Overtown Transit Village South, 601 N.W. 1st Court, 22nd Floor, Miami, Florida, 33136.

OIG PASSES PEER REVIEW BY ASSOCIATION OF INSPECTORS GENERAL

The Miami-Dade County Office of the Inspector General was peer reviewed this year by the Association of Inspectors General (AIG). It was the unanimous opinion of the Peer Review Team that the Miami-Dade OIG's Investigations, Audit, and Contract Oversight Units met all relevant AIG Quality Standards for Offices of Inspectors General.

Practice of Internal Auditing (Red Book), or the United States Government Accountability Office, Government Auditing Standards (Yellow Book). The Miami-Dade County OIG adheres to the latter, and performs its audit work in accordance with the Yellow Book.

The Peer Review Program is a key component of the AIG's mission to



(left to right) James Mazer (Supervisory Special Agent); Stephen Pollock (OIG Audit Mgr.); Kim Widup (Retired ASAC, USDA OIG); Felix Jimenez (Deputy IG); Mary Cagle (IG); Robert Joyce (Investigative Mgr., Port Authority NY & NJ); Levin White (Special Agent, Office of the State IG VA); and Charles Mansen (Sr. Auditor, Div. of IG, Palm Beach County Clerk & Comptroller)

The AIG is a non-profit, membership organization for agencies and professionals in the inspectors general community. The mission of the AIG is to promote excellence in the inspectors general community by establishing and encouraging adherence to quality standards for each of the specific professional disciplines, and for OIGs as a whole.

The standards for Audit include adherence to either the Institute of Internal Auditors, International Standards for the Professional

assist OIGs throughout the nation. Inviting external reviewers to evaluate and assess its operations provides assurance that the Miami-Dade County OIG is following established policies and procedures, and that internal control systems are suitably designed and operating effectively. The Peer Review Team consisted of four assessors and the review took place from September 26, 2016 through September 29, 2016. The scope of the review covered the OIG's work from September 2013 through September 2016.

MIAMI-DADE COUNTY



(left to right) Lori Mizell (CFA Executive Director) and Mary Cagle (Inspector General)

Accreditation is the certification by an independent reviewing authority that an Office of Inspector General has met specific requirements and prescribed standards. The accreditation process focuses primarily on the work activities of the Investigations Unit of the office. An accreditation program has long been recognized as a means of maintaining the highest standards of professionalism.

In the State of Florida, the Commission for Florida Law Enforcement Accreditation (CFA) is the designated accrediting body for law enforcement agencies and for Offices of Inspectors General. Accreditation involves a thorough examination of an office's policies and procedures, investigations,

OIG REACCREDITATION



(left to right) Felix Jimenez (Deputy Inspector General), Supervisory Special Agent, and Deryl Loar (CFA Chair)

SOUTH FLORIDA COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY AWARD

One of the key components to the work of the Miami-Dade County OIG is its holistic approach to allegations of fraud, waste and abuse. Offices of Inspectors General are generally made up of investigators, auditors and lawyers. In many cases, all three disciplines are critical to determining culpability and calculating losses.

On August 4, 2016, OIG Supervisory Special Agent James Mazer, Audit Supervisor Mark Teitelbaum and Assistant Legal Counsel Marie Perikles received the South Florida Council of the Inspectors General on Integrity and Efficiency award for *State/Local IG Investigation of the Year*. This award was conferred in recognition of the exceptional effort and exemplary collaboration between members of the OIG's investigative, audit and legal disciplines on a multi-year investigation that uncovered an internal fraud scheme within Miami-Dade County.

The investigation began from a complaint involving the supervisor of the Miami-Dade County Alarm Unit. The OIG received information from a confidential source that the supervisor owned his own security company and purchased alarm equipment with County funds. He then installed the equipment in his private customers' buildings instead of in County buildings.

Supervisory Special Agent James Mazer, Audit Supervisor Mark Teitelbaum and Assistant Legal Counsel Marie Perikles put together a coordinated, comprehensive investigation involving multiple witness interviews, search warrants, surveillances, bank analyses, a review of vendor records and a forensic audit.

The investigation substantiated the allegations and, as a result, the County alarm unit supervisor was criminally prosecuted and sentenced.

reports and work product, records, supervision, personnel and training practices. Once achieved, accreditation remains in effect for three years.

The Miami-Dade County OIG was initially accredited in July 2010, and was reaccruited in June 2013. In April 2016, a team selected by the CFA conducted an on-site assessment of the Miami-Dade County OIG, which included interviewing most of the OIG investigative staff. The Miami-Dade County OIG was found to be in compliance, meeting or exceeding all mandatory CFA standards, and in June 2016 the Miami-Dade County OIG received its third reaccruitation by the CFA.



(left to right) Wilfredo Ferrer (U.S. Atty. for the Southern District of FL), Mark Teitelbaum (Audit Supervisor), Marie Perikles (Asst. Legal Counsel), James Mazer (Supervisory Special Agent), Mary Cagle (Inspector General), and Brian Martens (ASAC, U.S. Dpt. of Health & Human Svcs. OIG)

INSPECTORS GENERAL HISTORIC MILESTONES

In December 1777, Congress created the Inspector General of the Army during the American Revolutionary War. The first effective U.S. Army IG was recruited by Benjamin Franklin.



On October 12, 1978, President Jimmy Carter signed the IG Act into law and established twelve Federal Offices of Inspectors General.



Governor Lawton Chiles championed the IG concept in Florida, which led to the creation of the Florida Inspector General Act in 1994.



The Miami-Dade Board of County Commissioners unanimously passed the ordinance creating the County Inspector General on December 16, 1997.

In December 1777, an Act of Congress established the first Inspector General of the Army during the American Revolutionary War. The main duty of the Inspector General of the Army was to report all abuses, neglect, and deficiencies to the Commander in Chief.

Two centuries later, on October 12, 1978, the Inspector General Act was passed by the U.S. Congress and established twelve Federal Offices of Inspector General. President Jimmy Carter signed the IG Act into law and described the new statutory IGs as perhaps the most important new

tools in the fight against fraud. The President charged the IGs to always remember that their ultimate responsibility was not to any individual but rather to the public interest. December 13, 2016 marked the 239th anniversary of U.S. Inspectors General.

INSPECTORS GENERAL IN FLORIDA

Governor Lawton Chiles championed the IG concept in Florida, which led to the creation of the Florida Inspector General Act in 1994. Miami-Dade County recognized the need for its own Inspector General back in the 1990's, when South Florida residents were rocked by a series of news headlines featuring politicians and various local governments mired in widespread scandals involving corruption and fraud. The Miami-Dade Board of County Commissioners listened to its citizens' call for clean local government and took the prodigious steps to become one of the first local governments in Florida to propose a County Inspector General ordinance. It was codified in Section 2-1076 of the Code of Miami-Dade County, after the Board of County Commissioners unanimously passed the ordinance. Additional amendments have since been passed to expand OIG authority to include oversight of County contracting, selection and negotiation processes; specifying procedures for how the OIG issues its findings and recommendations; establishing future IG selection procedures; and clarifying the OIG's investigative authority over County affairs and its ability to conduct criminal investigations.

The enabling ordinance of the Miami-Dade County OIG is nationally recognized as a model ordinance to follow in establishing other state and local Inspectors General. The Office has helped numerous jurisdictions seek ways to emulate its statutory and organizational best practices to ensure integrity and transparency in government.

PAYING TRIBUTE TO JOHN GLENN 1921-2016

The Miami-Dade County OIG pays special tribute to U.S. Senator John Glenn for his chairmanship on the Governmental Affairs Committee where he zealously worked to ensure government efficiency. Senator Glenn initiated a requirement for independent Inspectors General in 12 federal departments and agencies. As a main sponsor of the IG Act of 1978, he ensured independence for inspectors general. Senator Glenn passed away on December 8, 2016 at age 95. He was the first American to orbit the earth in 1962, and then in 1998 became the oldest person in space at age 77. Senator Glenn will be remembered not only for his bravery, thoughtful consideration for others, integrity and optimism, but also for his contribution to the Inspectors General community.



ORGANIZATION OF THE OIG



With Inspector General Mary Cagle (center) at the head, the executive team includes a Deputy Inspector General, an Assistant IG for Audit (currently vacant), and the General Counsel.

Deputy Inspector General Felix Jimenez (right) is charged with leading the Investigations Unit and directing fact-finding activities to ferret out and detect waste, fraud and abuse. The Deputy IG coordinates with criminal prosecutors to shepherd OIG cases to a successful legal resolution.

The Assistant Inspector General for Audit is charged with leading the Audit Unit and designing the OIG's annual Strategic Work Plan with an emphasis on the prevention of fraud, waste and abuse throughout County programs.

General Counsel Patra Liu (left) heads the Legal Unit, which includes the Contract Oversight function. The Legal Unit provides the Audit and Investigation Units with the fundamental guidance necessary to effectively pursue legal action to prevent, remedy, and rectify loss and damage caused by those committing fraud, waste and abuse in County affairs. The Contract Oversight Specialists monitor procurement and construction activities to ensure compliance with contract specifications.

All three units work together to advance the mission of the Office.

