

Miami-Dade County  
Office of the Inspector General  
Annual Report 2017



# *Message from the Inspector General*



*I am pleased to present the Fiscal Year 2017 Annual Report covering the activities of the Office of the Inspector General for the period of October 1, 2016 through September 30, 2017. This Report is provided as a summary of our activities and achievements as we work to fulfill our mission to detect and prevent fraud and waste in Miami-Dade County.*

*As we enter 2018 we recognize that it has been 20 years since the Board of County Commissioners created the Office of the Inspector General. It is a significant milestone; we value our role and understand its*

*significance; we work diligently to write meaningful reports with critical recommendations.*

*This past year, in June, The Center for the Advancement of Public Integrity at Columbia Law School recognized our work at its 2nd Global Cities conference. Individuals from around the world who do similar oversight work met to share best practices. Much of the discussion focused on how to bring real value to our local governments. I had the opportunity to share the work we have done with our Board of County Commissioners and Administration related to the Employee Protection Ordinance. This year, over 22,000 County employees were trained regarding their EPO protections: the right to report fraud confidentially and the right to be free from retaliation. This is an on-going effort to work together to ensure a County workforce that values integrity and public service.*

*Miami-Dade County is a growing, vibrant place. The publication of this Report marks a little over one year since we moved into the County's Overtown Transit Village (OTV) at 601 NW 1st Court. The vacant lot across the street is now the new 3 MiamiCentral building, the future home of the Brightline executive offices. The cover of this year's Report shows our office building amid the changing skyline. It is an exciting time in Miami-Dade and we look forward to another 20 years of serving this community.*

*Sincerely,*

*Mary T. Cagle*

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# ABOUT THIS REPORT

The Office of the Inspector General's (OIG) Annual Report highlights the investigations, audits and reviews concluded during the past year. It is produced in accordance with our statutory obligation to prepare and submit an annual written report. These results, whether in the form of financial savings, operational improvements, fraud prevention, or fraud detection, are all aimed with one goal in mind: promoting accountability and transparency in Miami-Dade County government operations and services.

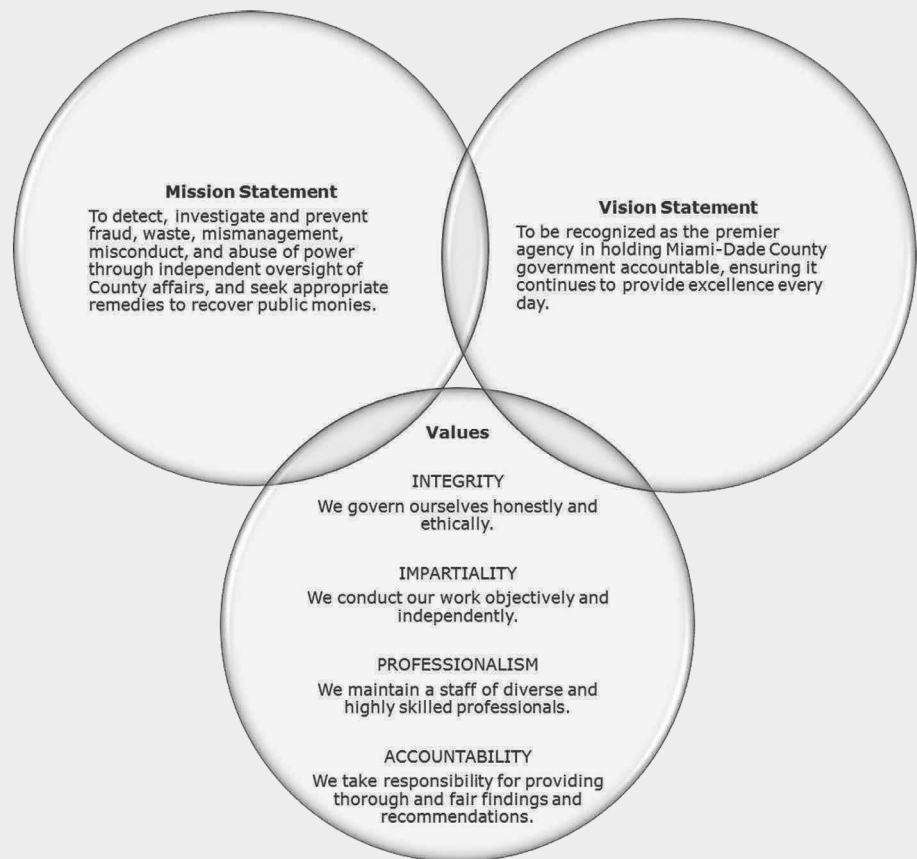
As an independent agency responsible for preventing and investigating fraud, waste and abuse throughout County government, the OIG is rigorous in its commitment to accountability. The content of this report will hopefully inspire County employees, business owners, executives, contract workers, lobbyists and citizens to report potential wrongdoing in County government to the OIG.

The Annual Report also serves to provide readers with an understanding of how this office operates and the type of work that we perform. It describes how we conduct investigations, audits, and contract oversight. It describes the complaint intake process and how inquiries and cases are initiated. It describes the important work of our attorneys and administrative staff who form the foundation for many of the other work activities of the office. And it also highlights this Office's mission, vision, and values, and provides concrete examples of their collective advancement.

## OIG MISSION, VISION AND VALUES

The OIG's mission is to detect, investigate and prevent fraud, waste, mismanagement, misconduct and abuse of power. Through audits, investigations and contract oversight, opportunities to improve the efficiency of government operations are observed and diligently pursued. The OIG is vigilant in its efforts to ensure honesty and fairness throughout the administration of County government, and is committed to protecting the treasury of the taxpayers.

The OIG has identified four key values that drive how we conduct both our internal operations and our external reviews. These values are our guiding principles, and are detailed in the diagram to the right.



# IG SHARES BEST PRACTICES AT GLOBAL CITIES II CONFERENCE

The Center for the Advancement Of Public Integrity (CAPI) at Columbia Law School Brings Together Oversight Leaders From Around The World

In June 2017, CAPI presented the second installment of its signature conference, Global Cities II. The conference brought together anti-corruption leaders from around the world, including delegates from Bogota, Cape Town, London, Melbourne, Miami, Montreal, New York, Paris, Rio de Janeiro, and San Francisco, to share information and to discuss important topics. These topics included: Using Data Analytics to Combat Corruption, Government Transparency, Enforcement Challenges and Victories, and Innovations in Oversight.



Inspector General Cagle spoke on Enforcement Challenges and Victories, and provided an assessment of three key challenges to enforcement work the OIG has faced. First, was the importance of maintaining independence, she noted that Miami-Dade County had ensured the independence of the OIG through the selection of the Inspector General via an independent, statutorily required process; through the empowerment of the OIG to investigate anyone at any level of local government; and by providing relative budget security through an ordinance that funds the Office in large part by charging a fee of one quarter of one percent in most contracts.

Second, Inspector General Cagle discussed the importance of impartiality. That is, the importance of striking a balance between positive relationships with stakeholders and maintaining objectivity. A respectful, professional and objective relationship with the administration is essential to the implementation of important recommendations.

Lastly, Inspector General Cagle discussed the importance of maintaining the trust of complainants. If complainants can't trust that an investigating agency will seriously consider their complaints, they won't make them. Inspector General Cagle presented the OIG's work on the Employee Protection Ordinance. She explained to the conference attendees how amendments to the ordinance provided a platform for the OIG to train all County employees regarding the role and mission of the office and the critical protections for staff who come forward with complaints. Inspector General Cagle shared our success in training over 22,000 employees by use of training videos and live lectures. She also shared how OIG employees have been extensively trained to ensure that those reporting fraud find a supportive environment when they contact the OIG.

# ORGANIZATION OF THE OIG



With Inspector General Mary Cagle at the head of the organization, her executive team includes Deputy Inspector General Felix Jimenez, General Counsel Patra Liu and Audit Manager James Schlotzhauer. Deputy Inspector General Felix Jimenez leads the Investigations Unit with three (3) squads of experienced Special Agents supported by a team of skilled Investigative Analysts. When investigations of fraud, waste and abuse of authority reveal criminal wrongdoing, the Deputy IG coordinates with state and federal criminal prosecutors to shepherd OIG cases to a successful legal resolution.

