

**MIAMI-DADE COUNTY**  
**OFFICE OF THE INSPECTOR GENERAL**



**FINAL AUDIT REPORT**

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**Miami-Dade Police Department**  
***Off-Regular Duty Program***  
**IG05-120A**

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May 30, 2006

**OFFICE OF THE INSPECTOR GENERAL**  
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*Miami-Dade Police Department's Off-Regular Duty Program*  
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**I. INTRODUCTION**

The Office of the Inspector General (OIG) conducted an audit of the Miami-Dade County Police Department's (MDPD) Off-Regular Duty Program (Program). The Program establishes an authorized way for prospective Program users to request police services, and for MDPD to assign its officers and compensate them for their work, as well as a way for MDPD and the County to recover Program administrative expenses.<sup>1</sup> Officers work off-regular duty hours on non-emergency assignments that are over and above their regularly scheduled work hours. The OIG's review of this Program audits the administration of the Program and we did not examine the policies related to the creation of the program and financial policies supporting Program endeavors. We believe that it provides positive benefits specifically to merchants and other business users who participate in the Program to receive police services for the protection of persons and property and for the deterrence of crime.

The OIG became aware that there were some issues with Program permittee files. Additionally, we were apprised of two audits completed by the County's Audit and Management Services Department (AMS) in 1992 and 2001 of the Program. These audits documented some serious deficiencies; in particular, one that appears to be an on-going issue related to large permittee accounts receivable balances that are outstanding for 60 days or more. Thus, this OIG review also examined this issue.

**II. SUMMARY**

MDPD should safeguard Program files from loss. Nineteen files containing the original permittee applications were missing when our audit started. To date, four permittees have submitted replacement applications; the other permittees, who were contacted by MDPD, have yet to submit a replacement application. Many of the other available permittee files have out-of-date information (measured in years out-of-date) notwithstanding the requirement that administrators review the files annually. MDPD could enhance Program administration effectiveness by improving file security and maintenance.

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<sup>1</sup> Pursuant to A.O. 7-15, the Program, in its entirety, allows for the assignment of "special law enforcement services," including those provided by police, court service, correctional and police reserve personnel. We reviewed only the MDPD's off-regular duty program for police officers.

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The MDPD should also review Program record keeping practices to ensure that they are uniform among the district offices. Such requirements should not impose any unnecessary record keeping and should be able to be implemented using readily available information. Complete and accurate record keeping, such as rotation lists and *Off-Regular Duty Service Logs*, must be prepared to document that officer work hours are equitably distributed and adequately monitored.

MDPD is not consistently enforcing temporary permit conditions when it allows certain permittees to continue receiving Program services beyond two weeks. For example, one temporary permittee pre-paid \$51,891 for eight months of service. Three other temporary permittees also benefited from extended services. There may occasionally be legitimate reasons to do so, but MDPD should document the circumstances and obtain senior management approval prior to extending temporary services.

It was found that the MDPD has favored one permittee and the officer working this assignment by way of a circumvented assignment process and unenforced record keeping of daily work hours. This permittee is one with a missing application file and one, among others, that has refused the Program administrator's request to provide replacement applications. Notwithstanding, this permittee, as well as the others referenced above as not having submitted a replacement applications, still are Program beneficiaries. The MDPD should uniformly enforce Program procedures among permittees to ensure that all receive fair treatment. Non-complying permittees should be subject to loss of Program services.

The Mayor's Office of Film and Entertainment is not regularly apprised of film permittees with past due accounts and it does not maintain a formal list of problematic film-related entities or agents. This Office should be a valuable resource in helping to follow-up on past due film permittee accounts and should be part of the process to resolve outstanding account balances owed by entities that received their permits from the Office. Moreover, the Office should maintain an official list of problematic film permittees and restrict, if not deny, Program services to such permittees in the future.

Miami-Dade County (County) established the Program as a self-supporting, fee-based method to facilitate the authorized services. However, the Program does not meet the self-supporting mandate. The Program falls short of this objective by at least \$312,000 per year and, if all County costs and resources were taken into account, the shortfall would be much greater. In fact, the MDPD itself suffers a shortfall of approximately \$420,000 per year. The County—the MDPD and the Finance Department—should analyze the respective resources allocated to the Program and the collected Program fees to determine what adjustments they should implement to make the Program self-sufficient in line with the County's stated policy.



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Compounding this condition are delinquent permittees owing large amounts in payment for services rendered. As of August 2, 2005, the outstanding receivables balance for accounts over 60 days past due totaled over \$504,614. By February 1, 2006, this balance had increased to over \$667,817. At least \$247,000 of the amount has been outstanding for anywhere from one to six years. Both the MDPD and the Finance Department could better serve their mutual interests by effectively cooperating to recover delinquent permittee accounts, and in the case of delinquent accounts that are several years old, write them off. In particular, the MDPD should apply a "prompt payment" policy to ensure that its permittees remit payment as promptly as the County pays its officers.

