

Memorandum



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To: Hon. Carlos Alvarez, Mayor, Miami-Dade County
Hon. Dennis C. Moss, Chairman, Board of County Commissioners
and Members, Board of County Commissioners

From: Christopher Mazzella, Inspector General

Date: August 24, 2010

Subject: OIG Final Audit Report Re: *Environmental Task Force Trust Funds Administered by the Miami-Dade Police Department*, Ref. IG10-26

Attached please find the above-captioned final audit report. This audit involved two distinct Trust Funds established by the Board of County Commissioners (BCC): the South Florida Environmental Task Force (SFETF) Trust Fund and the Florida Environmental Task Force (FETF). The funding for these Trust Funds is derived from both federal and local court ordered payments; governmental and privately donated funds; and community service payments, in accordance with plea agreements. Both Trust Funds are administered by the Miami-Dade Police Department (MDPD). The audit's primary objective was to evaluate expenditures from both the SFETF and FETF Trust Funds to determine if the expenditures were: allowable under the terms and conditions of their governing authorities and agreements; reasonable and necessary; adequately supported by authoritative documentation; and approved for payment by authorized personnel. We also evaluated whether equipment purchased with SFETF and FETF Trust Fund monies was properly safeguarded. An abstract of our audit results follows.

A copy of this report, as a draft, was provided to MDPD for management's response. Copies were also provided to former MDPD executives (former MDPD Directors Alvarez and Parker, former Chief Legal Counsel Theobald, and former Task Force Commander Vecin) for their discretionary responses. Copies were also provided for comment to the United States Attorney's Office, United States Environmental Protection Agency, and United States Probation Office due to their involvement with the FETF Trust Fund, and the State Attorney's Office because of its association with the SFETF.

Only one comment was received. MDPD states that it is reviewing its policies and procedures relating to the administration and disbursement of funds by departmental personnel, and that it will establish new guidelines to prevent the improper use of monies. MDPD also notes that it "continues to address the findings in this report in conjunction with the conclusion of the associated Internal Affairs investigation." A copy of MDPD's response is included in Appendix A.

In accordance with Miami-Dade County Code Section 2-1076(d)(2), the OIG requests a report from the Mayor's Office regarding management's implementation of each of the 15 recommendations made in the audit report. Notably, we request responses to our recommendations that MDPD replenish the SFETF Trust Fund for the non-environmental expenditures that were made without authorization (see Finding 1, Recommendation #3), and replenish the FETF Trust Fund for those amounts spent on vehicles, vehicle-related expenses, and cell phones that were exclusively used by MDPD personnel or that had no connection to the activities of the Task Force. (See Finding 2, Recommendation #5.) We also believe that a response is warranted to our recommendation that the remaining Task Force funds, which have been frozen, be fairly distributed among agency members. (See Finding 2, Recommendation #4.) Lastly, we believe that MDPD needs to address how it will account for those assets purchased with Trust Fund monies that are no longer locatable or whose disposition cannot be reasonably traced to Task Force members. (See Finding 6, Recommendation #13.)

We request this report from the Mayor's Office within 60 days, on or before Monday, October 25, 2010. For reading convenience, an abstract of the report follows.

Enclosure

cc: Hon. Wifredo A. Ferrer, United States Attorney
Hon. Katherine Fernandez Rundle, State Attorney
H. Barry Starr, Asst. Director, Criminal Investigations Division (CID), U.S. EPA
Rick Langlois, Special Agent in Charge, U.S. EPA CID
Anthony Gagliardi, United States Probation Office
Robert Cuevas, County Attorney
George M. Burgess, County Manager
Alina Hudak, Assistant County Manager
James K. Loftus, Director, Miami-Dade Police Department
Miriam Singer, Director, Department of Procurement Management
Carter Hammer, Director, Miami-Dade Finance Department
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor
Individuals Previously Furnished with a Draft Report
Clerk of the Board

ABSTRACT
FINAL AUDIT REPORT IG10-26

In this audit of the South Florida Environmental Task Force (SFETF) Trust Fund and the Florida Environmental Task Force (FETF) Trust Fund (collectively the "Trust Funds"), OIG Auditors evaluated expenditures from both Trust Funds to determine if they were allowable under the terms and conditions of their governing authorities and agreements; reasonable and necessary; adequately supported by authoritative documentation; and approved for payment by authorized personnel. We also evaluated whether equipment purchased with SFETF and FETF Trust Fund monies were properly safeguarded.

Significantly, OIG Auditors found questionable business practices surrounding Miami-Dade Police Department's (MDPD) administration of the Trust Funds. MDPD had unilaterally expanded the expenditure authority granted to it by the Board of County Commissioners (BCC). MDPD, without seeking authorization from the BCC, expanded the justified uses of the SFETF monies to non-environmental related purposes. OIG Auditors also documented several purchases where the stated justification for the purchase did not match the actual use of the equipment and where it was evident that purchases were excessive, unreasonable, and/or unnecessary. In another instance, MDPD misrepresented the status of the funding source in order to expedite the procurement process by waiving county requirements. In the case of six sport utility vehicles (SUVs), the funds were misrepresented as deriving from grants that were about to expire—the trust fund monies do not expire—and thus needed to be used quickly. Six hybrid Chevy Tahoe SUVs, purchased with FETF funds, were assigned to MDPD command staff, although the justification memo stated that the SUVs were needed to investigate local environmental crimes activity in rural hard to access areas, void of paved roads and overgrown with vegetation.

Other problematic areas specifically involved the FETF, where MDPD and the United States Environmental Protection Agency, by memorandum of understanding (MOU), agreed to certain protocols and uses of the funds. Accounting transactions show that MDPD spent on itself about \$3.6 million (or 87%) of the \$4.1 million collected. Our noted concern was that other Task Force member agencies did not have an opportunity to use these funds. Moreover, the majority of the MDPD expenditures were not related to investigating environmental crimes but were made for vehicles, vehicle-related expenses, and mobile communications devices. However, as agreed to in the MOU, task force members would supply their own cars (including related operating expenses) and communications equipment.

Lastly, OIG Auditors assessed that MDPD did not maintain sufficient control over equipment purchased with FETF and SFETF funds. All such equipment was intended for use by Task Force members, in and outside of MDPD, but MDPD co-mingled this equipment with its own. Until MDPD initiated its physical inventory of these assets, it did not have a central log, or other device, to track items purchased with SFETF and FETF funds. Several pieces of equipment were not located and other equipment was blatantly in places where it should not have been.

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FINAL AUDIT REPORT

*Environmental Task Force Trust Funds Administered
by the Miami-Dade Police Department*

IG10-26

August 24, 2010

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FINAL AUDIT REPORT

Environmental Task Force Trust Funds Administered by the Miami-Dade Police Department

I. INTRODUCTION

The Miami-Dade County Office of the Inspector General (OIG) conducted an audit of the Miami-Dade Police Department's (MDPD) administration of its Environmental Task Force Trust Funds. This audit stemmed from an OIG review of these Trust Funds, which was predicated on complaints received by the OIG in January 2010 alleging abuse by the administrator of the Trust Funds. We conducted this audit pursuant to our authority, in accordance with Section 2-1076 of the Code of Miami-Dade County.

The Miami-Dade County Board of County Commissioners (BCC) adopted three resolutions that establish two trust funds to be administered by MDPD for the investigation of environmental criminal activity. Specifically, the task force trust funds are the South Florida Environmental Task Force (SFETF) Trust Fund and the Florida Environmental Task Force (FETF) Trust Fund (hereinafter collectively referred to as the "Trust Funds"). The three BCC resolutions were adopted in 2000 and remain active as of the date of this report.

The funding for these Trust Funds is derived from both federal and local court ordered payments; governmental and privately donated funds; and community service payments, in accordance with plea agreements. The expenditures from these Trust Funds are governed by the BCC resolutions, MDPD procedures, and for the FETF Trust Fund, a memorandum of understanding (MOU) provides additional terms.

The Trust Funds are tied to two task forces that investigate environmental criminal activity. We note that the member agencies of these two Task Forces overlap, as do their operating mandates and agency resource contributions.

Our primary objective was to evaluate expenditures from both the SFETF and FETF Trust Funds to determine if they were: allowable under the terms and conditions of their governing authorities and agreements; reasonable and necessary; adequately supported by authoritative documentation; and approved for payment by authorized personnel. We also evaluated whether equipment purchased with SFETF and FETF Trust Fund monies were properly safeguarded.

II. DISTRIBUTION OF THE DRAFT REPORT – ONE COMMENT RECEIVED

A copy of this report, as a draft, was provided to MDPD for management's response. Copies were also provided to former MDPD executives (former MDPD Directors Alvarez and Parker, former Chief Legal Counsel Theobald, and former Task Force Commander Vecin) for their discretionary responses. Copies were

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also provided for comment to the United States Attorney's Office, United States Environmental Protection Agency, and United States Probation Office due to their involvement with the FETF Trust Fund, and the State Attorney's Office because of its association with the SFETF.

Only one comment was received. MDPD states that it is reviewing its policies and procedures relating to the administration and disbursement of funds by departmental personnel, and that it will establish new guidelines to prevent the improper use of monies. MDPD also notes that it "continues to address the findings in this report in conjunction with the conclusion of the associated Internal Affairs investigation." A copy of MDPD's response is included in Appendix A.

III. TERMS USED IN THIS REPORT

BCC	Miami-Dade County Board of County Commissioners
CILU	Critical Incident Logistics Unit (Miami-Dade Police Department)
CMO	County Manager's Office (Miami-Dade County)
ETFU	Environmental Task Force Unit (Miami-Dade Police Department)
FETF	Florida Environmental Task Force
IB	Intergovernmental Bureau (Miami-Dade Police Department)
MDPD	Miami-Dade Police Department
MOU	Memorandum of Understanding
OIG	Miami-Dade County Office of the Inspector General
SAC	Special Agent in Charge (U.S. Environmental Protection Agency)
SAO	State Attorney's Office
SFETF	South Florida Environmental Task Force
Trust Funds	Collective reference to both the SFETF and FETF Trust Funds
USAO	United States Attorney's Office Southern District of Florida
USEPA	United States Environmental Protection Agency
USPO	United States Probation Office

IV. RESULTS SUMMARY

Our report has eight findings and 15 recommendations. We found significant questionable business practices, mostly in areas related to MDPD's administration of the two Trust Funds, which, up until recently, were used during the ten-year span that these funds have been in existence.

Our findings range from comments on MDPD operating practices, in particular its use of trust fund monies, to evaluations of its administration of the Trust Funds pursuant to adopted BCC Resolutions, MDPD procedures, and the

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FETF MOU. Our report chronicles how MDPD administered Trust Fund monies for both the FETF and the SFETF.

A significant issue for the OIG is that MDPD unilaterally expanded the expenditure authority granted to it by the BCC by making excessive, unreasonable, or unnecessary purchases using Trust Fund monies. In addition, MDPD records show that the Task Force Commander, who was charged with the day-to-day administration of both Trust Funds, twice attempted to obtain departmental legal counsel approval that would allow him to use Trust Fund monies for purposes not authorized by the BCC. On the second occasion, MDPD's Chief Counsel approved such uses. Regardless of whether he had such approval, however, this Task Force Commander went ahead with his excessive, unreasonable, or unnecessary purchasing activities.

