

COMMITTEE MEMORANDUM

TO: Members of the Finance & City Wide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: October 26, 2018

SUBJECT: DISCUSSION REGARDING THE OFFICE OF THE INSPECTOR GENERAL

Background

At the July 27, 2018 Finance & Citywide Projects Committee, an item was discussed regarding the potential addition of an auditor position to the Office of Internal Audit (IA) as recommended by the Audit Committee. As part of the discussion on this item, the proposed staffing level for the new Office of the Inspector General (OIG) was discussed as well as potential synergies between the two functions. The Finance Committee invited the Audit Committee to review the overall staffing plan of the two functions and bring back recommendations to a future meeting.

The current proposed staffing for the OIG is five full-time positions including the Inspector General, an attorney, an investigator, and two clerical employees, with an annual budget of \$1.1 million. The appointment, reappointment, term, functions, and powers of the OIG will be established by Ordinance if the OIG is approved by the voters on November 6, 2018.

Analysis

The Audit Committee met on August 29, 2018 and September 26, 2018, to discuss the staffing levels of the IA and the OIG as well as the potential consolidation of the two functions into a single department under the leadership of the new Inspector General position.

The Audit Committee felt that consolidation of the two functions made sense for the following reasons:

- There is clear overlap between the two areas and efficiencies and synergies could be realized through consolidation
- The consolidated group would provide more resources which could be reorganized to fit the mission of the OIG
- The current activities of IA would be more independent and elevated under a separate office like the OIG
- There may be cost savings anticipated from the consolidation of the two functions

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Through consolidation, the following staffing changes to the OIG are recommended:

Current	Proposed
Inspector General	Merge with the currently vacant Internal Audit Director position
Attorney	Workload could be accommodated by Outside Counsel or support from the City Attorney's Office
Investigator	Investigator
Clerical position	Leverage existing clerical position in Internal Audit and add a Contract Compliance Auditor
Clerical position	Construction Auditor
	Performance/Process Improvement position (could be an external resource)
5 new positions	4 new positions

Other recommendations of the Audit Committee to the Ordinance (see *attachment*) creating the OIG are below:

Section 2-276 Office of the Inspector General (a), Created and established

The Committee recommended that the word "revenues" is added to the following statement to clarify that audits would include both revenues and expenditures: "The City of Miami Beach Office of Inspector General is hereby created....including City contracts, programs, projects, and revenues and expenditures..."

Section 2-276 Office of the Inspector General (b) Minimum Qualifications

The Committee recommended the following proposed amendments: 1) adding a senior position in a consulting or accounting firm (or similar position in a private corporation or in the public sector) with at least five (5) years of public sector experience; 2) adding supervisory experience (e.g., a senior corporate executive position in a major firm, or managing a department of a public agency) with at least five (5) years of public sector experience; 3) adding a former Inspector General; 4) move (b)(1)(b) ("has managed and completed complex investigations involving allegations of fraud, theft, deception, and conspiracy") to (b)(1)(a), to make (b)(1)(b) one of a list of qualifications, rather than a mandatory qualification; and 5) adding certain additional requirements such as experience in process improvement, contract monitoring, etc.

Section 2-276 Office of the Inspector General (b) (2) Appointment

The Committee recommended the following changes: (d) listing the City Attorney as a non-voting member; (e) clarifying that the representative of the City's Audit Committee on the Selection Committee shall be selected by the Audit Committee; (f) a representative of the Florida Government Finance Officer Association (FGFOA); (g) an Inspector General from a State agency or other municipality or County in Florida or County; and (i) a representative of the International City/County Management Association (ICMA).

Section 2-276 Office of the Inspector General (b) (3) Term

The Committee recommended that language be added that clarifies the timeframe needed to appoint an Inspector General if the acting Inspector General was no longer available. For example, a sixty (60) day period to start the search and a ninety (90) day period to convene the Selection Committee.

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Section 2-276 Office of the Inspector General, (g) Budget

The Committee recommended that a clause be added to this section that reads that any reduction from one year to the next in the budget of the OIG will require a 5/7s vote of the City Commission.

Conclusion

Staff is seeking further direction from the Finance & Citywide Projects Committee regarding the recommendations of the Audit Committee that include consolidation of the Office of Inspector General and the Office of Internal Audit, changes to staffing, and amendments to the Ordinance creating and establishing the Office of Inspector General.

Attachment

Draft Ordinance creating the Office of Inspector General v.6-29-18

JLM/JW