### **III. TERMS USED IN THIS REPORT**

AMS	Audit and Management Services Department (County)
A.O.	Administrative Order (County)
Coordinator	Off-Regular Duty District Coordinator (MDPD)
County	Miami-Dade County
ERD	Employee Relations Department (County)
ETSD	Enterprise Technology Services Department (County)
FRS	Florida Retirement System (State)
MDPD	Miami-Dade Police Department
MOFE	Mayor's Office of Film and Entertainment
OIG	Office of the Inspector General
Program	Off-Regular Duty Program
RMB	Resource Management Bureau (MDPD)
SEU	Special Events Unit (MDPD)

### **IV. PROGRAM OVERVIEW**

The MDPD extends to Miami-Dade County businesses, organizations and individuals a fee-base service—the Off-Regular Duty Program—that allows the users to obtain police presence at privately sponsored events or as a deterrent to crime for protecting private property. The Program provides services at both large and small events, such as professional athletic games, the Dade County Youth Fair, as well as at private parties and to both large and small users, such as homeowner associations, grocery stores and film companies.

Program procedures establish a way for prospective users to request such services and for MDPD to assign its officers and compensate them for their work, as well as provide

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a method to reimburse the County/MDPD for Program expenses. In addition, the procedures establish record keeping requirements to ensure officer accountability to the MDPD and MDPD accountability to the user.

There were 208 "permanent" permittees and 338 "temporary" permittees, as of August 19, 2005. MDPD officers working under permanent permits generated 25,210 service tickets from June 1, 2004 to August 31, 2005, worth \$5,729,796, or an average of about \$227 per ticket. Thus for this period, there were about 1,800 tickets generated each month and the average total monthly billing was \$409,211.

### *Types of Permits*

All prospective users, or permittee applicants, except "film" permittee applicants, whether seeking a permanent or temporary permit, are required to apply to the MDPD. Permanent permit applicants are those that want services for periods exceeding beyond two weeks. Temporary permit applicants are those that want services for periods not exceeding two weeks. In either case, the MDPD will assign officers only when it has officers available.

The MDPD puts prospective permanent permittees through a rigorous screening process that includes credit and criminal history checks of the entity and named authorized agent. The MDPD's Resource Management Bureau (RMB) processes permanent permit applications. The County's Finance Department invoices permanent permittees monthly.

The MDPD's nine Off-Regular Duty District Coordinators (Coordinators), as well as the Special Events Unit (SEU), process temporary permits. Prospective temporary permittees are not subject to the same screening process applied to prospective permanent permittees. The MDPD requires temporary permittees to pre-pay an amount estimated to cover the service costs.<sup>2</sup> The MDPD will issue a refund if the cost of services used is less than the estimated amount.

Film permits are comprised of those issued to entities/individuals engaged in film, television, music, commercial production and still photography businesses that want to use public property, such as public buildings, roads, streets, parks and the like. The Mayor's Office of Film and Entertainment (MOFE) issues these permits. A film permit acts as a permanent permit, regardless of the length of requested services. (Further

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<sup>2</sup> The Coordinator receives the pre-paid amounts and periodically delivers the funds to the RMB for deposit.

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discussion of this permit process is specifically discussed in Finding No. 5.) The Finance Department invoices film permittees monthly.

***Officer Compensation and Permit Costs***

County A.O. 7-15, titled *Rates for Special Off-Duty Services*, has as its stated policy:

Section 2-56 of the Code of Miami-Dade County allows for the assignment of off-duty County personnel to provide special law enforcement services to persons engaged in activities or functions of which such services would reasonably be seen as necessary. It is the policy of Miami-Dade County that the rates to be charged for such services shall be adequate to compensate off-duty County employees for their services, and also to enable the County to recover the fringe benefits and administrative costs associated with these assignments. (Emphasis added)

This A.O., among other items, specifies the billing rates for each officer class (officer, sergeant, lieutenant and captain) for use when invoicing a permanent permittee or when estimating costs for a temporary permittee. The rates are comprised of an officer rate of pay, social security and retirement benefits, and a five per cent (5%) surcharge to cover the County/MDPD's cost to administer and account for the Program.<sup>3</sup> The MDPD pays the officers these monies in their current paycheck or in the one immediately following. The County's Finance Department invoices permanent permittees monthly. Temporary permittees pre-pay the MDPD for the requested services.

***Program Administration and Record Keeping***

The RMB is responsible for processing all permanent permit applications and for annually reviewing all permanent permittee files. In addition, the RMB is the designated central repository for all permanent and temporary permit information, as well as all original *Service Delivery Tickets*.

The MDPD's district stations handle day-to-day procedural requirements and some record keeping. Each station has an Off-Regular Duty District Coordinator who is responsible for preparing the "rotation" list that the Coordinator should use when making

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<sup>3</sup> The retirement benefits consist of an employer (County) "special risk" contribution of 18.53% to the Florida Retirement System (FRS) in the officer's name. In comparison, the County's "regular" contribution is 7.83% for most other employees. (Rates are effective July 1, 2005.)



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off-regular duty assignments. The list is comprised of four officer classes segregated by whether the officer is non-supervisory or supervisory personnel and whether he/she works within or outside of the local Coordinator's district. The district station should also maintain a current and complete *Off-Regular Duty Service Log*.