Independent Oversight of County Affairs

6,793,932,000

FY 15-16
County Budget

5,102,922,813

Dollar Value of
County Contracts

2,644,650

Population of
Miami-Dade County

26,185

Number of County
Employees

11,695

Registered
County Vendors

1,225

Active County
Contracts for Goods
and Services

25

County
Departments

13

County Commission
Districts

THE OIG BUDGET

The Miami-Dade County Office of the Inspector General receives its funding from three distinct sources. This includes the IG Contract Fee assessed on County contracts, direct payments collected through Memorandums of Understanding (MOUs) entered into with various County departments where the OIG has committed substantial resources, and General Funds allocated through the County's budget process. During Fiscal Year 2015-2016, the availability of carryover (higher than expected returns on IG proprietary fees and unspent accumulated savings) helped offset the OIG's need for General Fund dollars.

The adjacent chart shows the OIG's financial summary and comes directly from the County's Fiscal Year 2015-2016 Adopted Budget.

FINANCIAL SUMMARY

(dollars in thousands)	Actual FY 12-13	Actual FY 13-14	Budget FY 14-15	Adopted FY 15-16
Revenue Summary				
General Fund Countywide	1,612	1,969	1,931	1,510
Interest Earnings	2	2	0	0
Miscellaneous Revenues	11	13	0	0
Carryover	249	437	217	938
Departmental Oversight (MOUs)	721	759	850	860
Fees and Charges	2,520	2,848	2,550	2,725
Total Revenues	5,115	6,028	5,548	6,033
Operating Expenditures				
Summary				
Salary	3,593	3,274	3,989	4,367
Fringe Benefits	656	733	1,015	1,122
Court Costs	1	0	2	2
Contractual Services	18	2	6	6
Other Operating	387	348	482	482
Charges for County Services	23	17	36	36
Capital	0	8	18	18
Total Operating Expenditures	4,678	4,382	5,548	6,033
Non-Operating Expenditures				
Summary				
Transfers	0	0	0	0
Distribution of Funds In Trust	0	0	0	0
Debt Service	0	0	0	0
Depreciation, Amortizations and Depletion	0	0	0	0
Reserve	0	0	0	0
Total Non-Operating Expenditures	0	0	0	0

REPORTING FRAUD

In accordance with its mission to detect, investigate and prevent fraud, waste, mismanagement, misconduct, and abuse of power through independent oversight of County affairs, the OIG provides an avenue for the public to give voice to their concerns to ensure that the County operates with honesty and integrity.

Tips from citizens, employees, vendors, contractors, and subcontractors have resulted in many of the criminal cases, audits, and reviews featured in both past and present annual reports. An integral part of receiving these tips is the ability to keep a person's identity confidential, pursuant to applicable laws and ordinances.



THE EMPLOYEE PROTECTION ORDINANCE

The County provides protection for individuals who come forward and report fraud, waste, and abuse in government. In many cases, pursuant to the Employee Protection Ordinance (EPO) and the State of Florida Whistleblower's Act, a complainant's identity remains confidential even after the case is closed.

HOW SHOULD AN EMPLOYEE REPORT?

Employees can now report to the OIG in a variety of ways and still be protected: through the website (www.miamidadeig.org), the Hotline (305) 579-2593, email or in person to OIG staff, or by written and signed correspondence. For more information about the EPO, please visit the Employee Protection Ordinance link on the website.

WHEN AN EMPLOYEE REPORTS INFORMATION REGARDING MISCONDUCT TO THE APPROPRIATE ENTITY, WHAT PROTECTIONS ARE PROVIDED?

CONFIDENTIALITY: The most important protection provided to the employee under the ordinance (based on state law) is that information can be reported confidentially—the reporter's identity will not be revealed during or subsequent to the investigation. The only exception is in the event criminal charges are filed; then the decision regarding confidentiality will be at the discretion of the State Attorney's Office or a judge.

PROTECTION FROM RETALIATION: In the event the identity of the complainant is known or discovered, and the complainant believes it has resulted in retaliation because of the disclosure of the misconduct, then the employee may file for protection with the Mayor's Designee (the Director of Human Resources) through the grievance process. If unsatisfied, a complaint may be filed with the Commission on Ethics and Public Trust, an independent body, to investigate the retaliation complaint.

PROCESSING

When the OIG receives a complaint, it is logged and reviewed. If a determination is made that further review is warranted, then it becomes a case and is assigned to an analyst, investigator, auditor, contract oversight specialist, or combination thereof.

Some complaints result in a preliminary inquiry that resolves the issue and the complainant is notified of the result. Some complaints are referred to County departments when the complaint involves personnel matters or other administrative issues. The OIG also receives complaints that are not within our jurisdiction that are referred to other governmental agencies that can directly address the concerns. When the OIG refers a complaint, typically the complainant’s contact information is included (unless the OIG was asked not to disclose the identity of the complainant) so that the department or agency can make contact if more information is needed.



ACTIVITY AND DISPOSITION

The OIG received 352 complaints in FY 2015-2016. Of those, 101 were received through our Hotline, 80 by mail or fax, 155 were made using our website’s on-line complaint form, and 16 were received from individuals who came to the office and met with an investigator.

The majority of the complaints received, 61%, were referred to appropriate County departments or other governmental agencies that could directly address the complaints. It was determined that 23% of the complaints warranted no further action for various reasons, such as a lack of sufficient detail. However, 15% of the complaints received led to the initiation of an audit, inquiry or investigation. The remaining 1% are still under review or are pending additional information or resources.

An active inquiry, case or review is confidential by statute. When the case is closed, the identity of the complainant remains confidential in many situations. Specifically, this applies if the complaint concerned possible violations of any federal, state, local law or regulation that presented a substantial and specific danger to the public’s health, safety or welfare; an act of gross mismanagement; gross waste of public funds; malfeasance; misfeasance or gross neglect of duty.

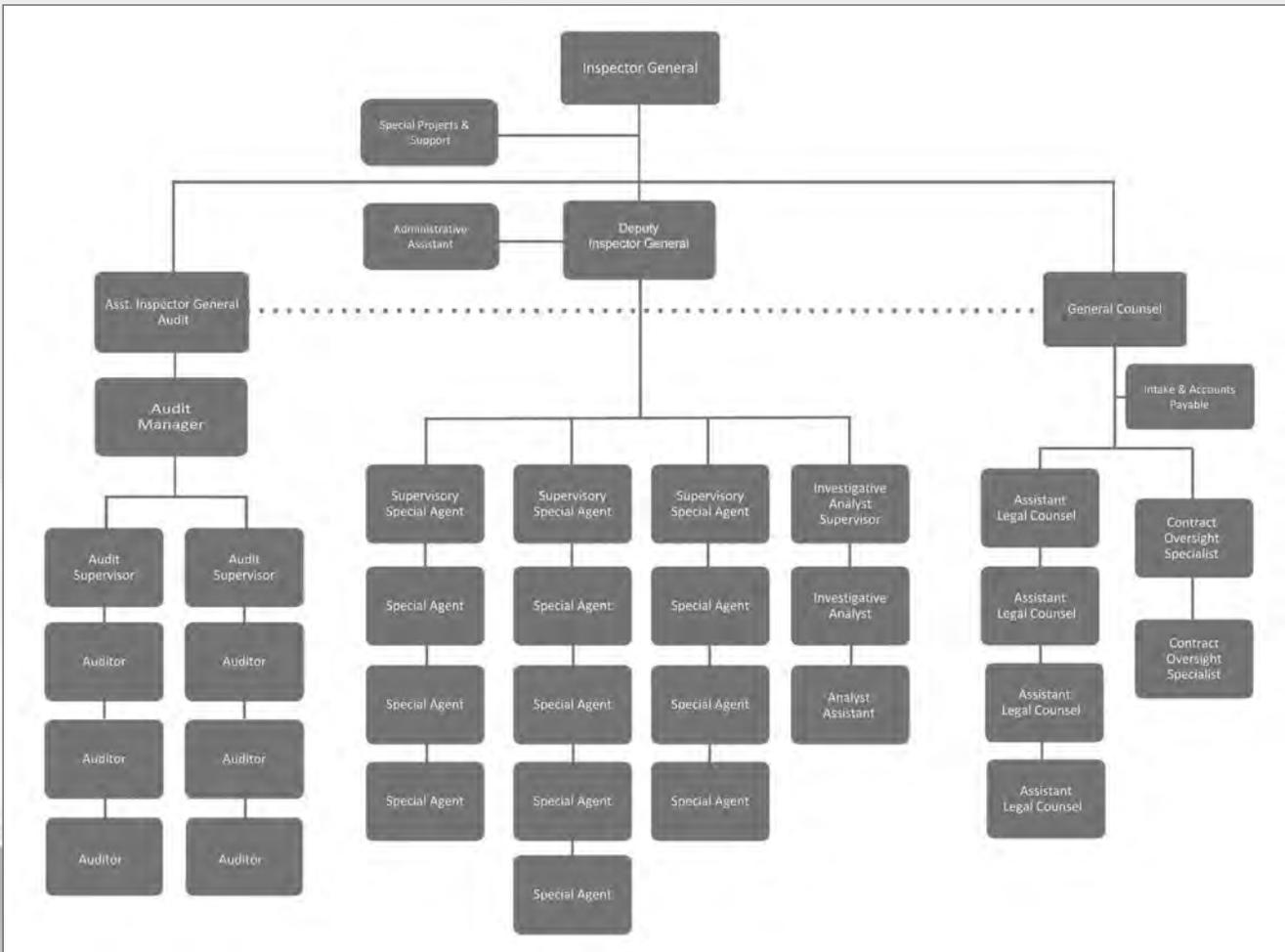


HOLISTIC BUSINESS MODEL

The Miami-Dade County OIG has adopted a holistic business model. Resources and expertise needed to investigate allegations of fraud, waste and abuse include both investigative skill and financial expertise. Often knowledge of procurement and contracting is also essential. When working their cases, Special Agents, Contract Oversight Specialists, Auditors, Attorneys and Analysts engage with staff from other OIG units to take advantage of their diverse areas of expertise. Taking the holistic approach to problem-solving has ignited a spirit of teamwork between staff, and resulted in multifunctional efforts between units.

