

prepared to design, conduct and conclude the initial training within six months.

The proposed sessions include the following over the six month period:

1. Introduction to Ethics – Interactive lecture and discussion led by staff from the Commission on Ethics on public service ethics, governmental organizational culture and professionalism.
2. Provide a detailed presentation on the code of ethics requirements for public employees emphasizing issues such as gifts, conflict of interest, and exploitation provisions particularly relevant to employees engaged in a regulatory role. These will be illustrated with case examples.
3. Presentation and discussion of legal and administrative consequences of illegal and unethical activity by public servants, including the participation of former public employees whose conduct led to termination.
4. Presentation on the laws that govern bribery, including a discussion of illustrative criminal cases from Miami-Dade County and elsewhere.
5. Presentation and discussion on the special integrity challenges presented by the regulatory environment in the City of Miami Beach, including presentations by a retired management-level employee of a local government municipality.
6. Interactive group discussion led by staff from the Commission on Ethics on six hypothetical scenarios directly relevant to issues confronting regulatory personnel.
7. Design and implement a “train the trainer” program for supervisory level staff which addresses the need for an on-going strategy necessary for building an ethical organizational culture with oversight controls and in-service ethics training throughout city departments.
8. Private and confidential one-on-one sessions to be conducted with all regulatory employees by staff from the Commission on Ethics to discuss and address past and future ethical concerns raised by their personal and professional experiences and providing each of them with an opportunity to suggest changes and/or improvements in the workplace that could help create a stronger ethical climate.
9. The Commission on Ethics will issue a final report summarizing all the training sessions and include recommendations for follow-up training and implementation of long-term management strategies to help prevent future corruption.

The cost estimate for the proposed training by the Commission on Ethics is \$45,000. Given that there are approximately 230 employees that would participate in all of the trainings described above, the per-person cost for the six month period would be approximately \$200 per employee.

#### **4. NEGOTIATION AND EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH A QUALIFIED FIRM FOR SERVICES RELATED TO AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS.**

As you may recall, at the April 16, 2008 City Commission Meeting, the Commission authorized the hiring of an outside auditor to perform an audit of the operations and processes of our Building Department. At that meeting, the Commission appointed Commissioner Deede Weithorn to work with the administration to develop the scope of work for this process, and to assist the administration in identifying/selecting a firm and negotiating an agreement for services. After meetings with various consultants, Watson Rice was subsequently selected to perform the organizational review and operational analysis; their report provided specific recommendations to improve the operations of our building development process. Similar audits for other City departments and divisions have been discussed since then, including for the Capital Improvements Projects Office, Code Compliance Division and Parking Enforcement.

I am recommending that we immediately initiate a similar external audit of the Code Compliance Division; Fire Inspection process; Parking Enforcement Division; Fire Prevention Division; Public Works Department (permitting processes only); Planning Department (permitting process, concurrency fees,

impact fees and other related areas); and Special Master Process. While all of these reviews are important, we will be asking them to prioritize and complete the audits of the Code Compliance Division, Fire Inspection process and Parking Enforcement Division first.

In order to expedite this process, an initial meeting was convened on April 23, 2012 to discuss the potential scope of such an audit. The attendees included Commissioner Weithorn and Dr. Morris Sunshine (both of whom offered their assistance); Hilda Fernandez, Assistant City Manager; Kathie Brooks, Director of the Office of Budget and Performance Improvement; Patricia Walker, Chief Financial Officer; Stephen Scott, Building Director; Kristin Tigner, Assistant Building Director; Robert Santos-Alborna, Code Compliance Division Director; and Hernan Cardeno, Division Commander assigned to the Code Compliance Division.

Based on the input from the participants in this meeting, it was concluded that the minimum criteria necessary for a firm to conduct these audits would include the following:

- experience with similar regulatory systems, including dispatch-based processes;
- that it be a Florida Firm (registered in the State of Florida), preferably with a South Florida office; and
- that Staff assigned to the project from the successful firm must have at least one of the following certifications:
  - certified public accountant;
  - certified fraud examiner;
  - certified fraud specialists; or
  - certified public auditor.

An expedited timeline is envisioned for the component of the review relating to the Code Compliance Division, Fire inspections and Parking enforcement. Ideally, we would like to see the selected firm complete their review of these three areas within 120 days of contract execution, with separate final reports to follow on each individual area of review within 30 days. The balance of the areas for review would follow a timeline to be determined at the time of Agreement execution. If a contract is successfully negotiated by the end of June, field work on the first three audit areas could take place between July and October, with final reports for those three areas due in November. A timeline for the completion of the external audit of all other areas would be developed with the selected firm.