Another issue for the OIG is that accounting transactions related to the statewide FETF Trust Fund show that MDPD spent, in total, about \$4.1 million. We note that although this is a statewide trust fund, MDPD spent about 87 percent of that amount— almost \$3.6 million—to purchase items/services that were used almost exclusively by MDPD. We are concerned that other member agencies did not have an opportunity to use these funds.

For what turned out to be a six-year period, MDPD was obligated to report to federal authorities how it was spending \$2 million that it had received as a result of a negotiated plea agreement with the Carnival Corporation. The money, which was deposited into the FETF Trust Fund, was deemed a “community service payment” and was supposed to be used “to fund environmental projects, initiatives, emergency response, and education dedicated to the preservation and restoration of the environment ...” MDPD, however, in its reporting to the federal agencies, misrepresented \$351,588 of expenditures either by overstating expenditure amounts or by listing “expenditures” that it had never made.

In September 2008, MDPD sought the approval of the County Manager's Office (CMO) to purchase, among other items, six hybrid SUVs, “apart from the standard purchasing process.” As justification for this deviation, MDPD stated “All grants have expiration dates and if the funding is not expeditiously used the funds may be lost or reallocated to another agency.” In its request, MDPD clearly represented that the FETF Trust Fund was a “grant.” It is not. FETF trust fund monies do not expire and the proffered justification was blatantly inaccurate.

Not only did MDPD misrepresent the status of the funding source for the purchase of the six hybrid SUVs, its purchase justification also misrepresented their use and their need. These vehicles were not used by Task Force investigators working in rural, hard to access areas but, instead, were used by command staff and others with no Task Force affiliation. This is not the only

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example of a misrepresented use or need. The OIG identified several items that MDPD purchased with Trust Fund monies that are still unused two to three years after their purchase, or were used by MDPD personnel who were not Task Force members.

As for all the equipment purchased with Trust Fund monies, MDPD did not maintain sufficient records of the equipment to identify these items as Trust Fund purchases, and to track their storage or deployment. All such equipment was intended for use by Task Force members, in and outside of MDPD, but MDPD commingled this equipment with its own, without specific identification indicating its unique nature. Items were issued or taken from storage without any records showing what the removed item was, when it was removed, and who was taking the item and/or where was it to be located.

On two occasions, MDPD split costs of related purchases between the two Trust Funds. Related item purchases should be made using monies from the same trust fund. On another occasion, MDPD misclassified what should have been a \$250,000 deposit to the FETF Trust Fund as a deposit to the SFETF Trust Fund.

Underlying all of the findings, the OIG noted certain fundamental conditions that contributed to the overall chaotic administration of the Trust Funds. The OIG observed that the approval process for authorizing expenditures from the FETF and SFETF Trust Funds was not consistently applied. We observed various forms and combinations of personnel from MDPD and USEPA signing purchase request memorandums for approval. In addition, we observed that MDPD often put forth expenditure requests without stating a specific amount or an itemized listing of items to be purchased. The lack of detail in these requests was made worse by the fact that MDPD did not later match the items purchased and amounts expended against the corresponding expenditure authorizations. Thus, MDPD could not affirmatively document that its use of funds matched the approved expenditure authorization. At a higher level, MDPD also could not document that it used Trust Fund monies in accordance with enabling BCC resolutions.

V. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has 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. The Inspector General has the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General is authorized to conduct any reviews,

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audits, inspections, investigations, or analyses relating to departments, offices, boards, activities, programs, and agencies of the County and the Public Health Trust.

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

The Inspector General shall have the power to require reports from the Mayor, County Commissioners, County 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.

VI. BACKGROUND

The MDPD is a member agency of two environmental task forces. One is known as the South Florida Environmental Task Force (SFETF) and the other is the Florida Environmental Task Force (FETF). These two Task Forces consist of various local, state, and federal agencies. The objective of the Task Forces is supposed to be to enhance investigations of environmental related issues by centralizing information and resources among the membership agencies.

In 2000, the BCC adopted three resolutions that set up two trust funds—the SFETF Trust Fund and the FETF Trust Fund. The purpose of these Trust Funds was to account for the receipts and expenditures of monies that were earmarked for investigations of environmental criminal activity. The resolutions broadly defined allowable uses of funds with one restriction, that funds spent must be used in accordance with the stated purpose of investigating environmental criminal activity. The BCC, by resolution, authorized MDPD to be the administrator of the two Trust Funds.

The day-to-day administration of the SFETF and FETF Trust Funds was the responsibility of the Task Force Commander. There was one Task Force Commander—a Miami Dade Police Department official—who was involved with the SFETF Trust Fund and the FETF Trust Fund, for the audit period (Trust Funds' inception through September 30, 2009, and certain subsequent events through June 2010).¹

¹ The Intergovernmental Bureau Commander, by virtue of his position and the apparent authority granted to him by the then MDPD Director, as well as his later actions (further described in this report) was the day-to-day administrator of both task forces and trust funds and, as such, was the designated Task Force Commander. This individual held this position from the inception of the

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South Florida Environmental Task Force (SFETF) Trust Fund

In February 2000, MDPD put forth, through the County Manager's Office, two proposed resolutions that collectively established a trust fund account to be supervised by the Miami-Dade County (MDC) Finance Department, for the receipt and expenditure of various monies that were to be dedicated to the investigation of environmental criminal activity within Miami-Dade County.

The first resolution, R-129-00, was adopted by the BCC on February 10, 2000. The resolution authorized MDPD to establish and maintain a trust fund account that would be used to account for the receipt and expenditure of court ordered payments for the investigation of environmental criminal activity within Miami-Dade County. Such criminal activities included illegal trash dumping; abandonment of hazardous drums; and recovery of vehicles from canals, lakes, and rock pits within MDC. On that same day, February 10, 2000, the BCC also adopted R-130-00. This resolution was virtually identical to R-129-00, except that it applied to the receipt and expenditure of governmental and privately donated funds for the investigation of environmental criminal activity within MDC.

There is no other jurisdictional authority, regulatory guidance, or contractual terms and conditions governing the uses of SFETF funds.

The SFETF Trust Fund receipts consist of court-ordered diversion payments from individuals and/or companies that were in violation of crimes pertaining to the environment, as primarily prosecuted by the Miami-Dade State Attorney's Office (SAO). The SFETF Trust Fund also receives monies pertaining to agreements reached with the United States Attorney's Office, Southern District of Florida (USAO) that allow for cost recovery and restitution for work performed by Task Force members. According to the County Manager's Background section of both BCC Resolutions R-129-00 and R-130-00, the SFETF Trust Fund monies are to be used "for staffing, equipment, training and investigative expenses required to support the overall task force operations."

Florida Environmental Task Force (FETF) Trust Fund

A letter, dated June 8, 2000, was sent by the United States Environmental Protection Agency (USEPA) Special Agent in Charge of the Miami area office to MDPD Director. In this letter, the author requested that MDPD take a lead role "of handling the administrative responsibilities of a statewide task force in

trust funds in 2000, until he was reassigned in early 2010. During this time, this individual rose from the rank of Commander to Chief within MDPD Intergovernmental Bureau. In June 2010, this individual announced his retirement from MDPD. For purposes of this audit, this individual is referred to as the Task Force Commander.

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documenting and distributing funds received.” Also in this letter, MDPD was asked to establish “a trust fund account for the distribution of task force monies that will come in from court ordered payments and/or government/private funds.”

In response to this request, MDPD, through the County Manager’s Office, submitted a proposed resolution to BCC that would authorize MDPD to establish and maintain such a trust fund. On July 25, 2000, the BCC adopted Resolution R-870-00 authorizing MDPD to establish and maintain a trust fund account to be supervised by the MDC Finance Department. The trust fund account was set-up for the receipt and expenditure of court awarded payments and governmental and privately donated funds for the investigation of environmental criminal activity within the State of Florida. The resolution also authorizes the establishment of the Florida Environmental Task Force program and for the County Manager to execute contracts, agreements and any necessary amendments, as are required.

The primary source of FETF Trust Fund receipts consist of payments designated as community service payments, according to plea agreements typically between the USAO and large corporations. According to the County Manager’s Background section of the BCC resolution, “all funds will be utilized for staffing, equipment, training, and investigative expenses required to support the overall task force operations.”

BCC Resolution R-870-00 was passed with an attached MOU that was entered into by MDPD and the USEPA. This MOU, dated June 23, 2000, defines the purpose, mission, operations, and administration of the FETF. Of note, MDPD and the USEPA were the only two Task Force membership agencies that signed the MOU. We note that the MOU was subsequently updated on March 27, 2002, to include a revised title heading and new MDPD signature parties; however, there were no other changes to the MOU’s terms and conditions.

Additionally, the MOU placed further restrictions on the use of FETF Trust Fund monies than those mentioned in R-870-00. For example, the MOU provides for the establishment of an “Expenditure Committee” comprised of signatories to the MOU. The MOU also has a section labeled “Equipment” that states that each member agency “when possible, will furnish and be responsible for the expenses incurred in the use of its respective vehicles” and those member agencies “when possible, will provide mobile radio equipment ...”

FAMIS Accounting

In order to accurately track, administer, and account for SFETF and FETF Trust Fund transactions, MDPD, in conjunction with MDC Finance, created project numbers, index codes, and sub-object codes within the County’s

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accounting system (FAMIS). Table 1 depicts the structure set-up in FAMIS and provides a summary of transactions.

The SFETF Trust Fund that was established by R-129-00 and R-130-00 is shown in FAMIS as Project 609023—*Investigation of Environmental Criminal Activity*. The FETF Trust Fund that was established by R-870-00 is shown in FAMIS as Project 609025—*The Florida Environmental Task Force Trust Fund*. Projects 609023 and 609025 are used to collectively account for the deposit of receipts and incurrence of expenditures. Index codes within these two Projects, 609023 and 609025, are used to sort receipts and expenditures by the applicable BCC Resolutions.

Within the index codes, Projects 609023 and 609025 use the same sub-object codes employed countywide within FAMIS to classify receipts and expenditures into more detailed categories for accounting records, such as travel expense, special equipment, cellular phone service, etc. These classifications were instrumental during the audit fieldwork in analyzing the expenditure of monies from the Trust Funds. Table 1 depicts the interrelationships between the BCC Resolution and the various FAMIS identifiers.

