



OFFICE OF THE
INSPECTOR GENERAL
MIAMI-DADE COUNTY

CHRISTOPHER R. MAZZELLA
INSPECTOR GENERAL

ALAN SOLOWITZ
DEPUTY INSPECTOR GENERAL

PATRA LIU
ASSISTANT INSPECTOR GENERAL
LEGAL COUNSEL

FILE COPY

September 4, 2003

Mr. Rene Rodriguez, Director
Miami-Dade Housing Agency
1401 NW 7 Street
Miami, Florida 33145

FILE COPY

Mr. Bryan Finnie, Director
Office of Community and Economic Development
140 West Flagler Street
Miami, Florida 33130

Dear Department Directors:

Attached please find a copy of the Office of the Inspector General's (OIG) Draft Audit Report regarding the reimbursement requisitions submitted to Miami-Dade County by Opportunities Industrialization Center of Dade County, Inc. (OIC). Your department has had contracts with OIC and has made payments to OIC for services provided under the contracts. A copy of this draft is also being provided to Ms. Elaine Black and Ms. Georgia Ayers on behalf of the organization. We are providing this draft in accordance with the Board of County Commissioners' mandate of advance notification.

The OIG requests your response to this Draft Report. If you would like your response to be included in the final report, you must submit it to the OIG by close of business on September 18, 2003. If you wish, you may provide your response by fax to (305) 579-2656.

Please do not hesitate to call should you have any questions.

Yours truly,

Christopher Mazzella
Inspector General

Acknowledgment of Receipt or Proof of Service

9-4-03
Date

cc: Mr. Tony Crapp, Assistant County Manager

APPENDIX I



**OFFICE OF THE
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MIAMI-DADE COUNTY**

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September 4, 2003

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Yours truly,

Christopher Mazzella
Inspector General

Acknowledgment of Receipt or Proof of Service

9/26/2003
Date

cc: Mr. Tony Crapp, Assistant County Manager

MIAMI-DADE COUNTY
OFFICE OF THE
INSPECTOR GENERAL
2003 SEP 26 AM 11:03



MEMORANDUM

TO: Christopher Mazzella
Inspector General
Office of the Inspector General

DATE: September 26, 2003

FROM: Bryan K. Finnie, Director
Office of Community and
Economic Development

SUBJECT: Response to Audit Report on the
Opportunities Industrialization Center
of Dade County

Throughout the last week, our staff reviewed the contents of the preliminary audit report that your department prepared on the Opportunities Industrialization Center of Dade County (OIC). Our responses to each of the three findings are mentioned below:

FINDING #1: Duplicate reimbursement paid by County agencies for identical reimbursement requests submitted by OIC.

RESPONSE:

OCED was one of four agencies—three County Departments and one department in Broward County—that provided funding to OIC. Since nearly all projects receive supportive funding from other sources other than those administered by our office, we require for all organizations to identify those outside funding sources in the budgets for their activities.

The first recommendation is not practical as it is currently stated. If several sources, consisting of County Departments and private organizations, will cover proportions of the same expenditure for a particular project, then it will be impossible for all the sources to obtain the original documentation that confirms a particular expenditure. OCED suggests that the County require the agencies to submit the original documentation to the department that covers the largest portion of the expenditure. All other departments and funding sources outside of Miami-Dade County should receive copies of the particular billing accompanied by a signed statement from the agency to clarify that it submitted the original billing to the funding entity responsible for covering the largest portion of the cost.

OCED already requires that its agencies certify that its employees have actually spent the hours specified on a payment request working on a specific project (Recommendation #2). Those procedures are described in Chapter 18 of the Contracts Compliance Manual, which is given to each agency when they receive funding from our office.

Recommendation #3 is not practical with regards to public service, economic development, and administrative activities. Those types of projects require the use of their funding on a regular basis to ensure the uninterrupted continuation of their operations. OCED suggests the continued use of the closeout procedure, which will

ensure that at least 17% (or nearly two months of expenditures) of a project's expenditures will be retained until its implementing agency addresses all pending payment and performance issues. All contracts for construction and housing related activities require the County to retain 10% of the total grant until the agency completes the activity. This complies with the standards used by private industry.

