



Joseph M. Centorino, Inspector General

**OFFICE OF THE INSPECTOR GENERAL
ANNUAL REPORT 2020**

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph M. Centorino, Inspector General
RE: Annual Report of OIG Activity
DATE: November 1, 2020

This annual report is submitted to the Mayor and City Commission by the City of Miami Beach Office of the Inspector General in compliance with Section 2-256 (j) of the City of Miami Beach Code.

CREATION OF OFFICE AND APPOINTMENT OF INSPECTOR GENERAL

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

By virtue of the enabling ordinance adopted to flesh out the office’s scope of activity, the office is provided with the authority to “conduct any reviews, audits, or investigations relating to any past, present, and proposed City contracts, programs, projects, and expenditures,” as well as to conduct “any reviews, audits, inspections, or investigations relating to City Departments, agencies, boards, and committees.” The office was also granted power to subpoena witnesses, administer oaths, and require the production of records, and to “require reports from the City Manager, City departments, City agencies, boards and committees, and City officers and employees, regarding any matter within the jurisdiction of the Inspector General.”

The Inspector General is chosen by an independent Ad Hoc Selection Committee subject to the approval of the City Commission. Following a lengthy selection process, Joseph M. Centorino was selected as Inspector General by the Ad Hoc Committee and his appointment to a four-year term was approved by the City Commission on October 16, 2019. Mr. Centorino began service as Inspector General on November 1, 2019.

ORGANIZATION OF OFFICE

Prior to his appointment as Inspector General, Mr. Centorino served as Executive Director and General Counsel at the Miami-Dade Commission on Ethics, and previously served as Chief of the Public Corruption Division at the Miami-Dade State Attorney's office. In those capacities he became familiar with the functions of an Inspector General Office by virtue of working on joint investigations with the Miami-Dade OIG, participating in their conferences and training sessions, and collaborating with its staff on various County issues of mutual concern, including legislation affecting his employing agencies as well as all municipalities within the County.

Before beginning his service in Miami Beach, he met with the senior staff of the Miami-Dade and Broward County OIGs to review their procedures and systems of operation and performance. He also reviewed the operations of the City of Miami Beach and its various departments through its website. During the first few weeks of the OIG's existence, the Inspector General met personally with all City Department directors, as well as with many City staff members, to discuss the role of the OIG and establish working relationships with City decision-makers.

The City of Miami Beach is the first City of its size in the State of Florida to establish such an office. It was understood at the time of the creation of the office that, due to practical fiscal considerations, the City of Miami Beach OIG would not have the extensive in-house investigative resources with which many OIG offices at County and State levels are equipped. At the same time, given the unique and complex issues often dealt with in Miami Beach, particularly in the area of resiliency and climate change, part of the IG's initial organizational strategy was to supplement staff resources whenever possible through collaboration with the City of Miami Beach Police Department as well as other law enforcement and regulatory agencies inside and outside of Miami Beach.

New OIG Positions

At the time of the commencement date of the OIG on November 1, 2019, funding for the position of Inspector General, as well as for three new staff positions had been budgeted by the City for FY 2019-2020. The additional positions included one investigator and two auditors to be added to the existing Office of Internal Audit staff which was to be subsumed into the OIG. Due to the critical need for investigative staff, the Inspector General decided to alter those positions to two investigators and one auditor. Salary adjustments were made in order to stay within budget and to cover what would otherwise have resulted in a budget shortfall.

Existing Audit Staff

The personnel of the Office of Internal Audit, which previously reported to the City Manager, was assigned to the OIG, and hence became independent of the City Administration. Inasmuch as auditing is one of the key functions of an OIG, this was a positive move by the City. Internal Audit at that time was led by Interim Internal Auditor Mark Coolidge, a CPA and longtime City employee. The rest of the office of Internal Audit consisted of three Internal Auditors, four Tax Auditors, and one vacant Tax Auditor position.

Internal Auditors perform the auditing function served by most OIG auditors. They have the professional training to conduct detailed audits of any governmental activity within the OIG's purview, such as an audit of a City department for compliance, waste and/or efficiency, as well

as of any City contract or City program. They also are trained to draft detailed reports, as well as to create spreadsheets and other compilations to illustrate their findings.

Tax Auditors conduct audits of revenues owed to the City by resort tax filers or sanitation companies (waste contractors and roll-off companies). They serve a narrower function that involves a review of the records of revenues generated by hotels, apartment buildings, bars/nightclubs and restaurants, as well as applicable sanitation contractors, and the payments due to the City from those funds. Although unusual for most municipalities, their role is consistent with OIG functions. Their work in uncovering unpaid tax assessments often leads to increased revenues paid to the City. Resort Tax Auditors are paid from the City's resort tax receipts and the Sanitation Tax Auditor is paid with Sanitation funds, whereas the Internal Auditors are paid primarily from the City's General Fund.