Much of the OIG's workload involves the examination of selected programs, projects, contracts, transactions, entities, and individuals. These examinations may be in the form of audits, investigations, or contract oversight. The OIG's mission is to detect, investigate and prevent fraud, waste, mismanagement, misconduct and abuse of power, and our methods to accomplish these results differ among the OIG's units.

On an annual basis, the IG reviews the OIG's organizational chart to ensure productivity and maximize efficiency. The following chart depicts the current organization and chain of command of the Miami-Dade County OIG:



INVESTIGATIONS UNIT HIGHLIGHTS AND SUMMARIES

The Investigations Unit conducts criminal and administrative investigations of fraud, waste, abuse and misconduct related to County programs, operations and employees. Embedded in the Investigations Unit are investigative analysts who provide intelligence and analytical support to all investigations. OIG investigative analysts are dedicated to maintaining relationships with the intelligence community and other organizations, such as the Financial Institution Security Association and the Florida Department of Law Enforcement. In addition, the analysts also assist in the appointment process of the various County advisory boards by conducting Florida criminal history background checks on advisory board nominees. In 2016, 155 criminal history background checks were conducted. The analysts also manage the OIG Hotline that allows the public, stakeholders and others to report suspected fraud, waste and abuse.

The Investigations Unit coordinates with the Miami-Dade State Attorney's Office and other law enforcement authorities to leverage resources and fraud-fighting efforts. The Investigations Unit works together with the Audit Unit, Legal Unit and Contract Oversight Specialists as part of the OIG's commitment to conducting professional, objective, and independent oversight of County affairs. The Unit will soon be implementing an automated case management system as part of a state-of-the-art tools and technology effort to assist investigators. Investigative efforts often lead to criminal cases, administrative reports with recommended actions, and monetary recoveries.

As the lead agency in conducting outreach related to the County's Employee Protection Ordinance, OIG investigators are the main point of contact for County employees, residents, vendors and others wishing to make a complaint. All complainants are treated courteously and investigators are trained to ensure the confidentiality of the information provided, maintain the confidentiality of the complainant's identity, and provide information on how to deal with retaliation.

This section demonstrates the diversity and quality of the Investigations Unit's work over the past twelve months. During this time period, numerous investigations were completed pertaining to grand theft, organized scheme to defraud, violations of the County's Wage and Benefits Ordinance, fraudulent use of personal identification, and other crimes. Some of these cases are highlighted in this Report. Also provided is an update on the prosecutions and sentencing that occurred in 2015-2016, but related to prior years' arrests. The Investigations Unit also conducted a review of the mandatory structural building inspections for the Dade County Courthouse. A synopsis of that review is provided in this section.



INVESTIGATIONS UNIT – ARRESTS



FORMER CLERK'S OFFICE EMPLOYEE ARRESTED FOR STEALING CREDIT CARD INFORMATION

In January 2016, the OIG was contacted by the Miami-Dade County Clerk of Courts who alleged that one of its employees was misusing customers credit card information.

The OIG investigation determined that the recently hired employee, a Court Records Specialist 1 assigned to the County Parking Violations Bureau, used his position at the Clerk's Office to obtain credit card information from citizens paying their parking fines over the telephone. The employee then fraudulently used the credit cards to make personal purchases, primarily during work hours and using his work computer. OIG Special Agents obtained an arrest

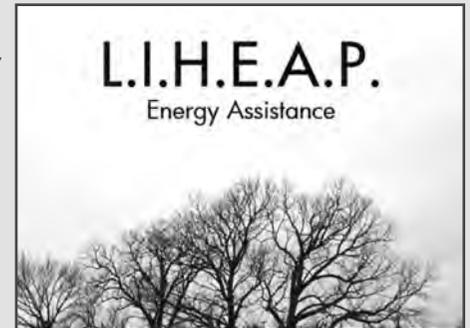


warrant and the Court Records Specialist pled guilty to charges of Grand Theft and Petit Theft. He was sentenced to two years of probation, and ordered to pay restitution and costs of investigation.

COUNTY EMPLOYEES ARRESTED FOR MISAPPROPRIATING ENERGY FUNDS INTENDED FOR THE NEEDY

Working jointly with the Miami-Dade State Attorney's Office and the U.S. Department of Health and Human Services OIG, a criminal investigation was initiated after the OIG received an anonymous complaint. The allegations involved two Miami-Dade Community Action and Human Services Department (CAHSD) employees who were circumventing the application process of the Low Income Home Energy Assistance Program (LIHEAP) to personally obtain monies intended to assist low-income individuals with paying their energy bills. LIHEAP is a federally-funded program administered locally by the County via the CAHSD. The two employees were LIHEAP eligibility coordinators whose job was to determine if applicants met the income threshold necessary to receive these financial benefits. They were able to circumvent the oversight safeguards and receive money to which they were not entitled.

Between June 2010 and September 2012, one employee's FPL account was credited \$4,100 in LIHEAP funding. Records indicate that between 2010 and 2014, the second employee, a supervisor who approved LIHEAP funding applications, received \$6,211 from the LIHEAP program. The supervisor's daughter was also charged in the scheme when it was found that over \$9,000 in LIHEAP funds had been credited to her household.



The two employees were arrested and subsequently pled guilty to multiple felonies including Official Misconduct, Organized Scheme to Defraud, Grand Theft, and Fraudulent Use of Personal Identification.

Additionally, the supervisor's daughter pled guilty to Perjury in an Unofficial Capacity, a first degree misdemeanor. All three defendants agreed to pay restitution to the County and investigative costs to the OIG as part of their plea agreements. During the investigation, both employees resigned from County employment.

INVESTIGATIONS UNIT – ARRESTS

COUNTY EMPLOYEE ARRESTED FOR FALSIFYING PROFESSIONAL EDUCATION AND EXPERIENCE ON RESUME

A confidential complaint made to the OIG, and a joint investigation with the Florida Department of Health, led to the arrest of a Health Services Specialist with the Community Action and Human Services Department for Improper Use of a Nursing Title without a license or certificate, and Misrepresentation of Association with an Educational Institution, both first degree misdemeanors. The employee, through a systematic ongoing course of conduct, knowingly listed fictitious professional experience and a bogus college degree on more than one resume with the intent to fraudulently enhance her chances of obtaining promotions within the County. In her resumes, the employee listed a fictitious Master's Degree from the University of Phoenix and boasted of false work experience as a Registered Nurse and a Licensed Practical Nurse in area hospitals. She also displayed a false RN license in her work cubicle. The employee resigned from the County and entered into a pre-trial intervention program.



airport permittee underpaid the Miami-Dade Aviation Department (MDAD) the required opportunity fees and submitted suspect documentation during an audit. The OIG initiated an investigation that resulted in the arrest of the company's owner.

The OIG, working in conjunction with the Miami-Dade State Attorney's Office, determined that the owner of Aviation Main Services, Inc. (AMSI) intentionally underpaid the County \$376,809 in opportunity fees owed in connection with its business at MIA. The owner was charged with the first degree felonies of Organized Scheme to Defraud and Grand Theft.

AMSI leased space at MIA since 1992 and held the required MDAD permits to conduct commercial activities on the premises. Specifically, AMSI was authorized to provide ground support services (typically ramp services for cargo aircraft at the airport) for which it paid MDAD a 7% opportunity fee. AMSI was also authorized to provide line maintenance services (aircraft line inspections, taxiing planes for maintenance service, and checking and adding fluids) for which it paid MDAD a 3% opportunity fee. Opportunity fees are based on the gross revenues received for providing the specified type of service.

Investigators found that AMSI intentionally misclassified revenues received from ground support services as line maintenance services—in order to pay a lesser amount in opportunity fees. Through the examination of financial documents, the investigation found that AMSI maintained two sets of accounting records—one sent to its clients and the other to MDAD Finance. AMSI sent the correct invoices to its clients receiving ground support services and sent the altered invoices to MDAD Finance depicting the ground support services as line maintenance services. The losses from October 2009 through December 2015 totaled \$376,809. AMSI's owner pled guilty in criminal court and made full restitution to MDAD.