OCED already requires that its agencies identify the other funding sources of its projects and the proportion of expenditures that will be covered by those sources. We suggest modifying Recommendation #4 so that no funds will be released to an agency until OCED receives confirmation from the other funding sources regarding the proportion of specific expenditures that they will cover for the agency's project.

OCED will refer the overpayment issue to the County Attorney's Office so that its staff may begin its efforts to recover the funds (Recommendation #4). One should note that OCED suspended all funding to the agency since October 8, 2002—the date when the Inspector General's staff began its investigation of OIC. Furthermore the agency's 2003 award has been suspended.

FINDING #2: Incomplete/missing records from OIC

RESPONSE:

In the case of agencies such as OIC, which receive less than \$300,000 in Federal funds, the County requires that the agency hire auditors that will complete a limited scope audit on the organization. This stipulation is covered by Article II, Section K of the agency's contract with the Office of Community and Economic Development (Recommendation #1). Throughout previous funding cycles, the office had complied with the audit requirement, and submitted copies of those documents to OCED. However, the agency ceased many of its operations as well as all contact with OCED after October 8, 2002—the date when OCED suspended its funding. Unable to pay its expenditures, the agency did not attempt to acquire a firm to conduct the organization's audit for 2002.

With regards to Recommendation #2, one should note that Article II, Section O of the OCED contracts with agencies stipulate the periodic monitoring of each organization and its projects. Prior to 2003, this function was performed at least once per year. As of 2003, OCED reorganized the staff of its Community Development Division into district teams. This strategy has enabled staff to perform frequent site visits to provide technical assistance to its agencies and to monitor topics of concern.

OCED has also forged a stronger link between the monitoring requirements and audit requirements by stipulating that—in addition to the monitoring surveys performed by County staff—the agency's auditors will be performing detailed monitoring surveys at the time when they perform the agency's audit. This procedure--mentioned in Article II, Section K 10 of all OCED 2003 contracts--will increase the reliability of the monitoring surveys and enable County staff to expeditiously address any operational concerns related to the agency.

FINDING #3: Lax OCED Payment Processing

RESPONSE:

After conducting a review of its payment records for 2001, OCED acknowledges the errors that the Inspector General cited for the processing of payments for OIC. Our investigation indicated that the agency submitted its duplicated payment requests during the close out phase of the 2000 fiscal year. The close out phase of each contract year enables all agencies, whose contracts expire in December, to submit all final payment requests associated with their projects to our office within sixty days after the expiration of the contract period. This procedure coincides with the initiation of payments for activities funded in the new fiscal year. As a result, there is an unusually large amount of work during that period, and that may cause processing errors.

Since 2002, Senior Management at OCED has taken the following actions to level the amount of work during the closeout periods:

- Reduced the number of existing projects from 2700 to approximately 350.
- Reduced the ratio of available funds to current funds from nearly 4.0 to approximately 1.37.
- Aggressively monitored the submission of all payment requests by agencies within thirty days after the month in which the expenditure occurred. This requirement is stipulated in Article II, Section Y2 of OCED contracts.
- Developed a payroll-tracking sheet by the OCED Fiscal Section for each agency and its payroll periods.

These procedures have made the processing of payments not only more manageable but also less prone to errors. For your convenience, I have included with this memorandum copies of the new OCED contract shell as well as copies of the procedures followed by our Fiscal Section to process payrolls. Please review the contents of those documents and contact me at 305-375-3848, if you should have any questions regarding the procedures or the items mentioned on this memorandum.

BKF/FMR



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September 4, 2003

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The OIG requests your response to this Draft Report. If you would like your response to be included in the final report, you must submit it to the OIG by close of business on September 18, 2003. If you wish, you may provide your response by fax to (305) 579-2656.

