



Joseph M. Centorino, Inspector General

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General

DATE: October 21, 2021
PROJECT: OIG Contract Allocation Fee Report
OIG No. 21-39

The residents of Miami Beach overwhelmingly approved an amendment to the City Charter on November 6, 2018, creating Article IX, which created the City of Miami Beach Office of the Inspector General (OIG); established the functions of the office; provided the Inspector General with the power to subpoena witnesses, administer oaths, and require the production of records, to conduct its investigations; and provided that the Inspector General's appointment, term, functions, authority, and powers shall be further established by Ordinance. As a result, Ordinance No. 2019-4239 was adopted on February 23, 2019, which implemented the provisions of the newly created Article IX of the City Charter.

Following its establishment, the OIG and Finance Department jointly suggested the establishment of a dedicated fund for the activities and operations of the Office of the Inspector General, with allocations to the OIG fund consisting of a specified percentage of the contract expenditures made under all applicable contracts. As a result, the City Commission adopted Ordinance No. 2020-4325, creating City Code Section 2-378 which, among other provisions, included the following:

- After taking into account both historical and anticipated estimates of expenditures, the amount allocated to the OIG fund was set a tone half of one percent (.5%) of the contract amounts expended by the City in all City contracts, including contract amendments or change orders except revenue-generating contracts, auditing contracts, and others.
- The total amount allocated to the OIG fund for any individual City contract was capped to not exceed \$50,000.
- Monies placed in the OIG fund were to be exclusively dedicated for the operations and activities of the OIG and no other purposes per Florida law and City Code Section 2-256(i).
- The contract allocation fee did not apply to any contract entered into prior to April 1, 2020, or to any competitive solicitation issued prior to April 1, 2020.

As the fiscal year 2020/21 was approaching year-end, the City's Office of Management and Budget (OMB) staff sent an August 24, 2021 email to all City departments instructing that they review the amounts expended during the 2020/21 fiscal year on applicable contracts, to calculate their final OIG fee, and to send all the supporting documentation to the OIG no later

than September 24, 2021. City departments were also notified that the OIG would be treated prospectively as an internal service fund, starting with the 2021/22 fiscal year, so this contract allocation process will no longer be necessary after this fiscal year. Similar emails were sent on September 1, 2021 by OMB and on September 21, 2021 by the OIG as a courtesy to remind City departments of the necessity to report this information.

23 departments provided the requested information to OIG staff by October 8, 2021, which was then compared to the listing of all known applicable contracts that met City Code Section 2-378's criteria, as prepared by the Procurement Department. Any notable differences were reviewed with the affected City departments until a final determination was reached as to the eligibility of some questioned contracts.

For those departments that did not respond to any of the three emails, OIG staff based its calculations solely on the contract listing provided by the Procurement Department. If the non-complying departments did not have any contracts present in this listing, it was assumed that they did not have any amounts subject to the OIG contract allocation fee.

Conclusion

After reviewing all the information received, it was determined that 50 contracts were subject to the OIG contract allocation fee for the 2020/21 fiscal year. As shown in the table below, the OIG fund is due \$18,868 from the listed City departments.