Program procedures require each officer, for each day of off-regular duty service, to complete a *Daily Activity Report* and a corresponding *Service Delivery Ticket*. The report and the ticket show much of the same information, but a permittee representative signs the ticket. The district office forwards the ticket to the RMB for data entry and filing. The information forms the basis for calculating the officer's additional compensation and for generating an invoice to the permittee. The reported information is basic but essential for monitoring off-regular duty work hours, such as the officer and permittee names, nature of the service, the service date, time, location and number of hours worked.

#### *Invoicing and Accounts Receivable Processes*

The Finance Department invoices permittees, receives and deposits permittee payments, accounts for invoice amounts and payments, and processes transactions. The MDPD is responsible for administering Program operations and for data entry of the source transactions (officer names, work hours, permittees, etc.). The MDPD maintains the original authoritative source records documenting the services that generated the invoice and provides the Finance Department with copies of *Service Delivery Tickets* on a monthly basis.

As we note in this report, inefficiencies have plagued the process for collecting Program receivables for many years (see Finding No. 7). Both in its 2001 audit report and in an earlier audit report issued in August 1992, AMS noted that receivables exceeding 60 days were consistently greater than 70% of the outstanding balance. The MDPD response to the September 2001 AMS audit report included a list of actions that MDPD, in cooperation with the Finance Department, were to implement to enhance collection process efficiency. Those actions included the following:

- Monthly updates of collection efforts, delinquent accounts, and accounts recommended for suspension will be generated by the Finance Department to the Commander of the RMB.
- The Finance Department will evaluate permittees with delinquent balances more than thirty days in arrears for suspension of services. Upon recommendation of suspension, the RMB will notify the district's Off-Regular Duty Coordinator. No permit will remain active if delinquent over sixty days.

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- The MDPD will work with the County Finance Department to implement a deposit requirement and impose the highest allowable interest on balances due over thirty days.

The OIG's current assessment shows that neither department implemented these actions consistently. Moreover, the continued poor communication between the two departments has been an on-going impediment to the successful implementation of these actions, as well as to the successful collection of delinquent accounts. A possible fear is that overly aggressive collection efforts might backfire and drive away users. However, does the County really want to continue to do business with chronically delinquent payers? This impediment appears to an important consideration, since the County already is subsidizing a substantial portion of Program costs as discussed in Finding No. 6.

#### **V. OIG's JURISDICTIONAL AUTHORITY**

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has 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. The Inspector General has the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General is 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.

The Inspector General may perform, on a random basis, audits, inspections and reviews of all County contracts. The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect and review County operations, activities and performance and procurement processes including, but not limited to, project design, establishment of bid specifications, bid submittals, activities of the contractor and its officers, agents and employees, lobbyists, and of County staff and elected officials, in order to ensure compliance with contract specifications and detect corruption and fraud.

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. The Inspector General may exercise any of the powers contained in Section 2-1076, upon his or her own initiative.

The Inspector General shall have the power to require reports from the Mayor, County Commissioners, County Manager, County agencies and instrumentalities, County

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officers and employees and the Public Health Trust and its officers and employees regarding any matter within the jurisdiction of the Inspector General.

**VI. OBJECTIVES, SCOPE AND METHODOLOGY**

Our audit objectives were to determine if there are sufficient controls to assure that:

- permanent permittee files contain required and up-to-date records that are subject to annual reviews;
- off-regular duty work is being correctly assigned, completely documented and properly monitored;
- permittee accounts receivable balances are monitored and, if in arrears, subject to collection efforts and other County-imposed penalties; and
- Program fees cover County and MDPD costs, including administrative expenses.

Our scope included those permittee files maintained by the RMB at the time of our review. As of August 19, 2005, there were 208 permanent permittees and 338 temporary permittees. We examined 42 permittee files to complete our records review. In addition, from the Finance Department, we obtained Program invoice amounts between June 1, 2004, and August 31, 2005, and accounts receivable data from August 2, 2005 through February 1, 2006.

We interviewed MDPD personnel and County Finance Department personnel to gain an understanding of activities and procedures related to Program administration, record keeping and accounting. We visited four MDPD district stations—Miami Lakes, Intra-coastal, Doral and Kendall—and the Special Events Unit to review their Program files and record keeping, and to interview Off-Regular Duty District Coordinators and other Program operations personnel. In addition, we interviewed the Director of the Mayor's Office of Film and Entertainment about the film permit process.

We reviewed Chapter 16 of MDPD's operating procedures, titled *Additional Employment*, and Section 9 of the Special Patrol Bureau Standard Operating Procedures regarding MDPD's Special Events Unit. In addition, we reviewed MDPD's records transfer lists, records disposition requests, permanent permittee files, officer-prepared *Service Delivery Tickets*, district office rotation lists and *Off-Regular Duty Service Logs*, various Program records and reports, and communications (e.g., e-mail) between MDPD and the County's Finance Department. At the Finance Department, we reviewed various records, including accounts receivable aging reports and invoices to permittees for services rendered.

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Also reviewed were A.O. 3-9, titled *Write-Off Accounts Receivable Arising from User Charges*, A.O. 3-29, titled *Prohibiting County Contracting with Individuals and Entities Who are in Arrears to the County*, A.O. 7-15, titled *Rates for Special Off-Duty Services* and A.O. 7-29, titled *Records Management Program*.

