

# 2007 Annual Report



**A Decade of Service**



**Miami-Dade Office of the Inspector General**

# Office of the Inspector General



The Office of the Inspector General was established ten years ago and so this Anniversary Edition of our 2007 Annual Report is very special. I hope it helps you better understand our wide ranging investigative responsibility, mission and vision.

Our primary goal is to restore the public's trust in government by enforcing honesty and integrity in the business practices and policies of our County's projects, programs and contracts. I believe this report demonstrates that we have made significant progress in achieving this objective.

This report highlights some of our outstanding accomplishments over the past ten years by describing some of our more prominent and influential investigations, audits, and initiatives.

Because of the continued support my office has received from elected officials, County staff, the law enforcement community, the Miami-Dade State Attorney's Office, and, most importantly, from the public, we achieved momentum to help lead Miami-Dade County to earn a top spot as a leader in fighting corruption at the local level. Indeed, County government has become an active partner in this endeavor over the years through the enactment and implementation of many accountability programs and procedures. And for that I would like to express my deep appreciation. As always, the OIG will perform its statutory duties and root out corruption and abuse through accurate and unbiased investigations.

Very truly yours,

A handwritten signature in black ink that reads "Christopher R. Mazzella". The signature is written in a cursive, flowing style.

Christopher Mazzella  
Inspector General

**A Decade of Service**

# **A Decade of Service**

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# Office of the Inspector General

## How It All Began

Ten years ago, in response to the public's demand for clean government, the Miami-Dade County Board of County Commissioners (BCC) created the Office of the Inspector General (OIG) in December 1997. The Office was created through the enactment of Section 2-1076 of the Code of Miami-Dade County, our enabling authority. It empowered the OIG to investigate and review allegations of waste, fraud, abuse and mismanagement in County government.

The BCC determined that the oversight of such a large and diverse government required the OIG to be independent and autonomous. To effectively uphold this mandate, the Commissioners vested the OIG with independent status so that it could carry out its goals without political interference. Miami-Dade County has one of the few inspectors general in the country that has jurisdiction to investigate officials at any level, including elected officials.

Offices of Inspectors General (OIG) are commonly known as "watchdog" agencies and are found in all levels of local, state and federal government. The Miami-Dade County OIG has oversight of over 60 County departments, including Aviation, Seaport, Transit, Housing, Community and Economic Development, Water and Sewer, Public Works, Planning and Zoning, Solid Waste Management, Human Services, Cultural Affairs, the Libraries, and the Miami-Dade Public Health Trust/Jackson Memorial Hospital.

In March of 2005, the Miami-Dade Board of County Commissioners voted unanimously on a new measure to give the OIG greater autonomy and independence by revamping the selection and removal process of the Inspector General (IG) and by specifically codifying the jurisdiction, powers and responsibilities of the OIG.

## A Look At What We Do

Specifically, under its oversight responsibilities the Miami-Dade Inspector General has authority to conduct investigations of County affairs and to review past, present and proposed County programs, accounts, records, contracts, and

transactions. The OIG investigates allegations of fraud, waste, abuse and misconduct involving public officials and County employees, as well as contractors and vendors doing business with the County. It also has the power to report and recommend to County government whether particular programs, contracts or transactions are financially sound, reasonable, necessary or operationally deficient. The OIG may conduct random audits and inspections. The OIG may also provide general oversight on departmental programs and large-scale construction projects.

The Miami-Dade Office of the Inspector General serves the more than 2.3 million citizens of the County with the objective of preventing misconduct and abuse among public officials and County employees, as well as contractors and vendors doing business with the County. With a principal objective of promoting honesty and efficiency in government, the Office of the Inspector General strives to ensure that taxpayers get a fair and honest accounting of their money, and it seeks to find appropriate remedies to recover the loss of public monies.

In performing its primary mission, the OIG is empowered to require the production of documents and records by using its power to issue subpoenas, when proper and necessary. The OIG can also require reports from any County official, County agency or instrumentality regarding any matter within its jurisdiction.

**The OIG's Executive Staff**

Christopher Mazzella was appointed as the first Inspector General of Miami-Dade County in September 1998, upon retiring from a distinguished thirty-four year career with the FBI. Since becoming operational in the fall of 1998, the OIG has prosecuted officials involved in bribery, official misconduct, fraud, and election law violations. Mr. Mazzella earned the designation of Certified Inspector General by the National Association of Inspectors General.

As the County's Inspector General, Mr. Mazzella has participated on a number of task forces aimed at restoring integrity and ethics in County government. For instance, his participation on the Debarment Task Force played an important role in the adoption of legislation strengthening the County's debarment policy to exclude dishonest contractors. He also participated on committees studying procurement and lobbying reforms, and participated in the Ethics in Business and Government Committee of the Miami Chamber of Commerce. This group drafted a model business code of conduct. Mr. Mazzella often lectures to various professional organizations regarding the types of fraud cases investigated by his Office.

During his career with the FBI, Mr. Mazzella investigated and supervised complex organized crime and public corruption cases. In a famous organized crime investigation code-named "Operation Gangplank", the leadership of the Philadelphia organized crime family was dismantled. Mr. Mazzella was also responsible for a number of prominent public corruption prosecutions in South Florida.

Mr. Mazzella also held a number of executive level positions at the FBI. He was Legal Counsel for two field offices. While assigned to the Office of Legal Counsel in Washington, D.C., Mr. Mazzella conducted liaison activities with Congress and was instrumental in drafting legislation expanding the jurisdiction of the FBI. He served as the Organized Crime Drug Enforcement Task Force Coordinator for the Florida Caribbean Region. In that capacity, he coordinated the FBI's drug programs and investigations in the Florida

Caribbean region, involving over 200 federal, state and local law enforcement personnel. In that capacity, he helped secure millions of dollars in federal funding for local law enforcement initiatives and personnel.

The Deputy Inspector General, Alan Solowitz, has been with the Office since its inception and is primarily charged with heading the Investigations Unit. Prior to joining the OIG, Mr. Solowitz was a Law Enforcement Investigator with the Florida Division of Insurance Fraud, a Senior Investigator with the State of Florida Medicaid Fraud Control Unit, and was a police officer with the City of Miami Beach Police Department for 28 years. There he held the positions of Assistant Chief of Police, Chief of Investigations and SWAT Commander.

His extensive investigative background includes organized insurance fraud, health care fraud, corporate fraud, organized crime, money laundering, narcotics, violent criminal and racketeering investigations. Mr. Solowitz is a graduate of the FBI National Academy and the Institute on Organized Crime. He is a member of the American Institute for Industrial Security and is also a Certified Fraud Examiner. Mr. Solowitz is a Certified Inspector General and a board member of the National Association of Inspectors General.

The Assistant Inspector General and Legal Counsel for the Office, Patra Liu, manages and supervises the legal, audit and administrative units. As the chief legal advisor to the Inspector General, she provides independent legal advice on both procedural and substantive matters and monitors proposed legislation, advising the Inspector General of any potential implications for the office. Ms. Liu is responsible for the filing of administrative debarment actions, ethics complaints, enforcing subpoenas, and defending the OIG in civil actions. She reviews all subpoenas and reports issued by the Office, coordinates the contract and project oversight assignments of the Audit Unit, and supervises administrative operations of the office, including the Office's finances and its annual budget. Ms. Liu joined the Miami-Dade OIG in March 2000 and took on the

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additional responsibilities of Assistant Inspector General in February 2002.

Ms. Liu was previously with the Miami-Dade State Attorney's office in the Economic Crimes Unit, prosecuting numerous criminal cases involving health care fraud, insurance fraud, embezzlement, money laundering, and various schemes to defraud. Directly before joining the OIG, she was a Florida Assistant Attorney General to the State's Medicaid Fraud Control Unit serving as the Miami Bureau's in-house legal advisor. She coordinated legal action with federal prosecutors; prepared and negotiated civil settlements; handled civil cases involving the False Claims Act, the State's civil theft statute, applications for other injunctive relief involving the proceeds of Medicaid fraud, and forfeiture actions. Ms. Liu has also earned the designation of Certified Inspector General by the National Association of Inspectors General (AIG). She currently sits on the AIG's Executive Committee and is a member of the AIG's Ethics and Training committees.

## **The Rest of Our Team**

Staffing is a critical factor in determining the volume and caseload of investigations, audits, and inquiries. The Inspector General launched the Office in 1998 with just two investigators, an analyst and an administrative staffer. Today his executive team leads a diverse team of over thirty-four highly skilled professionals from various disciplines and backgrounds that include former prosecutors and law enforcement officials; certified public accountants, internal auditors and fraud examiners; financial investigators; criminal analysts; and engineers. His staff has specialties in the fields of construction auditing, engineering, project management, financial forecasting, forensic information retrieval, and criminal justice database facilitation. Many staff members hold professional certifications in various disciplines.

The Office has grown substantially since its earliest years, remaining constant at thirty-one budgeted staff positions for the past several years. The Fiscal Year 06-07 adopted budget increased OIG staff positions by seven positions,

primarily to handle the increased caseload resulting from the Miami-Dade Housing Agency crisis and our stepped up auditing efforts of Miami-Dade Transit contracts.

The additional positions will positively impact our ability to quickly tackle the increasing number of complaints that are brought to our attention, as well as provide the opportunity for increased contract oversight.

The Office is divided into four operational units that work together to fulfill the OIG's primary mission of County oversight. These four units are: Investigations, Audit, Legal, and Administration.

## **The Investigations Unit**

A diverse group of Special Agents comprise the Investigations Unit. The staff is represented by various investigative backgrounds, experience, and disciplines. This experience runs from traditional law enforcement backgrounds to state regulatory backgrounds.

Investigative Analysts support the Unit by maintaining compliance in the usage of specialized investigative databases that are instrumental in furthering the objectives and function of the Unit.

## **The Audit Unit**

The Audit Unit was first established in 2000 with the hiring of its first audit professional. Today, the Unit is almost fully staffed, and includes an Audit Supervisor, four auditors, and two contract specialists.

The Audit Unit concentrates its resources on distinct aspects of County contracts and projects, recognizing its differences in size, resources, and mission from other County audit agencies.

The Unit also assists the Investigations Unit with cases requiring investigative accounting. The Unit serves the OIG's mission by providing procurement oversight and by participating in reviews, studies and evaluations, in addition to conducting specialized audits on County contracts and projects.

Audit Unit members include staff that are certified public accountants, internal auditors, and fraud examiners. The Unit also includes two contract oversight specialists with backgrounds in governmental budgets and finance, and engineering.

#### **The Legal Unit**

The Legal Unit provides legal counsel to the Inspector General. OIG attorneys assist the Investigations Unit in assessing the strengths and weaknesses of any investigation with potential civil, administrative or criminal implications. The Unit reviews proposed ordinances and resolutions to provide the Inspector General with an independent legal assessment of the potential or possible impact of the legislative items. The Unit also reviews County contracts to assess contractual rights and liabilities, as well as the efficiency and cost effectiveness of these contracts.

The Legal Unit reviews all subpoenas to be issued by the Inspector General and is charged with making sure the office complies with its "advance notice" responsibilities in the areas of subpoena issuance and final report distribution. All final public reports issued by the office are reviewed by the Legal Unit for legal sufficiency and work product integrity. OIG attorneys also handle litigation involving the office. The Unit has also provided for a summer Law Clerk Internship Program that recruits from Florida law schools.

#### **The Administrative Unit**

Individuals in this unit handle the day-to-day administrative functions required of any office, as

well as supporting the OIG's oversight mission through the preparation and dissemination of our public reports, maintenance and updating of information on our independent website, the tracking and referral of complaints, and the design and distribution of OIG posters, flyers, and the annual report.

#### **Providing Additional Oversight Support**

In its overall mission to provide effective oversight support to the County, the OIG maintains a critical presence at various County locations by allocating staff and other resources for satellite assignments.

While its office at the Performing Art Center (PAC) was recently dismantled at the conclusion of construction, additional OIG presence can be found at Miami International Airport; the Port of Miami; the Water and Sewer Department; the Public Health Trust at Jackson Memorial Hospital; Miami-Dade Transit; the Miami-Dade Housing Agency; and, most recently, at Miami-Dade County Public Schools.

#### **Now At Miami-Dade County Public Schools**

In December 2007, the Board of County Commissioners unanimously approved an Interlocal Agreement with the School Board of Miami-Dade County. Under the agreement, the Miami-Dade County Office of the Inspector General would take on the additional role of Inspector General for the nation's fourth largest school district. The Interlocal Agreement grants to the OIG the authority to investigate any aspect of the school system. Independent oversight is essential to a school district managing \$5.6 billion in public funds.