Vendor Name	Department	Full Munis Account	FY 2021 Actual Expenditures			OIG Surcharge	FY 2021 OIG Surcharge (\$50 K Cap)	
			Fund	Cost Center	Object			
1 [11142] KRONOS INCORPORATED	IT	550-0640-000325-14-413-582-00-00-00	550	0640	000325	2,340	0.5%	12
[11142] KRONOS INCORPORATED	IT	552-0640-000679-14-422-509-00-00-00-69921	552	0640	000679	268,961	0.5%	1,345
2 [52769] HML PUBLIC OUTREACH, LLC	CAPITAL IMPROVEMENT PROGRAM	429-0820-069357-26-418-576-00-00-00-20597	429	0820	069357	22,883	0.5%	114
3 [3029] MCRGSOFT CORPORATION	IT	550-0640-000331-14-412-592-00-00-00	550	0640	000331	90,380	0.5%	452
4 [1727] FLOTECH ENVIRONMENTAL, LLC	PWOPERATIONS SEWER	427-0427-000325-29-413-517-00-00-00	427	0427	000325	53,710	0.5%	269
[1727] FLOTECH ENVIRONMENTAL, LLC	PWOPERATIONS STORMWATER	427-0427-000325-29-413-517-00-00-00	427	0427	000325	439,870	0.5%	2,199
5 [194] JOE BLAIR GARDENS SUPPLY INC.	MAMI BEACH GOLF CLUB	011-0970-000343-28-406-545-00-00-00	011	0970	000343	1,850	0.5%	9
[194] JOE BLAIR GARDENS SUPPLY INC.	NORMANDY SHORES GOLF CLUB	011-0975-000343-28-406-545-00-00-00	011	0975	000343	4,537	0.5%	23
[194] JOE BLAIR GARDENS SUPPLY INC.	PWSANITATION	435-0430-000674-29-422-000-00-00-00	435	0430	000674	16,374	0.5%	82
[3187] ENCO, LLC	CAPITAL IMPROVEMENT PROGRAM	155-0820-069357-26-410-528-00-00-00-20518	155	0820	069357	166,156	0.5%	831
[3187] ENCO, LLC	CAPITAL IMPROVEMENT PROGRAM	393-0815-069357-29-410-576-00-00-00-21919	393	0815	069357	253,980	0.5%	1,270
6 [528] HYDRA SERVICE (S) INC	PWOPERATIONS SEWER	425-0420-000325-29-413-513-00-00-00	425	0420	000325	9,433	0.5%	47
[528] HYDRA SERVICE (S) INC	PWOPERATIONS STORMWATER	427-0427-000674-29-422-000-00-00-00	427	0427	000674	54,364	0.5%	272
7 [660] XYLEM WATER SOLUTIONS U.S.A., INC.	PWOPERATIONS STORMWATER	427-0427-000674-29-422-000-00-00-00	427	0427	000674	199,132	0.5%	996
[660] XYLEM WATER SOLUTIONS U.S.A., INC.	PWOPERATIONS STORMWATER	425-0420-000343-29-421-513-00-00-00	425	0420	000343	755	0.5%	4
8 [52850] LINCOLN ROAD BUSINESS IMPROVEMENT	PROPERTY MANAGEMENT	168-1124-000349-20-401-595-00-00-00	168	1124	000349	146,667	0.5%	733
9 [1989] ADASTRAGOV, INC.	HUMAN RESOURCES	011-9322-000331-90-400-591-00-00-00	011	9322	000331	21,630	0.5%	108
10 [3584] MUNICIPAL CONTRACTORS INC	PWENGINEERING	429-0815-069357-29-418-564-00-00-00-28920	8562	0001	069357	8,562	0.5%	43
11 [1107] FERGUSON ENTERPRISES INC.	PWOPERATIONS WATER	425-0410-000343-29-421-513-00-00-00	425	0410	000343	73,703	0.5%	369
12 [3760] DONERITE PUMPS INC	PWOPERATIONS WATER	425-0420-000325-29-413-513-00-00-00	425	0420	000325	9,556	0.5%	48
13 [3463] RALPH ANDERSEN ASSOCIATES, INC.	PROCUREMENT	011-9322-000312-90-400-592-00-00-00	011	9322	000312	49,500	0.5%	248
14 [46662] CARAHSOFT TECHNOLOGY CORP.	City Manager- Grants and Intergovernmental Affairs	011-0650-000358-15-400-582-00-00-00	011	0650	000358	7,480	0.5%	37
15 [3628] ENVIRONMENTAL PRODUCTS GROUP INC.	PWOPERATIONS SEWER	425-0420-000325-29-413-513-00-00-00	425	0420	000325	24,695	0.5%	123
[3628] ENVIRONMENTAL PRODUCTS GROUP INC.	PWOPERATIONS STORMWATER	427-0427-000343-29-421-517-00-00-00	427	0427	000343	34,543	0.5%	173
17 [3543] CLOSE-UP PRODUCTIONS, INC.	ORGANIZATIONAL DEVELOPMENT	011-9322-000353-90-400-592-00-00-00	011	9322	000353	19,980	0.5%	100
18 [3580] ALEXANDER SHERER	ORGANIZATIONAL DEVELOPMENT	177-6881-000343-16-400-592-00-00-00	177	6881	000343	300	0.5%	2
19 [3600] GABRIELLA LOPEZ	ORGANIZATIONAL DEVELOPMENT	011-0332-000343-16-400-582-00-00-00	011	0332	000343	2,183	0.5%	11
20 [3595] CAROLINA ACANDA	ORGANIZATIONAL DEVELOPMENT	011-0332-000343-16-400-582-00-00-00	011	0332	000343	3,563	0.5%	18
21 [3592] REYNALDO JAVIER VELASQUEZ	ORGANIZATIONAL DEVELOPMENT	011-0332-000343-16-400-582-00-00-00	011	0332	000343	1,935	0.5%	10
22 [15991] CDW LLC	IT	011-1120-000331-20-401-595-00-00-00	011	1120	000331	562	0.5%	3
[15991] CDW LLC	IT	550-0640-000331-14-412-592-00-00-00	550	0640	000331	330	0.5%	2
23 [5452] TYLER TECHNOLOGIES INC	IT	550-0640-000325-14-413-582-00-00-00	550	0640	000325	391,614	0.5%	1,958
24 LEE CONSTRUCTION GROUP	FACILITIES MANAGEMENT	410-1510-069357-21-418-593-00-00-00-26990	410	1510	069357	721,094.75	0.5%	3,605
25 ALBERTO NAVARRO	MARKETING & COMMUNICATIONS	011-0350-000312-11-400-592-00-00-00	11	350	312	3,235	0.5%	16
26 JULIOSILVA	MARKETING & COMMUNICATIONS	011-0350-000312-11-400-592-00-00-00	11	350	312	9,828	0.5%	49
27 ALTON ROAD SUPREME SERVICES I	FLEET MANAGEMENT	510-1780-000325-29-413-592-00-00-00	510	1780	325	19,332	0.5%	97
28 NEOGOV SOFTWARE (INSIGHT)	HUMAN RESOURCES	011-0370-000325-13-400-582-00-00-00	011	0370	000325	24,000	0.5%	120
29 [3733] MOLLY RICKLES	ENVIRONMENT & SUSTAINABILITY	178-6886-000312-00-402-508-00-00-00	178	6886	312	2,795	0.5%	14