Table 1 FAMIS Accounting

South Florida Environmental Task Force Trust Fund			
Resolution(s)	Project #	Index Code(s)	Project #609023 Relevant Figures as of September 30, 2009
<p><u>R-129-00</u> Establish a Trust Fund to Account for Court Ordered Payments & <u>R-130-00</u> Establish a Trust Fund to Account for Gov't & Privately Donated Funds</p>	<p><u>609023</u> Investigation of Environmental Criminal Activity</p>	<u>TFRPDENVCORT</u> Court Ordered Receipts	<p><u>Total Receipts</u> \$ 2,196,511</p> <p><u>Total Expenditures</u> \$ 1,753,197</p> <p><u>Remaining Balance</u> \$ 443,313</p>
		<u>TFEPDENVCORT</u> Expenditure of Court Ordered Receipts	
		<u>TFRPDIECAINT</u> Interest Earned On All Receipts	
		<u>TFRPDENVDON</u> Gov't & Privately Donated Receipts	
		<u>TFEPDENVDON</u> Expenditure of Gov't & Privately Donated Receipts	

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Table 1 FAMIS Accounting (continued)

Florida Environmental Task Force Trust Fund			
Resolution(s)	Project #	Index Code(s)	Project #609025 Relevant Figures as of September 30, 2009
<p><u>R-870-00</u> Establish a Trust Fund to Account for Court Awarded Payments, Gov't and Privately Donated Funds & Establish the Florida Environmental Task Force Program</p>	<p><u>609025</u> The Florida Environmental Task Force Trust Fund</p>	<p><u>TFRPDENVTASK</u> Court Awarded Payment & Donated Receipts</p>	<p><u>Total Receipts</u> \$ 5,523,678</p> <p><u>Total Expenditures</u> \$ 4,126,540</p> <p><u>Remaining Balance</u> \$ 1,397,138</p>
		<p><u>TFEPDENVTASK</u> Expenditure of Court Awarded Payment & Donated Receipts</p>	
		<p><u>TFEPDFLVTASK</u> Expenditure of Florida Task Force Receipts</p>	
		<p><u>TFRPDINTENVT</u> Interest Earned On All Receipts</p>	

VII. OBJECTIVES, SCOPE, AND METHODOLOGY

The OIG Audit Unit was requested to provide accounting assistance for an OIG Investigations Unit case that was opened because of a complaint received alleging that Environmental Task Force Trust Fund monies were being misused. The complainant stated that the Task Force Commander had used the Trust Funds as his personal fund to give equipment to his departmental friends who had nothing to do with investigating environmental criminal activity. In addition, the OIG was informed that the United States Environmental Protection Agency's Office of the Inspector General had also received a complaint regarding the mishandling of Environmental Task Force Trust Fund monies being administered by MDPD. The OIG believed that these factors collectively warranted a review of the Environmental Task Force Trust Funds.

The accounting assistance review focused on select monies that flowed through the Environmental Task Force Trust Funds for Projects 609023 and 609025, for fiscal years 2000 through 2009. As specific expenditures were analyzed and documentary support for these expenditures were reviewed, it became apparent that it was necessary to employ more involved audit procedures; therefore, an audit case was opened. The audit employed judgmental sampling, along with forensic accounting techniques.

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Audit Objectives

Our primary audit objective was to evaluate both the SFETF and the FETF Trust Fund expenditures to determine if they were: allowable under terms and conditions of their governing authorities and agreements; reasonable and necessary; adequately supported by authoritative documentation; and approved for payment by authorized personnel. In addition, we evaluated whether assets purchased with SFETF and FETF Trust Fund monies were properly safeguarded.

Audit Scope

The audit scope period commenced with the inception of the first Environmental Trust Fund, February 8, 2000, and extended through the most recent fiscal year end, September 30, 2009. During our audit, when necessary, we reviewed data and events occurring after this audit period. The audit focused on all non-recurring transactions related to expenditures for vehicles, computers, travel, training, phones, investigative services, etc. In addition, we reviewed a sample of recurring transactions, such as those for monthly cellular service invoices, vehicle rentals, DirecTV monthly service invoices, etc.

Audit Methodology

This audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States (2007 Revision), which are in conformity with the *Principles and Standards for Offices of Inspector General* promulgated by the Association of Inspectors General (AIG).

To accomplish our objectives, we obtained from MDPD various documents related to the SFETF and FETF programs and Trust Funds, such as resolutions, agreements, reports prepared by MDPD, program procedures, and other relevant information. We relied on what MDPD provided to us. Although we asked for all relevant records and we have no reason to believe that MDPD gave us nothing short of all records, we have no way of knowing if other relevant documents exist.

We interviewed personnel from MDPD, the MDC Finance Department, the USEPA, the USAO, and the United States Probation Office (USPO) about their interactions with the Environmental Task Force Trust Funds administered by MDPD. Our purpose was to gain an understanding of the SFETF and FETF programs, their related Trust Funds, and an individual's history related to a particular document.

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The OIG was unable to speak with three MDPD personnel regarding background information. First, the Task Force Commander declined our request for an interview. Additionally, the former MDPD Director and the former MDPD Chief Counsel did not respond to OIG requests for an interview. Thus, we were unable to obtain any clarification from these three individuals regarding their knowledge of what was transpiring at that time.

In addition, OIG auditors, using a FAMIS extract of Trust Fund expenditures, created a list of equipment that they wanted to identify. We learned that MDPD had already started taking its own inventory of all assets (equipment costing \$1,000 or more) purchased with SFETF or FETF Trust Fund monies. At that time, OIG auditors decided that they would observe MDPD personnel conducting their inventory to gain confidence in its outcome so that we could rely on its results when determining our own inventory review procedures and scope. Therefore, OIG auditors either physically identified the equipment from the FAMIS extract list or verified that MDPD personnel located the item as part of their physical inventory.

Among other steps, we reviewed payment support documentation for all non-recurring expenditures from 2004 forward. Documentation prior to 2004 was not available due to its destruction based on MDPD's records retention policy. We also selected a judgmental sample of all recurring expenditures for payment support documentation review. An in-depth review was conducted to determine whether the documentary support contained the required authorization for expenditure and whether the expenditures met the terms outlined in the BCC resolutions. For the FETF expenditures, we referred to the MOU for added criteria. Additionally, we prepared charts, tables, and schedules, as necessary, to document our understanding of the SFETF and FETF program processes and practices and to summarize the data into useable formats for easier analysis and reporting.

VIII. FINDINGS & RECOMMENDATIONS

Finding No. 1 **MDPD unilaterally expanded the authority granted to it by the Miami-Dade Board of County Commissioners relating to the approved uses of South Florida Environmental Task Force Trust Fund monies.**

As described earlier, there were two resolutions passed by the Miami-Dade Board of County Commissioners (BCC) in 2000 pertaining to the administration of the funds received and subsequently expended from the SFETF Trust Fund. The body of both of these resolutions state that the "...Trust Fund Account [is] to be administered by the Director of the Miami-Dade Police

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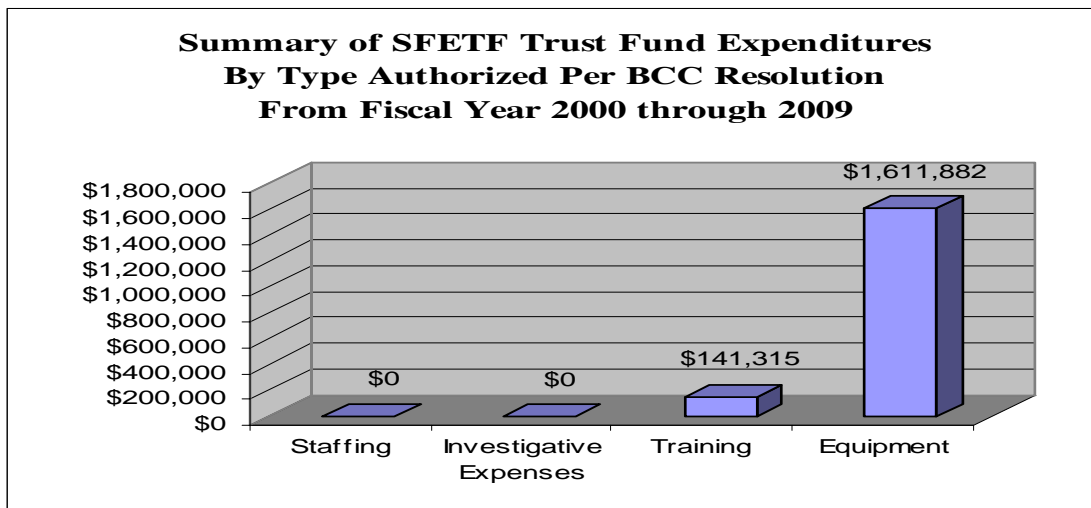
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Department and supervised by the Miami-Dade Finance Department ...” The accompanying County Manager’s recommendation memorandums go on to state “all funds will be utilized for staffing, equipment, training, and investigative expenses required to support the overall task force operations.”

OIG auditors found that MDPD spent no SFETF Trust Fund monies on staffing and investigative expenses and only about \$141,000 for training, from fiscal year 2000 through 2009. In contrast, during this same period, MDPD spent an overwhelming \$1.6 million of SFETF Trust Fund monies for equipment, mostly for use by its own personnel and that was often issued to individuals who were non-Task Force members (see Table 2), though these monies were earmarked for use by all Task Force members, not just MDPD.

Table 2



Included in this \$1.6 million is over \$330,000 for computers, of which almost \$200,000 was spent between fiscal years 2008 and 2009 for 130 computers. Also, MDPD spent approximately \$230,000 in vehicle leases and fuel charges, of which over \$184,000 was spent between fiscal years 2008 and 2009 for the lease of up to 8 vehicles per month. The MDPD spent another \$25,000 on three Segways,² two of which are sitting unused in a warehouse. The third Segway is located at MDPD Headquarters and is used periodically for security patrol of the premises.

Clearly, MDPD strayed from its mandate, over the years, as prescribed by the two BCC resolutions to use SFETF Trust Fund monies for the investigation of environmental criminal activity on behalf of Task Force operations. The MDPD

² A self-balancing two-wheeled personal transportation device, which can operate on any level pedestrian environment.

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began using Trust Fund monies to make excessive, unreasonable, or unnecessary expenditures to purchase equipment for the department. This practice is also evident from a review of the following documents obtained during the course of the audit.

On June 10, 2003, the Task Force Commander wrote a memorandum to a Police Legal Advisor III, without copying any other parties, asking for a legal opinion to use SFETF Trust Fund monies for travel expenditures that are not related to environmental criminal investigations and that are not within the true scope of the Trust Fund (see OIG Exhibit A). The OIG is unaware of a written response to this request in 2003. However, notwithstanding a response or lack thereof, a review of expenditures for travel reveal monies were spent from the SFETF Trust Fund for training sessions that do not appear to have a connection to environmental criminal activities. These questionable training sessions and/or seminars were for an electronics show, drug diversion seminar, and a national hurricane emergency response seminar.

OIG Exhibit A

MEMORANDUM TF

107-57-576

TO: Thomas Guilfoyle
Police Legal Advisor 3
Police Legal Bureau

DATE: June 10, 2003

SUBJECT: Legal Opinion

FROM: Frank Vecin, Commander
Intergovernmental Bureau

The monies that are deposited into a Task Force Trust Fund Accounts; i.e., TFRPDENVDON and Sub-Object Code TFEPDENVCORT, come from several different sources and the funds are used for travel. Some of the travel may not be environmental in nature and is not considered within the true scope of the Trust Fund. A sub-index code (CORT) was created within the fund to be used for travel of which some are not related to environmental issues by our Bureau members.

Attached is a brief synopsis of where the monies are deposited upon receipt. I am requesting a legal opinion on the appropriateness of using these monies for travel not associated with environmental issues.

FV/je
Attachment

Task Force Commander acknowledges disconnect between his intended use of the monies and the authorized intent of the Trust Fund.

Index codes pertain to Project 609023 - the SFETF Trust Fund.

SFETF Trust Fund Resolutions R-129-00 and R-130-00 specifically state, "...funds for the investigation of environmental criminal activity within Miami-Dade County."

In February 2008, the same Task Force Commander wrote a memorandum to MDPD Chief Counsel, without copying any other parties, seeking approval for the use of SFETF Trust Fund monies for computers, travel,

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and training with no connection to environmental criminal investigations (see OIG Exhibit B).