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The Office of the Inspector General is currently in the process of drawing up its proposed annual budget and is proceeding to lay the groundwork for its new base of operations. According to Inspector General Mazzella, the OIG will focus on several areas, including the school district's procurement process and construction program.

## **OIG Financial Report**

Three separate sources fund the OIG's budget: IG propriety contract fees assessed on County contracts; direct payments collected through memorandums of understanding contracted with various County departments; and general funds allocated through the County's budget process.

The OIG's approved budget for FY 06-07 was \$5.1 million and our actual expenditures for the year were \$4.6 million. With a long history of careful budgetary planning, just 34% of the OIG Fiscal Year 06-07 budget was derived from County General Funds. The \$1.7 million in County General Funds was primarily utilized for the expansion of staff, physical office space, and equipment.

For the current fiscal year, the OIG's overall budget, as approved by the Board of County Commissioners, totals \$5.2 million, largely in account for its recent expansion approval.

## **Our Report Card - Making the Grade**

Since the inception of the Office ten years ago, beginning with our first arrests involving a ghost employee on the Water and Sewer Department's payroll, OIG investigations have yielded over 180 arrests and the indictment of eleven companies.

During Fiscal Year 2006-07, we can report that OIG investigations yielded seventeen arrests and resulted in the indictment of five companies. Charges included grand theft, forgery, uttering a false instrument, official misconduct, obtaining property or credit through false statements, money laundering, organized scheme to defraud, campaign contributions in the name of another, excessive campaign contributions, and failure to secure Workers Compensation insurance coverage.

Fraud complaints continue to remain an invaluable source of leads in our mission to detect, investigate and prevent fraud, mismanagement, waste and the abuse of power in County programs, projects and contracts. We continue to encourage the citizens, employees and vendors of Miami-Dade County to contact us with their suspicions of fraud. Complaints can be made by calling our fraud hotline, by going to the report fraud link on our website, or by writing or faxing the complaint to our office. The number of fraud complaints made to the OIG has tripled during the past five years and over 2095 complaints have been handled by the Office during this time. Statistics for the last year show that a total of 586 complaints were received, which was a 20% increase from the previous year. Eight percent of the complaints received resulted in the OIG initiating an inquiry, investigation or review; 10% were related to a matter already under OIG investigation or review; 43% were referred to another agency for appropriate action; 26% did not warrant any further action; 8% were from and handled by our dedicated Housing Hotline and 5% are still under review for further determination by the OIG.

During its first decade of operations, the OIG identified over \$106 million dollars in questionable costs, losses and damages, and lost revenues through OIG investigations, audits and reviews. Since 1998, over \$60 million in future savings and restitution has been achieved for the County.

In continuing our mission to fight against waste and abuse within our County government, this fiscal year the OIG issued thirteen audit and other final reports, and the OIG audited, inspected, and reviewed 23 programs. To review these reports online, visit our website at [www.miamidadeig.org](http://www.miamidadeig.org).



## 2007 Highlights Significant Cases, Audits and Activities

### Million Dollar Theft and Money Laundering Scheme

An OIG investigation, initiated in September 2006, uncovered a \$1 million theft from the Miami-Dade County Water and Sewer Department (WASD). The investigation led to the arrest of Charles Anthony Vance, a WASD employee since 1991, and Frank Tucker, the principal of the company that laundered the stolen funds, Modular Innovations .

The embezzlement scheme was directly tied to Vance's position at WASD where he was in charge of the mailroom, and specifically tied to his job duties over the metered mail accounts with the U.S. Postal Service (USPS). Vance was able to embezzle \$1 million, from September 2003 to August 2006, by requesting and then diverting twenty \$50,000 checks that were meant to replenish the postage meter accounts. The checks were then deposited into a USPS account in the name of Modular Innovations, the company controlled by co-defendant Tucker. The funds were then withdrawn and deposited into a series of bank accounts as a way to launder the stolen proceeds. Our examination of financial records revealed that Vance purchased a 2006 BMW 530i and a 2005 Honda Accord with funds directly traceable to the stolen proceeds. Using secondary bank accounts hiding the stolen funds, Vance also wrote checks to himself, to cash, and to friends totaling \$50,700.

Vance was arrested in October 2006. Tucker surrendered to authorities and pled guilty to the criminal charges in November 2006. Tucker's plea required him to cooperate with authorities against Vance. In exchange, he will be sentenced to three years state prison followed by 10 years of probation. He is jointly responsible for paying back the \$1 million of stolen proceeds, and as

of December 2007, he has paid back \$262,432. Additionally, as part of the legal proceedings, the two vehicles were seized and forfeited.

Just recently in March 2008, Vance pled guilty to the criminal charges for the mailroom embezzlement and other unrelated WASD theft charges. He received a sentence of 10 years in state prison with a possible sentence mitigation to eight years based on honest and truthful cooperation with the investigating authorities to identify stolen funds, additional perpetrators, and substitute assets. Vance is jointly responsible with Tucker to pay back the stolen funds. In order to qualify for any sentence mitigation, he will be required to pass a polygraph test.

### Criminal Investigations Affecting Affordable Housing and Economic Development

OIG investigations have led to three prominent arrests and the filing of criminal charges against individuals directly involved in the botched housing and economic development activities of Miami-Dade County. By the year's end, all three criminal prosecutions were still on-going.

In March 2007, the OIG's investigation into uses of the County's Documentary Stamp Surtax funds (dedicated for affordable housing initiatives) uncovered that Raul Masvidal, the developer working with the Miami-Dade Housing Agency to build new offices for the agency, had diverted funds slated for the building of the agency's new administrative headquarters for his own personal use. Surtax funds were given to the developer as an "equity contribution" toward the construction costs. Of those funds, \$287,000 was used to purchase two large sculptures (a stacked set of teacups and a gigantic slice of watermelon). However, when questioned by County auditors, Masvidal produced a fraudulent invoice detailing the purchase of only one sculpture – the

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teacups—for the price of \$287,493. The purchase of the second sculpture was kept hidden from the County. In subsequent loan documents, Masvidal used both pieces of artwork as collateral for a personal loan. Masvidal has been charged with Organized Scheme to Defraud and First Degree Grand Theft.

Also in March 2007, the OIG announced the arrest of Reynaldo Diaz, a developer who received \$940,000 in funds slated to provide affordable housing for low and moderate income families. Diaz, who contracted with the County to build 28 homes, had to show that he was in possession or control of site properties where the affordable housing could be built. The investigation revealed that among the application paperwork submitted to the County, Diaz included fake real estate sales contracts for six properties. The funds were given to Diaz's company and the funds were deposited and disbursed for expenses other than the construction of affordable homes. Only two of the 28 homes were ever built. Diaz has been charged with Organized Scheme to Defraud, a first degree felony.

In September 2007, an investigation by the OIG resulted in a state judge issuing a warrant for the arrest of Poinciana Biopharmaceutical Park developer Dennis Stackhouse and several of his companies for criminal violations of the State's campaign financing laws. The OIG investigation found that a total of \$3,500 in campaign contributions was made by Stackhouse in the names of two of his employees. The employees were reimbursed by Stackhouse through several companies that he controlled. One of the companies received federal funds expended through the Empowerment Trust. Stackhouse has been charged with three counts of Contributions in the Name of Another and two counts of Excessive Campaign Contributions.

## County Employees Arrested in Tuition Refund Fraud

Since 1963, employees of Miami-Dade County have been offered a generous Tuition Refund Program that provides the opportunity to enroll in any school of higher learning, even high-end institutions such as the University of Miami School of Law and Harvard University. The Program refunds up to 50% of eligible out-of-pocket tuition costs with taxpayer dollars. The employee must obtain a "C" grade or better in order to receive reimbursement.

In early March 2006, the OIG began a probe into the Program due to possible employee misconduct in not reporting grants and scholarships, as required by Program rules. In addition to hundreds of referrals made to the County's Human Resources (HR) Department, where we identified overpayments, the OIG investigation also resulted in five County employees being charged with submitting falsified documents (i.e. falsified grades to show grades of a "C" or higher) in order to qualify for Program reimbursement.

Four individuals were indicted by the Miami-Dade County Grand Jury in November 2006 for submitting falsified copies of their college transcripts in order to fraudulently receive tuition reimbursement from the County. Two of the four were employees of the Clerk's Office; the third was the Tuition Refund Coordinator for the Planning and Zoning Department; and the fourth, an employee of the County's HR Department, was the person responsible for oversight and processing of tuition reimbursements for all County employees. Public funds stolen by these four employees exceeded \$30,000. In June 2007, all four employees pled to theft-related charges and were sentenced to two years probation with the special conditions that they pay restitution to the County, complete 200 hours of community service, and reimburse the OIG for the costs of the investigation.

Two months later, in August 2007, the ongoing OIG probe revealed that a fifth individual submitted falsified grades in order to receive reimbursement according to Program rules, requiring grades of a “C” or higher.

As of December 31, 2007, the OIG has identified a cumulative total of over \$400,000 in overpayments among 200-plus employees. The overpayments were reported to the County Manager’s Office and to the HR Department for appropriate action. Just as importantly, the Program’s paperwork and process deficiencies illustrated in the Miami-Dade County Grand Jury Report are in the process of being corrected. New procedures to ensure verification in the areas of grants, scholarships, and student grades have been enacted. Uniform training is also being provided to departmental tuition refund coordinators regarding the new procedures.

### **Cheating the Clock for Overtime Pay**

Two long-term County workers, one of twenty-six years and the other thirteen, were caught on video changing the time clock while working weekends in the Department of Solid Waste Management’s North Dade Landfill Maintenance Shop. One manually changed the date and time settings while the other acted as the look-out. By tampering with the time cards, they caused false overtime to be recorded on official payroll attendance records. In addition to the video, the pair was surveilled arriving and departing from work at different times than reflected on their time cards. Sunpass toll records documented them leaving work earlier than their time cards indicated. They obtained over \$2,000 each from January 2006 through June 2007 in falsified weekend overtime pay. Both employees were arrested and pled guilty to Organized Scheme to Defraud and Official Misconduct. Both must repay the County for the fraudulent overtime and the OIG for its investigative costs.

### **Multi-Departmental Audit of the Equitable Distribution Program**

As a follow-up to an earlier OIG report on an engineering firm that resulted in it receiving

a one-year suspension for violating County procedures, we initiated a multi-departmental review of the County’s Equitable Distribution Program (EDP), focusing on the selection processes and practices used by County departments when selecting a professional consultant for a particular project.

The EDP is the County’s standard method to procure architectural and engineering (A&E) services for miscellaneous projects not exceeding \$1 million in construction costs and \$50,000 for study activities. The program consists of a pre-qualified pool of eligible A&E firms available to do county work and is designed to equitably distribute work and increase opportunities for locally based businesses. The EDP is administered by the County’s Office of Capital Improvements (OCI).

We reviewed ten County departments. Our review revealed that several departments lacked adequate documentation to sufficiently support their solicitation processes and selection criteria. We also found that some departments did not require their EDP consultants to submit certain monthly reports and other departments did not adequately document a firm’s declination to participate in the process.

Furthermore, we found that one project in particular had a poorly performing consultant and was also poorly managed by department project managers. The consultant received 95% of its fee; however, the consultant had stopped paying its sub-consultants and had not turned in architectural plans anywhere near 95% completion. The OIG’s involvement resulted in the sub-consultants getting paid and the County department taking action to finish the plans in-house in order to move along with the stalled project.

In response to the recommendations and findings in our final report, OCI and the County departments established corrective measures

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to ensure consistency in the selection processes and selection criteria. OCI has revised its EDP procedures and has included additional documents and reports on its Capital Improvements Information System webpage for both departments and EDP firms to access. Additionally, OCI committed to providing additional training to department personnel and EDP firms about the program and the processes required of them. Several departments have implemented their own internal procedures to ensure that their selection processes and criteria are properly documented.

## **Seaport Oversight: Audit of a Construction Manager At-Risk's Change Order**

As part of the OIG's continuing oversight activities at the Seaport, we selected for audit a change order to the Seaport's Construction Manager at-risk (CM) contract with Centex Construction Inc. for a variety of capital improvements in the cargo areas of the Port of Miami. The change order was for an additional 60 contract days at a cost of \$626,844. The audit was predicated on our assessment that the change order was not adequately supported when it was brought before the Board of County Commissioners for approval.