General Counsel Patra Liu heads the Legal Unit that provides counsel to the Audit and Investigation Units on matters of jurisdiction and inter-agency coordination. The Legal Unit offers continuous support and guidance to OIG personnel, from the moment a complaint is received to the publication of final reports. The OIG attorneys also pursue legal remedies and take other administrative actions to recoup monetary losses and rectify deficiencies on behalf of the taxpayers. General Counsel Liu also manages the Contract Oversight Specialists, experienced public administrators who monitor procurement and construction activities to ensure compliance with contract specifications.

Audit Manager James Schlotzhauer is charged with leading the Audit Unit, which consists of a team of certified professionals with a wide range of government and private sector experience. The Audit Manager formulates the OIG's annual Strategic Work Plan and expedites audit reviews that are frequently conducted in coordination with the Investigations Unit and/or Contract Oversight Specialists.

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

# THE OIG BUDGET

In FY 2016-17, the Miami-Dade County Office of the Inspector General was allocated \$6.845 million, sufficient resources to fund 38 positions and cover operating and capital expenses. The OIG receives its funding from three (3) distinct sources: 1) a formula fee assessed on County contracts; 2) negotiated payments from County departments seeking dedicated OIG resources; and 3) an allocation from the General Fund. Combined, the financial resources dedicated to the OIG are less than 0.1% of the overall County budget.

The insert below is a page from the County's Fiscal Year 2016-17 Adopted Budget that summarizes the finances of the OIG. In FY 2016-2017, in its entirety, the County reported an annual budget of \$7.156 billion and 26,801 employees.

## FY 2016 - 17 Adopted Budget and Multi-Year Capital Plan

### FINANCIAL SUMMARY

(dollars in thousands)	Actual FY 13-14	Actual FY 14-15	Budget FY 15-16	Adopted FY 16-17
<b>Revenue Summary</b>				
General Fund Countywide	1,969	1,807	1,510	952
Carryover	437	2,278	938	2,053
Departmental Oversight (MOUs)	759	790	860	1,100
Fees and Charges	2,848	2,880	2,725	2,975
Interest Earnings	2	4	0	0
Miscellaneous Revenues	13	55	0	0
<b>Total Revenues</b>	<b>6,028</b>	<b>7,814</b>	<b>6,033</b>	<b>7,080</b>
<b>Operating Expenditures Summary</b>				
Salary	3,274	3,606	4,367	4,566
Fringe Benefits	733	927	1,122	1,227
Court Costs	0	0	2	2
Contractual Services	2	1	6	6
Other Operating	348	370	482	326
Charges for County Services	17	33	36	700
Capital	8	0	18	18
<b>Total Operating Expenditures</b>	<b>4,382</b>	<b>4,937</b>	<b>6,033</b>	<b>6,845</b>
<b>Non-Operating Expenditures Summary</b>				
Transfers	0	0	0	0
Distribution of Funds In Trust	0	0	0	0
Debt Service	0	0	0	0
Depreciation, Amortizations and Depletion	0	0	0	0
Reserve	0	0	0	235
<b>Total Non-Operating Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>235</b>

(dollars in thousands)	Total Funding		Total Positions	
Expenditure By Program	Budget FY 15-16	Adopted FY 16-17	Budget FY 15-16	Adopted FY 16-17
<b>Strategic Area: General Government</b>				
Inspector General	6,033	6,845	38	38
<b>Total Operating Expenditures</b>	<b>6,033</b>	<b>6,845</b>	<b>38</b>	<b>38</b>

# REPORTING FRAUD

Tips received from citizens, employees, vendors, contractors, and subcontractors have resulted in many of the administrative investigations, criminal cases, audits, and reviews featured in our annual reports. Individuals can report their complaints to the OIG without fear of consequences. Complaints can be taken over the phone, electronically, or in person. In person meetings can be at the OIG office or a convenient location away from government facilities. Whistleblowers are protected and may remain confidential.

# EMPLOYEE PROTECTION ORDINANCE

It has long been the policy of the Miami-Dade County government “that employees who have knowledge of unlawful activity, misfeasance or malfeasance by the County or independent contractors report such knowledge to the appropriate authorities for investigation and corrective action” (Ordinance No. 94-107). A recent update to the Employee Protection Ordinance makes it explicit that such information be reported to the OIG.

The ordinance was amended in 2015 to strengthen the provisions to ensure employees are fully aware of the confidential nature of reports and the protection, remedies and relief for whistleblowers. The option to file anonymous complaints is also addressed. Section 2-56.28.23 requires the Mayor and the Inspector General to educate the workforce about the Miami-Dade County Employee Protection Ordinance (EPO).

To fulfill the legislated obligations for outreach, the OIG collaborated with the Communications Department and the Department of Human Resources to produce a training video for County employees. The training video explains the role of the Inspector General’s Office in County government and the key provisions of the EPO policy. To ensure every County employee received the training, the Mayor asked his Department Directors to provide time for the workforce to view the video.

In the last six months, over 22,000 County employees have been trained. Going forward, the Inspector General will continue to personally train all new employees on their role in maintaining honest government and ensure that all employees understand the protections afforded when they report fraud to the OIG.

The Employee Protection Ordinance provides the following protections:

**CONFIDENTIALITY:** The most important protection provided employees under the ordinance (based on state law) is that they can report the information confidentially, i.e., their identity will not be revealed during or subsequent to the investigation. The only exception is in the event criminal charges are filed, then the decision regarding confidentiality will be at the discretion of the State Attorney’s Office and/or a judge.

**PROTECTION FROM RETALIATION:** In the event the identity of the complainant(s) is known or discovered, and the complainant(s) feels they are being retaliated against because they have disclosed the misconduct, they then may file for protection with the Administration through the grievance process and if unsatisfied, they may file a complaint with the Commission On Ethics (COE) and ask the COE, as an independent body to investigate their retaliation complaint.



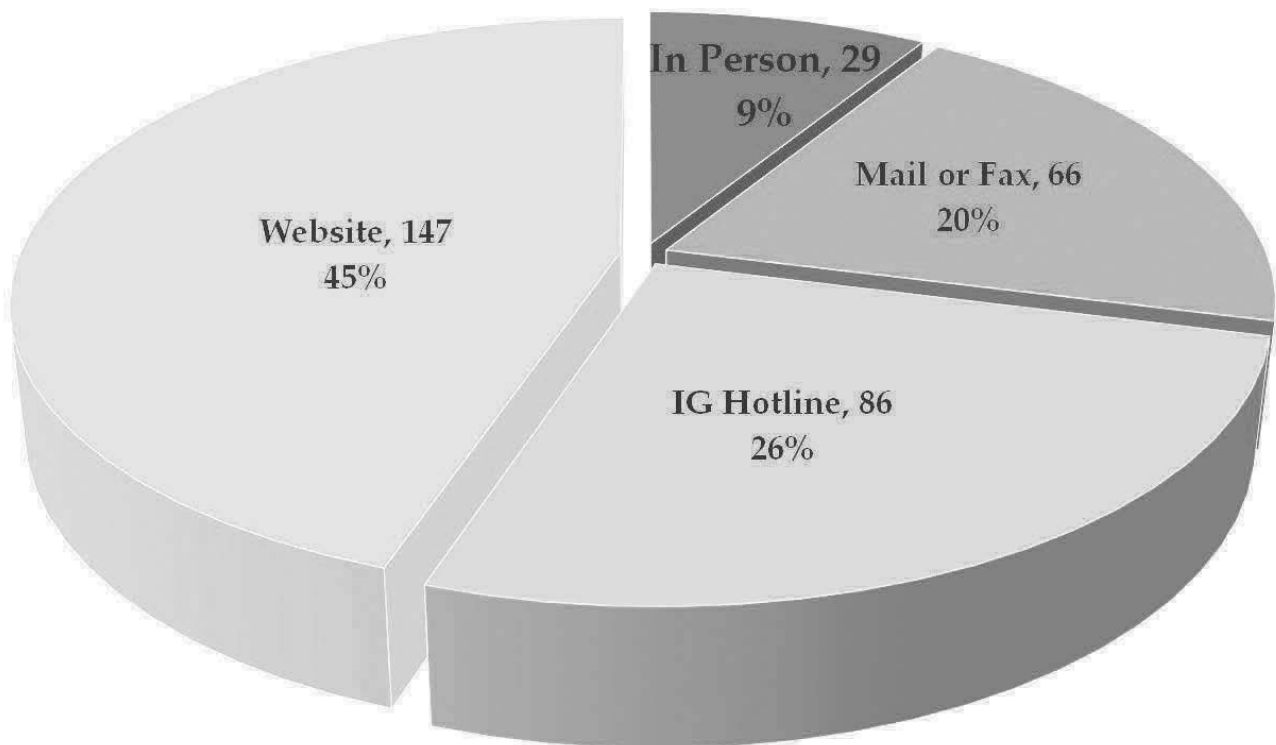
# COMPLAINTS ARE THE KEY FACTOR

An overwhelming majority of cases opened each year, over 90%, are developed from complaints submitted to the office by county employees, vendors and other concerned citizens. Other cases are opened based on related investigations, audits or are the result of routine oversight. Clearly, complaints are a vital source of information.