## VII. FINDINGS AND RECOMMENDATIONS

**FINDING NO. 1** MDPD is not effectively administering permittee files to ensure that they are complete, contain up-to-date information and are safeguarded from loss.

RMB personnel disclosed to the OIG, at the onset of its fieldwork, that 19 permittee files did not contain permittee original applications. OIG auditors reviewed the files confirming this information, as well as finding that nine of the files did not contain copies of original permits. MDPD must maintain these critical source documents evidencing that it authorized services after having verified that the prospective permittee met Program standards. These records document other critical information about the permittee and requested services, such as the name of the permittee's authorized agent, the number of requested officers, estimated work hours, work locations, billing address and the like.

RMB personnel informed us that they removed the missing applications from the permittee files during a purging process and sent them to the County archive for storage. We reviewed MDPD provided *Records Transfer Lists* and *Records Disposition Requests*. However, information contained in these records is meager and, therefore, they cannot be used to determine when the missing applications and permits were archived, if ever, and where they may now be located.

The OIG appreciates the department's need to manage its files, including the necessity to move off-site or archive certain files. Thus, we can only believe that it was an oversight for the department to cull its files of such critical information about active Program users. This condition worsened because the department did not keep accurate and complete records of what information was removed and where such information eventually was stored.



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On August 31, 2005, RMB personnel sent requests to 17 of the permittees with missing applications, asking that they submit new applications.<sup>4</sup> At the conclusion of our fieldwork, only four have responded. Six of the 13 permittees who have not re-submitted their applications have also not recently used program services.<sup>5</sup> However, seven Program users (that were requested to submit new applications but have not yet done so) are Tropical Park, the Police Benevolent Association (PBA), Cindy's Place HOA, Signature Gardens, Barthco International, Miami Central High School and Miami Jackson High School. MDPD continues to provide Program services to these seven entities, notwithstanding their failure to resubmit applications.

OIG auditors selected an additional twenty-three (23) files for review to verify that they contained applications and permit copies. All of these files contained applications and permit copies. In addition, OIG auditors reviewed other file contents observing that the files contained invoices and copies of the *Service Delivery Tickets*, some of which dated back to 1991, as well as evidence that the MDPD had completed credit/criminal history checks at the time of application. These records show that the MDPD completed some of the background work in 1982, but there is no documentation in the files to suggest that they were ever subsequently reviewed and/or updated.

We mention this because of what we did not observe. We saw no evidence that MDPD has ever performed a subsequent review of permittee files as required by its own procedures. MDPD Procedures, Chapter 16, Part 1, Sect. II A.5, titled *Additional Employment*, states:

The original application and a copy of the approved permit will be maintained by the Resource Management Bureau in a separate file and will be reviewed on an annual basis. (Emphasis added.)

We interpret this to mean that MDPD should annually review Program files to ensure that permittee information is up-to-date. It is hard to believe that the permittee's originally reported information has not changed over time, which in some cases is over twenty-years old. In addition, a review may bring to light information that should cause the MDPD to re-evaluate the permittee's acceptability, as a recipient of Program services.

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<sup>4</sup> PMB did not send letters to two permittees: the Orange Bowl Committee at Pro Player Stadium (#9115) and the Boston Concession Group, Inc. (#9162).

<sup>5</sup> These six permittees are: Calder Race Course, Miami Jai-Alai, Ryder System, Inc., Miami Northwestern High School, Crossings @ University and Celestial Films.



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**Recommendations**

- (1) The MDPD should carefully monitor file transfers to ensure that critical files are accurately identified and logged prior to transfer and that they are properly safeguarded from loss or misplacement.
- (2) The MDPD should review its current procedures requiring annual reviews to evaluate how it can effectively implement the process in order to maintain complete and up-to-date permittee files. The Department may want to consider a requirement that all permittees periodically submit new applications. This review should take into account the permittee's demonstrated ability to timely pay for services, and changes in the user's requested baseline level of service.
- (3) The MDPD should take appropriate action(s), including termination of services, against those permittees refusing to resubmit applications. Program services may be, at the discretion of the MDPD, later reinstated after the permittee has submitted the application and successfully passed updated background checks.

**FINDING NO. 2 Inadequate assignment documentation, such as rotation lists and service logs, indicate that Off-Regular Duty District Coordinators have not taken the time to document that work hours are equitably distributed and properly monitored; and that MDPD program procedures are not uniformly applied among the district offices.**

MDPD Coordinators do not maintain "rotation lists" of participating officers nor do they prepare service logs summarizing officer work assignments and their off-regular duty work hours. Both are required record keeping pursuant to MDPD procedures. By not preparing rotation lists, certain officers may be adversely impacted and/or may lose certain opportunities to participate in the Program. By not preparing service logs, Coordinators do not have readily available information regarding local district off-regular duty work assignments.