Seaport officials informed us that the CM had not already received the additional compensation related to the 60 days; however, during our review we determined that the Seaport had, in fact, already paid additional compensation of \$95,685 to Centex, in the form of extended general conditions costs, before the change order was even administratively executed by the County Manager.

To determine whether authoritative support for both the payment of the additional funds and the authorized extension was provided, we evaluated whether the Seaport employed a reasonable, effective and documented process to review and approve the contract change order. We found disorganized and incomplete support, which required us to make repeated requests to the CM for copies of its records. This condition raised our concerns on whether the Seaport's program

manager could have completed an effective and thorough evaluation.

Lastly, we continue to be concerned that the practice of using one CM for multiple, concurrent projects could provide cover for questionable CM performance or allow a CM to maximize its revenues at additional cost to the Seaport. This condition, combined with ineffective program management and incomplete departmental files, could result in a problematic situation where a CM "at-risk" is never really "at-risk." We grant that there may be operational efficiencies and cost savings gained by having one CM for multiple projects, but unless the Seaport can establish an effective program management function, any such efficiencies and savings appear to evaporate during actual construction. We recommended that the Seaport re-evaluate its practice of combining multiple projects, that easily merit separate contracts, into one "jumbo-sized" contract.

## **Airport Security Company Underreports Revenues to Avoid Paying Fees**

In February 2007, the OIG released its final report on JMG Insystem, Inc. d/b/a Sereca Security, a security services firm providing services to airlines at Miami International Airport (MIA). Firms apply to provide services at MIA under permits issued by the Miami-Dade Aviation Department. Under the permit terms the firm must report its gross revenues and pay the Aviation Department a fee based on 7% of the gross revenue. The OIG investigation found that for the year 2005 alone, Sereca underreported its gross revenues by \$3 million, thereby shortchanging the County over \$200,000 in permit fees. The OIG highly recommended that the Aviation Department review 2006 and prior years to determine how much may be owed in additional underreported amounts.

The Aviation Department has since terminated Sereca's permit and has requested supporting

financial documentation and certified financial audits for other permit years as recommended by the OIG. As of November 2007, Sereca has repaid \$145,919 of the initial \$209,000 due to the County. The OIG has initiated several other reviews of companies operating under similar permits at the airport to ensure that the County is receiving what it is properly owed.

### **Audit of Miscellaneous Construction Contract with TGSV Enterprises, Inc.**

An OIG audit of the Aviation Department's MCC-6-2002 contract for miscellaneous construction projects did not result in any findings or recommendations requiring management's response. Our review focused on MDAD's administration of the contract, including whether compensation was paid according to contract terms. We sought to determine if the contractor effectively used the contract to make work available to certified Community Small Business Enterprise subcontractors (CSBE), implemented required CSBE program participation and paid its subcontractors timely. We also reviewed the Department of Business Development's monitoring of this contract.

We found that the MCC-6 contractor, TGSV, performed its work assignments and fulfilled its primary objective in engaging CSBE subcontractors in the construction work. Over 58% awarded for hard construction costs (\$13.3 million out of \$22.8 million) through November 2006 went to CSBE contractors and TGSV paid almost \$1.5 million to its two CSBE construction management services subcontractors.

### **Tale of Two Companies: Union Electrical and Union Electric**

This investigation involved two corporations. The first, Union Electrical Contractor, Inc. (Union Electrical), is a state licensed electrical contractor and a County certified Community Small Business Enterprise (CSBE) approved to perform work under the Office of Capital Improvements' (OCI) CSBE 7040 contract program. Mr. Ruiz is the principal owner and the licensed electrician holding the company's electrical contractor license. Mr. Reloba was a field supervisor in this

company.

The second company, Union Electric Contractor, Inc. (Union Electric), is a separate company formed in 2004 by Mr. Reloba and Mr. Ruiz. This company is not a CSBE certified County contractor, is not a registered County vendor, and is not approved under the 7040 contract program. The company is controlled by Mr. Reloba, who is not a licensed electrician. This company does not list any individual as its qualifier, and the company is not licensed.

In 2002, Union Electrical was hired to work on the grounding system at the Miami-Dade Police Department Annex Building. In 2006, additional work to the grounding system was needed and Union Electric was hired. During the course of a separate OIG investigation, we discovered that Union Electric had not applied for or obtained the required electrical permit for the 2006 project and that Union Electric was an unlicensed contractor that should not have performed the work on this project. The Miami-Dade County Building Department was notified and issued a Notice of Violation for electrical work without a permit. Remedial measures were taken in order to cure the unlicensed electrical work. The investigation also revealed that the second company, Union Electric, usurped the identity of Union Electrical and that payments were allegedly diverted. The case has been referred to the State Attorney's Office for prosecutive action.

### **ASMO's Permits to Provide Services At MIA**

American Sales and Management Organization Corp. (ASMO) provides general aeronautical and security services to its clients at Miami International Airport (MIA). These services include ramp, porter assistance, dispatching, ticket counter, baggage check-in, delayed baggage and security services. ASMO is

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authorized to provide these services at MIA under two separate permits issued by the Miami-Dade Aviation Department. Under the terms of the permits, ASMO must remit certain fees to MDAD based upon its gross revenues. American Airlines (AA) is ASMO's largest client at MIA.

The primary purpose of the OIG audit was to determine if ASMO had accurately and timely reported its gross revenues to MDAD. Of course, we wanted to ensure that MDAD was paid the correct amount that it was due under the permits. The OIG's audit focused on ASMO's revenues generated from one client, AA, for the period January 2005 through December 2006.

In general, ASMO performed unsatisfactorily. The OIG determined that ASMO either did not report or reported late (when it was detected by the OIG auditors) over \$6 million, amounting to 14% of its total reportable gross revenues. This amounted to ASMO not paying (or paying late due to the OIG's detection) approximately \$430,000 to MDAD. We are pleased to report that as a result of our audit, ASMO has already paid over \$200,000 in additional fees and \$32,860 in late charges to MDAD. The OIG also determined that ASMO still owes MDAD \$75,000 in unpaid percentage fees, based on over \$1 million in unreported revenues. This is in addition to \$65,000 in other late charges that ASMO owes to MDAD, as detailed in our audit. Based on the cumulative impact of all of the findings, the OIG recommended that MDAD consider ASMO's fitness to continue providing services at MIA. Moreover, the OIG recommended for MDAD to examine its airport-wide permit oversight activities and take increased steps to ensure that all permittees are complying with their respective agreements.

## **7th Avenue Transit Village Development Project**

An audit of the Miami-Dade Empowerment Trust's (MDET) selection of Red Rock Global, LLC (RRG) as its development partner for the 7th Avenue Transit Village Project (Project) was undertaken to audit all the invoices that had been paid up to that point and to determine

what Project deliverables RRG had produced. The overall Project is an \$86 million mixed-use development, which includes a transportation hub and passenger activity center.

The Miami-Dade Transit Department was to share in the Project's costs. The Transit Department was to reimburse MDET for 100% of the transportation improvements costs and 50% of all costs jointly serving Transit and joint-development portions of the Project.

The OIG audit concluded that MDET did not comply with its Trust Board Resolution requiring that it award the Project based on a competitive selection. We also determined that the Project schedule defined the starting point in March 2006, yet significant Project activities (that were compensated for) began in June 2005, one year before the Letter of Agreement between MDET and RRG, and six months before the Board of County Commissioners approved that agreement.

The audit found the entire amount of \$351,906 paid by MDET to RRG (based on the first three invoices) to be questionable costs. The costs either pre-dated the Letter of Agreement and/or lacked adequate support justifying its payment. Furthermore, OIG auditors were unable to validate whether any of the invoiced charges were allowable or consistent with agreement work scopes, schedules and other contract requirements. For example, travel expenses were paid without submission of valid documentation, such as airline tickets, itinerary documentation and receipts for lodging, taxis, or car rentals. In addition, we found a RRG invoice containing over \$9,000 in duplicate expenses.

We questioned several budgeted line-items, which were invoiced and paid as lump-sum expenses, including a line-item for legal expenses that was paid even though there was no evidence that legal fees were incurred. Over 23% of the almost \$1 million in budgeted RRG Project costs were for "contingencies." The OIG critically questioned why a pre-project development budget, such as this one, would even have a

dedicated line-item for contingencies when no construction was taking place. In addition, a contingency line item was paid on a pro-rata lump-sum basis with no supporting evidence that any money for “contingencies” was spent. Furthermore, the budget already included line-item amounts for developer, architect and contractor reimbursables, which could have covered any contingencies.

We recommended that the Transit Department not pay MDET until MDET obtained complete and verifiable support for the charges it submitted for reimbursement. Similarly, the OIG recommended to MDET that it should closely review all RRG invoices and requests for reimbursement to ensure RRG’s accurate accounting and the reasonableness of the charges.

### **A Decade in Review Snapshots from the First Ten Years**

#### **OIG STING OPERATIONS**

##### **Miami Fire Equipment Fraudulent Billing Sting**

In January of 2001, the OIG released a report on Miami Fire Equipment, a fire extinguisher company that had been contracting with the County for the previous three years. The OIG initiated an undercover sting to determine the extent of the fraudulent overbilling by the vendor. The sting revealed that the County was being billed for parts that were not actually replaced, and was being charged for services that were otherwise free according to the vendor’s bid proposal. As a result of our investigation, the County negotiated a settlement for a total of \$138,000. The vendor, as part of the agreement, also voluntarily suspended itself from engaging in or bidding on County contracts for a two-year period.

##### **Extinguishing the Fraudulent Billing Scheme of Biscayne Havana Fire & Safety Equipment Company**

On the heels of the previous sting operation, the OIG commenced a similar sting operation to investigate Biscayne Havana Fire and Safety Equipment Company (Biscayne Havana) for defrauding both the County and the City of Miami in its performance under lucrative service contracts to maintain and repair the County’s and City’s fire extinguishers. Biscayne Havana was previously awarded a contract to service fire extinguishers from the City of Miami. After revoking the contract from Miami Fire Equipment, the County accessed the City’s contract with Biscayne Havana while the County utilized the procurement process to find a new vendor.

To make the case, the OIG hired an expert to inspect 32 fire extinguishers. The expert certified that the 32 extinguishers were in perfect working order, and marked them with special invisible ink. These specially-marked extinguishers were then delivered to Biscayne Havana for inspection, maintenance, and repair, if necessary. Biscayne Havana billed the County for maintenance and repair work on a number of the specially-marked extinguishers.

The extinguishers were again examined by the OIG’s expert witness to determine if, in fact, any maintenance or repair work had been performed as claimed in the Biscayne Havana invoices. The expert stated categorically that no work at all had been performed. Furthermore, an OIG review of thousands of invoices submitted to the City and County for payment from Biscayne Havana revealed that Biscayne Havana habitually overbilled for both work not performed over the course of the contract and work not chargeable pursuant to the contract. Lastly, OIG investigation of the qualifier’s credentials revealed that he

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had lied to the State Fire Marshal on various licensing applications, by denying that he was a previously convicted felon, in violation of state law.

The owner of the company and its qualifier were arrested, and the company itself was indicted on numerous charges of Grand Theft and Aggravated White Collar Crime. Charges against the owner of the company were dismissed following his death while pending trial. The company qualifier pled guilty to Aggravated White Collar Crime and was ordered to pay \$7,500 in restitution to the City of Miami and \$32,500 to Miami-Dade County for his portion of the much-larger theft. During the probationary term, the qualifier was debarred from doing any future business with either the City of Miami or Miami-Dade County. The Company was dissolved and closed.

## **Operation "Get the Lead Out"**

An OIG investigation that began in March 2004 proved that indeed "scales sometimes lie." The investigation uncovered several schemes at the Department of Solid Waste Management (DSWM): one by waste tire haulers to cheat the County's truck scales; a second by a County employee to steal and illegally resell DSWM payment coupons; and a third by DSWM employees to defraud the County of disposal fees for their own profit.

The probe began at the County's Resource Recovery Facility, where waste is converted into energy after being shredded and recycled. The OIG review of the facility's procedures revealed that in order to assess disposal fees, the scale house routinely kept records of the weight of empty registered disposal trucks. The scale house would then subtract this weight from the weight of fully loaded trucks, and assess a \$75 per ton disposal fee to the difference.