AIRCRAFT SERVICES COMPANY DEFRAUDED MIAMI INTERNATIONAL AIRPORT (MIA)

Based on a referral from the County Audit and Management Services Department, who found that an



INVESTIGATIONS UNIT — REVIEWS

REVIEW INTO THE COURTHOUSE'S HISTORY OF STRUCTURAL BUILDING INSPECTIONS

At the request of the BCC, the OIG conducted a review of the mandatory structural building inspections for the Dade County Courthouse located at 73 West Flagler Street. The Courthouse, built in 1928, was found by the City of Miami to be in violation of Chapter 8-5 of the Code of Miami-Dade County—namely for failure to obtain the required 40/50 year recertification. This recertification requirement was enacted in 1975 and requires that certain buildings that are 40 years or older undergo structural inspections to recertify that the building is safe for continued occupancy. Subsequent recertification is required at 10-year intervals and the requirement for electrical inspections was added in 1992. The City's notice referenced an open violation from the onset of the recertification requirement in 1975. The notice states in part: "This 40/50 year recertification case remains open and in non-compliance." This would suggest that the Courthouse never underwent the initial 40-year recertification inspection, or any of the 10-year recertification intervals, as required.

The OIG's review into the history of the Courthouse and whether the required inspections were performed concluded that in all likelihood the structural inspection satisfying the requirements of the 40/50 year recertification requirement was actually conducted in 1976. The OIG based its conclusion on the parties involved at the time (the County's consultant who authored the structural investigation report was the same person who championed the new building code requirement and authored its guidelines). Also, the OIG found references to that report in a subsequent report about the structure of the Courthouse, and the OIG found correspondence between the County and the City acknowledging that the County was working on it. Unfortunately, the actual 1976 report could not be located and the City of Miami's records did not reflect County compliance—thus the "open" violation.

The review found an inspection commissioned by the County in 1987—labeled in various correspondences as the "40 Year Certification Survey." The OIG believes, based on its timing, the inspection was a follow-up intended to satisfy the 10-year recertification requirement of the new law. While the work was performed, including some repairs, documentation of these efforts was not recorded by the City, therefore the violation remained "open" in its records. The OIG

found no evidence that further inspections were conducted in accordance with the subsequent 10-year requirement.

The OIG review into this mystery also led to examination of the processes used by the Property Appraiser's Office (PAO) to notify municipal building officials about the age of structures located in their cities. The OIG learned that the "year built" date for the Courthouse, as reflected in the PAO's electronic files, was zero. Working with the PAO, the OIG traced this glitch back to an interface error that occurred in approximately 1980 when the PAO was undergoing a computer database conversion. This glitch affected the Courthouse and several other properties. The lack of a "year built" date meant that the Courthouse property would not have been on the list that the City periodically receives from the PAO of all the properties over 40 years old. In essence, the Courthouse, because of the "zero" date, fell off both County and City radar until 2014, when the judiciary and other stakeholders began to question the future viability of the Courthouse for judicial operations in light of its deteriorating condition and physical constraints.

At the end of the OIG examination, it was assessed that not only had the historic Dade County Courthouse fallen off the 40/50 year recertification radar, but so had several other County-owned properties that were over 40 years old and did not have the required inspections. The OIG advocated for less reliance by the County on municipal notifications, and recommended that the County institute a centralized approach to ensuring that all County properties, across all departments and within all municipalities, are timely inspected. The OIG also recommended that the PAO conduct an in-depth examination of all of its property files for any other occurrences of the "zero year built" glitch. The PAO responded that it found 155 more properties and corrected their year built dates. To ensure that these errors do not reoccur, the PAO created a weekly report to identify these discrepancies.



FORMER MIAMI-DADE FIRE RESCUE CODE ENFORCEMENT OFFICER SENTENCED FOR UNLAWFUL COMPENSATION

A former Miami-Dade Fire Rescue Code Enforcement Officer was charged with multiple felony counts for defrauding taxpayers of fire code violation penalty fees owed to the County while enriching himself through his private consulting business. He pled guilty to the felony crime of Unlawful Compensation in May 2016 and was sentenced to one year of house arrest followed by two years of probation. He must also pay restitution, cost of investigation, and forfeit his pension.

CONCLUSION OF JOINT INVESTIGATION OF THE INTERNAL SERVICES DEPARTMENT'S (ISD) PARKING OPERATIONS UNIT

The OIG's joint investigation with the Miami-Dade Police Department, of missing funds from the Parking Operations Unit, resulted in the arrest and conviction of a Parking Operations Unit employee for the theft of over \$4,000. Investigators seized parking receipts and \$1,300 in cash from the employee's home. In July 2016, the employee was sentenced to two years of probation, ordered to pay restitution and forfeit his accrued leave. The case also resulted in other Parking Operations Unit employees being administratively sanctioned for various employment violations. ISD has overhauled the Unit from top to bottom, implementing important internal controls that decreased risk to ensure that this crime of opportunity does not happen again.

PUBLIC HEALTH TRUST CONTRACTOR SENTENCED FOR FORGERY

In July 2016, an OIG investigation concluded with the President of CT Mechanical Co. pleading guilty to charges stemming from his submission of a forged Schedule of Intent Affidavit to the Jackson Health System's

Procurement Department. The document contained the forged signature of the President of a Community Small Business Enterprise firm. The fraudulent Schedule of Intent Affidavit



was submitted in order for CT Mechanical to be awarded a contract for the replacement of an air handler unit at Jackson Memorial Hospital. CT Mechanical was paid \$484,817 for the job. The President of CT Mechanical was sentenced to one year of probation and the Court entered an order prohibiting the President and CT Mechanical from contracting or otherwise doing business with the Public Health Trust, JHS, and the County for five years.

ELECTRICAL SUBCONTRACTOR VIOLATED THE COUNTY'S RESPONSIBLE WAGE ORDINANCE AND SUBMITTED FALSE DOCUMENTS

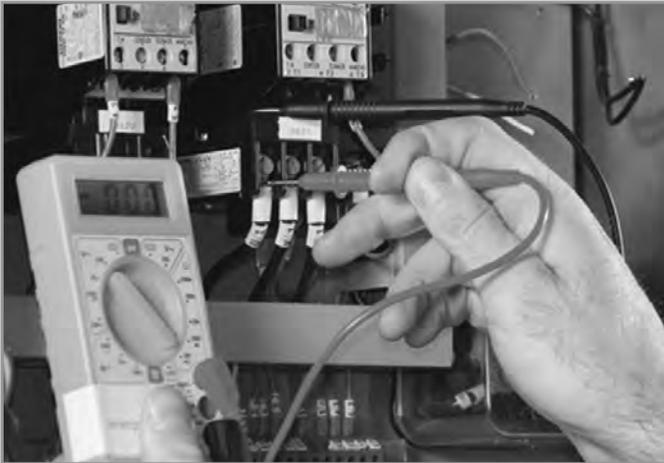
While working as a subcontractor on a Miami-Dade Aviation Department (MDAD) project, Greenlight Electric Systems, Inc. was underpaying its electrical employees in violation of the County's Responsible Wage and Benefits Ordinance.

This joint investigation stemmed from a referral from the MDAD Minority Affairs Division, which is responsible for overseeing and enforcing the County's Responsible Wage Ordinance for companies doing business with the County at Miami International Airport. A Greenlight employee contacted Minority Affairs claiming that Greenlight was underpaying its employees. In response to a request from Minority Affairs, Greenlight provided copies

of cancelled checks and employee affidavits as proof that it had paid its workers the correct wages pursuant to the Ordinance. When Minority Affairs suspected that the checks were never received by the workers and also contained forged endorsements, the OIG was contacted.

The OIG investigation revealed that the checks were drawn on a closed bank account and confirmed that the endorsements were forgeries. In addition, the bank processing markings were found to be bogus, as were the employee affidavits. A review of Greenlight's certified payrolls, which were required to be submitted to the County, revealed workers' wages were falsely inflated to comply with the Ordinance. The joint investigation determined that Greenlight had underpaid its employees on the MDAD project by a total of \$149,000.

During the course of the investigation, the OIG determined that Greenlight was a subcontractor on nine other County projects. The projects included work at PortMiami; Parks, Recreation and Open Spaces; Internal Services; Corrections and Rehabilitation;



and Jackson Memorial Hospital. A review of the certified payrolls for these projects was conducted by the County's Small Business Development Division, which determined that Greenlight owed its workers additional back wages totaling \$153,000. Greenlight's owner was charged by the Miami-Dade State Attorney's Office with Organized Fraud and Forgery. A Greenlight payroll clerk was also charged with notary fraud. Both pled guilty and were placed on probation. Greenlight and its owner were also barred from doing further work for the County. The company has paid back wages owed to its employees on both the MDAD project and the other County projects identified by Small Business Development.

SUPERVISOR CAUGHT STEALING FUEL FROM PARKS, RECREATION AND OPEN SPACES

The OIG and the Miami-Dade Police Department's (MDPD) Public Corruption Unit investigated a supervisor with the Parks, Recreation and Open Spaces Department (PROS) for stealing diesel fuel. The employee used various fuel cards designated for PROS equipment to fill a large tank in the bed of his County pickup truck. Once the tank was full, he sold the diesel fuel to a local resident for \$2 a gallon. The scheme took place over a four-month period and resulted in losses in excess of \$6,700.

Both the employee and resident who purchased the fuel were arrested. The employee was charged with Unlawful Compensation and Grand Theft and sentenced to one year of house arrest and four years of probation. The resident who purchased the fuel was charged with Grand Theft and sentenced to one year of probation.