The process used by Coordinators to generate the four rotation lists is an arduous task subject to human error. Chapter 16 of the MDPD procedures does not describe how to prepare a rotation list; however, procedures require its use. Each Coordinator must

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manually organize, prioritize and assign the officers according to Chapter 16 procedures.<sup>6</sup>

Two of the districts we visited use a process that requires each officer to complete a bid sheet stating the officer's preferences, including the number of jobs the officer wants to work, time(s) the officer is willing and able to work and the job/assignments preferred. Another Coordinator requires officers to sign their names on an assignment bid sheet, and finally the fourth Coordinator we visited does not prepare a list. We acknowledge that Program service levels vary among the district offices and that certain districts have minimal requests to provide off-regular duty services, but that is no excuse not to prepare and to maintain the required record keeping.

In addition, MDPD procedures require that each district office maintain an *Off-Regular Duty Service Log* that should be updated daily, or as changes occur. The log contains summary data for all district off-regular duty work assignments. Only one out of the four Coordinators that we visited maintains an *Off-Regular Duty Service Log*.

In summary, one of the four Coordinators that we visited maintains both the rotation lists and the service logs. One Coordinator uses the officer bid sheets as a rotation list; however, this coordinator does not maintain a service log. Another Coordinator uses a sign-up sheet to assign off-regular duty jobs, but does not maintain a rotation list or service log. Finally, the fourth Coordinator does not maintain a rotation list or a service log.

Adherence to Chapter 16 of the MDPD procedures, requiring rotation lists to assign off-regular duty jobs guarantees that all MDPD officers are treated equitably and are awarded off-regular duty jobs based on their rotation list position. Our review shows that MDPD procedures have been inconsistently applied throughout the County, and officers may have been denied opportunities to work off-regular duty jobs. In order for the Program to be administered fairly, all districts should use the same methodology when assigning off-regular duty jobs, assuring uniformity in how all districts implement program procedures. Additionally, given the myriad of variables involved in administering the Program, accurate and timely updated service logs provide both the Coordinators and District Commanders with a management tool that provides accountability for officer time and allocation of officer resources.

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<sup>6</sup> Chapter 16 requires that all off-regular duty assignments be allocated to officers according to an officer's seniority on one of four rotation lists. For example, list number 1 consists of non-supervisory employees below the rank of sergeant who are assigned to the district. List number 1 must be exhausted before officers on lists numbers 2, 3 and 4 may be assigned off-regular duty work in that district.

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**Recommendations:**

- (4) The MDPD should revise Chapter 16 to include guidelines instructing the Coordinators how to create rotation lists. The MDPD should educate and train these individuals to properly use the rotation lists when assigning Off-regular duty jobs.
- (5) The MDPD should instruct the Coordinators to maintain complete and up-to-date service logs. These logs and rotation lists should be uniform among all district offices.

**FINDING NO. 3    Extended "temporary" services beyond established guidelines indicate that Coordinators are not enforcing temporary permit conditions uniformly.**

Typically, MDPD issues temporary permits to applicants seeking off-regular duty police services for periods not-to-exceed two weeks. However, MDPD has extended "temporary" services, under four temporary permits, for periods ranging from six weeks to eight months. This practice allows temporary permittees to obtain services for over-extended periods, without having to submit to the more rigorous screening process that MDPD applies to permanent permittee applicants.

Chapter 16 of the MDPD procedures establishes the parameters for both the issuance and usage of temporary permits issued for off-regular duty services. Temporary permits are for service periods not to exceed two successive weeks and are to be issued for the dates and times explicitly indicated on the temporary permit application. Chapter 16 of the MDPD procedures provides for an exception to the two successive week restriction for temporary permittees previously holding permanent permits and who were determined by the Miami-Dade County Finance Department to be routinely delinquent in making payments.<sup>7</sup> These permittees may continue to receive Program services under a temporary permit status provided that payment is pre-paid.

We observed that four temporary permits issued at two of the district offices that we visited were consistently used for extended periods ranging from six weeks to eight months. One temporary permittee, Benz Financial Services, Inc. (T8901), pre-paid a total of \$51,891 over an eight-month period, which exceeds many of the permanent permit holder's usage of services for the same time. We are not suggesting that pre-

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<sup>7</sup> Chapter 16 provides for this exception; however, documentation reviewed shows that this is not happening. See Finding No. 7.

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payment is an undesirable practice, however, documentation reviewed shows that MDPD should have made Benz Financial Services, Inc. apply for a permanent permit.

By not enforcing its own permitting procedures, the MDPD has allowed entities to use off-regular duty services on a temporary basis for extended periods beyond that for which the purpose of a temporary permit was fashioned. Temporary permittees functioning in excess of two weeks circumvent the essential background check(s) conducted by the RMB. Background checks provide assurance that the MDPD is only providing off-regular duty services to reputable and legitimate business concerns.

**Recommendation**

- (6) The MDPD should instruct the Coordinators to comply with Chapter 16 requirements obliging them to impose the maximum two-week time restriction on temporary permittees. Coordinators need to encourage temporary permit holders using Program services for longer than two weeks to apply for a permanent permit immediately. Exception situations must be documented and approved by senior management.

**FINDING NO. 4** MDPD favoritism shown to one permanent permittee and to one officer allowing them to circumvent reporting and other procedural requirements indicate that Program administrators are not fulfilling their fiduciary responsibility to the Program, their fellow officers, the MDPD and the County.