Audit Staff Changes

After a couple of months of working with the audit staff and observing their work, the Inspector General named the City's Interim Internal Auditor, Mark Coolidge, C.P.A., C.I.A., as Chief Auditor of the OIG. Norman Blaiotta, C.I.A., previously Senior Auditor, and also a Certified Fraud Examiner, was promoted to Deputy Chief Auditor. Resort Tax Auditor Jessica Romero was promoted to the new Internal Auditor position based upon her outstanding performance reviews and potential value to the agency as a permanent Internal Auditor. Her previous position and the vacant Tax Auditor position were filled by new hires, Tomas Valdes and Juan Ospina, both of whom had previously held Tax Auditor IV positions at the Florida Department of Revenue.

Investigative Staff

The usual model for investigative staff at an OIG favors former or retired police or other law enforcement agents. That was not the model followed at the City OIG for two reasons. One reason was based on the major pending construction contracts in the City, which would require more sophisticated analytical and investigative tools than usually found in law enforcement. Such projects were apparent in the City's resiliency and G.O. Bond programs. The former had already raised serious issues of misconduct and/or mismanagement in the Palm/Hibiscus and Indian Creek projects, and had been the subject of requests for OIG investigation by City Commission members even before the office began its work. The G.O. Bond projects were explicitly named in the OIG enabling ordinance for the new agency to closely monitor and report on to the City Commission.

The second reason is that an understanding was reached by the Inspector General with the City of Miami Beach Police Department for its Internal Affairs Unit to work jointly with the OIG on investigations into misconduct by City personnel involving potential criminal violations. Their assistance to the OIG has proven valuable and has provided the OIG with law enforcement support whenever needed. In the event of circumstances that would require an outside law enforcement agency, public corruption units at the Miami-Dade State Attorney's Office, Miami-Dade Police Department and Florida Department of Law Enforcement would be available to assist the OIG.

Due to these factors and the OIG's limited investigative staff, the two OIG investigative positions were filled with persons having not only investigative experience, but also having broad experience in government at different levels and the capability of handling and reporting on sophisticated analyses of complex local government programs.

Special Agent F. James McGee holds a B.S. in Journalism from the University of Florida. He has served as an investigator at the Miami-Dade Commission on Ethics; a licensed private investigator in Virginia and Florida, specializing in civil fact investigations; a staff investigator in Washington D.C. with the U.S. Senate Homeland Security and Governmental Affairs Committees; an investigative reporter with the *Washington Post*, and, during the 1980's, with the *Miami Herald* where he was a member of a Pulitzer Prize winning reporting team on the Iran-Contra Affair. He is an author, a credentialed Certified Fraud Examiner and holds a Certificate in Forensic Accounting from Georgetown University.

Special Agent Jani Kline Singer, Esq., is an attorney and Florida Bar member who for seven years served as a prosecutor in the Miami-Dade State Attorney's Office Public Corruption Unit, leading significant local government corruption investigations and prosecutions. She holds a Bachelor Degree in Politics and Sociology from Mount Holyoke College and a J.D. from the University of Miami School of Law. Ms. Singer is also a former public defender at the Miami-Dade Public Defender's Office; and a former managing attorney of Children's Legal Services at the Florida Department of Children and Families. In addition, she has extensive local experience as a nonprofit board member and social justice consultant, and is a longtime resident of Miami Beach.

Scope of Activity

As noted above, the scope of activity of the OIG, based on the enabling ordinance, includes, in addition to investigations and audits, other types of inquiry and reporting such as reviews, inspections, and contract oversight. Reviews and inspections may involve more flexible and limited oversight and are denoted as such when reports are generated from such activity. Contract oversight is a key function of an OIG, and may range from a focused review of a City contract provision or procurement procedure, to much more in-depth investigations or audits. There is currently no discrete contract oversight position in existence at the OIG, and, therefore, any of the OIG's investigators or internal auditors may be involved in contract oversight.

OIG Contract Allocation Fee

Similar to Miami-Dade County's dedicated funding source for its OIG budget, which is based on a percentage of County contracts payable by the vendors, a contract surcharge of 1.5% of City contracts to be paid by City vendors was proposed as the source of funding the City's newly-created OIG. Due to technical considerations raised by the City Finance Department, a revised measure adopted by the City Commission in January 2020, which created a .5% contract allocation fee, payable by the City Department rather than the contractor, and applied to non-exempt contracts, either entered into or on which a competitive solicitation was issued prior to April 1, 2020. The amount allocated from any individual contract was capped at \$50,000.

It was understood that any shortfall in the amount raised by the fee would be covered by the General Fund. The OIG has monitored the amount of the fees generated by the contract allocation, which at this point appears to be much less than anticipated, due in part to some confusion among City departments concerning its applicability. It is anticipated that the OIG and Finance Department will be requesting a reassessment of this policy by the City Commission in the near future.