This time, MDPD Chief Counsel signed the memorandum indicating that he approved of the Task Force Commander's request recommending an expanded expenditure authority. The problem with this approval is that only the BCC has the authority to change the use of SFETF Trust Fund monies, as set forth in its Resolutions R-129-00 and R-130-00. The OIG did not find documentation showing that the BCC was presented with a revised resolution seeking its approval. In essence, this action by MDPD's Chief Counsel was ultra vires. In other words, MDPD Chief Legal Counsel had no legal authority to approve the "recommendation" proffered by the Task Force Commander. His actions directly contravened the BCC's pronouncement that the Trust Fund monies be used for investigating environmental crimes.

OIG Exhibit B

Memorandum 

Date: February 13, 2008

To: Glenn Theobald, Chief Counsel
Police Legal Bureau

From: Frank Vecin, Chief
Centralized Services Division 

Subject: Training/Business Travel Using TFEPDENVCORT

RECOMMENDATION:


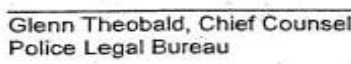
That funding code TFEPDENVCORT may be used for computer purchasing, business travel, and/or training purposes **not only for environmental objectives.**

BACKGROUND:

The above-mentioned trust fund has been financed with deposits from governmental funds, privately donated funds and funds from court ordered fines; to include, but not limited to, code compliance fines and illegal dumping penalties.

This was established by prior command to facilitate the use of the monies properly for the aforementioned recommended purposes.

APPROVED **DATE** **DISAPPROVED**

 2/13/08 

Glenn Theobald, Chief Counsel
Police Legal Bureau Glenn Theobald, Chief Counsel
Police Legal Bureau

FV/lp

Index code pertains to Project 609023 - the SFETF Trust Fund.

This recommendation is in direct conflict with BCC R-129-00, which authorizes using the "...funds for the investigation of environmental criminal activity within Miami-Dade County."

It appears, however, as though MDPD Chief Counsel rethought his approval in view of subsequent events that happened in early 2010. Complaints were filed with multiple agencies, including the OIG, and articles were being

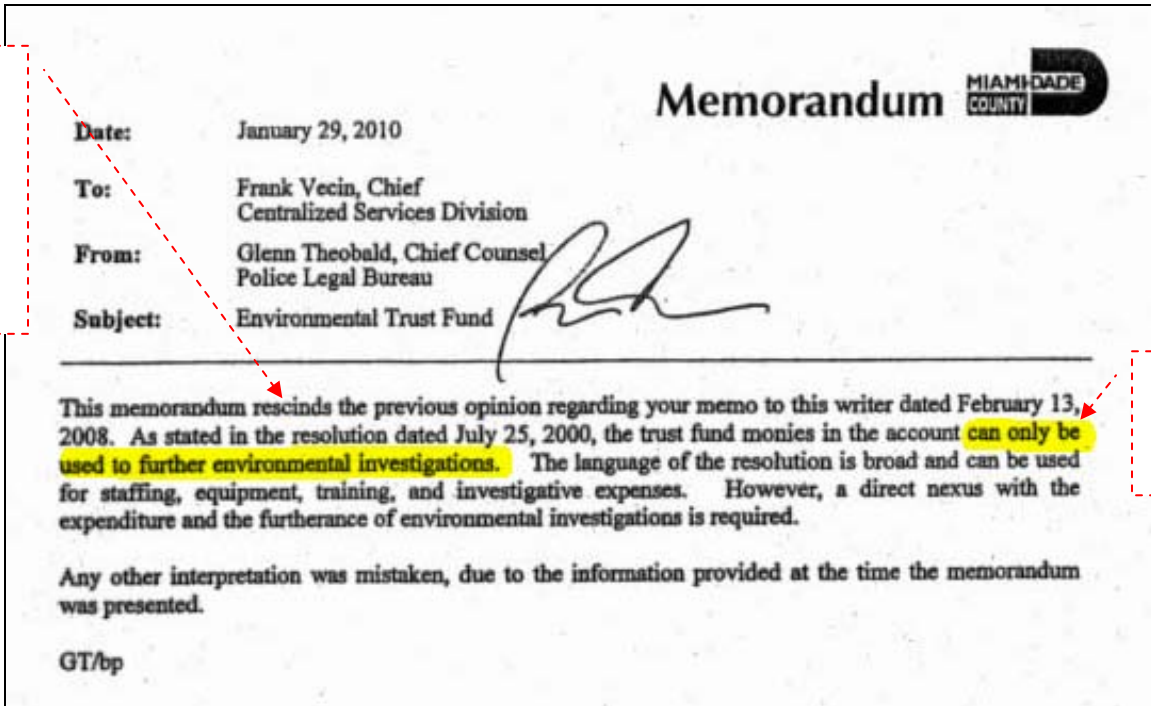
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written by the local media calling into question how Environmental Task Force Trust Fund monies were being spent. In a memorandum from MDPD Chief Counsel to the Task Force Commander dated January 29, 2010, without copying any other parties, the Chief Counsel rescinded his earlier opinion/approval memorandum (see OIG Exhibit C).

OIG Exhibit C

Rescission of prior approval to use SFETF Trust Fund monies for purchases that do not have a connection to environmental criminal investigations.



Expenditures must have link to environmental criminal investigations.

These documents, along with the cited expenditures that were made using SFETF Trust Fund monies, show a clear intent by the Task Force Commander to unilaterally expand the Trust Fund expenditure authority beyond that which was granted by the BCC, and as committed to by MDPD when this fund was established in February 2000. However, when MDPD Task Force Commander decided to request a change to the intended uses of the SFETF Trust Fund monies, he did so without seeking BCC approval.

Recommendations

- (1) Prospectively, as a matter of sound practice for the entire County, any future resolutions pertaining to any trust fund, should clearly state BCC expectations concerning how monies should be spent and what process is required for the recipient agencies to amend such terms.

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- (2) MDPD must issue a new or revised resolution to the BCC, if it wishes to change the terms of any of its existing trust fund resolutions, including the Trust Funds, which are the subject of this audit. Any new or revised resolution should include a requirement for periodic reporting to Task Force members and the BCC of Trust Fund expenditures.

- (3) MDPD should replenish the SFETF Trust Fund for those amounts spent on otherwise disallowed, non-environmental expenditures that were made as a result of the *ultra vires* legal opinion.

Finding No. 2 MDPD’s expenditure of FETF Trust Fund monies were heavily skewed in favor of supplying itself with vehicles, phones, and equipment, in contravention of its commitment to provide other Task Force member agencies with education, technology and training.

For the period audited, the FETF received \$5,523,678 in funds and interest. Of that amount, \$4.53 million came from corporate entities as community service payments, pursuant to plea agreements negotiated by the USAO for the Southern District of Florida (see Table 3).³

Table 3 FETF Trust Fund Community Service Payments

Fiscal Year	Payor Name	Case #	Transaction Amount
2002	Carnival Corporation	02-??350-CR-MOORE	\$2,000,000
2006	Blanco's Waste Services, Inc.	04-21023-CR-JORDAN	\$2,500
2006	Blanco's Waste Services, Inc.	04-21023-CR-JORDAN	\$2,500
2006	Tarragon Management, Inc.	06-60116-CR-COHN	\$500,000
2006	Benco Development Inc.	06-60119-CR-MOORE	\$25,000
2007	Instar/Service Master	06-60284-CR-DIMITROULEAS	\$2,000,000
Total			\$4,530,000

In a letter sent to the USAO by MDPD, dated April 1, 2002, MDPD Task Force Commander asserted that “any contributions received by the FETF Trust Fund, derived from community service imposed by the United States District Court . . . will be specifically designated for . . . use by the FETF for protecting environmental resources through education, technology, and training.

³ The amount shown consists of deposits from plea agreements made in the United States District Court for the Southern District of Florida. Not shown are settlement amounts received from other jurisdictions, notably a \$500,000 payment received as result of a federal settlement from the United States District Court for the Northern District of Florida Pensacola Division in August 2000, and other smaller settlement amounts. Additionally, receipts include over \$330,000 of interest earned on trust fund monies.

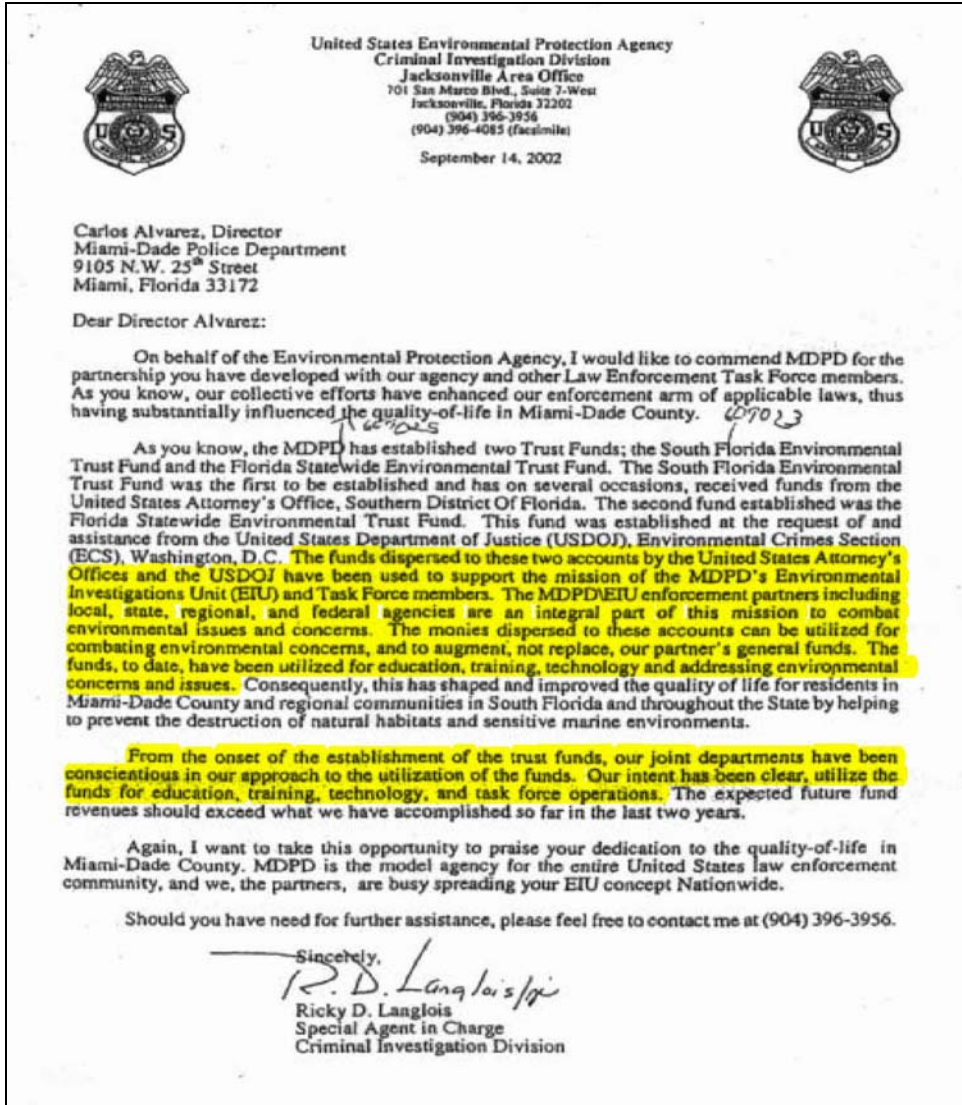
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Contributions will be primarily used for education and training of personnel, as well as the general public.”