As part of their pleas, both defendants were required to pay court costs, restitution to PROS for the stolen fuel, and costs of investigation to MDPD and the OIG.

As a result of the code enforcement violations observed during the execution of a search warrant at the resident's home, he was issued a total of 13 County code citations.

INSURANCE AGENT SETTLES CRIMINAL CHARGES OF FLEECING THE MIAMI-DADE AVIATION DEPARTMENT

In February 2016, Sabal Insurance Group, Inc. and its owner entered into a settlement agreement with the State of Florida to resolve criminal Grand Theft charges filed against both the corporation and its owner in January 2015. Those charges stemmed from a scheme to defraud the Miami-Dade Aviation Department (MDAD) and its vendor, Quality Aircraft Services, Inc. (QAS) over the price they paid for insurance premiums. The owner was arrested following a joint investigation by the Miami-Dade County OIG; the Florida Department of Financial Services, Division of Insurance Fraud; and the Miami-Dade State Attorney's Office.



The settlement agreement required the defendants to pay back \$183,808 to MDAD, make a \$100,000 donation to the Denise Moon Trust Fund (a charitable organization that provides relief and support to crime victims), pay \$20,000 costs of investigation, and accept a three-year debarment from contracting with Miami-Dade County. Sabal agreed to institute a corporate compliance monitoring program at its own expense that will randomly monitor the accuracy of charged insurance premiums on a bi-annual basis. Sabal also agreed to require all of its employees to complete yearly ethics training for three years. Monitoring reports and proof of trainings will be forwarded to the Miami-Dade State Attorney's Office to ensure compliance.

FORMER CLERK'S OFFICE EMPLOYEE PLED GUILTY TO STEALING CASH

A former cashier at the Miami-Dade County Clerk's Office pled guilty to Grand Theft and was sentenced to three years of probation, and must pay restitution to the County and cost of investigation to the OIG. A confidential tip to the OIG by a coworker led to the joint investigation with the Miami-Dade State Attorney's Office. The 25-year employee had been assigned to the Marriage License Bureau at the Coral Gables District Court as a Lead Worker. The joint investigation found multiple incidents of theft during the seven-month period from December 2013 through June 2014. The employee voided cash transactions of customers and charged their voided wedding ceremony fees to the credit cards of other unsuspecting customers. Through this manipulation of transactions in the clerk's computer system, she was able to pocket the cash.



We are grateful to the employee who reported the misconduct. The employee's courageous act of reporting allowed the OIG to stop the on-going theft of County money. The OIG also appreciates the cooperation and assistance of Clerk of Courts Harvey Ruvlin and his staff during the investigation.

TRIO SENTENCED FOR FRAUDULENTLY DESIGNATING CHILDREN AS "AT-RISK" IN REFERRALS TO SECURE EARLY DAYCARE AND CHILDCARE SPOTS

The last defendant and ringleader of a trio, criminally charged in February 2015, was sentenced in January 2016 as the result of an investigation by the OIG and the Miami-Dade State Attorney's Office. The defendant entered a guilty plea and was sentenced to two years of house arrest followed by ten years of probation on charges of Organized Scheme to Defraud



and Uttering Forged Instruments. The scheme involved defrauding funds slated for children's daycare and pre-school services intended to assist needy children in Miami-Dade County.

The first two defendants, a husband and wife team, pled guilty in November 2015 and agreed to cooperate with prosecutors on this case. The wife was sentenced to two years of house arrest followed by five years of probation on a charge of Organized Scheme to Defraud. Her husband was sentenced to one year of probation on a

charge of Petit Theft. The investigation found that the pair recruited low-income mothers and promised, for a fee, to expedite their applications for the Florida School Readiness Program that offers financial assistance to families for early education and childcare.

The Program is administered locally by the Early Learning Coalition of Miami-Dade/Monroe. Until July 2013, the Miami-Dade County Community Action & Human Services Department (CAHSD) contracted with the Early Learning Coalition to determine eligibility, process referrals, and provide payments to daycare centers. The Program provides immediate assistance to kids determined to be "at-risk" by the Florida Department of Children and Families (DCF) or by a Community-Based Care Lead Agency contracted by DCF, such as Our Kids, in Miami-Dade County. The Children's Home Society (CHS) provides similar services as a subcontractor to Our Kids.

The last defendant, who was the ringleader, was employed by CHS and was the key access point for the scheme. She submitted false and fraudulent applications to CAHSD's Child Development Services Division. The referral forms she submitted fraudulently designated the children as "at-risk" and eligible to receive immediate placement ahead of legitimate families already on a waiting list for the Program. The investigation found that the trio charged parents from \$100 to \$500 in cash per child, per referral.

None of the parents were aware that the applications fraudulently designated their children as "at risk" kids. The trio was ordered to pay restitution, totaling over \$162,000, to the Florida Office of Early Learning.



PROSECUTIONS AND SENTENCINGS



AUDITS AND REPORTS



AUDIT UNIT

The OIG Audit Unit supports the overall mission of the OIG by conducting independent, objective analysis and evaluation of programs, operations and finances, and by issuing public reports proposing targeted recommendations to enhance the delivery and quality of public services. The Audit Unit focuses on the efficiency, effectiveness, and financial integrity of programs and processes. As indicators of their professional competence, OIG Auditors maintain one or more of various certifications, including: Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner, Certified Inspector General Auditor, Certified Risk Management Assurance Auditor, Certified Construction Auditor and Certified Financial Services Auditor.

The Audit Unit derives its jurisdictional authority from Section 2-1076 of the Code of Miami-Dade County that empowers the OIG to investigate County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts, and transactions; conduct reviews and audits of County departments, offices, agencies, and boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General. The OIG may also perform random audits, inspections, and reviews of County contracts.

The Audit Unit is guided by its Strategic Work Plan. This Plan aligns the Audit Unit's role with the OIG's Mission and Vision. It will help determine the nature of the Audit Unit's work and the allocation of Audit Unit resources to those objectives. The Strategic Work Plan is a guiding document, subject to change, and does not rule out introduction of new priorities or projects during the year that were not previously listed. The Plan includes a number of audit work proposals that may be initiated when resources are available to perform the work.

The OIG Audit Unit reached an important milestone in its existence when, in September 2016, it successfully passed its Peer Review. The successful Peer Review is a stamp of approval of Audit Unit policies, procedures, and practices given by an independent peer group of reviewers. The reviewers were provided by the Association of Inspectors General. They assessed the totality of the Audit Unit's operations and work product for the past three years for compliance with Generally Accepted Government Auditing Standards (commonly referred to as GAGAS or the "Yellow Book"). They issued an opinion that the Audit Unit met all GAGAS standards for the period under review.

AUDITS AND REPORTS

PUBLIC WORKS AND WASTE MANAGEMENT'S APPLICATION OF INTERNAL CHARGES TO PTP NEIGHBORHOOD IMPROVEMENT FUNDS

The People's Transportation Plan (PTP) is funded by a "One-half Cent Charter County Sales Surtax" approved by voters in 2002. Funds collected are to be used for transportation and transportation-related County projects and programs. This includes free Metromover service; free public transportation for individuals over age 65; Metrorail extension; traffic signalization upgrades; highway/roadway and neighborhood improvements; and various municipal projects. The Citizens' Independent Transportation Trust (CITT) oversees the PTP and the use of surtax funds. The former Public Works and Waste Management Department (PWWM) administered PTP funds for highway/roadway and neighborhood improvements, and related projects.

In January 2004, the BCC approved Resolution R-87-04, authorizing a \$167 million PTP allocation for "Neighborhood Improvements" that included over \$91 million for non-site-specific categories, commonly referred to as "Commission District PTP Yearly Allocations." These funds were available for a variety of projects, including enhancement of roadways, intersections, signals and signage, sidewalks, bikeways, drainage, landscape and bus stops. Over its 10-year program term, \$9.14 million was allocated annually to the 13 Commission Districts, with each District receiving an individual allocation based on population and roadway lane miles. These Commission District PTP Yearly Allocations, averaging \$703,000, ranged from \$288,000 (District 5) to \$1,205,000 (District 8).

The OIG's audit covered PTP-funded projects that included the County's internal charges, such as staff time and applicable overhead, to PWWM's PTP projects from 2009 to 2015. These internal charges included staff professional services such as in-house design, engineering, inspections and project management. Internal charges also included an administrative overhead component, in the form of a multiplier, that encompassed employee fringe benefits, retirement contributions, paid leave (annual, sick and holiday leave), and an allocation of indirect management and departmental operating costs.

The OIG's audit resulted in one observation, three findings, and eight recommendations. The OIG observed that PWWM's Balance Report was flawed in its presentation of PTP-related in-house project costs, leading to its misinterpretation, especially by those unfamiliar with its intent and composition. In addition, the audit determined that PWWM directly charged \$5 million to PTP funds related to employee compensated leave that was also indirectly charged to PTP funds by way of a direct-labor hour multiplier applied to each hour worked by PWWM employees on PTP-funded projects. PWWM's application of these costs also affected its other revenue sources, such as the Roadway Improvement Fund, Stormwater Utility Fund, General Obligation Bond Fund, and others. In total, PWWM improperly charged \$14.96 million of employee compensated leave costs (PTP—\$5.27 million, all others—\$9.69 million) against its various revenue sources.