OUTREACH

The most important currency for a public investigative agency is information. In dealing with issues such as fraud, waste, abuse or other serious mismanagement or misconduct, there is no substitute for accurate, truthful inside information from individuals positioned to possess knowledge of the facts. To be successful in the quest to capture such intelligence, an agency must be known, accessible and trusted. The strong public support for creation of the Miami Beach OIG was an indication that the public understood the important role that an OIG could play in promoting integrity and efficiency in City government. A vital part of the OIG's mission is to tap into that support and maximize the flow of information to the agency.

The City Manager's decision to locate the OIG in Historic City Hall on Washington Avenue was an inspired one. The location is well known and easily accessible. It is next to the Miami Beach Police Department. And it affords any City employee or official, or any member of the public, the opportunity to visit the OIG in a confidential manner. The renovated offices on the 6th and 4th floors are reserved exclusively for the OIG and have the space and up-to-date technological equipment needed for its operations.

During its first year, the OIG has made an effort to promote and publicize the OIG's functions and services. With the generous assistance of the City's Department of Marketing and Communications, an attractive logo was designed for the agency and a website created at www.mbinspectorgeneral.com (also accessible through the City's website) which describes its mission and staff, provides important legal information about its role, as well as access to its completed audits, investigations and other reports. It provides the means for anyone to contact the agency by email on a confidential basis, as well as a telephone hotline number. The hotline phone is always in the possession of a staff member. With the Marketing & Communications Department's creative design assistance, an OIG poster has been printed and distributed for display in public and private venues, with hotline, email and website information. The poster will also be displayed in the Miami Beach Magazine and in City trolleys.

The best way to engage the public is through direct, personal contact. The Inspector General has accepted all invitations to appear as a speaker at any meeting or gathering of a civic or community organization. These have included a session sponsored by Commissioner Samuelian at the MBPD and a virtual appearance at Commissioner Steinberg's Mondays With Micky. The Inspector General and/or staff members will accommodate any Commission member or other official or private group host who requests the OIG's appearance and participation at any appropriate event. Almost all of these appearances have generated further contact with the OIG by individuals present at the event. Appearances at future in-person programs with local groups will resume as soon as they can safely occur.

PROFESSIONAL TRAINING

The audit and investigative processes in an Office of Inspector General are similar to, but not always the same as, those same functions in other government entities. The Association of Inspectors General (AIG), located in Philadelphia, through its Training Institutes, offers certification courses for OIG personnel in their respective disciplines.

During the past year, both of the OIG's investigators became Certified Inspector General Investigators. The OIG's Chief Auditor, Deputy Chief Auditor, and one Internal Auditor became

Certified Inspector General Auditors. It is expected that the remaining OIG Internal Audit staff will become certified within the next year, COVID-19 permitting. In addition to obtaining their certifications, staff have received AIG sponsored training in "Fighting Fraud in the Government," "Fraud in Capital Projects and the Construction Process," and others.

OIG staff have also been provided membership in the Florida Chapter Association of Inspectors General, which includes State of Florida Inspectors General as well as local Inspectors General in Miami-Dade, Broward, and Palm Beach Counties and in the Cities of Jacksonville and Tallahassee. The Florida Chapter sponsors annual training sessions open to its members and serves as a resource for its member offices. Specialized training may also be provided among its members. A special training session on contract oversight was arranged with the Miami-Dade County OIG for all Miami Beach OIG personnel.

COMPLETED INTERNAL AUDITS

1. Taste Bakery MC City Hall LLC d/b/a Taste Bakery Café Audit

Testing by OIG staff concluded that compliance with the Lease and Concession Agreements was generally adequate and their terms were being adhered to. The audit determined that as a result of untimely rental payments, the tenant owes an additional \$954.10 to the City. In addition, the tenant's insurance coverage should be further reviewed to ensure compliance with the terms of the agreement.

2. State Beachfront Management Agreement (No. 3595) Audit

State Beachfront Management Agreement No. 3595 requires the City of Miami Beach to remit 25% ("sand tax") from any and all monies collected from private concessionaires or other private concerns for the use of State beachfront property to the State of Florida. It also requires the City to provide the State of Florida with an annual audited report of all monies collected from concessionaires.