The Task Force Commander’s commitment to spend FETF Trust Fund monies on education, etc., are reiterated in a letter from the USEPA to the then MDPD Director, as depicted OIG Exhibit D, only five months later.

OIG Exhibit D



These sentiments—that FETF Trust Fund monies should not be used as replacement of general fund budgeted monies are an echo of the MOU’s guidelines that Task Force members supply their own cars (including related operating expenses) and communications equipment.

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Moreover, the community service payment expenditure guidelines provided within the 2002 Carnival Corporation plea agreement state that the money is supposed to be used “to fund environmental projects, initiatives, emergency response, and education dedicated to the preservation and restoration of the environment and ecosystems in the United States and its territorial seas...” Similar language is found in the Instar/Service Master agreement, which states, “The funds provided by this community service payment are to be employed by the FETF for staffing, equipment, training, and investigative expenses to support state and local environmental law enforcement agencies in the Southern District of Florida related to air pollution issues, including hazardous air pollutants.”

Through fiscal year ending September 30, 2009, MDPD has spent \$4,126,540 from the FETF Trust Fund and the overwhelming majority of the monies were spent on itself (see Table 4).

Table 4 FETF Trust Fund Expenditures for Member Agencies For Fiscal Years 2002 through 2009

Member Agency	Expenditure Description	Amount	% of Total
Miami-Dade Police Dept.	Vehicles, phones, services, etc.	\$3,579,096	87.0%
Palm Beach County - S/W Authority	Surveillance equipment training	\$168,754	4.0%
Broward County BCC	Asbestos training	\$146,210	4.0%
USEPA	Strike Force Operation	\$70,000	1.5%
Clay County Sheriffs Reserve	Dive recovery vehicle & trailer	\$62,480	1.5%
Various - USEPA, USAO, and SAO	Monthly service fees & nonrecurring items – estimate	\$100,000	2.0%
Total FETF Expenditures		\$4,126,540	100.0%

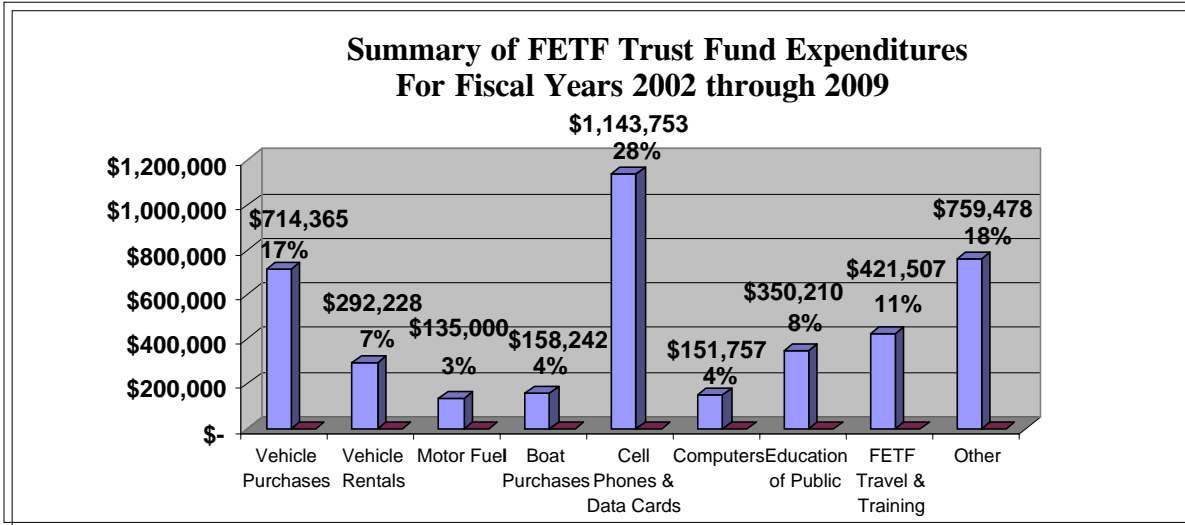
When expenses were classified by category, OIG Auditors determined that over 50% of the expenditures related directly to vehicles and mobile radio equipment—the two categories of expenses that MDPD was supposed to provide itself (see Table 5 next page). The sheer amount that was spent is alarming—over \$1.1 million on vehicle-related purchases and over \$1.1 million on cell phone and data card charges. More disturbing is that the vehicle and cellular communication expenses were made for the benefit of MDPD units with no relation to the Environmental Task Force Unit.

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Table 5



An example of both unreasonable and excessive expenditures is the purchase of 23 sports utility vehicles and trucks for over \$714,000 from the FETF Trust Fund during fiscal years 2000 through 2009. In addition to this amount, MDPD approved expenditures over this same timeframe totaling more than \$292,000 for up to 14 vehicle rentals per month; \$135,000 for motor fuel; and over \$25,000 for vehicle accessories such as police sirens and lights. Notably, all these expenditures totaling over \$1.1 million, were spent on personnel within MDPD, who were typically not members of the Environmental Task Force. No such vehicle expenditures were made for other FETF member agencies. Just because MDPD was the administrator of the FETF Trust Fund, this fiduciary position should not entitle it, in essence, to use FETF funds as an unsustainable augmentation of its General Fund budget.⁴

Additionally, over \$1.1 million was spent from the FETF Trust Fund for cellular phones, monthly cellular service, air cards, etc. At one point in time, there were monthly service fees for 125 cell phone numbers being charged to the FETF Trust Fund. Of these phone numbers, two or more were assigned to the same person for plans such as comprehensive, free incoming 800, and connection card. Other phone numbers were not assigned at all. On one phone provider's invoice for monthly service fees and usage, MDPD paid for 12 cellular phone lines and 26 connection card plans that had no usage.

⁴ The newly appointed Intergovernmental Bureau Commander has cut the number of vehicle rentals from a high of 14 cars to five, and has reassigned the aforementioned SUVs from command staff to environmental field officers. Lastly, some of the rentals are now being paid for from the department's General Fund budget instead of from the FETF Trust Fund.

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Also found on the invoices were cellular phone monthly service fees for personnel from MDPD units such as Fleet, Facilities, Headquarter Security, and MDPD Director. We also found that selected Administrative Assistants were also issued cell phones paid for with FETF monies. Unlike the vehicle expenses; however, some cellular phones and related service fees were also being paid from the FETF Trust Fund for other member agencies, such as the USEPA, USAO, and SAO. Of the 125 cell phone lines, we determined that only 19 were given to other Task Force members: 15 for USEPA, two for USAO, and two for the SAO.

In summary, MDPD spent over \$3.5 million of the \$4.1 million, or 87% of the total FETF Trust Fund expenditures paid during fiscal years 2000 through 2009, on itself. These results clearly are not in line with the Task Force Commander's written commitment to the USAO to primarily use the funds, in a manner consistent with the terms of the plea agreements, which required spending the monies on educating the public, training, and environmental projects. As it turned out, only 8% of the funds went toward educating the public, and only 11% were used for training. These past expenditure patterns must be weighed against providing for future Trust Fund operational needs. While MDPD may have been the designated FETF Trust Fund Administrator, this does not mean that the remaining Trust Fund monies and the assets purchased with those monies are theirs to keep.

Almost \$1.3 million, including interest earned, remains in the FETF Trust Fund as of February 2010, when the current MDPD Director ordered a freeze on spending from the fund. Future disbursements from the Trust Fund must be more closely monitored to ensure that they are made for more than just MDPD's benefit.

Recommendations

- (4) MDPD must safeguard the remaining \$1.3 million in the FETF Trust Fund to ensure that any future expenditure are fairly distributed among FETF agency members and in-line with the commitment that these funds be used to protect environmental resources through education, technology, and training of investigative personnel, as well as educating the general public.
- (5) MDPD should replenish the FETF Trust Fund for those amounts spent on vehicles, vehicle-related expenses, and mobile communication devices, i.e., cell phones that were used exclusively by MDPD personnel or that had no connection to the activities of the FETF.

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Finding No. 3 MDPD overstated \$351,588 of FETF Trust Fund expenditures to federal oversight agencies.

As depicted in Table 3, a \$2 million community service payment was deposited to the FETF as part of the negotiated plea agreement with the Carnival Corporation.⁵ According to a USAO representative, the Department of Justice requested annual reporting from all recipients of community service payments. MDPD, as administrator of the FETF Trust Fund, was responsible for reporting how it was using the \$2 million (see OIG Exhibit E next page).

These reports were directed to the United States Probation Office (USPO), with copies to the USAO. According to a letter dated April 12, 2002, from the Task Force Commander to the USAO, the annual reports provide an accounting of the financial transactions and projected expenditures related to the community service payment monies received by the FETF Trust Fund.

In the ensuing years through 2008, MDPD reported that it had spent the entire \$2 million. However, in its reporting to the USPO and USAO, MDPD misrepresented amounts spent on the described items. This misrepresentation was caused by MDPD stating that it paid for items when it had not, and by overstating expenditure amounts on two items that were purchased.

One of MDPD's annual reports—the 2007 Annual Report—is exhibited on the next page.

⁵ The community service payment expenditure guidelines provided within the Carnival Corporation plea agreement in 2002 state that the monies are “to fund environmental projects, initiatives, emergency response, and education dedicated to the preservation and restoration of the environment and ecosystems in the United States and its territorial seas...”.


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OIG Exhibit E Sample MDPD Annual Report

W e c a r e | W o t e c t e r v e



Miami-Dade Police Department
Director's Office



July 26, 2007

Mr. Anthony Gagliardi
United States Probation Office
United States Courthouse
299 East Broward Boulevard, Suite 409
Ft. Lauderdale, Florida 33301-1865


Dear Mr. Gagliardi:

Subject: Community Service Payment.
United States v. Carnival Corporation
Case #02-20350-CR-MOORE

This letter serves as the Miami-Dade Police Department's (MDPD) annual report for the progress of the environmental projects funded by the community service payment.

As of this date, the Miami-Dade Police Department (MDPD) has spent \$40,000 for the "Back-to School Book Bag" program and \$55,000 was awarded to the "Preserving the Environment Through Education" program (PETE) for the 2007 - 2008 fiscal year. Several vehicles were purchased to facilitate environmental investigations totaling \$160,000. Rental vehicles also used to facilitate environmental investigative operations were paid for. A total of \$150,000 has been released to the Saint Johns Sheriff's Office to purchase a surveillance van to further enhance their efforts in investigating environmentally related crimes. Computer equipment has been purchased and Cingular/AT&T cellular telephone charges for the Environmental Task Force and MDPD Environmental Investigations have been paid. Various attorneys from the State Attorney's Office were approved to attend an environmental related training course. The remaining balance is \$245,971. These expenditures comply with the guidelines set forth by the United States Attorney's Office.

Should you have any questions concerning this issue, please contact Chief Frank Vecin of our Centralized Services Division, at (305) 471-3230.