The OIG received 328 complaints in FY 2016-2017. Of those, 86 were received through our hotline, 66 by mail or fax, 147 were made using our website's on-line complaint form, and 29 were received from individuals who came to the office in person and met with an investigator, auditor, or contract oversight specialist.

If a complaint is sufficiently detailed to merit immediate attention, without the need to open a case for investigation, the information is referred to the appropriate authorities for direct action. In these instances, the OIG requests a written response documenting the resolution of the complaint. To properly account for all referred complaints, the OIG maintains a log of the complaints routed to the administration and closely monitors responses. Based upon the response, the OIG may close the complaint, return it to the administration for additional clarification, or open an investigation into the matter.

**Number of Complaints Received in FY 2016-2017**



# INVESTIGATIONS UNIT

## HIGHLIGHTS AND SUMMARIES

The Investigations Unit works toward the OIG's mission by conducting criminal and administrative investigations of fraud, waste, abuse and misconduct related to County programs, operations, contracts, and employees. OIG Special Agents have a wide variety of experience from law enforcement and regulatory agencies. They are well trained in white collar, financial fraud, and public corruption investigations. The Investigations Unit coordinates with the Miami-Dade State Attorney's Office and other law enforcement authorities to leverage resources and fraud-fighting efforts. Our investigations often lead to criminal cases, administrative reports with recommendations, and monetary recoveries.

Directly supporting investigations, through intelligence gathering and analytical support, is the Analyst Unit. OIG Investigative Analysts are dedicated to maintaining relationships with organizations such as the Financial Institution Security Association and the Florida Department of Law Enforcement. The Miami-Dade County Board of County Commissioners has created 85 advisory boards comprised of volunteers nominated by individual commissioners. As part of the appointment process, the Analyst Unit conducts Florida criminal history background checks on advisory board nominees. In 2017, 133 criminal history background checks were conducted. The analysts also manage the OIG Hotline that allows the public, stakeholders and others to report suspected fraud, waste and abuse.

During this past fiscal year, numerous investigations were completed pertaining to grand theft, workers' compensation fraud, organized scheme to defraud, misrepresentation and improper use of license or certificate, mortgage fraud, disability compensation fraud, Veterans Administration program fraud, identity theft, recording false documents, computer crimes, and other crimes. In the following pages we describe some of these cases. We also provide an update on the prosecutions and sentencings that occurred in 2016-2017, but are related to prior years' investigations and arrests. Additionally we highlight some of our administrative investigations reported this year.

Other investigations detailed in this report include our review of Miami-Dade Animal Services Department's shelter operations (featured case) and allegations of attempts to influence the selection process of the Liberty City Rising redevelopment project.



# INVESTIGATIONS UNIT - ARRESTS

## Fraud Discovered in the County's Surplus Equipment Auctions



A referral from the Internal Services Department (ISD) led to the arrest of a former Materials Management Supervisor at ISD, and her former boyfriend, on charges of Organized Scheme to Defraud (a third degree felony). The former boyfriend was also charged with an additional count of Organized Scheme to Defraud (a first degree felony) and a Computer Offense (a third degree felony). All the charges are related to purchases of surplus equipment auctioned by Miami-Dade County.

The supervisor managed ISD's County Store, located in Hialeah, which sells various types of County surplus property, including vehicles. In late 2014, ISD suspended and then terminated the supervisor for various violations of County Personnel Rules related to her administration of the surplus property auctions and the County Store. Several of the violations centered on her improper business relationship with her then boyfriend, who was a frequent bidder at County auctions and owned a local company that specialized in the sale of used heavy equipment.

As detailed in the arrest warrants signed by a circuit court judge, the OIG investigation uncovered evidence that the supervisor was altering bids to favor her boyfriend's business. The original bids were altered to ensure her boyfriend would win the items, by lowering the bids to just above the second-place offer. The scheme saved her boyfriend over \$17,000 during a two-year period. These actions saved her boyfriend money and defrauded the County of the difference

between the actual bid and the altered bid created by the supervisor. After the supervisor was terminated, the County blocked her boyfriend from participating in on-line auctions for other surplus property.

After being banned from the online auctions, the OIG investigation found that the boyfriend devised an elaborate scheme to avoid his auction ban and continue his purchase of trucks and other vehicles via the online auction. The boyfriend created fictitious accounts and essentially halted the sale of property by bidding against himself and then defaulting on the items. He ultimately purchased the property through the use of a straw buyer at significantly lower prices resulting in a difference of over \$140,000 from the original bids. This second scheme was perpetrated without the assistance of his ex-girlfriend/County employee, and the boyfriend was charged with separate, additional crimes related to these acts. The criminal case is still pending resolution.

## OIG Uncovers Dozens of Fraudulent Inspection Reports

The OIG received a complaint from a licensed Florida architect, stating that his former employer had stolen his identity and fraudulently recorded 109 Disclosure and Findings Reports bearing the architect's name, his State of Florida Architectural License number and his forged signature.

County Ordinance No. 08-133 requires the issuance of a Certificate of Use (CU) for residential properties obtained through foreclosure and judgment proceedings prior to their sale, transfer or alienation. In order to obtain a valid CU, a licensed architect or engineer must first inspect the property for structural integrity, and produce a Disclosure and Findings Report. Once completed, the report is recorded in the public records via the County Recorder's Office.

Newest Kendall LLC (a Florida limited liability company), purchased, rehabilitated and later sold or rented previously foreclosed properties, and fraudulently obtained 109 CUs to avoid complying with the County Ordinance. The company, its owner and two other employees were arrested and charged with Grand Theft, Identity Theft, Recording False Documents Related to Title to Real Property, and Petit

Theft. The company pled guilty to the charges. The three other defendants elected to close their cases by entering a State Attorney's Office Program available to most first time offenders. As part of the plea the company has resubmitted valid documents and obtained valid CUs on 87 of the 109 properties. It must also obtain valid CUs on the remaining outstanding properties, institute an employee ethics training program, file monitoring reports related to any CUs applied for during the term of probation, and pay the costs of investigation. Moreover, Newest Kendall LLC deposited \$25,000 in a trust to be used to legally bring the outstanding properties to code.



## **Veteran's Program Defrauded**

The OIG and the United States Veterans Affairs Office of the Inspector General conducted a joint investigation resulting in the arrest for Grand Theft of a home health caregiver working under the Veteran's Directed Home and Community Based Services Program. This program was locally administered by the Alliance for the Aging, Inc., and the County's Community Action and Human Services Department. The program allows veterans to receive in-home care from a variety of caregivers, including family members.

On several occasions, the caregiver fraudulently misrepresented that her veteran husband was ill and could not be seen by a County case manager that was assigned to perform monthly visits. The investigation revealed that her husband was, in fact, incarcerated during those times. Nevertheless, the caregiver submitted false electronic timesheets for the hours she

purportedly performed homecare services for her then incarcerated husband. The caregiver received over \$14,000 in program funds for services that were never provided.

In October 2017, the defendant was sentenced to 17 days in jail, followed by six months of house arrest, and four and one-half years of probation. She is also required to repay the Veterans Administration the \$14,000 in funds she fraudulently received.