The following shortcomings were noted during OIG's audit of the operational controls surrounding the City's management of Agreement No. 3595, that need improvement:

- a. The City inadvertently overpaid the State \$2,363.94 due to 17 identified incorrect general ledger entries.
- b. Ten transactions were identified that were underbilled by \$7,051.00. Of these ten, the Shelborne Hotel owed \$6,072.00, which was not included on the master summary schedule provided to the Licensing Section by the Office of Real Estate. One beachfront property, overbilled by \$1,320.00 during the 2017/18 fiscal year, still has not received a credit, and amounts owed from prior years by the Versailles and Triton Tower-AC Hotels have not been resolved.
- c. The Finance Department's Licensing Section incorrectly overbilled one entity by \$810.00 in beachfront concession permit fees.
- d. The tested Boucher Brothers Inc.'s 21st & 46th Street concession payments were not properly distributed among the City's general ledger accounts by the Office of Real Estate and were not calculated in accordance with Section 4.2 of the Concession Agreement's terms, resulting in a \$72,151.72 underbilling to Boucher Brothers by the City and a \$13,470.94 sand tax underpayment to the State. If the

City's interpretation of the agreement differs from that of the OIG and City Attorney, then the agreement should be revised by the City Commission.

- e. Penrod Brothers Inc. incorrectly reported food and beverage sales to the City resulting in a net overpayment of \$113.56 to the State.
- f. The Office of Real Estate did not include sand tax on the lump sum amount paid by Penrod's Brothers, resulting in a \$555.25 underpayment to the State.

3. Follow-Up Review of the State Beachfront Management Agreement (No. 3595) Audit

Of the nine findings contained in the report that required corrective action by a City department, eight recommendations were fully implemented and one recommendation was partially implemented. It was recommended that the Office of Real Estate address the one open item concerning the accuracy of the billing of Boucher Brothers concession payments.

4. Public Works Department's Warehouse Inventory Audit

Based upon results of test counts and inventory reports, OIG staff recommended that the Finance Department use the valuation of \$1,795,500.67 as of September 30, 2018. The annual physical inventory was conducted effectively, with the corresponding valuation deemed reasonable. Warehouse staff should be commended for lowering the stratified sample's calculated percentage difference to 0.00% from the prior year's 5.69%.

5. Building Department Permit Fee Surcharges Audit

This report is the result of an audit conducted to review the Building Department's compliance with three tested permit fee surcharges as defined in the Florida Statutes, the Miami-Dade County Code and/or the Miami Beach City Code. Testing determined that the permit fee surcharges associated with F.S. 553.721 were incorrectly calculated, resulting in an additional amount of \$105,113.97 due to the Department of Community Affairs (DCA). In addition, permit fee surcharges associated with F.S. Section 468.631 were incorrectly calculated, resulting in \$86,306.42 due to the Florida Department of Business and Professional Regulation (DBPR). 17 of 18 tested quarterly permit fee surcharge payments due to the DCA and the DBPR were not remitted timely in accordance with F.S. Sections 553.721 and 468.631. Monthly permit fee surcharge payments due to Miami-Dade County were not remitted timely, resulting in the incorrect deduction of \$4,203.89 in offered discounts. Lastly, City Code Section 14-70 (1) contains a permit fee surcharge rate that differs from the rate in F.S. 553.721 and should be corrected.

6. Miami Beach Tennis Management, LLC Management Agreement (Flamingo Park Tennis Center) Preliminary Observations

Although this audit was not completed because the contractor terminated its agreement with the City, the following preliminary observations were noted:

- a. The contractor operated the Flamingo Park Tennis Center and the North Shore Tennis Center without obtaining its annual business tax receipts for either facility. In addition, six of the 14 known tennis professionals appeared not to have obtained their 2019/20 fiscal year business tax receipts as of November 27, 2019.
- b. Four checks issued during the 2018 and 2019 calendar years to the City were returned due to insufficient funds.

- c. The contractor improperly maintained a second checking account to which the City did not have access, and it was incorrectly used to pay some expenses from its Miami Shores Tennis Center.
- d. Some tennis professionals complained that they were not paid timely from the contractor, one of whom provided supporting documentation.
- e. 1,145 of 5,864 lessons given were at rates that did not appear to match any of those listed in Exhibit K of the agreement. 358 individuals received tennis lessons at no charge, and one was charged more than the highest permissible rate.

7. Parking and Police Department Requested Tows Operational Audit

Three separate audit reports were issued that address the OIG's testing performed relative to Beach Towing Services, Inc., Tremont Towing Inc. and of the City departments, Parking and Police, involved in the towing process. These audits address a significant number of deficiencies in need of prompt corrective action ranging from needed revisions in the negotiated Towing Permits, inaccurate City billings, poor City oversight and the tow companies' unsatisfactory performance (especially by Beach Towing Services, Inc.). The current public tow structure is not functioning as well as it should, as tow customers' rights are not being adequately enforced and there appears to be overcharging by the tow companies for some services.

