



Memorandum

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To: Hon. Dennis C. Moss, Chairman
and Members, Board of County Commissioners

From: Christopher Mazzella, Inspector General

Date: August 19, 2009

Subject: OIG Proposed Budget FY 2009-2010

At the request of Commissioner Sally Heyman, Chairperson of the Health, Public Safety, and Intergovernmental Committee, I am providing you this memorandum setting forth my concerns with the proposed FY 2009-2010 budget as set forth in the *Mayor's Proposed Resource Allocation Plan* relating to the Office of the Inspector General (OIG).

The current proposed OIG budget marks the third year in a row that the Mayor has proposed cutting the OIG's staffing. In FY 07-08, he proposed that three positions be cut, and in FY 08-09 he proposed the cutting of two positions. In both of the past years, we were able to ward off the reductions as we had sufficient funds to pay for the cut positions because of our fiscal discipline and higher than expected revenues generated through the $\frac{1}{4}$ of 1% IG Contract Fee. Significant court-ordered payments for investigative costs paid by sentenced defendants in OIG initiated criminal investigations also helped to increase our carry-over in past years. However, for the upcoming fiscal year, even with a healthy projected carry-over of \$587,000, the Mayor again proposed cutting three positions, thereby reducing the OIG from 38 to 35 positions.

Without a doubt, this proposed reduction will negatively impact our ability to provide adequate oversight coverage on locally-initiated economic stimulus and American Recovery and Reinvestment Act (ARRA) projects. For example, at present, current oversight efforts include reviewing Building Better Communities (BBC) General Obligation Bonds (GOB) grant proceeds to not-for-profits; Transit's procurement of new heavy rail cars; Miami-Dade Aviation Department's revenue-generating activities, such as permits and advertising signage; Water and Sewer Department's capital construction projects at the South Dade Wastewater Treatment Plant; and negotiations between the Public Health Trust and the University of Miami for a proposed hotel and conference center.

Moreover, initial inquiries of complaints and investigations, in general, have already been impacted each time there has been a hiring freeze. In the past two years, even after our positions had been restored, the OIG still found itself significantly hindered in filling those positions during that year. Our "savings" generated from not being able to fill our vacancies resulted in a smaller general fund subsidy to the OIG budget, which was then made even smaller when the positions were proposed to be cut again in the subsequent year. While our staffing level has remained stagnant, the demands on our office have increased.

At a time when government spending is critical to our economic recovery, it is imperative that government ensure that its spending is transparent and beyond reproach. However, at present, the prospect of another proposed cut to the OIG's staff resources will adversely impact the OIG's ability to timely process complaints, complete investigations and audits in a timely manner, provide adequate oversight coverage, and respond to BCC initiated requests to review certain selected contracts/projects. For instance, the BCC recently enacted legislation requesting the OIG to provide independent oversight of simultaneous competitive negotiations, which, as you know, are often complex, contentious, involve long-term contractual commitments, and, thus, require considerable time commitments by OIG staff.

I am extremely cognizant of the difficult budgetary decisions before you and in a time of such austerity measures, I do not make this request lightly. However, I truly believe that my office's continued efforts in promoting public and program integrity are especially needed now during this time of significant government spending to stimulate economic recovery.

While it is practically impossible to put a price tag on integrity and transparency, I can proudly point to my office's record. In the last full fiscal year, FY 07-08, OIG efforts identified \$33.3 million in questioned costs, damages and lost revenues. We achieved \$15.2 million in future savings, prevented losses, costs avoided and restitutions ordered. For the current year so far, we have identified an estimated \$3.3 million in questioned costs, damages, and lost revenues. Further, since the inception of the OIG in 1998, the OIG has identified over \$123.9 million in questioned costs, losses, damages and waste, and achieved over \$68.7 million in future savings, prevented losses, costs avoided and restitutions, and our investigations have also resulted in 191 arrests and the indictment of 11 companies.

In view of the above, I am respectfully requesting the Commission to restore the OIG's staffing level to 38 positions, which, according to the Mayor's FY 09-10 budget book, is valued at \$289,000. I would also ask that the Commission to authorize \$592,000 for the OIG's operating budget, which is a \$48,000 reduction from the OIG's current operating budget, or an 8% decrease, but less than the 16% reduction being proposed by the Mayor.

In all, I am requesting \$329,000 more in general funds than the \$1,204,000 that is currently proposed in the Mayor's budget. This supplemental amount would represent only a 6% increase to the OIG's budget above what has been proposed by the Mayor, yet still result in an overall budget reduction from the current fiscal year. My staff and I will be working closely with OSBM and the Commission Auditor to find additional savings beyond the \$587,000 carryover projected thus far. Naturally, any additional savings will offset that portion of the OIG's budget which is made up by the general fund.

We appreciate your continued support and efforts to enable the OIG to perform its mandates and responsibilities. Please do not hesitate to contact me should you wish to meet and/or discuss the OIG's budget.

cc: Hon. Carlos Alvarez, Mayor, Miami-Dade County
Jennifer Glazer-Moon, Director, Office of Strategic Business Management
Charles Anderson, Commission Auditor
Clerk of the Board (copy filed)