In the first scheme, two brothers owning a Hialeah tire disposal business were arrested after adding thousands of pounds of hidden lead weight to one truck and a false heavy plywood liner to another truck to fraudulently inflate the weight of their supposedly empty disposal trucks. They

then removed the hidden weight and dumped truckloads of tires at greatly reduced disposal fees. Pursuant to an OIG sting operation, both brothers and another co-conspirator were arrested after a driver and one of the disposal trucks were caught with two false 33-gallon gas tanks filled with lead. Both disposal trucks were searched and seized by State Attorney's Office investigators and the lead tanks, plywood and disposal trucks were impounded.

In a second scheme, the DSWM employee who actually sold the coupons (which are used for payment purposes for disposing at the County facility) was arrested for theft when it was revealed that he stole coupons and resold them to the commercial waste tire haulers at 20-40% less than the coupon's face value. An OIG audit of coupon sales showed that over \$480,000 worth of coupons were unaccounted for. The missing coupons were voided by serial number, thus preventing thousands of dollars in additional fraudulent transactions. The investigation showed that the employee illegally pocketed as much as \$52,000 before he was caught. The investigation also revealed that the two brothers from the lead/plywood scheme were among the biggest black market customers who purchased and used the stolen coupons to pay their already-reduced disposal fees.

In a third scheme, three employees defrauded the County of disposal fees in two separate incidents. These employees used their County disposal vehicle, which is exempt from paying disposal fees, to bypass the scales and dump tires directly into the shredding area. One pair fraudulently pocketed cash from a tire vendor to dispose of over nine tons of tires. Another employee fraudulently disposed of nearly twenty tons of tires.

A final resolution from all seven arrests was reached through various pleas, resulting in



restitution of almost \$150,000 for the County. The Resource Recovery Center discontinued disposal coupon sales, made procedural changes in assessing and weighing trucks, and increased employee training. DSWM now collects over \$25,000 in additional fees each month since implementing the new procedures. A post-investigation review revealed that revenues increased by 46% in one three-month period alone. In the years to come, we can expect that revenues will increase by millions because of this investigation.

### **ELECTION OVERSIGHT AND INVESTIGATIONS**

#### **Former Commissioner Miriam Alonso Convicted of Public Corruption Crimes**

A joint investigation conducted by the OIG, the Miami-Dade Police Department, and the Miami-Dade State Attorney's Office led to the arrests of Miami-Dade County Commissioner Miriam Alonso, her husband and her chief of staff. All three were charged with a variety of corruption-related offenses, including Organized Scheme to Defraud, Grand Theft, Evidence Tampering, Money Laundering, and Exploitation of Official Position. The investigation focused on the pilfering of approximately \$50,000 from Alonso's 1998 reelection campaign account and the misuse of approximately \$78,000 raised to combat a campaign to recall Alonso because of her landfill expansion efforts near Miami Lakes. After Commissioner Alonso's arrest, the Governor suspended her from the Board of County Commission and she later resigned.

Miriam Alonso and her husband Leonel were sentenced in October 2006 and received two years of house arrest followed by three years probation. They were also ordered to pay \$250,000 in restitution and investigative costs. Alonso's chief of staff was charged with mortgage fraud-related offenses and pled to the charges

in 2002. She was sentenced to probation and ordered to pay \$105,845 restitution and perform community service. She cooperated during the remainder of the investigation into the Alonsos.

The Alonso investigation led to other arrests, including the arrests of Alonso's daughter and her daughter's husband for misusing campaign funds raised for her 1997 failed bid to be elected to the City of Miami Commission. Two other Alonso associates, who lied under oath to the State Attorney's office about anti-recall campaign work, pled guilty in February 2003.

#### **2002 Primary Election and Subsequent Oversight**

In the aftermath of the September 2002 primary elections, when the County's newly acquired touch screen voting machines wreaked havoc at the polls, the OIG, at Mayor Penelas' request, conducted a thorough examination of what went wrong. In perhaps the most crucial advice ever rendered by this Office, we recommended that the County's crisis management professionals lead the upcoming general election planning and preparation efforts. We cautioned the County not to rely on any new, untested software upgrades, but instead to plan around known parameters, in light of the six week time limitation to prepare for the general election. The command staff of the Miami-Dade Police Department, who became the Special Project Management Team, echoed the same sentiments and embraced the OIG's recommendations, thus averting another voting fiasco during the November 2002 election.

Afterwards, the OIG turned its attention to the procurement process used in the selection and purchase of Election Systems and Software, Inc.'s (ES&S) iVotronic touch screen direct recording

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electronic devices. Our review focused on the representations made by the vendor and expectations of the client (the County) in an area of election systems technology that was relatively new. This was particularly relevant to Miami-Dade County, as our election needs warranted technological adjustments to the vendor's firmware in order to produce a tri-lingual ballot display. Despite assurances to the contrary, Miami-Dade County found that the upgrade to accommodate our tri-lingual needs required other resources and logistical adjustments that were not as represented.

## **The 2004 Election**

Two years later, the OIG was again involved in assessing the County's overall preparedness for the then-upcoming 2004 elections. The OIG issued a number of recommendations—which were all adopted—to help ensure the integrity of the election process. Recommendations included additional training in areas of absentee ballots, specifically in handwriting analysis; providing extra pre-election polls security; implementing Election Day parallel testing; and conducting additional post-election audits. County preparedness for the fall elections was high, and Miami-Dade County earned high marks for its 2004 electoral processes.

## **Commission Candidate's Theft of Campaign Financing Trust Fund Monies**

An investigation was initiated after the OIG was alerted to campaign contribution irregularities in the 2004 County Commission District 13 election. The initial focus was on the campaign of candidate Jorge Roque. During the course of the campaign, the Elections Department unknowingly relied on fraudulent information supplied by the candidate and thus determined that Roque was eligible to receive \$75,000 of public matching funds from the County's Campaign Financing Trust Fund.

Investigative fieldwork verified that fraudulent activity did occur for qualifying the campaign to receive \$75,000 that the candidate would not otherwise have been entitled to receive. The scheme was accomplished by reimbursing

supposed contributors, thereby creating fake campaign contributions. The candidate then reported these phony contributions to the Elections Department to satisfy the minimum requirements (number of contributors and amount of contributions) in order to obtain public financing.

The investigation led to the arrests of four individuals related to the Roque campaign: the candidate, the candidate's campaign manager, the candidate's sister-in-law, and a sitting City of Hialeah Councilwoman who was supporting the candidate in the election. The Councilwoman pled to charges and resigned her seat on the City of Hialeah Commission. The sister-in-law pled guilty to charges and was sentenced to house arrest and probation, and ordered to pay restitution and investigative costs. The candidate was convicted after trial by jury, and sentenced to 17 months in state prison. The Judge also ordered him to pay back the monies he stole from the Trust Fund and pay costs of the OIG investigation. The candidate is currently appealing his conviction. The fourth individual, the campaign manager, is currently awaiting trial.

The fraudulent activities discovered in the Roque investigation led the OIG to audit the qualification submittals of all eleven candidates that applied for public funding in 2004. These audits identified loopholes, deficiencies, inefficiencies, problems and other notable concerns with the procedures used to verify information provided by candidates and used to qualify them as eligible to receive public Campaign Financing Trust Fund monies. As a result, the BCC amended the language of the Campaign Finance Ordinance to include the OIG recommendations.

**MIAMI  
INTERNATIONAL  
AIRPORT****Review of the Duty-Free Concessions****Agreement**

An investigation of the Duty Free Concession Agreement at Miami International Airport (MIA) revealed violations of several important contractual provisions that required real, meaningful and commercially useful participation by vendors designated disadvantaged business enterprises (DBEs). The awarded Joint Venture (JV) Concession Agreement included four DBEs as JV partners. It was found that these four partners were allocated over \$14 million in revenues since 1995, but had not performed any actual work or services despite complaints by one of the JV partners who wanted to participate. The OIG also concluded that MDAD staff failed to properly monitor and accurately report the required DBE participation. In response to our report, the Aviation Department took remedial action to correct this contract violation.

**Paramedia Audit Results in Prison Sentence for Lobbyist**

Beginning in 2001, the OIG questioned the County's extensions of a multi-million dollar consulting contract between the airport and Paramedia, a company running an international marketing office in Madrid, Spain. An audit conducted by the OIG highlighted numerous instances of contractual non-compliance by Paramedia. OIG auditors found instances of failure to provide MDAD with detailed invoices, failure to document personnel time, failure to supply detailed annual marketing plans and budget proposals as required, and failure to maintain adequate financial and accounting records. The OIG also noted that MDAD paid for non-contractual expenses and that MDAD made payments without requiring supporting documentation. These financial discrepancies and questions over the need for an office in Madrid, Spain led MDAD to terminate the contract with Paramedia.

The OIG's concerns were compounded by the fact that a very large amount of Paramedia's income was disbursed to other companies controlled by Paramedia's principals. In continuing the review, the OIG uncovered criminal activity by one of Paramedia's principals, who also worked as a lobbyist. In 2003, this person was arrested and charged with 75 counts of illegal credit card factoring, which totaled over \$527,000 in false credit card charges to the American Express Credit Card Company.

The individual was arrested a second time in 2003, when it was discovered that in his role as a lobbyist, he pocketed hundreds of thousands of dollars given to him by companies seeking to do business with the County. The investigation revealed that as a lobbyist, he falsely represented to his clients that the money given to him would be used to buy expensive gifts and lavish dinners for public officials. While it was clear from the OIG investigation that the lobbyist pocketed the money and that public officials did not receive any gifts, the perception that County officials would engage in such illegal and improper conduct was tremendously damaging. The OIG also provided the IRS with information leading to his indictment and arrest for federal tax evasion crimes.

In 2005, the lobbyist was sentenced to two years in federal prison, to be followed by two years of supervised release, and he was ordered to pay the IRS \$472,970 in restitution. He was also sentenced concurrently in state court to two years state prison followed by ten years probation, and was ordered to pay \$203,972 in restitution and OIG investigative costs.

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## Fuel Farm Scam

A massive investigation by the OIG and the Miami-Dade State Attorney's Office into Miami International Airport's fuel farm facility revealed that almost 3 million gallons of jet fuel, worth almost \$4 million, was stolen from the facility from 1999-2003. The investigation focused on Aircraft Services International Group (ASIG), the company hired by the Miami-Dade Aviation Department (MDAD) to operate and manage the fuel depot. The investigation netted eight separate but related criminal cases involving numerous individuals and five companies, including ASIG. Individual defendants include ASIG employees, MDAD contractors, and one MDAD employee. The investigation also revealed contract fraud—overbilling—and unlawful payments to the County employee. Criminal charges included Racketeering, Organized Scheme to Defraud, Grand Theft and Unlawful Compensation.

A plea agreement was reached with a top level ASIG manager responsible for billing schemes involving fictitious work and parts. The plea agreement required him to sell his home, which was partially purchased with proceeds from the theft, to pay restitution of \$200,000. In a separate settlement, the County received \$2.5 million in restitution from ASIG. Just recently, six of the major players in the fraud scheme were sentenced. The sentences ranged from four years in state prison for the ASIG manager to four years of house arrest for two of the lesser culpable defendants.

One conservative estimate projects the County's savings as a result of this investigation at over \$15 million for a five-year period. As in similar frauds detected by the OIG, corrective actions were taken by the airport in order to avert any future fuel thefts.

## PROPERTY TAX, FORECLOSURE AND TITLE CASES

### County Tax Collector's Office – Fraud in the Sale of 2002 Property Tax Certificates

A joint investigation with the Florida Department of Law Enforcement into misconduct at the County Tax Collector's Office centered on the 2002 tax certificate sale of unpaid delinquent 2001 real estate taxes. The investigation uncovered the common practice of tax certificate buyers to give gifts, tips and gratuities to employees of the Tax Collector's Office and the Clerk of the Court's Tax Deed Section. This practice was clearly in violation of County regulations and was brought to the attention of County management. Twenty-three County employees were identified; they resigned, were suspended, or were subsequently disciplined for violating County policies.

The investigation also uncovered a scheme by an employee to alter the interest rate on the auctioned tax certificates that were purchased by one particular buyer. The interest rate is passed on to the property owners, who would then have to pay inflated amounts to remove the lien. The interest rates due on these altered tax certificates would have given that tax certificate buyer a fraudulent net gain of over \$37,600. The identified buyer is now prohibited from participating in future tax certificate sales.