The following shortcomings were noted during testing that need corrective action by the City:

- a. Parking and Police Department's requested tows were not properly billed during the audit period resulting in an estimated underbilling of \$24,822 (\$21,577 for Parking + \$3,245 for Police).
- b. 12 of 26 tested Police Department billings were prepared after designated due dates per Towing Permit Section 3 (46.15%) ranging from a low of two days late for December 2017 to a high of 33 days late for November 2017.
- c. The current Towing Permits contain some contradictory wording which created confusion as to their interpretation, including charges for dollies, administrative fees, after-hours fees and hook-up fees; and the tow companies' acceptance of additional forms of payment.
- d. Formal complaint logs were not maintained by the City's Parking and Police Departments, which impeded verification that the actions required under Section 29 of the Towing Permits were timely performed.
- e. The tow truck operators' arrival times were not recorded for Police Department requested tows, creating an obstacle in determining compliance with the 20-minute response time required under Section 14 of the Towing Permits.
- f. The Parking Department did not maintain adequate documentation as to why the tow companies were not always alternated. Beach Towing performed 15 more public tows than Tremont Towing during the 13-month audit period.
- g. Parking and Police Department staff were unaware that the tow companies did not maintain the required insurance coverage in accordance with Section 4 of the Towing Permits.
- h. The Parking Department's Standard Operating Procedures were incomplete, and Parking Enforcement Specialists present at the tows did not document Vehicle Storage Receipts when usage of dollies or flatbed services were warranted.

8. Beach Towing Services, Inc. - Towing Audit

The following shortcomings were noted during testing that require corrective action by Beach Towing:

- a. Beach Towing charged the \$40 fee for dollies or flatbed services approximately 650% more frequently than Tremont Towing (7,179 compared to 1,106) resulting in an estimated \$258,870 in additional revenues during the 13-month audit period.
- b. Testing determined that Beach Towing overcharged 55 Class "B", 73 Class "C" and 12 Class "D" sampled customers on hook-up fees of the 148 reviewed (140/148 = 94.59%) based on an analysis of their gross vehicle weight ratings.
- c. Beach Towing charged the labor to engage/tow fee for vehicle entry on 11,441 of the 11,614 tested public tows that were charged hook-up fees during the audit period (98.51%). A review of Parking and Police Department provided body camera footage found that all 14 tested tow operators did not enter the vehicles at the tow locations.
- d. The amounts charged by Beach Towing for sampled October 2018 storage fees could not be verified because their employees did not record the time/date indicating when the owners retrieved the towed vehicles.
- e. The amounts charged and collected by Beach Towing for state sales taxes on administrative and/or storage fees for Police Department requested tows does not appear to be justified.
- f. Beach Towing did not maintain the required insurance coverage in accordance with Section 4 of the Towing Permits.

9. Tremont Towing, Inc. - Towing Audit

The following shortcomings were noted during testing that require corrective action by Tremont Towing:

- a. 12 of 20 sampled Tremont Towing customers were overcharged for dollies or flatbed services during a 14-day test period, as such equipment was not used at the tow locations, based on available Parking Department body camera footage.
- b. Tremont Towing, Inc. overcharged 16 Class "B", four Class "C" and five Class "D" vehicle owners hook-up fees of the 42 reviewed (59.52%) based on an analysis of their gross vehicle weight ratings and other provided documentation.
- c. Tremont Towing charged the \$30 labor to engage/tow fee for vehicle entry on 11,230 of the 11,294 public tows that were charged hook-up fees during the audit period. Testing determined that Tremont Towing overcharged its customers labor to engage/tow fees for 12 of the 25 tows sampled in October 2018, based upon a review of Parking and Police Department body camera footage, showing that the tow operators were not accessing the vehicles at the tow locations.
- d. The times that vehicles were impounded and/or released to their owners were not always indicated on Tremont Towing's invoices.
- e. The amounts charged and collected by Tremont Towing for state sales taxes on administrative and/or storage fees for Police Department requested tows do not appear to be justified.
- f. Tremont Towing did not maintain the required insurance coverage in accordance with Section 4 of the Towing Permits, but subsequently provided evidence verifying that they had resolved the coverage deficiencies.

- g. Tremont Towing's invoices contained two separate line items concerning the labor to engage/tow fee and the extra labor or extra waiting time fee that contradicted the language in the Towing Permits.

10. Semi-annual Finance Reviews – Fiscal Year 2019/20

The purpose of these reviews is to test City staff's compliance with recommendations from the BDO audit conducted as a result of a \$3.6 million fraud involving the City's Treasury Department and Automatic Clearing House disbursements during the fall of 2016.

The First Review focused on compliance with recommendations numbered 17, 27, and 38, and revealed the following issues:

- A lack of segregation of duties was noted in four instances during a review of Account Payable transactions.
- Six transactions equal to or more than \$100,00 were not dually approved.
- The authorization for one of the 12 sampled Role Assignment Changes was not documented by the Munis System Administrator in charge.

The Second Review tested compliance with recommendations numbered 18 and 27. No deficiencies were noted.