OIG auditors also observed that PWWM was not closing its design projects concurrently with its closure of the corresponding construction projects. As a result, these design projects were susceptible to



the accumulation of what would be misapplied labor charges. The audit revealed that PWWM had over 600 design projects open for labor charging. As a result of the audit, PWWM reduced it to 29 open design projects.

OIG auditors noted that many PWWM employees were not timely in submitting their timesheets. Even when the timesheets were submitted, a number of PWWM supervisors were not timely in approving the timesheets. The prompt submission and approval of employee timesheets is critical to PWWM's accurate and complete capture of its internal project-related labor charges and ability to recapture these expenses against its capital funding sources.

AUDITS AND REPORTS

The audit report included eight recommendations that PWWM implemented, addressed, or accepted. PWWM management took immediate action on most of the findings during the audit as issues were identified and brought to their attention. Although PWWM has already taken action, OIG auditors are still in contact with agency representatives regarding certain follow-up steps not yet completed. A consultant is helping develop an updated indirect cost recovery model. In addition, the agency is formalizing, by way of written policies and procedures, how it will charge its capital funding sources with future direct and indirect in-house project costs. Estimated completion of these tasks will be in the Spring of 2017 and OIG auditors will monitor progress until PWWM has satisfactorily addressed all recommendations.

AUDIT OF MDAD PERMIT APPLICATION, EXTENSION AND RENEWAL PROCESSES (PHASE 1)

As part of the OIG's on-going oversight activities at the Miami-Dade Aviation Department (MDAD), the OIG initiated an audit of MDAD's permit processes. Permits—a revenue generating activity—are issued by MDAD to companies doing business on airport properties. These companies—permit holders or “permittees”—must satisfy certain requirements for the opportunity to do business at the airport. These requirements include submitting an application, paying an application fee and a security deposit, and satisfying certain insurance requirements. Most importantly, the companies must remit to MDAD a percentage of the gross revenues that the company earned from its business dealings at the airport. The last requirement, the opportunity fee, varies depending on the type of services that the permittee provides, but is generally seven percent of the permittee's gross revenues. The opportunity fee, on a permittee-by-permittee basis, has been the subject of many County investigations and audits.

The OIG initiated the audit to take a top-to-bottom look at how MDAD manages the entire permit process. This process begins with the permit application, moves through a risk management verification of insurance requirements, and results in the issuance of a permit that may be renewed or extended. This process

primarily resides within MDAD's Real Estate Management & Development Division (MDAD Properties) and is the process reviewed in Phase 1 of the audit.

MDAD Properties, in addition to processing all new permit applications, currently administers over 140 active permits, each requiring the processing of annual permit extensions or bi-annual permit renewals. Whether it is a permit application, a permit extension, or a permit renewal, MDAD Properties must perform a number of manual steps and handle large amounts of documents. Essentially, the permit application, extension and renewal process is a continuous, year-round and repetitive activity.

The audit did not reveal any material weaknesses in the permit application, extension, and renewal process that rise to the level of an audit finding. While auditors encountered some non-compliance issues, there were either reasonable explanations provided or the issues were quickly resolved by MDAD staff during the course of the audit. Some areas were observed that could benefit from enhanced processes, greater attention to detail and clarification of terms; however, none of these conditions compromised MDAD's permit operations. The report contained audit observations and corresponding recommendations. The OIG made ten recommendations to enhance and improve MDAD's administration of the permitting process. MDAD provided a response accepting all ten of the recommendations.

With its final audit report, the OIG requested that MDAD provide written updates on the implementation of the recommendations. In 2017, OIG auditors will conduct a follow-up review to evaluate MDAD's implementation of the OIG's recommendations. Among the issues to be reviewed will be:





AUDIT UNIT

- MDAD's updated *Rates, Fees, and Charges Schedule FY 2017-18*;
- A newly created website to process permit applications, extensions, and renewals;
- MDAD's phase-out of indefinite month-to-month permit agreements to be replaced by annual permit agreements;
- The results of MDAD's issuance of its *Tenant/Vendor Letter*;
- MDAD's new *Fueling Services Permit Application and Fueling Permit Agreement*; and
- MDAD's new policies and procedures regarding insurance coverage requirements, issuance of insurance waivers, and revised permit agreement insurance requirements terms and conditions.

UPCOMING PHASES:

While concluding this audit's Phase 1, the OIG initiated Phase 2, which entails a review of MDAD's Finance Division's activities related to its recordkeeping of permittee monthly revenue reports and annual certified statements to determine whether the Finance Division maintains records documenting that permittees are timely submitting these required reports.

In addition, Phase 2 will compare the client names shown on a permittee's monthly revenue reports submitted to MDAD Finance to client names submitted to MDAD Properties at the time of the application, extension, or renewal of permits.

Lastly, Phase 2 will check that a permittee's annual certified statement reflects the same revenue amounts shown on the totality of its twelve monthly revenue reports.

Not unlike the contract oversight activities of other state and local OIGs, the Miami-Dade County OIG's Contract Oversight function aims to promote integrity and accountability of the public entity's procurement process. A distinction, however, of its Contract Oversight function is the emphasis on the real-time, contemporaneous monitoring of procurement activities, including the negotiation of contracts and contractor performance as the events unfold. The Board of County Commissioners, in its creation of the OIG and enactment of its statutory powers, specifically authorized these responsibilities and duties. Section 2-1076 of the Code of Miami-Dade County expressly provides that the OIG:

- Review and recommend whether a particular program, contract, or transaction is necessary, and assist the BCC in determining whether the project or program is the most feasible solution to a particular need.
- Monitor, oversee and inspect procurement processes to include the establishment of project design and bid specifications, bid submittals, and activities of the contractor.
- Attend procurement selection and negotiations meetings and pose questions and concerns consistent with the functions, authority, and powers of the Inspector General.

- Monitor existing projects or programs and report whether they are on time, within budget, and in conformity with plans, specifications, and applicable law.
- Analyze the need for, and reasonableness of, proposed change orders.
- Determine compliance with contract specifications.

Contract oversight activities may begin from conceptual design, continue through procurement, and carry through to the ribbon-cutting of a newly constructed facility. Activities may involve the assessment or need of the project, market research and other forms of due diligence; bidding and contractor selection; contract negotiations; and ultimately performance. Considering the magnitude and complexity of many County projects, especially those contained in a multi-year capital improvements program, an oversight assignment may span multiple years.

When performing contract oversight activities, the OIG strives to promote accountability and transparency in the decision-making process, and provide County staff with independent observations and comments relative to the propriety and soundness of proposed actions. The OIG often questions and challenges assumptions, and makes suggestions and recommendations, where appropriate, to improve the process. The OIG will raise "red-flags" when it has concerns or spots

problems or issues that require management's attention. Depending on the oversight assignment, comments may be provided verbally or via written memoranda. The following are some of the contracts and projects monitored by the OIG during 2016.

PHILIP AND PATRICIA FROST MUSEUM OF SCIENCE

In February 2016, following news reports of the Museum's inability to satisfy its capital fundraising goals and secure adequate financing to complete construction, the OIG became aware of the County's proposed financial plan to rescue the Museum. Due to the County's prior contribution of \$165 million and the proposed rescue plan of an additional \$45 million, the contract oversight specialists undertook an independent due diligence review to provide a level of assurance that the finances supporting the proposed financial rescue plan were feasible. In April 2016, the OIG issued its review of the proposed \$45 million grant to the Museum of Science, Inc. for the completion of the Patricia and Philip Frost Museum of Science.

The review involved directly examining the Museum's fundraising pledge and donation documents to verify the amounts reported in various projections. The OIG also directly contacted the financial institution (Northern Trust Bank) that had agreed to lend the Museum \$40 million towards construction completion costs, contingent on the County's rescue plan. The OIG verified that the collateral tendered by the Museum to secure its loan was not collateralizing other funds needed by the Museum to complete construction. While the review determined that the identified funds were not being duplicated, the OIG raised concerns

with certain operating forecasts once the Museum opened – especially because the County's \$45 million commitment would be in lieu of future operating support. A memorandum was issued containing five recommendations regarding the remaining construction activities, future financial reporting, and reporting on revenues and key operational expenses. During the commission meeting to approve the \$45 million rescue plan, the BCC adopted all five of the OIG recommendations.

CONVERSION TO COMPRESSED NATURAL GAS – MASTER DEVELOPMENT AGREEMENTS FOR FUELING THE COUNTY'S BUSES AND HEAVY FLEET

In June 2014, the County issued two Requests for Proposals (RFPs) for Master Developers to renovate existing fuel facilities, provide the natural gas, and acquire (on behalf of the County) new CNG buses or other heavy-duty vehicles. One RFP was for the Transportation and Public Works Department (formerly Transit) and the other RFP was for the remainder of the County's heavy vehicle fleet (e.g., Waste Management, Water and Sewer and Internal Services departments). Since the beginning, contract oversight specialists have been monitoring the selection processes for both the Transit and Countywide Master Developers. Contract oversight specialists have monitored these two procurements since their inception and, in 2016, attended numerous negotiation meetings relating to the Transit CNG Agreement. The OIG will continue to monitor the remainder of the procurement processes through 2017 towards completion.