The MDPD allows the Police Benevolent Association (PBA), a permanent permittee, to circumvent Program application and reporting procedures. We noted earlier, in this report, that (regardless of the reason) the PBA's file is incomplete and that it is one of seven continual program users who has refused, to-date, to provide the MDPD with an updated application for a permanent permit. Moreover, the only officer working this assignment does not complete *Daily Activity Reports* and daily *Service Delivery Tickets* pursuant to Program requirements and procedures.

As part of our scope of review, OIG auditors assessed permittee usage to determine whether there were any patterns indicating unusual conditions. The auditors calculated an average daily service ticket amount using revenue data and service ticket counts generated by the Finance Department for the listed permittees. MDPD officers, working under permanent permits, generated 25,210 service tickets from June 1, 2004 to August 31, 2005, worth \$5,729,796, or an average of about \$227 per ticket. A sampling of this information is shown, on the following page in **TABLE 1**.



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**TABLE 1 Permittee Average Daily Service Ticket Amounts**

Permittee Name	Permit #	# of Tickets	Invoiced Amounts	Avg. \$ / Ticket
Police Benevolent Association	1202	49	\$72,971	\$1,489.20
Crossings Homeowners Assoc.	588	450	\$169,289	\$376.20
SFSC—Pro Player Football	7597	1,438	\$509,486	\$354.30
Dade County Youth Fair	251	1,449	\$455,944	\$314.66
Kendalltown Homeowners Assoc.	950	339	\$102,035	\$300.99
MDC—North	89	659	\$173,486	\$263.26
Astaldi Construction Corp.	8784	388	\$101,647	\$261.98
Brandsmart USA (So. Dade)	7081	546	\$139,301	\$255.13
Crown Theaters The Grand	7535	394	\$100,063	\$253.97
South Florida Stadium Corp.	8476	4,016	\$1,001,631	\$249.41
Brandsmart USA	895	477	\$114,768	\$240.60
Kendall Village Associates	8075	461	\$107,732	\$233.69
Kings Creek Village Assoc.	331	1,239	\$261,052	\$210.70
US 1 America's Indoor Flea Market	6882	651	\$118,148	\$181.49
Miami Jai Alai	94	667	\$119,373	\$178.97
The Moors Master Assoc.	1044	757	\$124,995	\$165.12
<b>AVERAGE TICKET AMOUNT</b>		<b>25,210</b>	<b>\$5,729,796</b>	<b>\$227.28</b>

What was evident from our analysis was that the PBA's usage was abnormal. The Finance Department data showed that during the subject period, the PBA was invoiced \$72,971. This ranked the PBA as the 21<sup>st</sup> largest user of Program services, in terms of amounts invoiced; however, it only submitted 49 service tickets during this period. This is an anomaly when compared to other permit holders, as shown in the Table above, and in comparison to either of the two users ranking immediately above and below the PBA, in terms of amounts invoiced. The 20<sup>th</sup> largest user (South Florida Stadium Corporation, permit #8515) was invoiced \$73,796 and submitted 262 service tickets for an average of \$282 per ticket. The 22<sup>nd</sup> largest user (SeaSide Films Florida, permit #8924) was invoiced \$71,129 and submitted 150 service tickets for an average of \$474 per ticket.

Finally, the PBA's file is one of the aforementioned nineteen files missing its application and a copy of its approved permit. Moreover, the PBA is one of the seven continual Program service users that have not returned an updated application, as requested by the RMB in August 2005 (FINDING NO. 1). Taking into consideration the unusually small number of service tickets, the abnormalities concerning the contents of its file and the hefty compensation (benefiting only one officer assigned to work the PBA assignment), we deemed the PBA's use of the Program warranted further review.

Chapter 16 of the MDPD procedures specifies the required actions that permit holders, the MDPD and the assigned officers must follow. Permit holders are obligated to comply with Program procedures that require that the permittee's application be on file.



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For whatever reason that the application is missing from Program files, the permittee would be obligated to resubmit another application. Also, under Program procedures MDPD Off-Regular Duty District Coordinators should assign all assignments, with the exception of large-scale special events and film shoots, which are scheduled by the Special Events Unit (SEU). Moreover, the District Coordinators are required to assign all off-regular duty jobs using rotation lists. Finally, each individual officer working an off-regular duty job must fully complete both *Daily Activity Reports* and *Service Delivery Tickets*.

Our review showed that the PBA does not coordinate its off-regular duty assignments with its District Coordinator for the district where it is located. The PBA is located within the Midwest District (formerly Doral) and, as such, it should be organizing its off-regular duty jobs through that office. This permittee, however, does not appear on the district's listing of permanent off-regular duty job assignments. Additionally, the Coordinator stated that the PBA has not contacted him to schedule any officers for this assignment. Consequently, PBA off-regular duty jobs have not been made available to any other officers.

Furthermore, the lone officer working the PBA assignment did not submit any *Daily Activity Reports* and what were submitted as *Service Delivery Tickets* failed to conform to Chapter 16 requirements. Foremost, the inadequately prepared *Service Delivery Tickets* were sent directly to the RMB for processing, thereby bypassing the local district office. The RMB processed the PBA's *Service Delivery Tickets* despite the fact that they were submitted outside of established practice and were inadequately prepared.