11. Annual Finance Department Bank Account Reconciliations and Summary Report

This annual review was begun by the Office of Internal Audit as a result of the \$3.6 million fraud committed against the City in 2016 and has been continued under the OIG. OIG Audit staff has (1) reviewed the bank reconciliations performed either monthly or quarterly by designated Finance Department staff to verify that they were completed timely and promptly reviewed and approved; (2) confirmed that all entries on the Daily Debit Transaction Report were deemed valid by Finance Department staff; and (3) verified that there is a credit in the general depository account and a corresponding debit transaction in another City bank account for all ZBA (zero balance account) transactions. The only exception noted during the 2019/20 fiscal year was that the designated Finance Department reviewer did not list the date that he completed his review of the 5th and Alton Garage's December 2019 bank reconciliation.

COMPLETED RESORT/SANITATION TAX AUDITS

The Tax Auditors, who primarily conduct Resort Tax revenue-based audits, completed a total of 109 audits, consisting of 51 annual filers and 58 monthly filers, during the November 1, 2019 through October 31, 2020 period. These completed audits resulted in net assessments of \$1,104,504.30 as of November 1, 2020.

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

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

The one Tax Auditor position assigned to perform Sanitation audits of waste contractors and/or roll-off companies was vacant for six months and was filled midyear. The new Tax Auditor has completed one audit, with four audits nearing completion.

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

INVESTIGATIONS, REVIEWS AND INSPECTIONS

The OIG has broad investigative authority under Section 2-256(d) of the City Code. Its authority includes investigation of any past, present, and proposed City contracts, programs, projects, expenditures, departments, agencies, boards, and committees. In performing its investigative function or other related functions, the office has been granted the power under the latter section to subpoena witnesses, administer oaths, and require the production of records regarding any matter within its jurisdiction.

Investigations may entail administrative or criminal allegations or a combination of those matters. Purely administrative investigations may be handled in-house by the OIG. Investigations which include possible violations of criminal statutes may be handled jointly by the OIG and a law enforcement agency. Investigations which produce evidence of violations of either the City or County ethics ordinances will result in the referral of such issues to the Miami-Dade County Commission on Ethics. Findings and recommendations from most investigations, as with audits and some other activities, are provided to the City Administration and City Commission, and posted on the OIG website. The OIG is also authorized by City Ordinance to conduct less formal inquiries such as reviews and inspections of City programs and projects.

Investigation of Palm and Hibiscus Islands Stormwater Drainage Project

The most significant and in-depth investigation during the past year has been the probe of the Palm and Hibiscus Neighborhood Infrastructure Improvement Project, which was the subject of substantial attention and concern by the City Commission in the months preceding the commencement of the OIG's operations. There were public airings of the significant change orders and cost increases, as well as action by the County's environmental regulatory agency, the Division of Environmental Resource Management (DERM), within the Miami-Dade County Department of Regulatory and Economic Resources (RER).

The investigation, led by Special Agent Jim McGee, included more than fifty sworn interviews of City personnel, contract staff, regulatory overseers and others, review and analysis of thousands of project documents, emails, correspondence and other records, as well as relevant regulatory provisions. A draft report of the investigation has been concluded. Following its review by the affected parties for their explanations and/or rebuttals of the findings pursuant to Section 2-256(h) of the City Code, it is anticipated that the final report of the investigation will be available publicly before the end of the calendar year.

Investigation of Improper Property Tax Homestead Exemptions

Based on an anonymous source, the OIG conducted an investigation into possible tax fraud based upon improper Homestead Exemptions claimed on Miami Beach residential properties by a City Planning Department employee and other family members. The investigation was conducted jointly by the OIG and Miami Beach Police Office of Internal Affairs, along with the assistance of the Miami-Dade County Property Appraiser Investigation Unit. The investigation determined that, due to the improper claim of Homestead Exemption on a property that had been rented out for years by the City employee in question, there was an outstanding property tax deficiency of \$10,918.80.

The investigation also determined that, on two other properties in Miami Beach owned by family members of that employee, there were unpaid deficiencies amounting to \$69,354.39. While the County assesses and collects these tax payments, a portion of property taxes collected are credited to the City of Miami Beach. The assessments on the properties were appropriately adjusted. The City employee paid the \$10,918.80 owed in full and a family member paid an additional \$2,653.35. The County commenced action to recover the remaining funds owed.

The case was referred to the Office of the State Attorney for Miami-Dade County, which declined criminal prosecution. It was also referred to the City Manager for possible administrative action.

Investigation into Extra Day of Early Voting and Political Activity at Farm Share Turkey Giveaway Event During 2019 City Run-off Election

An investigation was conducted into allegations that the addition of an extra day of early voting during the 2019 City Run-off Election to Accommodate the Orthodox Jewish Community was an abuse of power by the Mayor; and that a Farm Share Turkey Giveaway event coinciding with the election was misused for political campaign purposes.