Vendor Name	Department	Full Munis Account	FY 2021			FY 2021 Actual Expenditures	OIG Surcharge	FY 2021 OIG Surcharge (\$50 K Cap)
			Fund	Cost Center	Object			
30 CUMMINS CEDERBERG, INC.	ENVIRONMENT & SUSTAINABILITY	302.0830.000342.29.402.518.00.00.00.69520	302	830	342	197,452	0.5%	987
CUMMINS CEDERBERG, INC.	ENVIRONMENT & SUSTAINABILITY	302.0830.000342.29.402.518.00.00.00.69520	302	830	342	39,232	0.5%	196
CUMMINS CEDERBERG, INC.	ENVIRONMENT & SUSTAINABILITY	433.0815.061357.29.418.564.00.00.00.29020	433	815	61357	68,300	0.5%	342
31 STRYKER SALES CORPORATION	Fire - Rescue Division	011.1220.000343.19.401.505.00.00.00.00	011	1220	343	193,998	0.5%	970
32 EXTENDED MAINTENANCE SERVICE FOR STRYKER	Fire - Rescue Division	011.1220.000325.19.401.505.00.00.00.00	011	1220	325	21,719	0.5%	109
33 METHOD LEARNING INC.	ORGANIZATIONAL DEVELOPMENT	177.6880.000343.00.400.592.00.00.00.00	177	6880	343	12,000	0.5%	60
34 BARRON, LISA F	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	390	0.5%	2
35 BARRON, MARISSA F	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	780	0.5%	4
36 FUENTES, GEORGINA F, B	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	1,200	0.5%	6
37 GENT LESLEY	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	390	0.5%	2
38 GONZALEZ, SAMMY RE	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	3,120	0.5%	16
39 GOTTO, ELIANE F	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	780	0.5%	4
40 [2425] HILL AJ RE	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	3,180	0.5%	16
41 MCNAMEE, MICHAEL RE	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	3,000	0.5%	15
42 NELSON ARZUAGA, CHLOE B	ORGANIZATIONAL DEVELOPMENT	177.6881.000343.15.400.592.00.00.00.00	177	6881	343	1,920	0.5%	10
43 GONZALEZ, LOGAN	ORGANIZATIONAL DEVELOPMENT	011.0332.000343.16.400.582.00.00.00.00	11	332	343	405	0.5%	2
44 LISBOA, JAILENE	ORGANIZATIONAL DEVELOPMENT	011.0332.000343.16.400.582.00.00.00.00	11	332	343	1,148	0.5%	6
45 GRANADO JONATHAN	ORGANIZATIONAL DEVELOPMENT	011.0332.000343.16.400.582.00.00.00.00	11	332	343	323	0.5%	2
46 WILLARD VALENTYNA	ORGANIZATIONAL DEVELOPMENT	011.0332.000343.16.400.582.00.00.00.00	11	332	343	105	0.5%	1
47 ANDRE JONATHAN	ORGANIZATIONAL DEVELOPMENT	011.9322.000353.16.400.582.00.00.00.00; 011.0332.000343.16.400.582.00.00.00.00	11	332	582	263	0.5%	1
48 PANCIER, NICOLAS	ORGANIZATIONAL DEVELOPMENT	011.9322.000353.16.400.582.00.00.00.00; 011.0332.000343.16.400.582.00.00.00.00	11	322	353	675	0.5%	3
49 ENVIRONMENTAL SYSTEMS	PUBLIC WORKS	011.0815.000325.29.400.592.00.00.00.00	011	0815	000325	55,000	0.5%	275
50 JOE BLAIR GARDEN SUPPLY INC.	PUBLIC WORKS	011.0970.000343.28.406.545.00.00.00.00	011	0970	000343	1,850	0.5%	9
JOE BLAIR GARDEN SUPPLY INC.	PUBLIC WORKS	011.0975.000343.28.406.545.00.00.00.00	011	0975	000343	4,537	0.5%	23
								18,868