The investigation resulted in the arrest of two Tax Collector's Office supervisors. One supervisor was charged with Perjury in an Official Proceeding for lying about accepting gifts. The other supervisor, who worked as an auctioneer during the tax certificate sale, was arrested for Official Misconduct and Aggravated White Collar Crime in connection to the fraudulent alteration of the tax certificate sales cards. He has since pled to the charges and was sentenced to house arrest followed by probation. He is required to pay investigative costs, perform community service,

resign his County employment, and is banned from future government employment. Due to the OIG investigation, the Tax Collector's Office has changed their procedures for conducting tax certificate auctions and instituted internal controls to ensure that this type of corruption of the sales process could not occur again in the future.

### **Operation Foreclosure Vultures**

The OIG takes pride in our record of protecting our community's disadvantaged citizens from scam artists. Multiple schemes were uncovered by OIG investigators, working closely with the Florida Department of Law Enforcement (FDLE) and the Office of Statewide Prosecution, in an investigation dubbed "Operation Foreclosure Vultures." The investigation has yielded numerous arrests thus far, and began after a group of Circuit Court Judges alerted the OIG of concerns that were arising in court. In the first probe, an asset locator was arrested for his part in a foreclosure surplus fraud scheme that victimized South Florida homeowners. The scheme was perpetrated through the Circuit Courts of Miami-Dade and Hillsborough Counties.

"Operation Foreclosure Vultures" highlighted a serious weakness plaguing the court system. This weakness provided the opportunity for unscrupulous predators and asset locators to victimize homeowners who are unaware that monies from the foreclosure sales of their homes exceeded the debt on the properties. One scheme involved misappropriating \$66,339 in surplus foreclosure funds from 20 victims. In another scheme, \$48,000 in surplus funds owed to an elderly foreclosure victim was misappropriated.

In a separate probe, four individuals, one of whom was an attorney, were arrested for falsifying loan documents to gain illegal proceeds. As of the date of this report, the attorney's case is still pending in the criminal courts; however, the Florida Supreme Court has permanently disbarred him from the practice of law in the State of Florida for his participation in the scheme. The other three, arrested on

charges of Organized Scheme to Defraud and Grand Theft, have pled guilty. As a part of their sentence they must pay restitution to the victims and the OIG's investigative costs.

### **Stolen Identities and Stolen Homes**

An OIG joint investigation with the Miami-Dade State Attorney's Office and the Miami-Dade Police Department resulted in the arrests of a man and a woman for stealing identities and stealing homes. The investigation was launched after the OIG learned that two separate homes and a vacant lot adjacent to one of the homes were all mysteriously deeded to the same woman, who used two different names. One name was proven to be a stolen identity. Investigation of the deeds revealed that the notary public information was bogus and that the identities of two notary publics were also stolen by the pair. These three transactions were mysterious, in that at the time the bogus deeds were purportedly signed, the real owners of the homes and lot had either been dead for over ten years, or were elderly and confined to a nursing home suffering from dementia.

As the investigation unfolded, evidence revealed that the woman involved in the scheme was a drug addict who acted as a straw buyer for the mastermind of the scheme, a man who was in the real estate business. Evidence further revealed that they appeared together at a Team Metro office to negotiate a settlement of liens related to one property. At that time, they posed as brother and sister using false names. The mastermind was so brazen as to attempt to obtain a medical discount for his supposed sister, by pointing out her emaciated physical appearance and claiming she was a "cancer patient." Upon being pressed for medical evidence of her disease, he quickly dropped this claim.

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After title of the properties was conveyed into the addict's various names, she then conveyed equitable title to the mastermind's corporate entity or his designee, and then purportedly conveyed real title to innocent third parties. The mastermind and addict netted over \$100,000 cash from the various transactions and left a wake of chaos behind them. The real owners' heirs, the innocent purchasers, the mortgage companies, and the title insurance companies were left to sort out the legal morass created by the pair's fraudulent acts.

The now-former addict has entered a plea to the charges and has agreed to testify against the mastermind, who is currently awaiting trial. She remains in jail and will be sentenced after completing the obligations under the plea agreement. The mastermind is facing a multitude of five-year minimum mandatory state prison sentences, should he be convicted at trial.

Due to the OIG investigation, the County Recorder's Office instituted a postcard notification system, in an attempt to keep these types of cases from occurring again in the future. If any instrument affecting title, such as a quitclaim deed, is filed and recorded, the owner of record at the time of the filing is sent written notification via postcard. This notification informs them that an instrument affecting title to the property has been filed.

## MIAMI-DADE BUILDING DEPARTMENT

### Certificates of Completion for Sale

In 2003, the OIG launched a widespread investigation into activities at the Building Department, namely whether a County employee was illegally issuing Certificates of Completion and/or Occupancy on uninspected work for his own personal gain. Investigation revealed that a County employee who once had the authority to issue Certificates of Completion had been transferred to another department. However, his computer access to Building Department databases was never adjusted or taken away. This investigation culminated in the arrests of four individuals for various fraud-related crimes, such as Grand Theft, Organized Scheme to Defraud, Official Misconduct, and Unlawful Compensation. These arrests included the corrupt County employee, the president of a company in the business of expediting commercial and residential building plans, the project manager for a real estate development firm, and a licensed general contractor.

In 2005, the president of the expediting company pled guilty to charges in seven cases and was sentenced to house arrest, probation, and the payment of restitution. He also agreed to testify against the corrupt County employee. The corrupt County employee pled guilty and was sentenced to six months in the County jail, followed by house arrest and probation. In addition to the nine illegal Certificates of Completion at issue among the four defendants, the corrupt employee admitted to issuing illegal

Certificates of Completion in over 50 other cases.

The project manager for a real estate development firm agreed to pay costs of the OIG investigation and perform community service. The general contractor entered a plea in late 2006, and is still awaiting sentencing. He has already made restitution regarding the crimes charged by correcting any illegal construction and obtaining proper Certificates of Completion on two properties for which he was charged. Furthermore, he is working to legalize 39 other properties that he had involvement on, but was barred from being criminally charged due to statute of limitation issues.

#### **Corrupt Employees Accepting Gifts to Speed-Up the Processing of Construction Plans**

As the OIG delved more deeply into the activities of the corrupt employee mentioned above and the other three individuals arrested, evidence surfaced that two additional employees in the Building Department were habitually accepting gifts, tips or gratuities from customers to “speed up their work.” That is, if an expediter needed plans pushed through the system and approved more quickly, a small gift to certain employees made that happen.

In 2004, a plans processing technician and a clerk working in the Microfilm Section were arrested for numerous charges of Unlawful Compensation. Both were fired from County employment, entered pleas, and were sentenced to probation.

## **PUBLIC WORKS**

#### **OIG Bores into Roads to Determine the Quantity of Asphalt Work**

In 2001, the OIG reviewed billings submitted by a paving contractor for permanent asphalt patching work done in various neighborhoods around the County. The OIG’s review questioned the quantities of asphalt laid by the contractor and, thus, the bill paid by the County. The OIG retained field experts to examine core samples of the asphalt patches. These samples provided proof that the contractor overbilled the County on the amount of material laid. As a result of the OIG’s investigation, the Public Works Department obtained a \$40,000 credit from the paving contractor.

#### **OIG Digs Down to Drainage Trenches to Determine Quality of Work**

A 2005 OIG investigation resulted in arrests of a County contractor, two employees, and fraud-related charges for a corporation in connection with the contractor’s work on County storm drainage projects. The charges related to billing Miami-Dade County for substandard work, work not performed, and for billing the County for used materials that were represented as new. It is estimated that the County lost over \$100,000 due to this scheme.

The contract in part called for storm drainage trenches to be installed at certain specified depths. The company then billed the County depending upon that depth. The deeper the trench, the more the contractor was paid. The OIG investigation revealed that although the plans called for—and the contract paid for—trenches at depths of 13 feet, the trenches in some areas were actually 2-8 feet shallower than required. The OIG determined that the required depth had not been achieved by actually digging down and measuring the actual depth of the trenches.

The Public Works Department used an outside agency to inspect the day-to-day construction

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of this project and to ensure that the County got what it paid for. The duties of this agency included preparing daily inspection reports detailing the amount of pipe laid, the depth of trenches, and number of structures installed by the contractor. Instead of performing these duties, the outside agency accepted the word of the contractor's employees as to the depth of the trenches, instead of demanding that the trenches be dug up to verify the depths and to properly inspect the worksites.

As a result of this investigation, the County has implemented specific reforms to hold inspectional service contractors responsible for failures in detecting and/or reporting defective work. As of the date of this report, all defendants are awaiting trial.

## **QNIP Audit Series**

During 2002, the OIG selected nine Miami-Dade Public Works Department (PWD) contracts under the Quality Neighborhood Initiative Bond Program and Quality Neighborhood Improvement Program (collectively referred to as QNIP) for street resurfacing and drainage improvement. The audit resulted in four separate audit reports that address a variety of QNIP issues.

Report 1 addressed PWD's contract administration activities, including its payment processing practices. We generally found PWD's contract administration and payment processes to be inefficient in several areas, including timeliness of payments and in its consistency in obtaining Release of Claim forms from its contractors and direct material suppliers.

Report 2 focused on the Department of Business Development's (DBD) monitoring of contractor compliance with the workforce requirement in QNIP contracts. Overall, the audit found DBD's oversight to be lacking in consistency and effectiveness.

Report 3 addressed PWD's contract administration relating to its handling of financial issues. We found unauthorized use of contract contingency allowances; significant,

unexplained cost variances between estimates and final work order costs; and questionable reports of contingency allowance usage.

Report 4 described unauthorized usage of QNIP contracts; questionable costs due to undocumented work and disproportionate costs; and improper unit costs assigned to "lump sum" work orders.

Each OIG Report contained specific recommendations to address the various weaknesses and inefficiencies revealed by the audit. Management was given an opportunity to respond to the above reports during the audit process, and their comments showed management's willingness and intent to correct identified deficiencies. Management occasionally challenged specific audit findings, but generally appreciated the in-depth review conducted by the OIG and have since implemented several important audit recommendations.



**EMPLOYEE UNION CASES****President of Transport Workers Union  
Convicted of Fraud**

The OIG investigation of the president of the Transport Workers Union (TWU) Local 291 resulted in criminal charges being filed against Edward Talley (Talley). The OIG investigation revealed that Talley abused his position as TWU president to steal union monies. As a Miami-Dade Transit Agency employee, Talley used County procedures governing the donation of leave time to siphon off union monies. These fraudulent acts were concealed from the TWU membership and served only to benefit Talley. Talley was arrested in July 2001 and charged with Organized Scheme to Defraud and Grand Theft. He later pled guilty and was ordered to repay \$85,910 in restitution. As part of his plea, the court ordered that Talley pay investigative costs, resign both his presidency and his membership in the TWU, refrain from working in any capacity for any union, and refrain from holding public office or working for any government agency.

**Former County Employees Serving as  
AFSCME Local 121 Officials Convicted of  
Racketeering**

The OIG launched an investigation when, at the urging of the former Director of the Water and Sewer Department (WASD), the newly elected President of the American Federation of State, County, and Municipal Employees (AFSCME) Labor Union, Local 121, lodged a formal complaint. The complaint alleged that thousands of dollars (dues paid by County employees) were stolen from the Union's coffers over a five-year period by the preceding administration. AFSCME Local 121 serves the employees of the WASD. Members consist mainly of WASD employees in positions ranging from meter readers to engineers. The County deducts membership dues from the participating employee's payroll and remits them to Local 121.

The ensuing investigation, conducted jointly by the OIG and the Miami-Dade State Attorney's Office, found that over a five year period the former President, Vice President, Secretary-

Treasurer, Recording Secretary and Executive Board Members received checks drawn on the Union checking account totaling \$350,832, without the membership's knowledge or consent. In order to conceal the fraud and explain the Union's lack of money, members were given a variety of explanations including that the lack of money was due to the "wining and dining of County Commissioners." The investigation found that due to the large amount of money that the Union officials paid themselves, various monthly per capita payments to both the International Union and the Regional Council, entities that oversee the Local 121, were not made. This failure to pay placed the Local 121's sovereignty and existence in jeopardy. The former administration's failure to pay Local 121's financial obligations was particularly egregious, because the Union had no other material expenses other than their per capita taxes.

After the initial arrests in April of 2005, the former Executive Board members agreed to testify against the former Local 121 officers. In March of 2006, the former Recording Secretary pled to grand theft charges and he was sentenced to probation. He was ordered to pay restitution of \$20,000 to the Local 121 and to pay the costs of the investigation to the OIG. He also agreed to testify against the former President and Secretary-Treasurer.

In January of 2007, the former President and Secretary-Treasurer each pled guilty to Conspiracy to Racketeer and Organized Scheme to Defraud, both first-degree felonies. Each was sentenced to two years of house arrest followed by ten years of probation, wherein they were ordered to pay a total of \$179,434 in restitution, and pay OIG investigative costs.