## **Former County Employee Arrested for Falsely Applying for a Disability Pension**

Based on a request for investigative assistance from the Miami-Dade County Risk Management Division, the OIG initiated an investigation into a former Public Housing and Community Development (PHCD) employee, who was suspected of falsifying a Florida Retirement System Pension (FRS) application.

The OIG's investigation found that the former County employee was injured while performing his duties as a maintenance worker for PHCD. According to all accounts, the employee was moving a refrigerator when it fell on him causing the injury. The employee filed a workers' compensation claim and was examined and treated by two separate physicians. According to the physicians, the employee reached maximum medical improvement and was diagnosed with an 18% permanent disability.

Subsequent to the workers' compensation claim, the employee submitted false and forged FRS Physician's Reports, wherein he falsely claimed to be permanently and totally disabled. As a result of his fraudulent claim, he received retirement benefits to which he was not entitled. The employee was charged with one count of Workers' Compensation Misrepresentation by False or Misleading Statement and eight counts of Grand Theft, all third degree felonies. While the criminal case is still pending resolution, the employee's pension benefits have been forfeited.

## Retired Firefighter's Disability Checks Cashed after His Death

The OIG received a complaint that a retired Miami-Dade County firefighter, who had been receiving disability payments from the County since 2007, had passed away in February 2015 but continued receiving checks. Disability checks sent to the firefighter's home continued to be cashed. The OIG learned that upon his death, his mail was forwarded to his mother's home in Bainbridge, Georgia. Thirteen disability checks - totaling \$11,552 - were cashed before the County stopped issuing the checks. A joint investigation between the OIG and the Bainbridge Police Department determined that the mother had forged her deceased son's signature and cashed the checks. She was arrested by the Georgia authorities and charged with Theft by Deception; the case is pending trial.

## OIG Nabs Aviation Department Permittee Who Submitted False Documents

A joint OIG and Miami-Dade State Attorney's Office (SAO) investigation concluded with the arrest of a Miami-Dade Aviation Department (MDAD) Permittee who provided false documents to obtain his permit and an MDAD identification badge. This investigation was initiated based on a referral from MDAD's Properties Division, which oversees the permit process at Miami International Airport. Enforcement officers

from the County's Passenger Transportation Regulatory Division, a division of the Regulatory and Economic Resources Department (RER), had cited the Permittee at least three times, each after observing him soliciting customers for his chauffeuring business. When confronted, the Permittee claimed to work for several delayed baggage service companies. Enforcement officers cited the Permittee for Solicitation or Carrying on Business without proper licenses. It was noted that while the Permittee had a permit to conduct his delayed baggage service business on MDAD property, the permit's scope did not authorize chauffeuring services. During the permit revocation process, it was determined that both his MDAD permit and identification badge were issued based upon fraudulent documents including fraudulent Certificates of Insurance. The permittee was charged with Grand Theft for fraudulently obtaining the MDAD Permit and Identification Badge, and pled guilty. The OIG confirmed that access was never granted to any MDAD secure area pursuant to his permit or through the access afforded by his identification badge. Further, a review of security swipes of his identification badge confirmed that he had never attempted to gain access to any secure area.



# INVESTIGATIONS UNIT

## PROSECUTIONS AND SENTENCINGS

### Multi-Million Dollar Real Estate Scam



A joint investigation with the Miami-Dade Police Department and the Miami-Dade State Attorney's Office resulted in the arrest of four individuals charged in 2012 with Racketeering, Grand Theft, Uttering a Forged Instrument, and Identity Theft. The investigation revealed that the four defendants, operating through a Florida corporation called Miami-Dade County Short Sales, Inc., (MDC Short Sales), defrauded 15 victims of more than \$2.9 million. After lengthy court proceedings and negotiations, all four defendants pled guilty and received sentences ranging from community control to eight years in state prison. The defendants were also ordered to pay \$2,953,014.18 in restitution and

cost of investigation. The presiding judge also issued an order declaring any fraudulent deeds null and void, effectively returning the properties to their rightful owners.

Two distinct scams centering on the fraudulent sale of real property were used to defraud victims. In the first scam, prospective buyers picked properties from listings with delinquent Miami-Dade County taxes, and made checks payable to Miami-Dade County. The buyers were assured that they would receive full title to the property from the Miami-Dade County Courts, but never did. In the second variation of the scam, the defendants used the same company name, MDC Short Sales, to lure buyers interested in short sale purchases. The defendants had no legal authority to sell the properties and again defrauded many victims.

Even while in custody awaiting trial, the main defendant in the above scams attempted to use two properties obtained via forged Quit Claim Deeds as collateral to post bail. OIG Investigators uncovered the scheme and were able to thwart the attempt. In doing so, the OIG discovered that in addition to the attempts, the main defendant had formed a new consort of criminals. This new discovery resulted in additional charges against the main defendant, and the 2016 arrests of seven additional defendants for stealing and reselling real property, obtained via forged quit claim deeds recorded at the Miami-Dade County Recorder's Office. Three of these additional defendants have pled guilty and are cooperating with authorities. The remaining defendants are pending trial.

# Would-be Lobbyist Enters Plea for Tainting Local Elections Process



A Miami-Dade County resident contacted the Miami-Dade State Attorney's Office (SAO) and the Miami-Dade Elections Department, stating that his home address was being used as the residential address of a candidate for a Community Council. Thanks to this resident's tip, a joint investigation by the OIG and the SAO's Public Corruption Task Force revealed a would-be lobbyist, David Alberto Carcache, also known as David Carcache-Guzman and David Guzman (hereinafter Mr. Carcache-Guzman), solicited unqualified individuals to run for Community Council seats and used fraudulent addresses to qualify them for the seat they sought to represent.

Mr. Carcache-Guzman directed the candidates to make campaign expenditure payments to family members and vendors, who although unfamiliar to the candidates, had an affiliation with Mr. Carcache-Guzman. Once successfully elected and installed into their positions, Mr. Carcache-Guzman hoped he would obtain the influence necessary to benefit his lobbying and consulting business.

The OIG discovered Mr. Carcache-Guzman used Facebook to phish for candidates. He targeted potential candidates using the theory that candidates whose names appear first on the ballot have a better chance of being elected. Mr. Carcache-Guzman also used social events and other networking techniques to solicit candidates. If identified candidates did not live in the Community Council areas, Mr. Carcache-Guzman would overcome this obstacle by finding fraudulent addresses for the candidates to use in order to qualify to run for election. Mr. Carcache-Guzman would then control the Community Council candidates' qualification process by filing false and fraudulent documents with the Miami-Dade Elections Department. A review of digital video security footage from the Miami-Dade Elections Headquarters showed Mr. Carcache-Guzman meeting with the candidates to exchange documents and guiding the candidates through the process. Mr. Carcache-Guzman procured one person to submit false voter registration information. He also submitted various campaign treasurer reports containing false information, on behalf of multiple candidates.

Mr. Carcache-Guzman's scheme denied qualified candidates the opportunity to represent and serve their community. On December 2, 2016, Mr. Carcache-Guzman entered a plea to two counts of False Swearing, a third degree felony; one count of Aiding, Abetting, Advising or Conspiring in Violation of the Code, a third degree felony; and five counts of Falsifying Records, a first degree misdemeanor. Mr. Carcache-Guzman was sentenced to two years of house arrest and three years of probation. Mr. Carcache-Guzman must pay costs of investigation to the OIG and the SAO. Mr. Carcache-Guzman also is not to have involvement with political campaigns and charitable organizations while serving his sentence.

## Liberty City Rising

On January 29, 2015, Miami-Dade County announced plans to “raze and redevelop” Liberty Square, the County’s oldest and largest public housing site. The project, coined “Liberty City Rising,” would consist of entirely redeveloping the Liberty Square public housing development (approximately 57 acres bounded by NW 62 to NW 67 Streets, and NW 12 to NW 15 Avenues), and constructing a new public housing development at Lincoln Gardens (a nine acre vacant site located approximately two miles away). The County would, through a competitive selection process, partner with a Master Developer who would develop the properties to include both public and non-public housing units, other mixed uses, and communal amenities. The County would lease the properties to the Master Developer, who would then manage the facilities.