The investigation concluded that there was no abuse of power by the Mayor in promoting an extra day of early voting to all voters based on a request from the Orthodox Community. The expansion of early voting benefited all voters and was an appropriate use of the Mayor's and Commission's discretionary powers.

The investigation did not find any intentional misconduct regarding the location of the Turkey Giveaway in the vicinity of a polling location, although some political activity occurred. It was noted that an appearance of impropriety could be created due to the connection of a City-sponsored event to political campaign activity. The OIG endorsed a resolution, sponsored by Commissioners Gongora and Richardson and passed by the Commission, that would prohibit all political candidates, including incumbents seeking re-election, from hosting or campaigning at such events, and would prohibit their location within 200 feet of polling places during voting periods.

Investigation of Private Barber Doing Business in Police Department

Based on an anonymous call on the OIG hotline, an investigation was conducted regarding a private barber operating within the Police Department. It was alleged that the barber was being paid for haircuts, manicures, pedicures, etc. during the COVID lockdown, and that the business

was being promoted by a Police Major pressuring officers to patronize the operation, and who, it was suggested, might be getting compensated.

Working with MBPD Internal Affairs, the OIG determined that a private barber had been given permission to conduct business in the department as a convenience to Police personnel during the lockdown. It was further determined that the barber in question did charge for his services and did also return a portion of his earnings to the Police Major for the purpose of making a contribution to a legitimate charitable organization. Although no legal violations occurred, the OIG opined that a private business being conducted on the premises of the Police Department created an appearance of impropriety. That activity has been terminated.

Review of Community Outreach by the City in Connection with West Avenue Improvement Project, Phase II

At the request of Commissioner Samuelian, a review was conducted of complaints received by area residents concerning community outreach efforts by the City in connection with the West Avenue Improvement Project, Phase II. The complaints were received during the process of the City's determining whether to locate a stormwater pump station and above ground components in the median at the west end of Lincoln Road. In addition to Commissioner Samuelian, Commissioners Richardson and Meiner had also voiced concerns about the City's outreach efforts on the project. The issue focused on whether sufficient, accurate information had been provided to the community regarding the design, location and functioning of the pump station and its components. The OIG determined that, despite appropriate and extensive outreach efforts by City personnel, many residents had not received accurate and complete information. City personnel agreed that extra effort can be made to communicate, especially on controversial project issues, and are continuing to revise and extend outreach efforts to insure maximum public information and engagement.

Review of LGBTQ Advisory Committee Vote on Request for Funding

At the request of Commissioner Richardson, a review was conducted of a vote taken by the LGBTQ Advisory Committee recommending that the City provide \$150,000 in funding to the Committee for unspecified purposes. Questions were raised about possible misconduct in connection with the accuracy of Committee records concerning who on the Committee had actually sponsored the motion, following a lengthy and at times confusing discussion that lasted over two meetings. The review revealed that, although the purported originator of the motion had participated in the original wording of the motion at the request of the Chair, she did not indicate personal support of the motion that carried her name and, in fact, told the OIG that she opposed it. The confusion over the identification of the mover did not affect the outcome of a motion that passed without objection. However, it was recommended that, in future deliberations, the Committee exercise more care in adhering to parliamentary procedure to avoid such confusion.

Inspection of Parking Department's Issuance of Citywide and G Parking Permits.

The OIG initiated an inspection of the Parking Department's Issuance of Citywide and G Parking Permits, which allow designated users to park, free of charge at designated locations in the City. The inspection revealed instances in which the purpose of some permits had expired; that some individuals provided with permits had terminated employment with the City; and that some

individuals had multiple permits, which could lead to an abuse of the privilege. It was recommended that the City adopt a clearer policy in regard to the distribution and renewal of the permits to avoid further deficiencies in this process. The City Manager provided useful information in response to the draft inspection report that included an explanation of some of the apparent lapses and his intention to take corrective action to address any deficiencies.

Inspection of City Boards and Committees Membership

The OIG performed an inspection of the rosters of City boards and committees and compliance with selected sections of the City Code regarding committee membership records and eligibility, with the following findings:

1. The designation of board chairpersons and/or vice chairpersons needed to be updated. The City Clerk agreed to update the City's database for these appointments and to perform monthly checks of the information.
2. A review of compliance with City board and committee membership requirements concerning all 371 voting members showed a lack of current supporting documentation concerning City residency or business affiliation in the City. The City Clerk agreed with the finding but felt that the execution of an Affiliation Affidavit, which is now completed by each member at the time of appointment, was all that his office was authorized to do, and that further inquiry into utility bills or leases would be unduly intrusive. The Clerk agreed, however, that an annual Affiliation Affidavit could be implemented to ensure compliance.
3. A number of individuals serving on two boards were also identified, most of whom appeared to qualify for an exception to the one-board limitation, due to their serving in an ex officio capacity, or on a Mayor's Committee, or on a State-sanctioned board or Ad Hoc Committee in existence for less than one year. The City Clerk explained the past and current practice of extending the designation of an Ad Hoc board beyond the original one year when approved by the City Commission for up to an additional year.