# Office of the Inspector General

## EMPLOYEE MISCONDUCT CASES

### OIG Ghostbusters Discover Ghost Employee at WASD

In 1998, the OIG uncovered alleged payroll fraud committed by a WASD senior administrator. Investigation found that she falsified time sheets of a seasonal student employee who never actually worked at WASD. This "ghost employee" was allegedly the goddaughter of the administrator. As part of the scheme, the administrator directed other WASD employees to lie about and otherwise cover-up for the ghost employee. In total, the ghost was paid \$4,875.

As part of its investigation, the OIG consulted a questioned documents examiner to determine the authenticity of signatures on the time sheets. After their arrests, the administrator and the ghost were both convicted after a trial by jury. The two were sentenced to probation and were ordered to complete 300 hours of community service, and pay approximately \$16,000 in restitution and investigative costs. Additionally, the administrator was sentenced to 15 weekends in the County jail to be served over the course of her probation, primarily for involving other employees and asking them to lie on her behalf.

### Corrections Employee Convicted for Falsifying Military Leave Orders

Information was received by the OIG concerning suspected fraudulent Military Reserve Orders submitted by a Corrections Department employee. Our investigation revealed that the employee submitted five falsified military orders, thereby causing the falsification of eight Payroll Attendance Reports. The scam netted him 33 days of Military Reserve Leave from his County employment in 2000-2001. The scam cost the County \$3,845 plus benefits. The corrections officer was arrested and pled guilty to 13 counts of Official Misconduct and eight counts of Grand Theft. The defendant's sentence included full restitution to the County and payment of the OIG's investigative costs.

### A Supervisor is Guilty of Overtime Fraud

The OIG exposed a WASD supervisor who

abused his position by fraudulently altering his Payroll Attendance Reports to obtain pay for overtime hours not worked. In the course of 18 months, the supervisor defrauded the County of over \$36,000. He was arrested and pled guilty in 2001 to 33 counts of Grand Theft and other charges. The supervisor was sentenced to 30 days in the County jail, one year of house arrest, and 14 years of probation wherein he was ordered to pay restitution of \$36,442. He also forfeited over \$25,000 in accrued sick and annual leave pay.

### County Fire Rescue Engineer Arrested, Then Extradited from Hungary to Face Additional Charges

A County engineer working in the Fire Rescue Department was arrested in February 2003 on 38 counts of Bribery, Money Laundering, Organized Scheme to Defraud and other serious crimes. OIG investigators determined that while employed by the County, the engineer secretly owned and operated two companies that drafted fire sprinkler plans. His businesses received over a million dollars from July 1998 to 2003 for producing fire sprinkler plans for at least 18 different companies. As an engineer for the County, he was responsible for reviewing and approving some of the same fire sprinkler plans that his own business had prepared. Further investigation revealed that he recommended his own company to County vendors whose plans he was reviewing, and also solicited bribes from those vendors. In April 2003, OIG Special Agents obtained a second warrant for his arrest after determining that he solicited three of his employees and a client to falsely testify on his behalf to prosecutors. After learning of this second warrant, he literally ran out of the courthouse and fled the country.

The OIG's pursuit and investigation into his whereabouts resulted in his unprecedented extradition from Hungary, the country to which

he had fled. U.S. Marshals escorted him back to the U.S. and booked him into the Miami-Dade County Jail. After pleading guilty, he was sentenced to three years in Florida state prison, was ordered to pay \$58,537 in restitution, forfeited over \$20,000 in annual and sick leave, and was ordered to pay \$20,000 in OIG investigative costs. During the course of this investigation, the OIG shared evidence of his finances with the IRS. Based in large part upon this evidence and after his return to the U.S., the engineer (for a third time) and his employee (for the first time) were indicted, arrested, and pled guilty to federal tax evasion charges related to the engineer's secret businesses.

### **Phantom Juror Exposed**

The OIG investigated a former Court Records Specialist for payroll fraud. The investigation led to his arrest for defrauding the County Clerk's Office out \$17,388 in salary and benefits. The former County employee had orchestrated an on-going lie that he was serving on federal jury duty for about six months. The investigation revealed that while still employed by the County, the employee had in fact been summoned for duty, but had failed to appear for service. Instead, he reported to supervisors that he had been selected to serve on an important federal criminal jury trial. The employee would periodically report to supervisors over the six-month period that he was still serving on the jury, but could not give specifics regarding the case due to confidentiality concerns and the federal judge's orders not to talk about the case. After repeated requests from supervisors to provide back-up documentation of his service, the clerk abruptly resigned.

In 2004, the former Court Records Specialist pled guilty to all charges, was sentenced by the Court to probation, and was banned from seeking public employment. Prior to sentencing, the former employee paid a total of \$17,388 in restitution to the County and also paid OIG investigative costs.

### **THE PUBLIC HEALTH TRUST**

### **Cardinal Health 109, Inc. Probe Involving Sex, Lies, and Prescription Medication**

An OIG investigation was undertaken in 2005 into the Public Health Trust's (PHT) multi-million dollar pharmacy operations management contract with Cardinal Health 109, Inc. (Cardinal), which had been awarded as a no-bid contract based on the promise that taxpayers would save millions of dollars. Cardinal's implementation manager, the person in charge of the PHT contract, was arrested and charged in December 2004 with Organized Scheme to Defraud and Grand Theft. The arrest stemmed from nine instances where he fraudulently submitted bills for nights at strip clubs, fishing trips, and for expensive meals. His expense reports falsely stated the purpose of the events and inflated the number of attendees to avoid scrutiny by the PHT and Cardinal. It was also discovered that the PHT signed off on over \$6,380 in expenses without reviewing bills or requesting back-up documentation that might have triggered appropriate scrutiny of expenses. This was just the tip of the iceberg.

This manager was the same person in charge of the PHT's pharmacy operations and who supervised the Cardinal transition team that set up Cardinal's billing system to the PHT. A subsequent audit uncovered that the PHT suffered over \$15 million in damages and overcharges. A settlement with Cardinal was eventually reached, which resulted in the return of \$11 million to the PHT.

# Office of the Inspector General

## The Admission and Treatment of Non-County Residents and Non-Emergency Patients at JMH

In December 2003, the OIG issued an audit report of non-County resident and non-emergency treatment and admissions at Jackson Memorial Hospital (JMH). This audit followed the investigation of a non-resident patient from Guatemala who was admitted to and treated by JMH's Burn Center. This patient died in 2001, owing JMH a bill of approximately \$2.2 million for his treatment and care.

The audit was presented to the PHT to provide comprehensive evidence of the financial impact of non-County resident admissions; to assist in evaluating future measures that could be adopted by the PHT to address similar occurrences; and to recommend possible actions in the pursuit and collection of unpaid balances (especially those balances guaranteed by third party international insurance carriers and foreign governments). The audit summarized data compiled by OIG auditors on admissions, lengths of stays, and costs related to selected non-County residents admitted to and treated at JMH. Although cumulative patient account balances exceeded \$85 million, the audit focused only on 68 notable cases that represented almost \$16.3 million in unpaid balances, and on adjustments exceeding \$2 million.

Of the 68 unpaid patient accounts scrutinized, the OIG audit determined that four patients received free services by JMH, 30 patients had accounts managed by the International Health Center and 34 patients were other self-paying, non-County residents. These patients included a Peruvian who received two years' worth of treatment and left an unpaid balance of \$1.16 million; a Saudi national admitted with a guarantee letter from the Saudi Arabian government and who died leaving an unpaid balance of \$235,500; four patients from Aruba who were admitted under the same insurance company and who collectively left an unpaid balance of \$930,909 for treatments

dating back to 2001; and an Indiana patient with an unpaid balance of over \$1 million owed by his state after receiving multiple organ transplants and ongoing care for 2 ½ years.

PHT management concurred with the findings highlighted by the audit and implemented remedial actions. Most notably, the PHT assumed administrative control of the intake and initial screening process of Jackson Health System hospital patients who utilize the International Health Center. Furthermore, the PHT hired collection agencies, specializing in international patient collections, to assist them with the collection of unpaid patient debt.

## Audit of Collection Agency Fees

The OIG Audit Unit completed a review of the PHT's collection of out-of-state Medicaid accounts. We found that the PHT was unnecessarily paying fees of 7.5% of the collected amount for patients whose medical procedures were either pre-arranged or pre-authorized. As a result of the audit, the collection of these accounts was transferred in-house. Later, an OIG follow-up found that the PHT had done a poor job in collecting these accounts; subsequently, the OIG provided the PHT with recommendations for enhancing its current methods of collection. The PHT was encouraged to aggressively collect these accounts, which totaled almost \$6 million owed by a mere 14 patients.

## Audit of Incident Management Group, Inc. Reveals Million Dollar Discrepancy

The OIG's extensive review of the consultancy arrangement between the PHT and the Incident Management Group, Inc. (IMG) questioned, among other things, the procurement process utilized to initially select IMG, the types of services allegedly provided by IMG, and the poor documentation submitted to the PHT as support for payment of its services. Moreover, the OIG outright questioned some of the consultant's invoices for so-called "recruitment fees" and a PHT trustee's involvement in matters related to invoicing disputes. After issuance of the OIG's final report, and in response to our follow-up,

a PHT internal audit concurred in identifying over \$1 million in questionable payments and overcharges, and stated it would be seeking recoveries from the vendor.

**WATER  
AND  
SEWER  
DEPARTMENT**

**WASD Water Tampering Unit**

The Inspector General spearheaded an effort to detect consumer utility tampering at the County's Water and Sewer Department (WASD), leading to the creation of the Water Tampering Unit in June of 1999. Since its inception through the end of this fiscal year, the Unit has performed over 33,000 inspections and has found evidence of tampering during 17% of the inspections. The Unit has issued over \$2.7 million in tampering citations and has actually recovered almost \$2.4 million in revenues from these citations. Residential tampering has comprised the bulk of the citations issued (79%), followed by violations at construction sites (14%), commercial property tampering (4%), tampering at multi-unit properties (2%), and tampering of fire hydrants (1%). WASD's Tampering Enforcement Program won an achievement award and received national recognition by the National Association of Counties for its innovative resource saving program.

The OIG continued its work at WASD to expand this recovery initiative to the tampering of water fire lines and other illegal thefts of our crucial water supplies. The OIG joined with WASD and conducted a study to determine the feasibility of applying similar measures to detect the tampering of metered water fire lines. The study specifically reviewed fire line meters at the County's Seaport and revealed that there had been no billing for approximately six months, equating to a loss of over \$15,000, which was immediately billed by WASD to the Seaport. If it

had not been for the oversight the OIG initiated in this area, WASD would have continued to lose \$2,600 each month from the Seaport alone. This initiative has been expanded to other large-scale facilities and will result in anti-theft measures being put into place where needed.

**Pump Station Improvement Project**

In December 1998, an OIG investigation uncovered a multi-million dollar fraud in the construction of a \$450 million County sewer project known as the Pump Station Improvement Program (PSIP). The County settled with several major contractors on the project in January 2001. The settlements required reexamination and testing of the pipelines and, where necessary, recertification of the installed underground lines. Over \$7 million in estimated potential losses to the County were averted because of the investigation, as all remedial work was completed at no additional charge—not to mention the aversion of public safety and health risks to citizens of Miami-Dade County.

**WASD AUDIT SERIES – 3 REPORTS**

The OIG Audit unit completed a series of three audit reports in 2005, relating to a WASD contract for the installation or repair of various force mains and their associated systems. Known as a "blanket", the contract establishes a pool of eligible contractors who then bid on individual projects. Seventeen construction projects—ranging from \$100,000 to \$2.6 million in work order amounts—were reviewed as part of this audit.

The first two audit reports focused on WASD procedures for work order pre-bid estimates,

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work order bid proposals and awards, contract documentation, and the reporting of final contract expended amounts. The audits also focused on documenting the work completion date, which is essential in determining whether liquidated damages and/or time extensions are applicable. It was found that project files for the work orders issued did not contain records establishing and documenting authoritative work completion dates, which are essential project records for work order close-outs or for the granting of time extensions for the assessing of liquidated damages. Many of the completed work orders appeared to have been completed "late" to some degree, time extensions were not documented, and liquidated damages were not assessed against any of the contractors, regardless of whether time extensions were granted.