Sincerely,

Robert Parker
Director

c: Eloise D. Fernandez
Assistant United States Attorney

Rick Langolis, Special Agent-in-Charge
U.S. Environmental Protection Agency
Criminal Investigations Division

bc: Director's Office
Assistant Director J.D. Patterson
Chief Frank Vecin
Police Legal Bureau
Intergovernmental Bureau

9105 NW 25 Street • Miami, Florida • 33172-1500
Telephone (305) 471-2100 • Fax (305) 471-2163 • Website <http://www.mdpd.com>

*T. Lynd
CSD 3233
7/27/07*

Expenditure overstated by \$30,588

Records of \$40,000 expenditure for cited program not located in FAMIS or at MDPD.

\$150,000 never released to purchase surveillance van

USAO personnel said these guidelines are the terms provided for within the Carnival Corporation plea agreement.

The annual reports submitted through the Task Force Commander, from July 2002 through May 2008, show a total of \$1.2 million of specifically identified expenditure amounts, as well as a collective total of \$775,301 for non-specific expenditures (see Table 6 next page).

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Table 6 Expenditures Assigned by MDPD to the \$2M Carnival Community Service Payment

Year	Description of Expenditure on Annual Report	Amount
2002	Back to School Book Bag Program	\$60,000
2003	Back to School Book Bag Program	\$60,000
2004	Back to School Book Bag Program	\$40,000
2005	Back to School Book Bag Program	\$40,000
2005	Preserving the Environment through Education (1)	\$40,000
2005	Environmental Dive Recovery Vehicle for the Clay County Sherriff	\$62,480
2005	Environmental Surveillance & Equip. Training Course Palm Beach County	\$168,754
2006	Back to School Book Bag Program	\$40,000
2006	Preserving the Environment through Education (1)	\$40,000
2006	Four 4x4 Vehicles	\$96,182
2007	Back to School Book Bag Program (1)	\$40,000
2007	Preserving the Environment through Education	\$55,000
2007	Vehicles (2)	\$160,000
2007	Surveillance Van for St. Johns Sheriff Office (1)	\$150,000
2008	Back to School Book Bag Program	\$55,000
2008	Rigid Hull Boat	\$20,556
2008	All-terrain Vehicles and 4x4 Utility Vehicles (3)	\$96,727
Total Specifically Identified Expenditures Listed on Annual Reports		\$1,224,699
Total Non-specific Expenditures Referenced on Annual Reports (4)		\$775,301
Total Community Service Payment Received From Carnival Corporation		\$2,000,000

Notes:

- 1) Expenditures not located on the FAMIS extract of FETF Trust Fund payments.
- 2) Actual vehicle expenditure paid from the FETF Trust Fund was \$129,412 or \$30,588 lower than annual report disclosure.
- 3) Actual vehicle expenditure paid from the FETF Trust Fund was \$45,726.93 or \$51,000 lower than annual report disclosure.
- 4) Other expenditures were mentioned on the annual reports; however, the descriptions did not include a dollar amount for the expenditures. The other expenditures were for computer equipment, cellular telephone charges, training courses, diver re-certification, rental vehicles, Videoray submersible, and a mini Andros Robot. These expenditures make up the balance of the \$2 million.

Out of the \$1.2 million of identified expenditures, there is a \$351,588 overstatement. The overstatement consists of \$270,000 worth of expenditures never made, or at least never documented and another \$81,588 resulting from two purchases with lower actual costs than the corresponding expenditure amounts stated on the annual report. The identified overstated amounts are depicted in Table 7 (on the next page).

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Table 7 Overstated Expenditures Listed on Annual Reports

Year	Description of Expenditure on Annual Report	Amount of Expenditure Overstated
2005	Preserving the Environment through Education (1)	\$40,000
2006	Preserving the Environment through Education (1)	\$40,000
2007	Back to School Book Bag Program (1)	\$40,000
2007	Vehicles (2)	\$30,588
2007	Surveillance Van for St. Johns Sheriff Office (1)	\$150,000
2008	All-terrain Vehicles and 4x4 Utility Vehicles (3)	\$51,000
Total Expenditure Amounts Overstated on Annual Reports		\$351,588

Notes:

1) Expenditures not located on the FAMIS extract of FETF Trust Fund payments.

2) Actual vehicle expenditure paid from the FETF Trust Fund was \$129,412 or \$30,588 lower than annual report disclosure of \$160,000.

3) Actual vehicle expenditure paid from the FETF Trust Fund was \$45,726.93 or \$51,000 lower than annual report disclosure of \$96,726.93.

While these expenditures were extracted from the annual reports submitted by MDPD, the department could not provide us with any written document, ledger, or listing showing an itemization of all the expenditures that were applied to the \$2 million received from Carnival Corporation. In total, the FETF Trust Fund received over \$5.5 million from fiscal year 2000 through 2009 and has paid out expenditures from these monies totaling over \$4.1 million during this same time. MDPD could not provide OIG personnel with the parameters it used to match specific expenditures paid to the funds received from Carnival Corporation versus those expenditures paid for using other FETF Trust Fund monies.

Recommendation

- (6) Prospectively, MDPD Command Staff must ensure the accuracy of any financial information provided to third parties.

Finding No. 4 MDPD misled County management in requesting to purchase six hybrid SUVs using FETF Trust Funds totaling over \$293,000. The purchase also failed to follow established FETF Trust Fund procedures.

In 2009, MDPD, using FETF Trust Fund monies, purchased six Chevrolet Tahoe Hybrids sport utility vehicles (SUVs) costing over \$293,000. MDPD documentation supporting the purchase of the vehicles include the following memorandum, dated September 15, 2008, from the then MDPD Director to the

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Assistant County Manager, seeking authorization to deviate from the “standard purchasing process.” (See OIG Exhibit F.) As justification for this deviation, MDPD stated, “All grants have expiration dates and if the funding is not expeditiously used the funds may be lost or reallocated to another agency.”⁶ FETF trust fund monies, however, do not expire, and the proffered justification was blatantly inaccurate.

OIG Exhibit F

There are no directives to purchase specific vehicles from the FETF Trust Fund. In actuality, the MOU, serving as a directive, states that agencies should provide its own vehicles; thus not using Trust Fund monies for the purchase of vehicles.

Memorandum 

Date: September 15, 2008
To: Alina T. Hudak, Assistant County Manager
From: Robert Parker, Director, Miami-Dade Police Department
Subject: Purchase of Grant Funded Vehicles

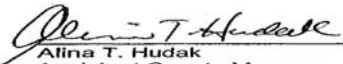
SEP 18 2008
Alina T. Hudak
County, Miami-Dade Office

RECOMMENDATION:
It is requested that the Fleet Management Bureau Commander have authorization to purchase all current and future grant funded vehicles apart from the standard purchasing process.

BACKGROUND:
The Miami-Dade Police Department (MDPD) periodically receives grant funding from different sources for specific vehicle purchases. All grants have expiration dates and if the funding is not expeditiously used the funds may be lost or reallocated to another agency. Listed below are three such funds that are close to expiration.

- The Florida Statewide Environmental Task Force Trust Fund (purchase of six hybrid type sports utility vehicles)
- State Homeland Security Grant (Specialty Prime Mover Vehicle)
- 2007 Urban Area Security Initiative Grant (Specialty Evidence Collection Mobile Command Vehicle)

The above vehicles are no cost to the MDPD, six sports utility vehicles will be used as exchanges, and the other two are specialty specific vehicles.

APPROVED	DATE	DISAPPROVED
 Alina T. Hudak Assistant County Manager	9/26/08	 Alina T. Hudak Assistant County Manager

RP/mc

The FETF Trust Fund is not a grant and there is no expiration date associated with the expenditure of Trust Fund monies.

In accordance with the Expenditure Committee established by the MOU, MDPD Fiscal Bureau explained to OIG Auditors that the authorization process for spending FETF Trust Fund monies begins with a memorandum from the Task Force Commander that is addressed to MDPD Director requesting the expenditure of funds. The memorandum contains a section for either the approval or disapproval of the expenditure request to be signed by the USEPA Special Agent in Charge, MDPD Chief Counsel, and MDPD Director. No such memorandum was located in the documentation supporting the purchase of these six Chevy Tahoe Hybrid SUVs. In fact, the USEPA Special Agent in Charge informed OIG Auditors that he was not aware of the purchase of these six hybrid SUVs until learning it from the news.

⁶ Of interest, MDPD Fiscal Bureau confirmed that the other two grants listed in the memorandum were not set to expire until April 30, 2010, almost 20 months after this correspondence.

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Recommendation

- (7) MDPD must ensure that its communications regarding source of funds information is accurate and justifiable.

Finding No. 5 MDPD's justification of the expenditures/purchases often does not match its actual uses and/or need.

OIG personnel identified various purchase request documents containing written justifications for purchasing the requested items that ultimately did not match their actual use. For example, the six Tahoe Hybrid SUVs costing over \$293,000 that MDPD purchased using FETF Trust Fund monies, were to be used to respond to local environmental cases that take place in rural areas. An *Additional Heavy Vehicle or Replacement Request* authorization form, signed by both MDPD Director and the Office of Strategic Business Management Director, among others, includes the following description of the work requirement related to the Tahoe Hybrid SUVs:

The Intergovernmental Bureau works in conjunction with the Environmental Protection Agency on local environmental criminal cases. A majority of these incidents occur in rural hard to access areas, where there are no paved roads and overgrown vegetation exists. In order to exclusively [sic] respond to these areas a 4x4 function is required. The full size model will assure accurate and sufficient space for personal and specialty equipment.

In actuality, the vehicles were assigned to MDPD command staff, some of whom were not assigned to the Intergovernmental Bureau, let alone the Environmental Task Force Unit. This includes one SUV that was assigned to the former MDPD Director, the former Chief of the Public Corruption and Integrity Bureau, and another Tahoe Hybrid SUV that was assigned to the Miami-Dade County Mayor.

Another example where MDPD's justification for the purchase did not correlate with the item's eventual use is the purchase of the three Segways that cost \$25,000 and which were purchased using SFETF Trust Fund monies. The purchase justification prepared by the Task Force Commander stated:

The Intergovernmental Bureau's (IB) Hazardous Crimes Unit is tasked with investigating and responding to multiple crimes related to hazardous chemicals and other environmental issues. A majority of the scenes are located in remote areas. Upon arrival at these scenes, Investigators are required to don heavy chemical protective

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suits and walk to the contaminated area. In order to assist the Investigators and reduce the stress of responding to these scenes, the IB is requesting to purchase three Segway off-road transport units.

In actuality, two of the Segways are sitting unused in a warehouse and one is used to periodically patrol MDPD Headquarter premises.

MDPD purchased a texture and paint sprayer costing over \$4,000 using SFETF Trust Fund monies in October 2008. MDPD's justification for this purchase stated "a significant portion of the Unit's workload involves cleaning and restoring preserves, monuments, and historical sites in Miami-Dade County." OIG personnel observed the sprayer, in March 2010, in what appeared to be its original packaging. Personnel from MDPD Intergovernmental Bureau stated that the sprayer has not been used to date.

In July 2008, MDPD purchased 30 Smith & Wesson M&P-15 rifles and holographic sights costing almost \$35,000 with monies from the SFETF Trust Fund. MDPD's written justification to purchase the rifles and sights, dated August 15, 2007, states that "Officer safety concerns are exacerbated due to the fact the chances of an IB [Intergovernmental Bureau] investigator encountering a wildlife poacher armed with a high powered rifle are likely in these remote areas." The justification goes on to say, "Miami-Dade County has experienced numerous incidents in recent times, where officers from the Department's various units have been confronted by subjects with high powered firearms."