Please refer to **ATTACHMENT 4** for the DRAFT scope of services.

A preliminary list of potential consultants to perform these external audits was also developed at the initial meeting. It would be recommended that a process similar to that used in the selection of Watson Rice be initiated for this process, designating Commissioner Weithorn to assist the administration in developing the short list of questions that the interested firms would respond to; reviewing and selecting the firm; negotiating the engagement agreement; and serving as a liaison to the administration during the audit process. The fees for the agreement would be negotiated, at a not to exceed amount of \$150,000.

### **CONCLUSION**

As you know, I have, in the past, initiated investigations of criminal misconduct whenever any information has come to my attention. I have sought out assistance from the State Attorney's Office and the Miami Beach Police Department, and even allocated investigative resources to ensure that criminal behavior is rooted out and removed from our organization. I have spoken with U.S. Attorney for the Southern District of Florida, Wifredo Ferrer, and assured him that we will continue to give our full support to his office and the FBI as the investigation continues. I and others from the City have met with representatives from the FBI on several occasions since April 11<sup>th</sup> to assist in their investigation and provide any information they have requested.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, WAIVING, BY 5/7THS VOTE, THE COMPETITIVE BIDDING REQUIREMENT, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICES AGREEMENT, IN AN AMOUNT NOT TO EXCEED \$150,000, WITH A QUALIFIED FIRM FOR SERVICES RELATED TO AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS.

**WHEREAS**, at the April 16, 2008 City Commission Meeting, the Commission authorized the hiring of an outside auditor to perform an audit of the operations and processes of the Building Department; and

**WHEREAS**, at that meeting, the Commission appointed Commissioner Deede Weithorn to work with the Administration to develop the scope of work for this process, and to assist the Administration in identifying/selecting a firm and negotiating an agreement for services; and

**WHEREAS**, after meeting with various consultants, Watson Rice was subsequently selected to perform the organizational review and operational analysis, which resulted in a report that provided specific recommendations to improve the operations of the building development process; and

**WHEREAS**, similar audits for other City departments and divisions have been discussed since then, including for the Capital Improvements Projects Office, Code Compliance Division and Parking Enforcement; and

**WHEREAS**, based on the recent arrests of Code Compliance and Fire Inspection employees, the Administration is recommending that the City immediately initiate a similar process for selecting and entering into a professional services agreement with a consultant to conduct an external audit of the processes, internal controls, organizational structure and operations of the Code Compliance Division, Fire Inspection process, Parking Enforcement Division, as well as the Fire Prevention Division, Public Works Department (permitting processes only), Planning Department (permitting process, concurrency fees, impact fees and other related areas), and Special Master Process.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA**, that the Mayor and City Commission waive, by 5/7ths vote, the competitive bidding requirement, finding such waiver to be in the best interest of the City, and authorize the City Manger to negotiate and execute a professional services agreement, in an amount not to exceed \$150,000, with a qualified firm for services related to auditing the processes, internal controls, organizational structure and operations of certain regulatory departments or divisions.

**PASSED and ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

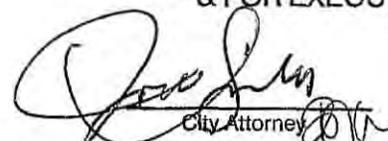
**ATTEST:**

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

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APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

  
City Attorney  
Date 5-7-12

## DRAFT SCOPE OF SERVICES **PROFESSIONAL SERVICES AGREEMENT (PSA) FOR SERVICES RELATED TO THE EXTERNAL AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS**

**TERM:** One (1) year from date of execution by all parties;  
Completion of first phase of reviews within 120 days of contract execution, with separate final reports to follow on each individual area of review within 30 days.

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

**SCOPE:**

- Review organizational structure and functions
- Review internal controls
- Review department/division processes (including uses of technology)
- Review department/division operations
- Development recommendation: process improvement, internal controls, efficiencies, etc.

Audit focus:

- Code Compliance Division\*
- Fire Inspection process\*
- Parking Enforcement Division\*
- Fire Prevention Division (permitting processes only)
- Public Works Department (permitting processes only)
- Planning Department (permitting process, concurrency fees, impact fees and other related areas),
- Special Master Process

*\*to be completed within the first 150 days following engagement; timeline for balance of areas*

**FEES:** Fee to be negotiated; not to exceed \$150,000.00.