The project is estimated to cost approximately \$300 million, which includes an approximate \$74 million commitment from the County drawn from various sources. The Master Developer would also seek various forms of financing to include application for Low Income Housing Tax Credits, through the Florida Housing Finance Corporation.

Miami-Dade County issued Request for Applications (RFA) No. 2015-01 for a “Master Developer of Liberty Square and Lincoln Gardens” on May 27, 2015. The RFA was sent to a County pre-qualified pool of low income housing developers. On or about July 9, 2015, the County received six proposals. After a highly contentious selection process, the County Mayor directed the Selection Committee Chair to proceed by seeking Best and Final Offers from the two top-ranked proposers (Atlantic Pacific Communities, LLC and RUDG, LLC). RUDG, LLC was subsequently selected as the top-ranked proposer. The recommendation to award was heard in committee and forwarded to the full board, where the agenda item was amended and approved.

At the request of a Miami-Dade County Commissioner, the OIG was asked to determine the veracity of certain rumors and/or allegations that had come to the Commissioner’s attention related to redevelopment of the Liberty Square public housing project. When OIG officials met with the Commissioner, she related three specific concerns regarding individuals, either directly or indirectly, involved with the Liberty Square Resident Council and whether these individuals received financial compensation in exchange for their support (or to garner community support) for the RUDG, LLC proposal over that of its competitor. While two of the three allegations were factually determined to be true, no violations of law or proscribed standards of conduct by either party were found and our investigation was closed. Liberty City Rising continues to be a focus for the OIG and as such, we remain involved and engaged with the County’s Department of Public Housing and Community Development. Groundbreaking has occurred and the project is scheduled for completion in 2020.

## Service Connected Disability Program Fraud

An investigation was initiated by the OIG based on information provided by the Miami-Dade County Internal Services Department, Risk Management Division, concerning a former Building Department roof inspector who had been injured on the job. This employee received injuries resulting from a fall while conducting a roof inspection in 2004. After several years of treatment and limited recovery, the employee was accepted by the County’s Disability Review Panel (Panel), to receive a benefit through the “Service Connected Disability Program” (S-CDP) in 2008.

The S-CDP program requires that all participants provide annual notarized income statements, income tax returns, W-2’s, and employment status updates to the S-CDP, which the employee failed to file in 2013 and 2014.



# STIGATIONS

The OIG investigation determined that the participant had purchased a coin dealer business in April 2013. The participant, who had been determined to have a severe limitation in functional capability and therefore permanently disabled from gainful employment, was observed working in his coin business on a daily basis. The participant was also found to have been involved in the business prior to its purchase in 2013.

The OIG investigation led to a hearing before the S-CDP Panel. Although prepared for the hearing, the participant's failure to appear resulted in the termination of benefits.

An analysis by the OIG determined the employee received over \$350,000 during his participation in the S-CDP. He received a total of \$67,384 in unqualified benefits resulting from his failure to report his income and employment. Had his benefits not been terminated, the participant would have potentially received an additional \$1,033,000 from the County.

## **County Home Beautification Loan Obtained Under False Pretenses**

The OIG opened an investigation to determine whether a County employee had obtained a Miami-Dade County Home Beautification Mortgage Loan under false pretenses. The employee had received the aforementioned loan, which also acts as a "forgivable loan" i.e., grant, by stating on a County affidavit that she did not own any additional properties at the time she applied for and received the loan. A requirement of the loan is that applicants cannot own any properties other than the home where they reside. The total loan amount for the home beautification project was \$4,438.33. The OIG determined that the employee failed to disclose properties she owned in another state and, therefore, would not have qualified for the loan. The County's Community Action and Human Services Department (CAHSD) is responsible for the administration of the County's Home Beautification Loan Program. The Department of Public Housing & Community Development (PHCD) determines who is income eligible, reviews the application, and releases the final payment. As a result of this investigation, the employee was required to repay the loan. Both CAHSD and PHCD have made improvements to the loan application process, including a required conflict of interest waiver from the Commission on Ethics if the loan applicant is a County employee.

## **Hurricane Irma and the OIG**

In the immediate aftermath of Hurricane Irma's impact on Miami-Dade County, the OIG began receiving complaints concerning the denial of emergency housing applications, debris removal contracts and fraudulent FEMA reimbursement claims. Most complaints were FEMA related and thus outside the jurisdiction of the OIG, and were referred to the appropriate County departments and to the Department of Homeland Security, Office of the Inspector General. One complaint alleged that a County employee was stealing mail from residents' mailboxes under the guise of debris removal. Working jointly with the U.S. Postal Inspection Service, the OIG was able to quickly investigate and clear the County employee of any wrongdoing.

# OIG REVIEW OF ANIMAL SERVICES SHELTER OPERATIONS

In 2014, the OIG received numerous complaints concerning Miami-Dade County Animal Services Department (ASD) and its management and care of the animals at the shelter. The complainants ranged from former ASD employees and volunteers to individual pet owners and animal rights advocates. Many of the complainants expressed their belief that the shelter's need to report the number of saved animals results in manipulation or falsification of records in order to meet the No-Kill goal. The OIG also received complaints alleging intentional mistreatment of animals. As a result of the varied allegations, the OIG conducted a review of ASD and its shelter operations. The OIG's review spanned the range of shelter operations related to the intake, care and release of animals, the recordkeeping, and security of the facility. The OIG's review did not find any intentional mistreatment of animals. Neither were the allegations regarding intentional falsification of records to enhance the shelter's reported Save Rate of animals substantiated.

The OIG learned that each year in Miami-Dade County, approximately 28,000 to 35,000 animals enter the animal shelter. The task of sheltering and caring for the County's stray, lost, and abandoned animals is complex. ASD must balance the needs and welfare of the animals in its care against the limitations of space and funding. ASD has increased positive outcomes, such as adoptions, while reducing the number of negative outcomes, such as euthanasia.

These efforts have been implemented as part of ASD's move towards becoming a No-Kill shelter, which is defined as a shelter having a 90 percent rate, or better, of saved animals.

Our review examined eight specific areas based on the allegations received:

- A. Animal Security and Safety
- B. Animal Welfare
- C. Save Rate
- D. Record Keeping
- E. Records Reconciliation
- F. Transfers to Rescue Agencies
- G. Security of Facilities and Controlled Substances
- H. ASD Staffing

At the conclusion of each section, we provided specific recommendations to address our observations with the objective of improving the shelter's operations.

In Section A, we evaluated the security and safety of animals at the kennel, based on allegations that animals escape or are missing and ASD staff are intentionally arranging animal fights. The review found incidents of escaped and missing animals to be low, and despite allegations to the contrary, we found no evidence that ASD staff intentionally arranged animal fights. Although our primary objectives were the allegations, we looked closely at the procedures in place to ensure the safety and security of the animals. Based on our observations, we found some areas that needed improvement. For example, we found no specific written policy in place detailing the process of performing the daily physical inventory of the animals.

Section B of the report, concerned ASD's provision of adequate exercise, enrichment, medical treatment and safe environment for the shelter's animals. No evidence was found regarding allegations of lack of treat-





ment or improper medical treatment, nor of improper mixtures or administration of drugs. However, ASD's system of tracking and the management of exercise for the animals at the shelter was found to be inadequate and lacking in consistency. ASD is taking steps to enhance the enrichment and exercise provided to animals at its new Doral facility by hiring a volunteer coordinator and engaging a consultant, Dogs Playing for Life!™. This organization is dedicated to instructing and assisting shelters in the implementation of playgroups as an enhancement and enrichment tool for kennel dogs. These steps, along with our recommendations, if implemented, will greatly enhance the welfare of the sheltered animals.

Section C of the report reviewed allegations that ASD manipulates records in order to show a favorable Save Rate. We did not find that ASD intentionally manipulated information in order to positively affect the Save Rate or that employees were inappropriately rewarded and encouraged to record incorrect data and falsify statistics. Additionally there is no evidence that ASD has a quota system designed to enhance the Save Rate. While we did not find a problem with the Save Rate, we did recommend that ASD report the raw numbers and disclose any figures excluded in its calculation of the Save Rate. ASD agreed to implement the recommendation.