BUILDING BETTER COMMUNITIES GENERAL OBLIGATION BOND— ECONOMIC DEVELOPMENT FUND, PROJECTS 124 & 320

In July 2016, the first two—of several yet to come—Economic Development Fund grant agreements were presented to the BCC for approval. These finalized grant agreements were the result of a process over several years to identify capital projects throughout the County (Project 124) and within Targeted Urban Areas (Project 320) that would spur economic development and create new jobs. The approved projects were given fund allocations and the County administration was tasked with negotiating final proposed agreements for BCC approval. OIG contract oversight specialists have been monitoring negotiations with all parties (eleven potential grantees receiving allocations from Project 124 and six parties from Project 320). The OIG has been actively monitoring the negotiations, providing input, and asking questions to clarify certain agreement metrics and criteria. OIG observations and suggestions are geared toward securing an enforceable agreement that protects the County’s interests and the taxpayers’ capital investment.

In July 2016, in commenting on the first two proposed agreements, the OIG issued a memorandum to the BCC containing four recommendations. The recommendations addressed what paperwork the grantee would have to submit in order to receive its grant reimbursement (i.e., demonstrating that it had actually expended the funds for which it was seeking reimbursement). Another recommendation concerned the certification of new jobs when the jobs are created by a business other than the party receiving the grant (such as a tenant business on the grantee’s property).

The BCC adopted the four OIG recommendations, and the Administration has begun incorporating them into all future agreements. The OIG continues to monitor all negotiations for the remaining allocations and, where appropriate, will issue additional memoranda containing further recommendations.

JOINT COUNTY AND CITY OF HIALEAH REVERSE OSMOSIS WATER TREATMENT PLANT

The County and the City of Hialeah became partners in 2007 in constructing and operating a reverse osmosis water treatment plant (RO Plant). The RO Plant is located in Hialeah and will provide water to both the County and the City’s water utilities. Under the terms of a Joint Participation Agreement (JPA), the City is responsible for the design, construction, operation and maintenance of the RO Plant, even though the County will pay half of the costs. In 2010, the City entered into a contract with Inima USA Construction for Phase 1 that included the facility’s design, construction, and the operation, to produce 10 million gallons of finished drinking water per day (MGD). The total project cost was estimated at \$160 million at the completion of Phase 3—when the plant would have a capacity of 17.5 MGD. Construction began in September 2011 and the project became significantly delayed. In August 2013, WASD requested OIG assistance to provide independent monitoring of this project.

In the past three years, the OIG has been actively monitoring discussions and negotiations concerning the application of delay damages, proposed change orders, proposed settlements of contractor claims, as well as proposed amendments to the JPA between the County and City. The OIG has been vocal in the need to make sure that the contractor “certifies” its claims as a safeguard measure. In July 2016, Amendment Two to the Service Contract was approved by the Hialeah City Council. At the end of 2016, the amendment was awaiting approval from the County. At present, the RO Plant is producing 7.5



MGD, but still has not achieved Phase 1 Acceptance, which is considerably overdue. In addition, the OIG has recommended a number of revisions to the JPA to address updated conditions. These are expected to be formalized during 2017 with an amendment to the JPA. The OIG is committed to monitoring this project through completion.

WATER & SEWER DEPARTMENT'S \$13.5 BILLION, 15-YEAR COUNTYWIDE CAPITAL IMPROVEMENT PROGRAM

OIG contract oversight specialists actively monitor this program's four major areas of work:

1. The federal environmental consent decree;
2. Pump station improvements;
3. Ocean outfall legislation; and
4. Improvements to the wastewater and water treatment transmission and distribution systems.

During the past year, the OIG's oversight activities have focused on monitoring compliance with federal judicially-mandated deadlines, and the timely completion of specific projects as required by the consent decree. The contract oversight specialist assigned to the program is also involved in reviewing the various task authorizations issued among the various consultants. Randomly selected reviews have led the OIG to question some proposed task authorizations as being outside the scope of the consultant's contract; as duplicative of other tasks being commissioned, either through other consultants or being performed in-house; or as not properly planned or not adequately supported by labor resource estimates. The OIG's comments and observations

have been well-received by WASD management and adjustments have been made, as appropriate.

JACKSON HEALTH SYSTEM'S \$830 MILLION MIRACLE-BUILDING BOND PROGRAM

Miami-Dade County voters approved the issuance of \$830 million in general obligation bonds in November 2013 for the modernization and expansion of the Jackson Health System (JHS). These funds are committed toward JHS' 10-year capital modernization and expansion—a program totaling \$1.3 billion. Within this program, contract oversight specialists have actively monitored the procurement processes and subsequent contract negotiations, totaling over \$106 million, for the owner's representative, five architects, and five construction managers. The OIG's comments and recommendations during negotiations have resulted in over \$1.5 million in cost avoidance. In addition, due to OIG comments and suggestions, JHS heightened its awareness of the County's requirements for lobbyist registration and made adjustments furthering compliance in this area. The OIG will continue to actively monitor the Miracle-Building Bond Program through its completion.



OIG PERFORMANCE, ACCOUNTABILITY, SAVINGS AND EFFICIENCY

IDENTIFIED FINANCIAL IMPACTS

In FY 2015-2016, OIG investigations, audits, inspections and other reviews identified over \$15 million in questioned costs, and over \$480,000 in damages and losses due to theft, fraud and abuse. As a result of these cases, and others that began in earlier years, OIG cases have given rise to over \$300,000 in savings and funds being put to better use, and have brought about over \$1.3 million in recoveries, repayments, and court-imposed restitution.

ARRESTS MADE THIS FISCAL YEAR

OIG investigations resulted in nine arrests and charges of Grand Theft against one company during Fiscal Year 2015-2016.

CRIMINAL CHARGES FILED

Arrests in Fiscal Year 2015-2016 resulted in criminal charges being filed that include Organized Scheme to Defraud, Grand Theft, Petit Theft, Forgery, Uttering a Forged Instrument, and Unlawful Compensation.

THIS YEAR'S PUBLICATIONS

The OIG issued twelve public reports and twelve advisory memoranda during the fiscal year. The reports include audit reports and administrative investigative reports. The advisory memoranda typically involve notices of investigations resulting in arrest and the dispositions of those criminal cases.



APPENDIX: CODE OF MIAMI-DADE COUNTY

Sec. 2-1076 OFFICE OF THE INSPECTOR GENERAL

(a) Created and established. There is hereby created and established the Office of Miami-Dade County Inspector General. The Inspector General shall head the Office. The organization and administration of the Office of the Inspector General shall be sufficiently independent to assure that no interference or influence external to the Office adversely affects the independence and objectivity of the Inspector General.

(b) Minimum Qualifications, Appointment and Term of Office.

(1) Minimum qualifications. The Inspector General shall be a person who:

(a) Has at least ten (10) years of experience in any one, or combination of, the following fields:

- (i) as a Federal, State or local Law Enforcement Officer;
- (ii) as a Federal or State court judge;
- (iii) as a Federal, State or local government attorney;
- (iv) progressive supervisory experience in an investigative public agency similar to an inspector general's office;

(b) Has managed and completed complex investigations involving allegations of fraud, theft, deception and conspiracy;

(c) Has demonstrated the ability to work with local, state and federal law enforcement agencies and the judiciary; and

(d) Has a four-year degree from an accredited institution of higher learning.

(2) Appointment. The Inspector General shall be appointed by the Ad Hoc Inspector General Selection Committee ("Selection Committee"), except that before any appointment shall become effective, the appointment must be approved by a majority of the whole number of members of the Board of County Commissioners at the next regularly scheduled County Commission meeting after the appointment. In the event that the appointment is disapproved by the County Commission, the appointment shall become null and void, and the Selection Committee shall make a new appointment, which shall likewise be submitted for approval by the County Commission. The Selection Committee shall be composed of five members selected as follows:

(a) The State Attorney of the 11th Judicial Circuit for Miami-Dade County;

(b) The Public Defender of the 11th Judicial Circuit for Miami-Dade County;

(c) The Chairperson of the Miami-Dade Commission on Ethics and Public Trust;

(d) The President of the Miami-Dade Police Chief's Association; and

(e) The Special Agent In Charge of the Miami Field Office of the Florida Department of Law Enforcement.

The members of the Selection Committee shall elect a chairperson who shall serve as chairperson until the Inspector General is appointed. The Selection Committee shall select the Inspector General from a list of qualified candidates submitted by the Miami-Dade County Employee Relations Department.

(3) Term. The Inspector General shall be appointed for a term of four years. In case of a vacancy in the position of Inspector General, the Chairperson of the Board of County Commissioners may appoint the deputy inspector general, assistant inspector general, or other Inspector General's office management personnel as interim Inspector General until such time as a successor Inspector General is appointed in the same manner as described in subsection (b)(2) above. The Commission may by majority vote of members present disapprove of the interim appointment made by the Chairperson at the next regularly scheduled County Commission meeting after the appointment. In the event such appointment shall be disapproved by the County Commission, the appointment shall become null and void and, prior to the next regularly scheduled Commission meeting, the Chairperson shall make a new appointment which shall likewise be subject to disapproval as provided in this subsection (3). Any successor appointment made by the Selection Committee as provided in subsection (b)(2) shall be for the full four-year term.