Please do not hesitate to call should you have any questions.

Yours truly,

Christopher Mazzella
Inspector General

Acknowledgment of Receipt or Proof of Service

Andres Arango

09/04/03
Date

cc: Mr. Tony Crapp, Assistant County Manager

APPENDIX 2

Liu, Patra (OIG)

From: Brewster, Alphonso K. (MDHA)
Sent: Thursday, September 18, 2003 6:35 PM
To: Crapp, Tony E. (CMO); Liu, Patra (OIG)
Cc: Rene Rodriguez
Subject: FW:

Tony

Enclosed is the response from the Miami Dade Housing Agency regarding the OIG's audit of the OIC. I also copied Ms. Liu from the OIG's office. Please contact me if you require any additional information. Thanks.

Al Brewster

-----Original Message-----

From: Poster-Ellis, Dale (MDHA)
Sent: Thursday, September 18, 2003 6:31 PM
To: Brewster, Alphonso K. (MDHA)
Subject:



OIC DRAFT OIG
AUDIT REPORT.doc...

I'm also faxing you the pages from the audit. Call me and let me know it's OK.

RESPONSE TO THE DRAFT OIG AUDIT REPORT
REGARDING REIMBURSEMENT REQUISITIONS SUBMITTED TO MDC BY
OPPORTUNITIES INDUSTRIALIZATION CENTER OF DADE COUNTY, INC.

Miami-Dade Housing Agency has reviewed the draft of the above-referenced audit and the findings. Finding 1 refers to duplicate reimbursement paid by County agencies for identical reimbursement request submitted by OIC. MDHA confirms it made payments totaling \$27,569.58 from February, 2002 through March, 2002. It has been verified with MDHA's Accounting Section that any payments made were on original invoices submitted by the OIC. Further, if any inappropriate, duplicate or erroneous payments were paid by MDHA for the Drug Elimination Grant (DEG) program, MDHA will seek to recover any monies that have been inappropriately paid.



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ASSISTANT INSPECTOR GENERAL
LEGAL COUNSEL

September 4, 2003

Ms. Georgia J. Ayers
2475 NW 111 Street
Miami, Florida 33137

FILE COPY

Dear Ms. Ayers:

Attached please find a copy of the Office of the Inspector General's (OIG) Draft Audit Report regarding the reimbursement requisitions submitted to Miami-Dade County by Opportunities Industrialization Center of Dade County, Inc. (OIC). In light of OIC's current administrative dissolution, copies of this draft report are being provided to you and Ms. Elaine Black on behalf of the organization. A copy of this draft is also being provided to the Office of Community and Economic Development and the County Housing Agency for their comments.

Please be advised that you may provide a written response to these findings, which will be included with our final report. This response must be received by September 18, 2003 should you elect to respond.

If you wish, you may provide your response by fax to (305) 579-2656.

Yours truly,

Christopher Mazzella
Inspector General

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9/4/03
Date

APPENDIX 3



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DEPUTY INSPECTOR GENERAL

PATRA LIU
ASSISTANT INSPECTOR GENERAL
LEGAL COUNSEL

September 4, 2003

Ms. Elaine H. Black
6255 NW 7 Avenue
Miami, Florida 33150

FILE COPY

Dear Ms. Black:

Attached please find a copy of the Office of the Inspector General's (OIG) Draft Audit Report regarding the reimbursement requisitions submitted to Miami-Dade County by Opportunities Industrialization Center of Dade County, Inc. (OIC). In light of OIC's current administrative dissolution, copies of this draft report are being provided to you and Ms. Georgia Ayers on behalf of the organization. A copy of this draft is also being provided to the Office of Community and Economic Development and the County Hosing Agency for their comments. Please be advised that you may provide a written response to these findings, which will be included with our final report. This response must be received by September 18, 2003 should you elect to respond.

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Yours truly,

Christopher Mazzella
Inspector General

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9.4.03
Date