To review the Save Rate calculations, it was necessary to review ASD's record keeping and record gathering system, "Chameleon." ASD's reconciliation of records was also examined. The recommendations that follow those two sections in the report (Sections D and E) are geared to making changes that allow for a uniform system to record and correct errors. Although the total number of errors reviewed was nominal and did not affect the Save Rate percentage reported, such errors

should be avoided and corrected. More importantly, the system should have a uniform methodology for correcting errors. We recommended that the records be reconciled to ensure that the data is accurate and that errors are corrected or explained.

In Section F, the OIG reviewed ASD's tracking of animals transferred to rescue organizations. The OIG found that ASD has not been consistently tracking the disposition of animals transferred to rescue organizations. Although ASD has recently re-written the agreements with rescue organizations, with a stated goal of improved monitoring, the OIG believes the new method is inadequate. Accordingly, we provide a recommendation to improve ASD's oversight of the rescue organizations.

In Section G of the report, the OIG reviewed the physical security of the facilities and the security of controlled substances. The OIG found some issues in the Medley and Doral facilities and made recommendations to enhance security.

The last section of the report, Section H, addressed staffing issues based on the independent observations of OIG investigators during the review. In reviewing staffing issues, the OIG is concerned with ASD's ability to operate two facilities with limited staff, and ensure the safety, care, and attention required for sheltered animals.

Recognizing that ASD's mandate as the County's safe harbor for the animals is a monumental task, the solution to the problem of stray, lost and abandoned animals requires a continuing commitment from the whole community. Our review identified several areas for improvement. The recommendations are intended to enhance the continued safety and security of animals. Throughout the review, the OIG remained cognizant of the challenges ASD faces. ASD has made some great strides in recent years to keep animals from entering or staying in the shelter. ASD is establishing itself as a No-Kill Shelter by implementing numerous programs to control the propagation of strays and abandoned pets and finding them permanent homes.

Of the 18 OIG recommendations, ASD has agreed to implement 15. ASD has provided explanations why it believes implementation of the remaining three recommendations are not operationally feasible. The OIG has requested a status report on the implementation of the recommendations.

# AUDIT UNIT

The OIG Audit Unit's primary objective is to support the overall OIG mission, which is to detect, investigate and prevent fraud, waste, mismanagement, misconduct, and abuse of power and seek appropriate remedies to recover public monies. This is attained by conducting independent audits, reviews, inspections or evaluations that enhance the efficiency, effectiveness and integrity of County Departments, Boards, Trusts, and other programs funded or administered by the County. A report is issued at the conclusion of each audit, review, inspection or evaluation that proposes targeted recommendations based on the findings or observations noted.

The Audit Unit conducts audits in accordance with the Government Auditing Standards, or Yellow Book, as issued by the Comptroller General of the United States. Reviews, inspections and evaluations are conducted in accordance with the Principles and Standards for Offices of Inspector General, or Green Book, as issued by the Association of Inspectors General.

The Audit Unit is a diverse team of individuals with varied backgrounds, all of whom have attained and maintain the Certified Inspector General Auditor designation. Additional designations held by the staff in the Audit Unit include that of Certified Public Accountant, Certified Fraud Examiner, Certified Internal Auditor, Certified Construction Auditor, Certified Risk Management Assurance Auditor, and Certified Financial Services Auditor.

## Audit of Miami-Dade Water and Sewer Department's Capital Improvement Plan Payment Processing and Closed Projects



As part of the OIG's ongoing oversight of the Miami-Dade Water and Sewer Department (WASD), the OIG initiated an audit of WASD's invoice payment process for capital improvement. During the next 12 to 15 years, WASD will invest approximately \$13.5 billion in a Capital Improvement Plan (CIP) to enhance and upgrade infrastructure and increase service capacity. WASD is required to comply with a federal judicially-enforced Consent Decree, the State of Florida's 20-Year Water Use Permit Conditions, as well as federally-mandated Ocean Outfall Legislation. The audit primarily focused on a review of invoice and administrative processes on both open and closed projects in order to determine whether the policies and procedures were effective and appropriate for the expected increase in expenditures and payment processing activities as a result of the CIP.

The audit did not reveal any material weaknesses; however, two recommendations for improvement were provided to WASD and subsequently implemented. WASD utilizes a Project Control Tracking System (PCTS) to house CIP documentation. For uniformity and consistency in the system, project reporting could be improved by attaching an identifier for emergency projects.

The report also addresses consistency with respect to terminology used regarding "Closed" vs. "Complete" projects within the PCTS. Certain divisions were unable to come to a consensus as to the date the project has been physically completed, compared to when the project would have been financially closed. During the course of audit fieldwork, discrepancies were noted within the PCTS system. While noted discrepancies are not significant on their own, similar discrepancies, if frequent, could result in incorrect reporting on a larger scale. WASD management agreed with the recommendations and has implemented corrections including incorporating the recommendations in their new construction management platform, e-Builder.

# Audit of Miami-Dade Water and Sewer Department Identification Badge Issuance and Security Clearance Procedures



Article IX, Chapter 32 of the Code of Miami-Dade County (Code), establishes conditions relating to access, restrictions, and use of WASD facilities. It also establishes the requirements of an identification badge program. Further, this section of the Code includes a mandate that requires the OIG to perform random audits as well as monitor WASD's compliance with provisions noted in the Article. Our first WASD security audit was completed in 2008 and the second audit was completed in 2017. A comprehensive report was shared with WASD and a shorter briefing memorandum was delivered to the Board of County Commissioners. Both reports contain security sensitive information and are deemed both confidential and exempt from public records law pursuant to sections 281.301 and 119.071 (3)(a), Fla. Statutes.

Previously, in our WASD Security Audit completed in 2008, the Audit Unit conducted an audit on WASD's identification badge program and security protocols. In

that report, ten findings and twenty eight recommendations were reported. The 2017 audit report highlighted some of the same issues noted in the 2008 report. The current report showed that WASD had only implemented some of its Water and Sewer ID Card Standard Operating Procedures (SOPs) developed in response to our previous audit.

In this year's report, six findings and seventeen recommendations were made. The report discusses the Code requirement mandating that all ID holders accessing restricted areas be subjected to a fingerprint-based federal and state criminal history background check when hired and annually thereafter. Additionally, the report addressed WASD's responsibility to control the retrieval, deactivation and destruction of IDs held by WASD employees and WASD contractors.

The Audit team conducted unannounced site visits at various WASD facilities and tested security protocols. The team also met with Plant Managers and Division Chiefs to discuss the requirements of WASD's SOPs. Some of the Plant Managers and Division Chiefs interviewed were unaware of the SOPs and their related responsibilities. The noted deficiencies and observations resulting from the unannounced site visits have been discussed with WASD management, who took steps to put corrective actions into place during the course of the audit. Finally, the report discussed services provided by the Department of Homeland Security, and the lack of a memorandum of understanding memorializing the objectives of its activities. WASD management agreed with the report recommendations and is in the process of implementing corrective actions.

# Audit of Miami-Dade Aviation Department's Permit Application, Extension, and Renewal Processes – PHASE 2 – Permittees Gross Revenue Reporting

The Audit Unit conducted an audit of MDAD's business operations regarding permittees at Miami International Airport. Phase 1 of this audit was released in September 2016 and addressed the permit application, extension, and renewal processes. Phase 2 reviewed the MDAD Finance and Properties Divisions' activities related to its recordkeeping of their permittee monthly revenue reports, as well as the annual certified statements used to substantiate reported revenues.

The report contained four recommendations, which MDAD is in the process of implementing. The audit findings and observations identified a need for Finance and Properties to strengthen its communication regarding reporting permittee customers and gross revenues. While these conditions do not appear to compromise MDAD's permit operations or revenue recording activities, better coordination between the two divisions to monitor and track the identity and number of each permittee's airport customers would greatly benefit MDAD. This, in turn, will improve upon the accuracy and completeness of the permittee customer base and gross revenue reporting.