The third audit focused on WASD's change order documentation and detailed three findings related to inadequate record keeping, approval of change order amounts without obtaining adequate cost data, and questioning specific change order amounts for work orders sampled. The OIG emphasized the need for WASD to maximize its collective professional experiences and knowledge of prior contract histories to improve upon the contractual terms and conditions, bid specifications, work descriptions and unit price comparisons, which should positively affect reducing change orders prospectively.

As a result of the OIG's findings and recommendations, WASD has implemented corrective measures addressing the cited deficiencies, including expanded training for its employees, issuing new procedures, centralizing its record keeping and document control, and processing contractor claims in a timelier manner.

## FOCUS FOR THE UPCOMING YEAR

The Inspector General's Office will face enormous challenges in the coming year. Of course, we will continue our oversight initiatives of County programs, projects and contracts, and conduct audits, reviews and investigations of County affairs to deter fraud, waste, and abuse wherever possible. We will also focus our limited resources on identifying and recovering monetary losses suffered by the County because of criminal activity or misconduct.

As we embark in 2008, our Office has assumed the role of Inspector General for the Miami-Dade County Public School District. Both the School Board and the Board of County Commissioners concluded that it would be more efficient and effective to use the services of the County's OIG because it is an established, highly respected organization. Given the size and complexities of the school district, this new responsibility will test our capabilities but, undoubtedly, will provide an exceptional opportunity for the OIG to help the district achieve savings at a time of dwindling tax revenues.

In short, we expect that County programs and projects will continue to expand. As such, the OIG will streamline its oversight strategies to monitor expenditures and uses of the County's tax and bond revenues. Future initiatives include examining grant proceeds from the Building Better Communities Bond Program, monitoring capital infrastructure improvements to our transportation network, and investigating complaints and abuses in our procurement programs.

**APPENDIX A**

**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 Eleventh Judicial Circuit for Miami-Dade County;

(b) The Public Defender of the Eleventh 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 (4) 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

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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;
- (g) Insurance contracts;
- (j) Professional service agreements under one thousand dollars (\$1,000);
- (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.

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

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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 the 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 current Inspector General. Notwithstanding any provision to the contrary, the incumbent Inspector General, Christopher R. Mazzella, shall serve a four-year term of office commencing on December 20, 2005, 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).

(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)

**APPENDIX B: INTERLOCAL AGREEMENT BETWEEN THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AND MIAMI-DADE COUNTY, FLORIDA, FOR THE PROVISION OF INSPECTOR GENERAL SERVICES THROUGH THE OFFICE OF THE MIAMI-DADE COUNTY INSPECTOR GENERAL**

THIS INTERLOCAL AGREEMENT (the “Interlocal Agreement” or “Agreement” or “ILA”) is entered into as of the 27th day of December 2007, by and between THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, a public body corporate and politic and governing body of The School District of Miami-Dade Florida, a political subdivision of the State, existing under the laws of the State of Florida, its successors and assigns (hereinafter referred to as the “School Board”), and MIAMI-DADE COUNTY, a political subdivision of the State, its successors and assigns (hereinafter referred to as the “County”). The School Board and the County are sometimes referred to herein individually as a “Party” and collectively as the “Parties”)

**RECITALS**

WHEREAS, Section 163.01, Florida Statutes, the “Florida Interlocal Cooperation Act of 1969,” authorizes public agencies to enter into interlocal agreements for mutual benefit; and

WHEREAS, the home rule powers under Section 1001.32(2), Florida Statutes, authorizes the School Board to exercise any power except as expressly prohibited by the State Constitution or general law; and

WHEREAS, the School Board seeks to hire an Inspector General that would be responsible, on behalf of the School Board, for conducting independent audits and investigations into school district practices and operations in order to prevent and detect fraud, waste, financial mismanagement, or other abuses, and promote accountability, integrity, economy, and efficiency in government; and

WHEREAS, School Board Rule 6GX13-8A-1.08 expressly authorizes the School Board, as an alternative method to selecting and employing an Inspector General, to contract through an interlocal

agreement with the County for inspector general services to fulfill the role of the Inspector General for the School Board; and

WHEREAS, the County already has an established Office of the Inspector General that has been nationally recognized for independently and effectively conducting inspector general activities; and

WHEREAS, the County and the School Board recognize that, given the knowledge, experience, and ability of the staff of the Office of the Miami-Dade County Inspector General in conducting investigations into government waste, fraud, or mismanagement, the Office of the Miami-Dade County Inspector General is in the best position to expeditiously fulfill the services of Inspector General for the School Board; and

WHEREAS, the School Board and the County have determined that it will serve the public interest to enter into this Interlocal Agreement in order to accomplish all of the foregoing goals,

Now Therefore, in consideration of the terms and conditions, promises and covenants hereinafter set forth, the Parties agree as follows:

**Section 1. Recitals Incorporated.**

The above recitals are true and correct and incorporated herein by reference.

**Section 2. Purpose.**

The purpose of this Interlocal Agreement (ILA) is to arrange for the services of an Inspector General and the provision of inspector general services to the School Board by the Miami-Dade County Office of the Inspector General (County OIG).

**Section 3. Responsibilities, Functions, Authority, and Jurisdiction of the Inspector General:**

a. The Miami-Dade County Inspector General shall act as head of the School Board’s Office of Inspector General (hereinafter “SB OIG”) and serve as the Inspector General for the School Board during the term of this ILA. The organization and administration of the SB OIG shall be sufficiently independent to assure that no interference or influence external

# Office of the Inspector General

to the SB OIG adversely affects the independence and objectivity of the Inspector General. The term “Inspector General” when standing alone hereinafter shall refer to the Inspector General for the School Board whose role is being fulfilled by the County’s Inspector General pursuant to the terms of this ILA.

b. The SB OIG shall have the authority to make investigations of School Board affairs and the power to review past, present and proposed School Board programs, accounts, records, contracts and transactions.

c. The SB OIG shall have the power to require reports and the production of records from the Superintendent, School Board members, School District departments and allied organizations, and District officers and employees, regarding any matter within the jurisdiction of the Inspector General.

d. The OIG shall have the power to report and/or recommend to the School Board and/or the Superintendent 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 School Board or Superintendent 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.

e. The OIG 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, committees, activities, programs and agencies of the School Board.

f. The Inspector General may, on a random basis, perform audits, inspections and reviews of all School Board contracts. All prospective bidders, proposers, vendors and contractors doing business with the School Board will be informed of the authority of the SB OIG to conduct such random audits, inspections, and reviews and language to this effect, including but not limited to the authority

of the SB OIG to access contractor records and the obligation of the contractor to make those records available upon request, shall be incorporated into every bid, proposal, contract and purchase order issued by the School Board after the effective date of this ILA.

g. 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, School Board staff, and elected officials, in order to ensure compliance with contract specifications and detect corruption and fraud.

h. Pursuant to § 112.3187(6), Fla. Stat., the OIG shall be the designee of the District’s chief executive officer for purposes of receiving Whistle-blower’s Act disclosures under § 112.3187(7) and investigating in accordance with §§ 112.3187-31895, Fla. Stat.

i. Notwithstanding section (h) above, the Inspector General shall have the power to review and investigate any citizen’s complaints regarding School Board projects, programs, contracts or transactions.

j. The Inspector General may exercise any of the responsibilities, functions and authorities contained in this ILA upon his or her own initiative.

k. 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 School Board is to be discussed. The notice required by this section 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 hours prior to the scheduled meeting; said notice may be provided via electronic mail. The Inspector General may, at his or her discretion, attend all duly noticed School District meetings relating to the procurement of goods or services as provided herein, and 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.

1. Under § 1002.22(3), Fla. Stat., student records are highly confidential and may be disclosed only as allowed by § 1002.22(3)(d), Fla. Stat., and State Board of Education Rule 6A-1.0955, F.A.C. The Inspector General will observe these restrictions when preparing reports, as well as observing all other applicable confidentiality requirements under state and federal law.

#### Section 4. Coordination Of Activities With Internal And External Agencies.

a. The School Board, Superintendent, Chief Auditor, Office of Civil Rights Compliance, Civilian Investigative Unit, Office of Professional Standards and Miami-Dade Schools Police will cooperate with the Inspector General and SB OIG to achieve the goals of preventing and detecting fraud, waste, financial mismanagement, or other abuses, and promoting accountability, integrity, economy, and efficiency in government. Although the SB OIG does not, whenever possible, intend to duplicate the work of the aforementioned entities, its audits, investigations, inspections and reviews may from time to time address the same or similar issues or activities being reviewed by the aforementioned entities. In such cases, and in every case, SB OIG audits, investigations, inspections and reviews will be conducted separately and independently from the aforementioned activities, and upon conclusion, the SB OIG, where appropriate, shall refer the disposition or finalization of an audit, investigation, inspection or review to the appropriate school board entity for any additional action. The Inspector General, District Superintendent and directors of the aforementioned departments may, through subsequent mutual written agreement(s), agree upon operating procedures to ensure that the aforementioned goals are achieved.

b. 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, or would interfere, with an ongoing criminal investigation.

c. Where the Inspector General detects corruption or fraud, he shall notify the appropriate

law enforcement agency(ies). Subsequent to notifying the appropriate law enforcement agency, the Inspector General may assist the law enforcement agency in concluding the investigation.

d. OIG personnel will make every reasonable effort to minimize any disruption or interference with work activities being performed in the school system. Except where investigative requirements dictate otherwise, advance notice should be given of a need for the IG or other OIG staff to access areas not routinely accessed by the Board, employees, contractors, or subcontractors of a school. Visits to school sites should be coordinated with the principal and School Police; and any access to students (e.g. interviews or requests for statements) must be consistent with the District's procedures for investigations and the rights of parents and guardians. OIG personnel, who in the course of their employment will have direct contact with students or access to school grounds while students are present, must comply with the requirements of the Jessica Lunsford Act, § 1012.465, Fla. Stat. (2007), and any amendments thereto.

#### Section 5. Physical Facilities and Staff of the SB OIG:

a. The School Board and District shall provide the SB OIG with appropriately located office space and sufficient physical equipment facilities together with necessary office supplies, equipment, and furnishings to enable the SB OIG to perform its functions.

b. The Inspector General may make available staff members of the County's OIG to provide administrative, legal, investigative, audit and inspectional services. The provision of these services will be reimbursed by the School Board pursuant to Section 7 of this agreement. County personnel providing services pursuant to this agreement, including the Inspector General, shall remain at all times employees of the County.

c. The District Superintendent will make available personnel, resources and accommodations to the Inspector General in order to staff the SB OIG. Funding for personnel, resources and accommodations provided by the District shall be included in the annual allocation by the School Board for the SB OIG as provided in Section 7 of this agreement. The identification, duration, and terms of detachment of District personnel pursuant to this

# Office of the Inspector General

section will be made by subsequent mutual written agreement(s) between the Inspector General and the Superintendent, which will be in conformance with the requirements of § 112.24, Fla. Stat. During the term of this ILA, the School Board hereby delegates to the Superintendent the authority to enter into said personnel detachment agreements. These individuals shall report directly to the Inspector General or his designee during the period of the detachment. District personnel detached to the SB OIG shall remain at all times employees of the School District and such detachment will in no way adversely affect the individual's employment rights and privileges, nor shall an employee's return to his or her previous position be adversely affected after a period of detachment to the SB OIG. At the conclusion of their detachment, placement and assignment of school district employees will be governed under the terms of their respective collective bargaining agreements.

d. The Inspector General shall, subject to the budgetary allocation by the School Board, 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 need to perform the duties and functions enumerated in this ILA.

e. The Inspector General shall have the power to establish personnel and operating procedures as deemed necessary for the efficient and effective administration and performance of this ILA.

## Section 6. Reports and Recommendations by the OIG:

a. Notwithstanding any other provision of this ILA, whenever the Inspector General drafts 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 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 section shall not apply when the Inspector General, in conjunction with the State Attorney, or other prosecuting authority, determines

that supplying the affected person or entity with such report will jeopardize a pending criminal investigation.

b. The Inspector General shall annually prepare and submit to the School Board a written report concerning the work and activities of the SB OIG as it relates to the duties outlined in this ILA including, but not limited to, statistical information regarding the disposition of closed investigations, audits, and other reviews.