There may have been additional contracts that were incorrectly excluded, in which the OIG contract fee is applicable. This could have occurred if the department did not provide the needed information, and it did not appear on the contract listing prepared by the Procurement Department. Regardless, the OIG believes that any additional amounts due would most likely be minimal and not justify the expenditure of further time and resources to determine.

Many large capital project expenditures were excluded from the contract allocation fee as they were entered into prior to April 1, 2020, or the competitive solicitation issued prior to April 1, 2020. Consequently, the contract allocation fee did not result in the revenues anticipated (\$3,475 for the 2019/20 fiscal year and \$18,868 for the 2020/21 fiscal year). In addition, its applicability was confusing to City staff, and it took many hours of administrative work to calculate. Lastly, the City's General Fund would cover any shortages incurred between the OIG's actual expenditures and the revenues earned from the contract allocation fee.

These reasons contributed to the City Administration and the Inspector General suggesting a repeal of the contract allocation methodology codified in Section 2-378 of the City Code, and the adoption of a more flexible internal service fund methodology for annual funding of the OIG, similar to the approach utilized with other departments such as City Clerk-Central Services, Fleet Management, Information Technology, Property Management, Risk Management, and Medical & Dental Insurance. As a result, Ordinance No. 2021-4409 was adopted by the City Commission, amending City Code Section 2-378, effective May 1, 2021, establishing that the OIG would be funded as an internal service department beginning in Fiscal Year 2021/22.

Approved by:



Joseph Centorino, Inspector General

10/21/2021
Date

Prepared by:



Jessica Romero, Internal Auditor

10/21/2021
Date

cc: Alina T. Hudak, City Manager
John Woodruff, Chief Financial Officer
Tameka Otto Stewart, Office of Management and Budget Director
Alex Denis, Procurement Department Director