The Audit Unit tested ten permittee files maintained by both Finance and Properties and determined that only

one permittee accurately reported the number and identity of its customers to both divisions. Additionally, the audit found that eight of the ten permittees reported more customers to Finance than were reported to Properties. Furthermore, one permittee had underreported its customers and associated gross revenues to both Finance and Properties. The underreporting had lasted for 44 months and involved over \$1,000,000 in gross revenues. The underreporting resulted in non-payment of contractually required opportunity fees to MDAD in the amount of \$72,000. The audit further revealed that MDAD had initially elected not to impose any penalties or applicable interest charges, as outlined in the Permittee Agreement, for the failure to completely and accurately report all of its gross revenues derived from MDAD operations. After subsequent discussions with MDAD staff, they decided to impose penalties and interest.

These circumstances highlight the need for MDAD to develop and implement more robust internal controls to help mitigate and deter the risks related to permittees self-reporting their gross revenues. In addition, MDAD is formalizing a process to track any waiver of penalties and interest charges for under reported revenues.



# CONTRACT OVERSIGHT

The OIG's Contract Oversight function stems directly from the duties and responsibilities stated in its enabling ordinance. Section 2-1076 of the Code of Miami-Dade County expressly authorizes the OIG to:

- Review and recommend whether a particular program, contract, or transaction is necessary, and assist the Board of County Commissioners in determining whether the project or program is the most feasible solution to a particular need.
- Monitor, oversee and inspect procurement processes to include the establishment of project design and bid specifications, bid submittals, and activities of the contractor.
- Attend procurement selection and negotiations meetings and pose questions and concerns consistent with the functions, authority, and powers of the Inspector General.
- Monitor existing projects or programs and report whether they are on-time, within budget, and in conformity with plans, specifications, and applicable law.
- Ensure compliance with contract specifications.

Contract Oversight provides real-time, contemporaneous monitoring of procurement activities, including the negotiation of contracts, and contractor performance as the events unfold. When Contract Oversight Specialists encounter inappropriate, unsuitable, or non-compliant procurement practices and contract activities, it is their job to question them. Sometimes, these observations involve nothing more than unconventional or nonconforming practices that are appropriate and justified. Other times, our observations may reveal unacceptable practices that need to be rectified. Contract Oversight observations can result in identified savings, cost avoidance, and recommendations for improvement. In other words, the OIG is tasked with and given the authority and responsibility to promote integrity and accountability in the County's procurement processes and contracting activities. The following pages highlight some contract oversight activities performed in FY 2016 – 2017.

## OIG Scrutinizes \$11 Million Bid Waiver for Traffic Control Modernization Services



In May of 2017, sources identified concerns regarding a non-competitive \$11.8 million agreement to update the field computers and software for the Advanced Traffic Management System in Miami-Dade County. In order to complete a thorough review and provide the Board of County Commissioners with our observations, the OIG sought and obtained a deferral of this recommended bid waiver award when it was first presented to the Transportation and Public Works Committee of the County Commission on May 11, 2017.

Within one month, the OIG sufficiently studied the proposal, learning both the Department of Transportation and Public Works' (DTPW) operational needs and what the traffic control industry was capable of providing given the emerging technology. We verified DTPW's efforts to obtain feedback from the industry, as well as verified testing and certification of certain products by the regulatory agencies. We contacted other jurisdictions to learn of their traffic control modernization efforts. Last, we met with procurement officials and reviewed the basis for the bid waiver, and reviewed the resulting non-competitive contract proposal.

On June 12, 2017, the OIG issued a memorandum outlining specific concerns with the scope and terms of the agreement, while acknowledging that state and local product approval regulations effectively limited competition for this system upgrade. Though this vendor was uniquely positioned to respond to DTPW's needs for the first phase of the system upgrade, the OIG proposed numerous contract modifications to better serve the taxpayers.

Among the recommendations, the OIG suggested an amendment to require over \$3 million of licensing fees to be paid only once, not annually. An option to purchase cabinets from the vendor to house the computers was removed, as the equipment had not been approved by the Florida Department of Transportation or Miami-Dade County. Language was introduced to require the vendor to provide routine maintenance on the \$4 million worth of camera equipment. After the issuance of our memorandum, procurement officials modified the proposed contract adding our monetary savings measures. The final bid waiver agreement adopted by the Board of County Commissioners incorporated all of the modifications suggested by the OIG.

## **Conversion to Compressed Natural Gas (CNG) – Master Developer Agreements for the County’s Buses and Heavy Fleet**

Since 2014, when the County first began its solicitation for two Master Developers to renovate existing fuel facilities, provide the natural gas, and acquire new CNG buses, the OIG has been actively monitoring the procurement process. One Request for Proposal (RFP) was for the Department of Transportation and Public Works (formerly Miami-Dade Transit) and the other RFP was for the remainder of the County’s heavy vehicle fleet (e.g., Waste Management, Water and Sewer and Internal Services Departments).

In January 2017, the County, via Resolution R-35-17, approved a Master Developer Agreement with Trillium Transportation Fuels LLC for the implementation of the compressed natural gas program for the County’s bus fleet. In June 2017, the County, via Resolution R-612-17, approved a second amendment to the agreement with Southern Gas Companies d/b/a Florida City Gas (FCG). This change was necessary in support of the Master Developer Agreement with Trillium in order to construct and facilitate access to gas lines. During negotiations, the OIG was instrumental in obtaining an indemnification agreement from Trillium for any damages or delays that may be caused by Trillium that would affect the FCG delivery of natural gas. Furthermore, a similar indemnification will be incorporated in the Master Developer Agreement for fueling facilities for the County’s heavy fleet.

Negotiations are still ongoing for the second CNG program for the County’s heavy vehicle fleet. OIG Contract Oversight Specialists will continue to monitor the remainder of the procurement process through 2018.

## **Building Better Communities General Obligation Bond – Economic Development Fund Projects 124 & 320**

During 2017, the OIG continued to actively monitor negotiations, providing input and asking questions aimed at clarifying certain metrics and criteria. Our observations and suggestions were geared towards securing enforceable agreements that protect the County’s interests and the taxpayers’ capital investment.

Negotiations were completed with four of the eleven potential grantees and the resulting agreements were approved by the Board of County Commissioners. Included in those agreements were two OIG recommendations: 1) that grant funds be reimbursed on a concurrent basis with grantee’s actual expenditure; and, 2) that the number of “new jobs” created by the project and as reported by the grantee are actually new to the County—and not merely a relocation of an existing job within the County’s borders.

The OIG continues to monitor all negotiations for the remaining allocations and, where appropriate, will issue additional memoranda containing further recommendations.

## **Phillip and Patricia Frost Museum of Science**

On April 14, 2016, the Board of County Commissioners (BCC) adopted Resolution R-266-16 that authorized a \$45 million grant to fund the shortfall necessary for completion of the new Museum. Prior to the hearing, the OIG reviewed the grant proposal and provided the BCC with observations and recommendations. The resulting grant agreement included all five recommendations made by the OIG. The OIG monitored the activities of the Museum through the completion of construction.



In May 2017, the Frost Museum of Science opened to the public. The OIG periodically checks on the Museum's transition to regular operations and determines whether they are consistent with the OIG's recommendations incorporated into the grant agreement. Should the continued monitoring reveal any significant variances or concerns, those will be brought to the attention of all relevant parties.

## Joint County and City of Hialeah Reverse Osmosis Water Treatment Plant (RO Plant)

The OIG's oversight activities involving the construction of the RO Plant began in 2013 at the request of the former Miami-Dade Water and Sewer Department (WASD) Director. The construction and eventual operation of the RO Plant is a joint endeavor between the County and the City of Hialeah. This project has been significantly delayed and, at the time of this writing, still has not been formally accepted.

In the past four years, the OIG has been actively monitoring discussions and negotiations concerning the application of delay damages, proposed change orders, proposed settlements of contractor claims, as well as proposed amendments to the Joint Participation Agreement (JPA) between the County and City. The OIG has also been vocal in the need to ensure that the contractor "certifies" its claims as a safeguard measure and further that the claim be audited. This insistence resulted in an audit finding that reduced the claim by \$349,174.

In February 2017, the OIG issued a memorandum to the BCC providing our assessment of Amendment Two to the Service Contract (between Inima, the Design/Build/Operator of the RO Plant, and the City of Hialeah). The Amendment, which resolved the majority of the monetary issues described above, had already been approved by the Hialeah City Council; it was presented to the BCC for concurrent approval and the Amendment was approved via Resolution R-144-17.