## Section 7. Budgetary Allocation By The School Board.

It is agreed by the Parties that the operations and services to be provided by the SB OIG to the School Board shall be adequately funded at no cost to the County.

a. Initial Allocation. The School Board agrees that it will allocate \$75,000 (allocated from a fund that has been budgeted for purposes reasonably related to OIG services) as an initial amount of funds to the SB OIG, and place such funds in an account to be drawn by the SB OIG as needed, until an annual budget is agreed upon by the School Board and the Inspector General. The SB OIG will provide the School Board with an invoice, accounting or other report of any monies drawn from the initial \$75,000 allocation.

b. SB OIG Budget. The Inspector General will, within 90 days after the ILA becomes effective, present to the School Board, through a recommendation from the Superintendent, a proposed annual budget for the SB OIG and a method for its implementation. This proposed budget shall be inclusive of the resources to be provided by the County OIG through its professional staff and any operating expenditures made directly by the County OIG in the furtherance of or pursuant to this ILA. Additionally, the annual budget shall contain funds to accommodate the resources to be provided for the operation of the SB OIG as identified in Section 5(a) and 5(c) herein, and sufficient funds for the general operation of the SB OIG. Once the SB OIG and the School Board are in agreement, the School Board shall adequately fund the costs of the services and operations for not less than the first year of this ILA. Thereafter, annual budgets shall be proposed in accordance with the guidelines set forth in this Section.

c. Compensation for County OIG services. Compensation for direct County OIG services shall be paid by the School Board within 30 days upon presentation of an invoice from the County OIG, which shall be submitted quarterly. Copies of receipts or other appropriate supporting documentation will be presented with the invoice seeking payment. Compensation for professional services rendered by County OIG personnel shall include the individual's direct hourly salary, County payroll fringe and other benefits, and applicable County OIG office overhead.

d. Should the parties hereto be unable to agree upon a budget in the manner prescribed in this section, this ILA shall be void ab initio, and any unexpended and unencumbered funds included in the initial funding allocation provided by the School Board, shall be returned to the School Board.

**Section 8. Termination of ILA.**

This ILA may be terminated for any reason, including convenience, by either party by thirty (30) days' written notice to the other party.

**Section 9. Term and Effective Date of ILA.**

This ILA shall take effect upon final execution of the ILA by both the School Board and the County, for a term of three years from the date it takes effect. This three year term may be renewed for an additional term, the length of which must be determined and agreed upon by both parties to the ILA.

**Section 10. Indemnification and Legal Representation of the County, OIG and OIG Staff:**

The School Board agrees to indemnify and hold harmless the County and its officers, employees, agents and instrumentalities including, but not limited to, the Inspector General, any member of the County OIG, and any District personnel detached or assigned to the SB OIG for any civil actions, complaints, claims, or lawsuits that may be served on them resulting from the performance of this ILA, subject to the provisions of § 768.28, Fla. Stat. The School Board agrees to pay the legal fees and expenses resulting from the defense of such actions in accordance with § 1012.26, Fla. Stat. Notwithstanding any provisions of State law or School Board Rules, the School Board agrees that the County and its officers,

employees, agents and instrumentalities including, but not limited to, Inspector General, any members of the County OIG and any District personnel detached or assigned to the SB OIG, at their sole discretion, may use or retain the services of in-house, County, outside and/or private legal counsel of their choice, in the defense of such actions, and that such services shall be paid for by the School Board, to the extent consistent with § 768.28, Fla. Stat., as interpreted by case law and pertinent Attorney General's opinions.

**Section 11. Miscellaneous.**

a. Notices. All notices, requests, consents, and other communications under this ILA shall be made in writing and shall be personally delivered, mailed by First Class Mail, postage prepaid, or sent by overnight delivery service, to the parties, as follows:

If to the School Board:

Dr. Rudolph F. Crew, Superintendent  
Miami-Dade County Public Schools  
1450 NE 2nd Avenue  
Miami, FL 33132  
Phone: 305-995-1430  
Fax: 305-995-1488

With a Copy to:

JulieAnn Rico, Esquire  
School Board Attorney  
The School Board of Miami-Dade County  
1450 NE 2nd Avenue  
Miami, FL 33132  
Phone: 305-995-1304  
Fax: 305-995-1412

If to the County:

Christopher R. Mazzella, Inspector General  
Miami-Dade County OIG  
19 W. Flagler Street, Suite 220  
Miami, FL 33130  
Phone: 305-375-1946  
Fax: 305-579-2656

# Office of the Inspector General

With a Copy to:

Robert A. Cuevas Jr., County Attorney  
Miami-Dade County Attorney's Office  
111 N.W. 1st Street, Suite 2800  
Miami, FL 33128  
Phone: 305-375-5151  
Fax: 305-375-5634

Except as otherwise provided in this ILA, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 PM (at place of delivery) or on non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for the School Board and counsel for the County may deliver Notice on behalf of the School Board and the County, respectively. Any party or other person to whom Notices are to be sent or copied may notify the other parties and addressees of any change in name or address to which Notices shall be sent by providing the same on five (5) days written notice to the Parties.

b. Enforcement of Agreement. In the event that the County, including the County OIG and the Inspector General, is required to prosecute or defend any action by court proceeding or otherwise relating to this ILA, the School Board shall be responsible for the fees and costs of the County's attorneys to the extent permitted by law.

c. Entire Agreement. This instrument incorporates and includes all prior negotiations, correspondence, conversations, agreements or understandings applicable to the matters contained herein. The Parties also acknowledge that certain operating procedures and protocols, relating to the assignment of staff and coordination of activities among certain School Board departments, will be stated and agreed to by the Inspector General and the District Superintendent through subsequent, separate written agreements, as provided for in Sections 4(a), 5(c) and 5(e).

d. Amendments. Amendments and Addenda to and waivers of the provisions contained in this

Interlocal Agreement may be made only by an instrument in writing which is executed by both Parties.

e. Joint Preparation. This Interlocal Agreement has been negotiated fully between the Parties as an arm's length transaction. Both Parties participated fully in the preparation of this Interlocal Agreement and received the advice of counsel. In the case of a dispute concerning the interpretation of any provision of this Interlocal Agreement, both Parties are deemed to have drafted, chosen, and selected the language, and the doubtful language will not be interpreted or construed against any Party.

f. Assignment. This Interlocal Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the other Party.

g. No Third Party Beneficiaries. This Interlocal Agreement is solely for the benefit of the School Board and the County and no right or cause of action shall accrue upon or by reason of, to or for the benefit of any third party not a formal party to this Interlocal Agreement. Nothing in this Interlocal Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the School Board and the County any right, remedy, or claim under or by reason of this Interlocal Agreement or any of the provisions or conditions of this Interlocal Agreement; and all of the provisions, representations, covenants, and conditions contained in this Interlocal Agreement shall inure to the sole benefit of and shall be binding upon the School Board and the County, and their respective representatives, successors, and assigns.

h. Severability. The invalidity or unenforceability of any one or more provisions of this Interlocal Agreement shall not affect the validity or enforceability of the remaining portions of this Interlocal Agreement or any part of this Interlocal Agreement that is not held to be invalid or unenforceable.

i. Governance and Venue. This Interlocal Agreement and the provisions contained herein shall be construed, interpreted and controlled according to the laws of the State of Florida. Venue for any dispute shall be in Miami-Dade County, Florida. Disputes arising from this agreement are subject to



and must adhere to the provisions of Chapter 164 of the Florida Statutes, the “Florida Governmental Conflict Resolution Act.”

j. Joint Defense. In the event that the validity of this Agreement is challenged by a third party or parties unrelated to the Parties through legal proceedings or otherwise, the Parties hereto agree to cooperate with each other in defense of this Agreement, with the School Board to bear attorneys’ fees and costs associated with such defense.

k. Time of the Essence. The parties acknowledge that time is of the essence in the performance of all obligations required hereunder and all “days” referenced herein shall be deemed “business days” unless otherwise specifically set forth.

l. Authorization. The execution of this Interlocal Agreement has been duly authorized by the School Board and the County. The School Board and the County have complied with all the requirements of law in connection with the execution and delivery of this Interlocal Agreement and the performance of their respective obligations hereunder. The School Board and the County have full power and authority to comply with the terms and provisions of this instrument.

m. Headings for Convenience Only. The descriptive headings in this Interlocal Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Interlocal Agreement.

n. Counterparts. This Interlocal Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original; however, all such counterparts together shall constitute but one and the same instrument.

Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

*Approved By the School Board of Miami-Dade County  
on October 17, 2007, Agenda Item #2.*

*Approved by the Miami-Dade Board of County  
Commissioners on December 18, 2007,  
R-1387-07.*

# Office of the Inspector General

## 4 Convenient Ways to Report Fraud



**Online**

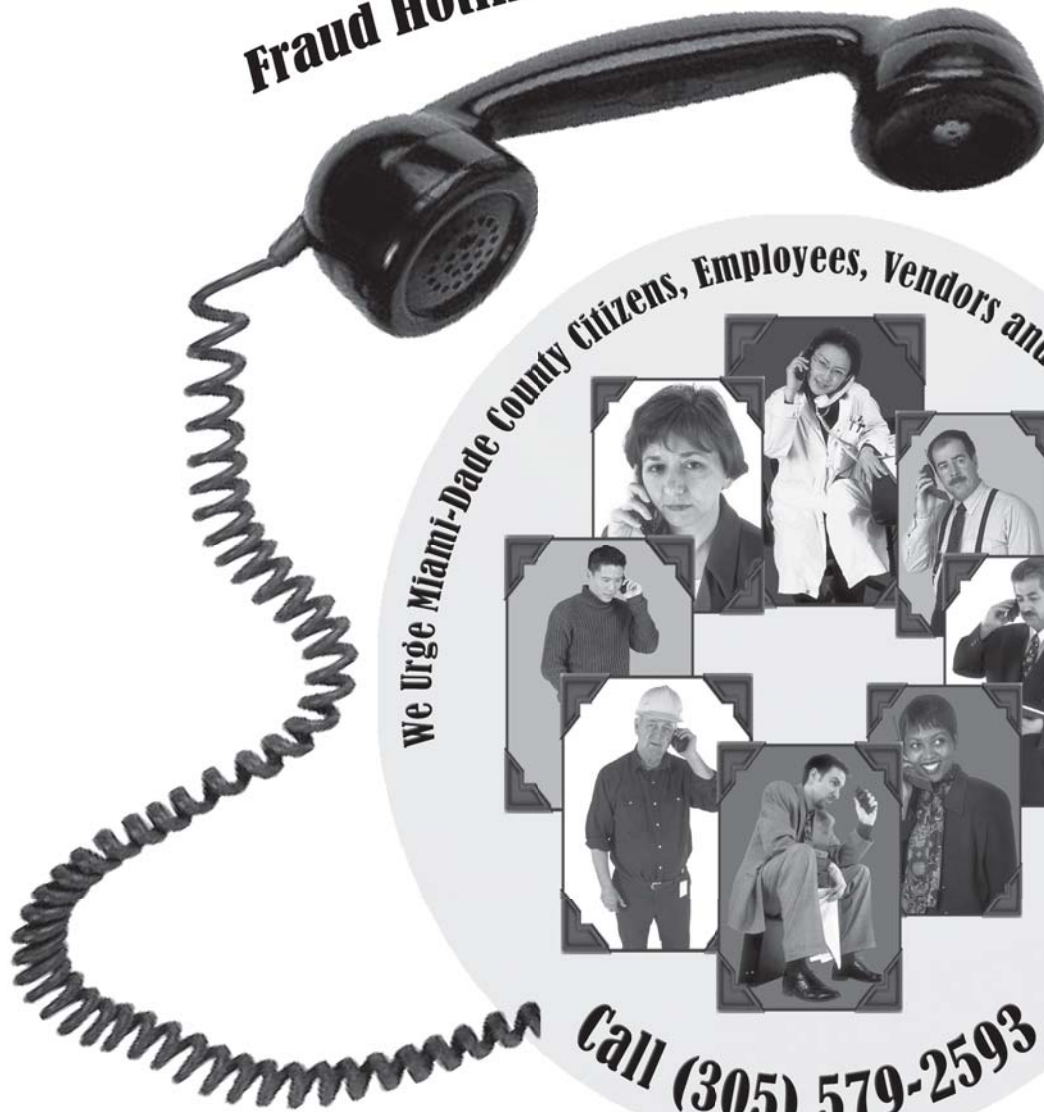


**Mail**

**Fax**



**Fraud Hotline: (305) 579-2593**





**Miami-Dade County  
Office of the Inspector General  
19 West Flagler Street, Suite 220  
Miami, Florida 33130  
Phone: (305) 375-1946  
Fax: (305) 579-2656**



**Report Fraud Hotline: (305) 579-2593  
or report fraud on our website at  
[www.miamidadeig.org](http://www.miamidadeig.org)**