

2007 Annual Report

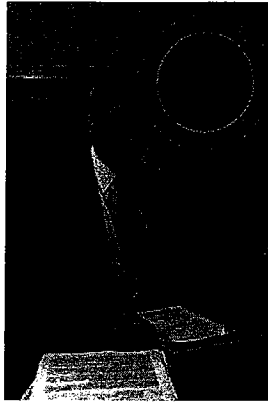


A Decade of Service



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 cursive script that reads "Christopher R. Mazzella". The signature is written in black ink and is positioned above the printed name.

Christopher Mazzella
Inspector General

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.

Office of the Inspector General

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.

**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