OIG auditors learned that, to date, only one rifle has been issued to an IB officer. Moreover, the holographic sights were unaccounted for during MDPD's physical inventory because they were not stored with the rifles and there was no record of when or to whom they were issued. Although the sights and rifles, as individual items, do not meet the dollar threshold to be capital items (items valued at \$1,000 or more), MDPD was attempting to locate them since their purchase was mentioned in a local news article. Upon inquiry by the Sergeant from the Intergovernmental Bureau's Administrative Section, the sights were located at MDPD Training Bureau. The sights were returned to MDPD Environmental Task Force Unit out of their original packaging; therefore, they appear to have been used on rifles other than the ones purchased from the SFETF Trust Fund.

Also, in July 2008, three Sharp 52" flat screen televisions costing nearly \$6,000 were purchased with monies from the SFETF Trust Fund. The justification to purchase these televisions, as documented on the request form, states that "the 52" televisions will be mounted with the IB [Intergovernmental Bureau] North Office Command Post..." OIG personnel observed two of the

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televisions at the IB North Office Command Post; however, the third television was observed by the OIG at the Critical Incident Logistics Unit (CILU) warehouse unused in its original box. Moreover, MDPD also purchased three motorized flat screen TV mounts for \$3,334 using Trust Fund monies. Only one mount was being used; the other two mounts were found in storage at the CILU warehouse.

In January 2008, two portable air conditioning units costing over \$2,600 each were purchased with monies from the SFETF Trust Fund. The background section of the purchase request memorandum states that MDPD's Intergovernmental Bureau Critical Incident Logistics Unit is tasked with providing logistical support to all departmental entities. It goes on to say, "an integral part of this mission is to provide ventilation for different events that are indoors" and that these two portable air conditioning units will provide additional inventory.

These air conditioners may or may not have had a connection to investigating environmental crimes, but they appear to have not been needed. For example, an MDPD detective working in the Criminal Investigations Section, sent a memorandum to his supervisor dated March 26, 2010, wherein he reported that he had been keeping one of these portable air conditioning units at his house because of problems with his home air conditioning unit. In the memorandum, the detective stated that he did not recall how long he has had the unit at his house and that he actually forgot about it until he saw the email from CILU warehouse supervisory personnel about items missing from the warehouse.

A request form dated January 4, 2007 sought \$31,660 in FETF monies for the purchase of cameras and related equipment. The written justification cites that "The Special Projects Unit is in need of an upgrade in camera and photographic equipment. The upgrade in equipment will allow for the expeditious taping of departmental awards, ceremonies and special events, such as the Super Bowl, which require being captured on film and/or photographs." The document ends by noting that the "equipment will also be used [in] conjunction with environmental investigations."

It is fairly evident that the cameras and equipment were primarily meant to be used on events such as the Super Bowl; its use in environmental investigations was clearly a secondary purpose. As this was a FETF Trust Fund expenditure, the procedures established through the MOU should have been adhered to. Even though the Request for Service contained approval signatures by MDPD Bureau Commander, the Division Chief, and the Support Services Assistant Director, no documentation was found that this expenditure was approved by the USEPA Special Agent in Charge.

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By February 2008, as it pertained to SFETF Trust Fund expenditures, MDPD no longer needed to fabricate an environmental connection. The Task Force Commander had a blanket signed authorization memorandum from MDPD's Chief Legal Counsel stating, in effect, that the monies did not only have to be used for environmental objectives.

Recommendation

- (8) MDPD must ensure that all equipment and services purchased are necessary and justified at the time of the expenditure.

Finding No. 6 MDPD does not maintain sufficient control over equipment purchased with FETF and SFETF funds.

The MDPD was not effectively tracking the disposition of capital equipment, such as a generators and portable air conditioning units, as well as non-capital items (value of less than \$1,000), such as rifle sights, cameras, and GPS devices that were purchased using Trust Fund monies. An inventory of these items confirmed that this equipment had been issued to personnel at MDPD, including non-Task Force personnel, and various other Task Force member agencies. Our concern is that MDPD did not know who, or what agency, had possession of the equipment. According to MDPD and USEPA personnel, all equipment purchased with either FETF or SFETF Trust Fund monies is supposed to be available for use by any of the member agencies. Proper control and tracking of this equipment is imperative to provide effective support to Task Force members investigating criminal environmental activity.

During the course of the OIG's audit and MDPD's own physical inventory, several items purchased with either FETF or SFETF funds were not locatable. For example, a \$3,000 generator is missing. To date, the generator is still missing; therefore, as stated in Chapter 6 of the Departmental Manual, "Custodian delegates will initiate an Offense-Incident Report and expeditiously report such occurrences to the Director through the chain-of-command, Professional Compliance Bureau when appropriate, and provide an information copy to the Departmental Inventory Officer."⁷ Afterward, a decision will be made as to further potential courses of action.

In addition to the generator, over \$70,000 worth of cameras and GPS devices are missing. The MDPD kept no records of who was issued these items. Several items that had been removed from MDPD's warehouse without records

⁷ As of June 30, 2010, OIG verified that Offense-Incident Report PD100407146741 was filed by MDPD.

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were later located in the possession of non-Task Force personnel. For example, a MDPD detective had in his possession—at his personal residence—a \$2,600 portable air conditioning unit. Incomplete records preclude a determination of how long this individual had the unit in his possession. Regardless, that he had it at all and for his personal use is problematic. Another example is the 30 rifle sights purchased for Task Force members that were returned by MDPD's Training Bureau to ETFU, only after they were originally unaccounted for during MDPD's inventory.

One possible cause contributing to the inventory debacle was that MDPD personnel did not comply with departmental procedures. MDPD maintains a Departmental Manual that provides guidance and procedures on how equipment is to be handled. Chapter 6 pertaining to Departmental Property calls for the Custodian Delegate to maintain a current record and accounting of all equipment issued to his control and that is valued at greater than \$1,000. However, there were no written records or logs kept to track Trust Fund purchased equipment as it was being taken from the warehouse for use. Although several of the noted items are valued at less than \$1,000, all were "Task Force" equipment, not "MDPD" equipment. This was reason enough for MDPD to maintain records of equipment whereabouts and/or disposition.

Another possible cause was that there were thirteen keys to the warehouse maintained by the department's Critical Incident Logistics Unit (CILU) where several of these items were to be stored. On weekends, there was no supervisory oversight at the warehouse; therefore, anyone who possessed a key to the warehouse had unrestricted access with no oversight or accountability.

As a result of MDPD's recent inventory, all Trust Fund purchased capital assets, except for the generator, have been identified and inventoried. Other equipment has also been located and inventoried, although several non-capital items will likely never be located and whose use is forever lost to Task Force members. Having identified and located trust fund equipment purchases, MDPD should be more careful in the future about how it logs equipment purchases, whereabouts, disbursements, and returns.

Recommendations

- (9) MDPD should implement a standard operating procedure that details how the Custodian Delegate is to account for and maintain equipment assigned to his control.
- (10) MDPD should use some type of log to track items in the warehouse when they are initially received, and as they are later signed out and/or returned.

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- (11) MDPD should consider using a bar code and scanner system for tracking and accounting for capital items. The scanner would read the bar codes on the asset sticker and allow for an automated record of where a particular asset is on a particular date.
- (12) MDPD should limit the assignment of warehouse keys to the Departmental Inventory Officer and Custodian Delegates. Written documentation should be maintained containing the name and date each key was issued, along with a return date if the key is subsequently turned back in. The MDPD should consider upgrading its security from being key-based to one using more modern and secure access controls.
- (13) MDPD should reimburse the appropriate trust fund for the cost of purchased items that are no longer locatable or whose disposition cannot be reasonably traced to Task Force members.

Finding No. 7 MDPD split the costs associated with related item purchases between the FETF and SFETF Trust Funds.

MDPD spent over \$26,000 of SFETF Trust Fund monies supplementing related item purchases, totaling over \$339,000, using FETF monies (see Table 8).⁸ MDPD used over \$18,000 of SFETF monies to equip the earlier cited six hybrid SUVs with police lights and sirens. In addition, MDPD spent over \$8,000 of SFETF monies to purchase two trailers, valued at over \$45,000 that were to be used to haul all-terrain vehicles (ATV) that were purchased using FETF monies.

Table 8 Related Costs Split Between Two Funds

Item	Related Purchases	Date of Purchase	FETF Trust Fund Monies Spent	SFETF Trust Fund Monies Spent
Hybrid SUVs:	6 Hybrid SUVs	05/07/2009	\$293,412	\$ - 0 -
	6 Sets Police Sirens/Lights for Hybrid SUVs	06/16/2009	\$ - 0 -	\$18,213
ATVs:	4 ATVs and 1 UTV ⁹	09/11/2007	\$45,727	\$ - 0 -
	2 ATV Transport Trailers	06/22/2009	\$ - 0 -	\$8,052

⁸ The following provides definitions pertaining to acronyms used in Table 8: SUV is the acronym for sports utility vehicle; ATV is the acronym for all-terrain vehicle; and UTV is the acronym for utility type vehicle.

⁹ Utility Type Vehicle. This particular purchase involved a Kawasaki UTV KAF 620 Mule.

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It is the opinion of the OIG that all purchases made for related items should have been paid from the same trust fund. Failure to do this raises questions from the onset, about the propriety of the purchases.

Recommendation

- (14) MDPD should reclassify the accounting for the related items so that there is a consistent funding source for associated items, and MDPD should adjust the fund balances to reflect the reclassifications.

Finding No. 8 A \$250,000 settlement amount was incorrectly credited to the SFETF Trust Fund.

OIG Auditors identified an incorrect accounting classification for a deposit of \$250,000. The funds paid by Norwegian Cruise Lines are the result of a plea agreement with the USAO and entered into with the United States Court for the Southern District of Florida in July 2002. The \$250,000 was accounted for as being deposited into the SFETF Trust Fund even though the plea agreement called for the monies to be sent to the FETF Trust Fund.

Recommendation

- (15) MDPD should transfer the \$250,000 payment received from Norwegian Cruise Lines from the SFETF Trust Fund (Index Code TFRPDENVDON) into the FETF Trust Fund (Index Code TFRPDENVTASK), as called for in the 2002 plea agreement.

Underview: Additional noted observations regarding MDPD's administration of the FETF Trust Fund monies.

During our audit, we noted some problematic practices that underlie the chaotic administration of the FETF Trust Fund. Inconsistent signatories on requests for expenditures and unmonitored expenditure authorizations were two prevalent practices that were not consistent with what we believe to be best practices.

Requests for Expenditures

Expenditures from the FETF Trust Fund are primarily governed by the MOU's terms and conditions and secondarily by MDPD's written procedures. The MOU requires review and approval of proposed expenditures by an "Expenditure Committee" comprised of individuals who are the designees of each of the signatories to the MOU—MDPD and the USEPA. In addition, the MOU

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specified that this committee would “prescribe appropriate expenditures to the Director of the Miami-Dade Police Department, who shall have the authority to approve and authorize the expenditure.”