Guidelines for preparing *Daily Activity Reports* require officers to document all activities occurring during each job assignment. This reporting requirement is of importance as off-regular duty police services are actual "police services" rendered by law enforcement officers, and would seemingly document police activities and any incidents occurring during the assignment, especially those requiring police action. These reports must then be attached to a *Service Delivery Ticket* and each officer working that assignment is required to submit an individual ticket for the hours worked for that particular assignment. Procedurally, the tickets are then submitted to a designated administrative officer of the district where the off-regular duty job is worked, who then reviews, logs and submits each ticket to the RMB within 72 hours of completion of the job.

*Service Delivery Tickets* contain spaces requesting specific information, such as date of assignment, duty hours in military time, service performed, exact location, destination and vehicle number/mileage if vehicle used. We found that 100% of the PBA *Service Delivery Tickets* submitted during the period September 15, 2003, through January 8, 2006, showed that a generic ticket was consistently prepared for each two-week period,

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with no specific reference to actual dates and times worked for the assignment(s). The lone officer assigned PBA service labeled his duty hours as "varied" and the exact location and destination "fill-in" spaces are blank. As mentioned above, no corresponding *Daily Activity Reports* were submitted.

In short, all permittees participating in the Off-Regular Duty Program should be treated the same. The fact that the PBA maintains a unique relationship with the agency administering the Program should not form the basis for an exception to this principle. The PBA, like any other applicant, should be entitled to solicit Program services. However, assignments to cover these requests should be made in conformity with established procedures so as to ensure assignments meet justification, accessibility and fairness criteria.

**Recommendation**

- (7) The RMB should immediately move to insure that all permittees and each officer working his/her assignment comply with all requirements and procedures of the Program. Any permittee failing to comply with these requirements should be suspended from further participation.

**FINDING NO. 5 The Mayor's Office of Film and Entertainment (MOFE) is out-of-the-loop regarding past due film permittee accounts.**

MOFE provides service and assistance to all film, television, music and commercial production businesses desiring to use public property in Miami-Dade County. Program permits issued through MOFE can be obtained on-line, via fax or in person. These are not considered "temporary" permits but are permanent permits.

Regular permanent permits obtained through the RMB are issued after both a complete credit and background check are conducted on the entity and its named authorized agent. In contrast, MOFE does not conduct the same level of due diligence for permits it issues. While the background and credit checks performed by the RMB are to establish that the applicant is a reputable and legitimate business concern, MOFE only verifies that the entity is a legitimate filming or entertainment company and that sufficient insurance has been obtained to assure the County that any losses or damage caused by the filming company will be covered.

Oftentimes, film companies will hire locally based film representatives or "production contacts" to coordinate on-site filming activities and the like. These individuals are, in effect, the "authorized agent" for the permit holder. One of their tasks would be

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ensuring the payment of local production expenses incurred for Program services. MOFE does not conduct a background or credit check on these locally hired representatives. Consequently, off-regular duty program services are made available to film permittees, while no assessment has been done to determine their ability to pay for these services or their past history, if any, of using Program services. Finally, many entities receiving film permits are created in the form of a corporation or limited partnership with the purpose of filming only one motion picture or a commercial and are then dissolved. This leaves the County with no on-going legal entity to collect from as the permittee no longer exists, although we believe that the local production contact retains responsibility for ensuring payment.

OIG auditors noted that some film permittee account balances were past due. One permittee's account, totaling \$147,937 as of February 1, 2006, was comprised of \$101,745 in amounts 60 days or more past due. There are other film permittees with outstanding accounts comprised of lesser amounts. The large balance account, however, prompted the OIG auditors to visit MOFE to learn more about the film permit process.

We met with the MOFE Director who told us that he was unaware that film permittees were delinquent in paying for services. The MOFE Director further explained that many entities receiving film permits hire locally-based representatives, as they may be from out of town. He stated that these representatives are responsible for paying the bills of the engagement. The MOFE Director expressed his concern that invoices generated by the County's Finance Department are not generated in a timely manner. He also stated that, on many occasions, invoices for Program services are generated after filming or recording has concluded, and the permit holder has already left town assuming that all expenses have been paid. The challenge, he told the OIG, was for the County to generate invoices in a timely manner for film and entertainment permittees using the Program.

We question the logic of the Director's statements. If most film permittees hire locally based representatives, then it should make little difference whether the main production entity has left town or not. Moreover, the OIG found no evidence to suggest that there is any significant delay in the MDPD's processing of off-regular duty service tickets or in the Finance Department's invoicing process. Thus, to the extent that locally based representatives are responsible for paying locally incurred production expenses, they should be readily available to pay bills on a timely basis. Our concern is that MOFE is unaware of film permittees with past due balances. The Finance Department should simultaneously provide both the RMB and MOFE with the monthly receivables aging report so that the MOFE Director can assess if any film permittees have not paid their bills. Specific to past due film permittee accounts, MOFE should assist RMB follow-up efforts on past due accounts.