Upon expiration of the term, the Board of County Commissioners may by majority vote of members present reappoint the Inspector General to another term. In lieu of reappointment, the Board of County Commissioners may reconvene the Selection Committee to appoint the new Inspector General in the same manner as described in subsection (b)(2). The incumbent Inspector General may submit his or her name as a candidate to be considered for selection and appointment.

(4) Staffing of Selection Committee. The Miami-Dade County Employee Relations Department shall provide staffing to the Selection Committee and as necessary will advertise the acceptance of resumes for the position

of Inspector General and shall provide the Selection Committee with a list of qualified candidates. The County Employee Relations Department shall also be responsible for ensuring that background checks are conducted on the slate of candidates selected for interview by the Selection Committee. The County Employee Relations Department may refer the background checks to another agency or department. The results of the background checks shall be provided to the Selection Committee prior to the interview of candidates.

(c) Contract. The Director of the Employee Relations Department shall, in consultation with the County Attorney, negotiate a contract of employment with the Inspector General, except that before any contract shall become effective, the contract must be approved by a majority of Commissioners present at a regularly scheduled Commission meeting.

(d) Functions, Authority and Powers.

(1) The Office shall have the authority to make investigations of County affairs and the power to review past, present and proposed County and Public Health Trust programs, accounts, records, contracts and transactions.

(2) The Office shall have the power to require reports from the Mayor, County Commissioners, Manager, County agencies and instrumentalities, County officers and employees and the Public Health Trust and its officers and employees regarding any matter within the jurisdiction of the Inspector General.

(3) The Office shall have the power to subpoena witnesses, administer oaths and require the production of records. In the case of a refusal to obey a subpoena issued to any person, the Inspector General may make application to any circuit court of this State which shall have jurisdiction to order the witness to appear before the Inspector General and to produce evidence if so ordered, or to give testimony touching on the matter in question. Prior to issuing a subpoena, the Inspector General shall notify the State Attorney and the U.S. Attorney for the Southern District of Florida. The Inspector General shall not interfere with any ongoing criminal investigation of the State Attorney or the U.S. Attorney for the Southern District of Florida where the State Attorney or the U.S. Attorney for the Southern District of Florida has explicitly notified the Inspector General in writing that the Inspector General's investigation is interfering with an ongoing criminal investigation.

(4) The Office shall have the power to report and/or recommend to the Board of County Commissioners whether a particular project, program, contract or transaction is or was necessary and, if deemed necessary, whether the method used for implementing the project or program is or was efficient both financially and operationally. Any review of a proposed project or program shall be performed in such a manner as to assist

the Board of County Commissioners in determining whether the project or program is the most feasible solution to a particular need or problem. Monitoring of an existing project or program may include reporting whether the project is on time, within budget and in conformity with plans, specifications and applicable law.

(5) The Office shall have the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General shall also be authorized to conduct any reviews, audits, inspections, investigations or analyses relating to departments, offices, boards, activities, programs and agencies of the County and the Public Health Trust.

(6) The Inspector General may, on a random basis, perform audits, inspections and reviews of all County contracts. The cost of random audits, inspections and reviews shall, except as provided in (a)-(n) in this subsection (6), be incorporated into the contract price of all contracts and shall be one quarter (1/4) of one (1) percent of the contract price (hereinafter "IG contract fee"). The IG contract fee shall not apply to the following contracts:

- (a) IPSIG contracts;
- (b) Contracts for legal services;
- (c) Contracts for financial advisory services;
- (d) Auditing contracts;
- (e) Facility rentals and lease agreements;
- (f) Concessions and other rental agreements;
- (g) Insurance contracts;
- (h) Revenue-generating contracts;
- (i) Contracts where an IPSIG is assigned at the time the contract is approved by the Commission;
- (j) Professional service agreements under one thousand dollars;
- (k) Management agreements;
- (l) Small purchase orders as defined in Administrative Order 3-2;
- (m) Federal, state and local government-funded grants; and
- (n) Interlocal agreements;
- (o) Grant Agreements granting not-for-profit organizations Building Better Communities General Obligation Bond Program funds.

Notwithstanding the foregoing, the Commission may by resolution specifically authorize the inclusion of the IG contract fee in any contract. Nothing contained in this subsection (c)(6) shall in any way limit the powers of the Inspector General provided for in this section to perform audits, inspections, reviews and investigations on all County contracts including, but not limited to, those contracts specifically exempted from the IG contract fee.

(7) Where the Inspector General detects corruption or fraud, he or she shall notify the appropriate law enforcement agencies. Subsequent to notifying the appropriate law enforcement agency, the Inspector General may assist the law enforcement agency in

concluding the investigation. When the Inspector General detects a violation of one (1) of the ordinances within the jurisdiction of the Ethics Commission, he or she may file a complaint with the Ethics Commission or refer the matter to the Advocate.

(8) The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect and review the operations, activities and performance and procurement process including, but not limited to, project design, establishment of bid specifications, bid submittals, activities of the contractor, its officers, agents and employees, lobbyists, County staff and elected officials in order to ensure compliance with contract specifications and detect corruption and fraud.

(9) The Inspector General shall have the power to review and investigate any citizen's complaints regarding County or Public Health Trust projects, programs, contracts or transactions.

(10) The Inspector General may exercise any of the powers contained in Section 2-1076 upon his or her own initiative.

(11) The Inspector General shall be notified in writing prior to any meeting of a selection or negotiation committee where any matter relating to the procurement of goods or services by the County is to be discussed. The notice required by this subsection (11) shall be given to the Inspector General as soon as possible after a meeting has been scheduled, but in no event later than twenty-four (24) hours prior to the scheduled meeting. The Inspector General may, at his or her discretion, attend all duly noticed County meetings relating to the procurement of goods or services as provided herein, and, in addition to the exercise of all powers conferred by Section 2-1076, may pose questions and raise concerns consistent with the functions, authority and powers of the Inspector General. An audio tape recorder shall be utilized to record all selection and negotiation committee meetings.

(12) The Inspector General shall have the authority to retain and coordinate the services of Independent Private Sector Inspectors General (IPSIG) or other professional services, as required, when in the Inspector General's discretion he or she concludes that such services are needed to perform the duties and functions enumerated in subsection (d) herein.

(e) Physical facilities and staff.

(1) The County shall provide the Office of the Inspector General with appropriately located office space and sufficient physical facilities together with necessary office supplies, equipment and furnishings to enable the Office to perform its functions.

(2) The Inspector General shall have, subject to budgetary allocation by the Board of County Commissioners, the

power to appoint, employ, and remove such assistants, employees and personnel and establish personnel procedures as deemed necessary for the efficient and effective administration of the activities of the Office.

(f) Procedure for finalization of reports and recommendations which make findings as to the person or entity being reviewed or inspected. Notwithstanding any other provisions of this Code, whenever the Inspector General concludes a report or recommendation which contains findings as to the person or entity being reported on or who is the subject of the recommendation, the Inspector General shall provide the affected person or entity a copy of the report or recommendation and such person or entity shall have 10 working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation. The requirements of this subsection (f) shall not apply when the Inspector General, in conjunction with the State Attorney, determines that supplying the affected person or entity with such report will jeopardize a pending criminal investigation.

(g) Reporting. The Inspector General shall annually prepare and submit to the Mayor and Board of County Commissioners a written report concerning the work and activities of the Office including, but not limited to, statistical information regarding the disposition of closed investigations, audits and other reviews.

(h) Removal. The Inspector General may be removed from Office upon the affirmative vote of two-thirds (2/3) of the whole number of members of the Board of County Commissioners.

(i) Abolition of the Office. The Office of the Inspector General shall only be abolished upon the affirmative vote of two-thirds (2/3) of the whole number of members of the Board of County Commissioners.

(j) Retention of the current Inspector General. Notwithstanding any provision to the contrary, the incumbent Inspector General, Christopher R. Mazzella⁽¹⁾, shall serve a four year term of office commencing on December 20, 2009, as provided in the Memorandum of Understanding approved by Resolution No. R-1394-05, and shall not be subject to the appointment process provided for in Section 2-1076(b) (2).

⁽¹⁾ Mr. Chris Mazzella, the County's first Inspector General and the incumbent when this subsection was enacted, retired in April 2013. Mary Cagle, the current Inspector General, was appointed in February 2014.

(Ord. No. 97-215, § 1, 12-16-97; Ord. No. 99-63, § 1, 6-8-99; Ord. No. 99-149, § 1, 10-19-99; Ord. No. 00-105, § 1, 7-25-00; Ord. No. 01-114, § 1, 7-10-01; Ord. No. 05-51, § 1, 3-1-05; Ord. No. 06-88, § 2, 6-6-06, Ord. No. 07-165; § 1, 11-6-07)



Contract Oversight at Water and Sewer Department



CFA Reaccreditation



Unveiling of Metrorail Trains



OIG Presentation to Mayor's Interns

Gallery



Before and After
Move to Overtown Transit Village

Call Our Hotline to Report Fraud:
(305) 579-2593

or

Report Fraud On-Line at:
www.miamidadeig.org



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