Inspection of COVID-19 Rent Assistance Procedures

Utilizing a variety of funding sources, the City created several distinct pools of assistance funds that began serving residents in May 2020, including Community Development Block Grant-Coronavirus funds and HOME Investment Partnership funds. After becoming aware of a case in which an applicant apparently submitted incomplete financial information, OIG staff offered assistance to the Office of Housing and Community Development (HCD). The Excel spreadsheet used in the grant approval process has now been revised by adding drop-down menus, formulas and conditional formatting to facilitate an automatic determination of eligibility once all the information is entered by HCD staff.

In addition, the Inspector General helped to expedite the department's request to obtain access to the FinCertify software, which will help to reveal bank accounts in the name of an applicant who may not have accurately reported his or her finances. Training on the new software has included staff from both HCD and OIG. Going forward, financial information from both prior grant recipients and new grant applicants will be vetted, and the State Attorney's Office notified of any fraudulently obtained funds.

Contract Oversight Re: RFLI 2019-318-WG

This oversight action was initiated due to a complaint by a respondent to a Request for Letters of Interest (RFLI) in connection with the management of the Lincoln Road Antiques and Collectibles Market. The management contract was scheduled to expire on September 30, 2019. The complainant, one of three respondents to the RFLI, alleged that the existing contractor had violated the Cone of Silence by communicating with someone from the City's Procurement Department during the Cone period, and, in support, stated that the contractor had solicited for vendors for the Market for future dates after the expiration of the existing contract.

The inquiry by the OIG found that a month-to-month extension of the existing contract had been duly approved; that contact between the current contractor and the City had occurred only in connection with the extension; and that interviews with the participants and an examination of emails did not show any evidence of improper communication with the existing contractor.

G.O. BOND OVERSIGHT

The OIG has assumed an oversight role in the City's \$439 million General Obligation Bond Program, in accordance with Section 2-256(f), City of Miami Beach Code, which states, "The Inspector General shall review, audit, inspect, and investigate City contracts, programs, projects, procurements, and expenditures associated with the City's General Obligation Bond Program."

Shortly after his appointment, the Inspector General met with the Program Director, Maria Hernandez, who provided a broad and detailed review of the status of G.O. Bond projects and a compendium of materials pertinent to the program's planning and implementation progress. The Inspector General attended several meetings of the G.O. Bond advisory committee, including one in which he made a presentation to the group regarding the OIG's purpose and functions.

In January, OIG Special Agent Jani Singer was assigned to attend meetings of the advisory board as well as internal staff meetings of departmental personnel engaged in the projects. She has appeared at G.O. Bond community outreach meetings in the South and North Beach communities, as well as attending mid-beach meetings of the Mayor's Blue Ribbon Panel on 41st Street and the mid-beach neighborhood association. Special Agent Singer has become well-versed on procurement issues related to the G.O Bond Program, and regularly uses EBuilder in her oversight of the projects.

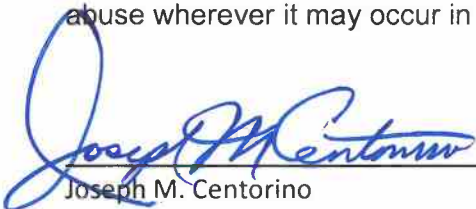
The OIG has provided quarterly reports on its G.O. Bond oversight to the Mayor and City Commission, in compliance with the requirement in Section 2-256(j). The OIG performed a financial analysis on two of the largest G.O. Bond projects, Bayshore Park and the 72nd Street Community Center referenced in those reports, which also raised concerns over the extensive use of change orders and design changes in those projects.

The G.O Bond Program Director has welcomed the OIG's involvement in the program and has committed to training staff on the impact of waste on G.O Bond projects, a step which the OIG has commended. The OIG values the professional relationship it has developed with the Program Director in the commitment to improve performance and systematically remove waste.

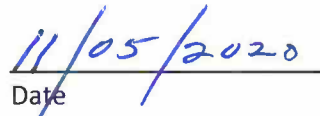
As the program progresses from “quick win” projects to the larger impact projects during a time of fiscal challenges, the OIG will continue to closely monitor change orders and conduct audits and/or investigations as warranted.

CONCLUSION

The City of Miami Beach Office of the Inspector General has been established and organized in fulfillment of the mandate of the City’s voters. The OIG will continue to expand its oversight of City affairs, as well as its community outreach, and to involve and inform City personnel and members of the public in order to maximize the information flow that is vital to its operations. It will continue to welcome input and constructive criticism from the City Commission, City personnel, and the public, in order to improve efficiencies and to better detect fraud, waste and abuse wherever it may occur in City government.



Joseph M. Centorino
Inspector General



Date