In a February 2017 memorandum, the OIG recommended a number of revisions to the JPA to address updated conditions. The BCC, in approving the Second Amendment, echoed our sentiments with regards to amending the JPA. These were expected to be formalized during 2017, however, an agreement

with the City of Hialeah has not been reached. It is anticipated that during the upcoming year, the following will occur:

- Amendment Two to the JPA between the County and the City of Hialeah will be executed
- Conditional Acceptance of the RO Plant
- Completion of 3 wells that would increase capacity to 10 Million Gallons Per Day (MGD) as required by contract; and capacity demonstration of the RO Plant at 10 MGD
- Final Acceptance of the RO Plant

The OIG is committed to monitoring this project through completion.

## RFP for Organ Air Transportation Services

The OIG reviewed concerns regarding the administration of current Organ Air Transport agreements to ensure equitable application of terms and conditions among contracted aviation firms. At the same time, the OIG became aware that the Jackson Health System was preparing a new solicitation for Organ Air Transport Services, instead of availing itself of available contract extensions. Jackson Health System procurement officials afforded the OIG an opportunity to review and comment on the draft RFPs.

Upon review, the OIG provided five recommendations aimed at ensuring a more competitive selection criteria and made the comparative metrics more objective. All recommendations were incorporated into the RFP that was issued. The OIG will continue to monitor this procurement through to contract award.



# OIG Procurement Review Involving the Terminal Optimization Program at Miami International Airport



The Miami-Dade Aviation Department (MDAD) is undergoing massive capital improvements to its Central and South Terminals. The program called TOP (Terminal Optimization Program) is estimated at \$1.15 billion over the next eight years. MDAD is seeking a professional consultant to provide Project Support Services for the TOP. A competitive procurement process to select this consultant is currently underway.

In May 2017, the OIG was contacted by one of the consulting firms competing for this project. The firm alleged various discrepancies that it believed occurred during the selection process. Given that some issues— involving organizational conflicts of interests and unfair competitive advantages had been addressed by the Ethics Commission—the OIG focused its review on two items. First, whether a selection committee member answered truthfully on the Neutrality Disclosure Form. And second, whether selection points were incorrectly accorded to one firm based on skewed and/or incomplete firm financial history with the County.

The OIG review answered both issues in the affirmative. We provided our results directly to the County's Chief Procurement Officer and a decision was made to redo the selection process, including establishing a new selection committee to evaluate the proposers. The OIG will continue to monitor this competitive selection process until its conclusion.

## Recent Procurement Legislation Codifying OIG Contract Oversight

In December 2017, the Board of County

Commissioners adopted comprehensive Public-Private Partnership (P3) legislation. Detailed guidelines for pursuing P3 transactions are now incorporated into the Code of Miami-Dade County. The new legislation expressly affirms that the OIG has full authority, functions, and powers, as enumerated in its enabling statute, relating to the investigation, oversight, and auditing of all P3 processes, procurement procedures and agreements.

The adopted legislation largely follows the written recommendations published in the P3 Task Force Report, which was earlier issued in March 2016. In recognition of the need to adhere to ethical and professional procurement principles, the appointed Task Force emphasized the importance of OIG oversight of all P3 activities.

## OIG Capital Construction Program Oversight



The OIG actively monitors the capital construction programs at the County's Water and Sewer Department (WASD) and at the Public Health Trust's Jackson Health System.

WASD's Capital Improvement Plan (CIP) consists of four major programs, each one driven by either an external or an internal impetus, which involve:

1. A federally mandated Consent Decree with the United States Environmental Protection Agency (USEPA) and the Florida Department of Environmental Protection.
2. The State of Florida's Ocean Outfall legislation.
3. A Pump Station Improvement Program responsive to pump station performance criteria established by the USEPA.
4. Other capital improvements to its water and wastewater transmission, distribution, and treatment systems to meet service needs not otherwise addressed by one of the other CIP components.

This CIP is the largest in the County's history, and is one of the largest CIPs across the nation. WASD will invest approximately \$13.5 billion over the next 12 to

15 years in capital projects related to water and wastewater system upgrades. The CIP is funded by WASD revenue bonds that are backed by increased revenues resulting from increased water and sewer rates.

Specifically, during the past year as it relates to WASD's CIP, the OIG has been monitoring the Department's and its consultants' compliance with contract requirements related to "organizational conflicts of interest." Organizational conflicts of interest arise when two consultants, that are members of the same project team or participating individually on the same project, become affiliates. Under two of its programs (Ocean Outfall and the Pump Station Improvement Program) some of the consultants servicing those programs have merged (i.e., the firms have joined via merger and/or acquisition). Pursuant to their contracts, the consultants have disclosed their prospective mergers to WASD, the nature of the prospective conflicts, and their plans to remediate the conflicts. In turn, WASD has disclosed the conflicts to the County's Ethics Commission, who will also be independently evaluating these responses.

The Public Health Trust/Jackson Health System's (PHT/JHS) \$1.3 billion capital plan has been formally dubbed the Miracle-Building Bond Program. The \$830 million voter approved general obligation bond is supplemented with capital contributions derived from operating surpluses. The Miracle-Building Bond Program encompasses the modernization of the three existing hospital campuses (north, south, and main), the expansion of a new campus to the west, and the establishment of multiple urgent care centers strategically located throughout Miami-Dade County. The PHT/JHS is on a 7-year timeline to complete these projects.

For each of these programs, the work of OIG Contract Oversight Specialists involve a multitude of activities and tasks.

These include:

- Monitoring the procurement of professional consultants and contractors.
- Reviewing proposed contract documents, including task authorizations and change orders.
- Attending design and construction progress meetings.
- Meeting with departmental and consultant personnel on issues that arise.
- Evaluating consultant and contractor submissions, such as pricing proposals.
- Reviewing payment requisition packages and their supporting documentation.
- Coordinating with OIG investigative and audit personnel to ensure that all complaints are adequately verified and addressed.

## Looking Ahead

As the County moves forward into 2018, many new solicitations, contracts and projects of significance will be included with those that are already being continuously monitored by the OIG. Some of these, already identified, are:

- The construction of Cruise Terminals A, B, and F at PortMiami.
- Capital improvements and reconfiguration of the cargo terminal areas at PortMiami.
- The design and construction of a new courthouse for the Eleventh Judicial Circuit, Civil Division, likely developed utilizing a Public-Private Partnership model.
- The procurement of master concessionaires for the retail spaces at the Miami International Airport.
- The procurement and installation of fiber optic cabling through many of the County's major arterial traffic roadways.



# OIG PERFORMANCE, ACCOUNTABILITY, SAVINGS AND EFFICIENCY

## IDENTIFIED FINANCIAL IMPACTS

In Fiscal Year 2016-2017, OIG investigations, audits, inspections and other reviews identified over \$4.3 million in questioned costs, and over \$3.4 million in damages and losses due to theft, fraud and abuse. As a result of these cases, and others that began in earlier years, OIG cases have given rise to over \$7.2 million in savings and funds put to better use, and have brought about over \$3.1 million in recoveries, repayments, and court-imposed restitution.

## INVESTIGATIONS RESULTING IN ARRESTS

OIG investigations resulted in fourteen arrests of individuals and one charge of Grand Theft against a company during Fiscal Year 2016-2017.

## CRIMINAL CHARGES FILED

Arrests in Fiscal Year 2016-2017 resulted in criminal charges being filed that include Organized Scheme to Defraud, Grand Theft, Petit Theft, Forgery, Uttering a Forged Instrument, Unlawful Compensation and Identity Theft.

## PUBLICATIONS

The OIG issued nine public reports and twelve advisory memoranda during the Fiscal Year 2016-2017. The reports include audit reports and administrative investigative reports. The advisory memoranda typically involve notices of investigations resulting in arrest and the dispositions of those criminal cases.



# APPENDIX: CODE OF MIAMI-DADE COUNTY

## Sec. 2-1076 OFFICE OF THE INSPECTOR GENERAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(d) Functions, Authority and Powers.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(e) Physical facilities and staff.**

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

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

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

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

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

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

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

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

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

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

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