OIG personnel did not locate any departmental documentation specifically identifying Expenditure Committee members. Personnel from both MDPD and the USEPA confirmed that no such documentation existed. Moreover, there was no formal procedure detailing how expenditure requests were to be processed. It is apparent that both signatories to the MOU, after establishing an outline of an expenditures approval process, took no further action to ensure that their stated obligations would be implemented as intended. The OIG believes much of the responsibility for translating the MOU’s obligations into actual conditions rested with the Task Force Commander, who was MDPD’s primary designee as the day-to-day administrator of the Trust Fund.

MDPD’s internal procedures, as specified in a December 2005 memo titled *Trust Fund Expenditures* issued by the Director (and reissued a year later in December 2006 by the same Director), were more detailed and would have provided for all but one of the required approvals (the USEPA approval) sufficient to meet the MOU requirements. These were baseline procedures applicable to all MDPD trust funds established through BCC resolutions. Any external requirements, such as those imposed by the MOU, would be added on to those required under MDPD’s own procedures.

In the course of this review, MDPD Fiscal Bureau personnel described to OIG Auditors their understanding of the review and approval process for FETF Trust Fund expenditures as beginning with a memorandum from MDPD Intergovernmental Bureau Chief, i.e., the Task Force Commander. This memo would be addressed to MDPD Director requesting the expenditure, with approval/disapproval lines for signature by the USEPA SAC, MDPD Chief Counsel, and ultimately, MDPD Director.

The described process closely mirrors that required by the MOU, although, if this were the case, it appears to presume that MDPD Chief Counsel is MDPD Expenditure Committee designee. To the best of our knowledge, MDPD assigned the IB Commander (later Chief) to be the Task Force Commander, but it did not formally designate this individual, or any other individual, to be its designee to the Expenditure Committee. We note that this Task Force Commander authored many of the expenditure requests but signed only a few as an approval signatory.

Lastly, the Task Force Commander, in a memo dated September 26, 2008 (see OIG Exhibit G next page) to MDPD’s Director, authored a response to an inquiry by the Director asking why he [the Director] had to sign-off of an


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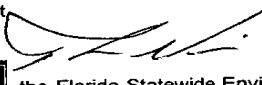
expenditure request using FETF Trust Fund monies, stated that "The agreement was that we get our panel to approve/review. The panel consists of Chief Counsel Glenn Theobald, myself, and you." We note that this communication takes place over 8 years after inception of the Trust Fund and 3 years into the Director's term and after the Director previously signed over 20 similar expenditure requests prior to that date. This memorandum indicates that MDPD management may have been unsure of its role as the designated FETF Trust Fund Administrator.

OIG Exhibit G

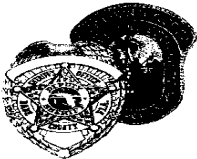
Memorandum 

Date: September 10, 2008

To: Robert Parker, Director
Miami-Dade Police Department

From: Frank Vecin, Chief 

FROM THE OFFICE OF:
Chief Frank Vecin
9105 NW 25 Street # 3045
Doral, Florida 33172
305-471-3230
Fax: 305-471-3210

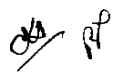


September 26, 2008

Director,

We (MDPD) manage the fund for the Environmental Protection Agency. The agreement was that we get our panel to approve/review. The panel consists of Chief Counsel Glenn Theobald, myself, and you.

If you have any questions, please do not hesitate to contact me.

Thank you,
Frank Vecin/lp 


the Florida Statewide Environmental Taskforce Trust

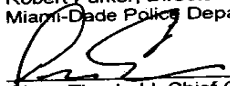
Florida Statewide Environmental Taskforce (FSETF) Trust
toward County Environmental Protection Department's

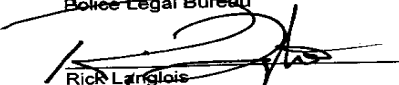
throughout the State of Florida for agencies involved in
As such, the FSETF has been able to provide funding
at environmental crimes throughout the State.

ent of substantial settlement funds from asbestos related
requesting \$146,210 for a much needed asbestos
s well as a multilingual public service video and print
asbestos laws. The training will include both basic and
ment personnel, provided by a certified and accredited
on the southeast Florida tri-county area (Miami-Dade,
cement community across Florida will benefit from this

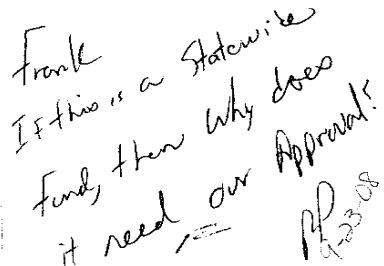
DATE 9/22/08 **DISAPPROVED**


Robert Parker, Director
Miami-Dade Police Department


Glenn Theobald, Chief Counsel
Police Legal Bureau


Rick L'Anglois
Special Agent in Charge
USEPA/CID

FV/hl



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Our analysis of the expenditure requests for use of FETF Trust Fund monies shows that only eleven of 48 requests had signatures indicating a review and approval of the request by the EPA, Chief Counsel Theobald, and Director Parker. An additional seven requests did not have the signature of Director Parker, who arguably was the only one empowered to authorize the actual disbursement of monies from this county-controlled trust fund. We note that most of the remaining requests had signatures both from Director Parker and from the EPA, but were missing Chief Counsel Theobald's (or MDPD's Legal Bureau) signature.

In summary, as part of its administrative function, the Task Force Commander, as MDPD Director's unofficial designee to be the primary trust fund administrator, should have developed a formal record of authorized expenditure request signatories and a process to ensure that all signatures were obtained for each request. This best practice would have blended the requirements of the MOU with MDPD's own in-house procedures to ensure that there was a consistent method to obtain needed approvals.

Unmonitored Expenditure Authorizations

Out of the 48 expenditure requests, 32 included a stated request amount. The remaining requests were approved without stated amounts. In fact, only about \$1.4 million of the \$4.1 million of FETF Trust Fund expenditures were approved by way of expenditure requests that included a stated amount. Moreover, the Task Force Commander, upon executing the expenditures, did not report the actual amounts to the Expenditure Committee or otherwise maintain records matching the actual amounts to the authorizing requests.

Additionally, OIG auditors sighted several of the expenditure requests with amounts were nonspecific open-ended requests to purchase broadly defined equipment (see Table 9 next page). Such requests were approved with little in the way of documentation supporting the need for such items or identifying the intended users.

Moreover, and more significantly, OIG Auditors observed instances when the same expenditure request was attached to multiple invoices. For example, OIG auditors identified 42 payments totaling \$153,743 that were charged against two expenditure requests. OIG Auditors learned that there were no controls to ensure that actual expenditures did not exceed the initial authorized amount and that the items purchased conformed to the items described in the approved expenditure request. That the expenditure amounts in the noted instances did not exceed the authorized amounts does not reduce the risk that there may be over expenditures, which we did not uncover, or that may occur in the future. Examples of these requests include:

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Table 9 Non-specific Expenditure Requests

Request Date	Approved Expenditure Request Amount	Purchase Description
June 4, 2002	\$8,000	electronic equipment and other types of equipment to upgrade and meet the demands of our environmental investigations and surveillance type operations throughout Miami-Dade County
Oct. 11, 2002	\$115,000	computers, video, still camera equipment and four SUV type vehicles
Mar. 31, 2004	\$25,000	laptop computers and electronics
Sept. 7, 2006	\$85,000	Dell and Apple computers, video cameras and electronic equipment
Nov. 13, 2006	\$300,000	electronic equipment, to include but not be limited to computers, cameras, printers, binoculars, etc.

The OIG does not question the need for these items. We do, however, question the administration of this trust fund, as there was no attempt to match the items actually purchased with FETF Trust Fund monies with the authorizations and to track how much of the expenditure authorization was actually expended. Regardless of whether the authorizing expenditure request contained a stated amount or not, it would have been a best practice for the Task Force Commander to have maintained records matching expenditures with authorizations. Such records would have provided accountability because they would have been written records that funds were spent in the requested amounts and for the intended items.

The MOU signatories, in general, and more specifically the Expenditure Committee, had an overall fiduciary responsibility to ensure that FETF Trust Fund monies were being spent properly and that Task Force members were using the equipment purchased. As the primary trust fund administrator, the Task Force Commander had an affirmative obligation to report the results of his procurement actions back to the Expenditure Committee. His reporting should have been in such detail that committee members could readily ascertain the propriety of items purchased and amounts of actual expenditures when compared to the corresponding authorizations. In turn, information from these reports could have been distributed to all Task Force members to inform them about how monies collected in the name of the Task Force—and specifically designated for member use—were being spent by MDPD.

In summary, the fact was that the MOU signatories undoubtedly had the best intentions when they set up a task force and associated trust fund, with a dedicated funding source. However, they failed to take reasonable actions to ensure that their creation would be a statewide success benefitting the multitude

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of agencies that were contributing their efforts and resources to the Task Force. Instead, their actions—or the lack thereof—created a sense of entitlement within MDPD and an environment ripe for abuse. The two described underlying conditions—inconsistent signatories on requests for expenditures and unmonitored expenditure authorizations—led not just to a chaotic administration, but as described earlier in this report, to the mostly one-sided use of monies by MDPD to further its own immediate interests.

IX. OIG REQUESTED FOLLOW-UP

In accordance with Miami-Dade County Code Section 2-1076(d)(2), the OIG is requesting a report from the Mayor's Office regarding management's implementation of each of the 15 recommendations made in the report. Notably, we request responses to our recommendations that MDPD replenish the SFETF Trust Fund for the non-environmental expenditures, which were made without authorization (see Finding 1, Recommendation #3), and replenish the FETF Trust Fund for those amounts spent on vehicles, vehicle-related expenses, and cell phones that were exclusively used by MDPD personnel or that had no connection to the activities of the Task Force. (See Finding 2, Recommendation #5.) We also believe that a response is warranted to our recommendation that the remaining Task Force funds, which have been frozen, be fairly distributed among agency members. (See Finding 2, Recommendation #4.) Lastly, we believe that MDPD needs to address how it will account for those assets purchased with Trust Fund monies that are no longer locatable or whose disposition cannot be reasonably traced to Task Force members. (See Finding 6, Recommendation #13.)

We request this report from the Mayor's Office within 60 days, on or before Monday, October 25, 2010.

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The OIG appreciates the cooperation and assistance afforded us by MDPD management and MDPD personnel during the course of our audit.

**MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL**



OIG APPENDIX A

Miami-Dade Police Department Response

IG10-26



Miami-Dade Police Department

Director's Office



An Internationally Accredited Police Service

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August 19, 2010

Mr. Christopher Mazzella
Inspector General
19 West Flagler Street, Suite 220
Miami, FL 33130

Dear Mr. Mazzella:

We are in receipt of the Office of the Inspector General's (OIG) draft report regarding the Environmental Task Force Trust Funds.

At your suggestion, we have reviewed the policies and procedures as it relates to the administration and disbursement of funds by departmental personnel. New guidelines will be established to prevent the improper use of monies.

Additionally, the Miami-Dade Police Department (MDPD) continues to address the findings in this report in conjunction with the conclusion of the associated Internal Affairs investigation. In compliance with Florida Statutes, involved individuals will be subject to MDPD's procedures regarding personnel under investigation and subject to discipline as appropriate.

Thank you for your recommendations regarding this matter.

Sincerely,

James K. Loftus
Director

10/19/10 2:15