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Finally, MOFE does not maintain a written "deadbeat list" of those entities or local representatives whose accounts are past due. The MOFE Director stated to the OIG that he keeps a mental note of all film and entertainment delinquent accounts; however, we believe that, for obvious reasons, the Director should maintain a formal listing of all film and entertainment delinquent permittees.<sup>8</sup> The listing should be available to the film permit processing staff to prevent them from issuing additional permits to these entities and/or local representatives with past due accounts.

**Recommendations**

- (8) The MOFE should institute background and credit checks on both film permittees and their locally based representatives and/or require them to pre-pay for services as estimated by the filming schedule.
- (9) The Finance Department should timely notify MOFE about the account status of film permittees by forwarding to MOFE a copy of the monthly accounts receivable aging report.
- (10) The MOFE Director should formally document a list of problematic film permittees and authorized agents. All problematic film permittees should be required to pre-pay for off-regular duty police services.

**FINDING NO. 6 Program fees do not offset County payroll, fringe benefit and administrative costs.**

County A.O. 7-15, *Rates for Special Off-Duty Services*, states in relevant part:

Section 2-56 of the Code of Miami-Dade County allows for the assignment of off-duty personnel to provide special law enforcement services to person engaged in activities or functions of which such services would reasonably be seen as necessary. It is the policy of Miami-Dade County that the rates to be charged for such services shall be adequate to compensate off-duty County employees for their services, and also to enable the County to recover the fringe benefits and administrative costs associated with these assignments.<sup>9</sup>

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<sup>8</sup> The MOFE Director's statements are contradictory as he stated he is not made aware of film permittees with past due balances, yet he further stated he maintains a mental "black list" of those entities or local representatives who have not paid for previously rendered services.

<sup>9</sup> Code Section 2-56.6 states: "For each permit assignment fulfilled by him or her, a Law Enforcement Officer... shall be compensated by Miami-Dade County in an amount equal to the amount



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A.O. 7-15 continues:

A surcharge of five percent (5%) will be charged to the permittee to cover the County's direct costs of processing and recording off-duty services. The sum of the three charges (employee rate of pay, social security and retirement benefits, and surcharge) is to be rounded to the nearest twenty-five cents (\$0.25) and charged for each hour or fraction thereof of service provided.

Notwithstanding the stated objective, the Program falls short by over \$312,000 per year. If all County resources were taken into account, the shortfall would be much greater. Program revenues for the twelve-month period October 1, 2004, to September 30, 2005, were \$257,385 (TABLE 2), although Program salary costs alone totaling \$570,189 (\$497,041 + \$73,148) far exceeded that amount (TABLE 3).

**TABLE 2 Program Revenues and Allocated Amounts  
(Oct. 1, 2004 - Sept. 30, 2005)**

Permit Types	Amounts Collected Including 5% Fee	Total Fees Collected	4% Fee Retained by Finance	1% Fee Credited to MDPD	5% Admin. Fee Temporary Permits Credited to MDPD	Total Fees Available to the MDPD
Permanent	\$4,505,570	\$225,277	\$180,222	\$45,055	\$0	\$45,055
Temporary	\$642,167	\$32,108	\$0	\$0	\$32,108	\$32,108
<b>Totals</b>	<b>\$5,147,737</b>	<b>\$257,385</b>	<b>\$180,222</b>	<b>\$45,055</b>	<b>\$32,108</b>	<b>\$77,163</b>

**TABLE 3 Program Revenues vs. Departmental Salary Amounts**

Department	Fees Credited	Allocated Salaries	Surplus (Shortage) Fees Over Salaries
Finance	\$180,222	\$73,148	\$107,074
MDPD	\$77,163	\$497,041	(\$419,878)
<b>Totals</b>	<b>\$257,385</b>	<b>\$570,189</b>	<b>(\$312,804)</b>

charged for his or her services under the permit, less the surcharge of twenty (20) percent." While the Code refers to a 20 percent surcharge, the A.O. establishes a 5 percent administrative surcharge.



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We identified at least 33 County employees involved in processing and recording Program transactions, costing the County over \$570,000, as summarized in **TABLE 4a (MDPD)** and **TABLE 4b (Finance Department)**. This amount does not include all employee salaries or include employee fringe benefits, such as the "special risk" contributions to the FRS, for police officers involved in the administration of the program.

**TABLE 4a MDPD Employees And Their Associated Salaries Who Dedicate Time To The Off-Regular Duty Program**

MDPD	Number of Employees	Rank / Job Title	Percentage of Time Dedicated to Off-Regular Duty (Note a)	Average Base Annual Gross Salary Before Pay Adjustments	No. of Employees Times Associated Annual Employee Salary
SEU	2	Lieutenant	20%	\$88,525	\$35,410
SEU	4	Sergeant	25%	\$73,589	\$73,589
SEU	4	Police Officer	100%	\$50,941	\$203,764
SEU	1	Clerk 4	100%	\$42,160	\$42,160
RMB	1	Accountant 3	20%	\$68,794	\$13,758
RMB	1	Accountant 2	100%	\$38,953	\$38,953
RMB	1	Accountant 1	50%	\$49,922	\$24,961
RMB	2	Clerk	100%	\$32,223	\$64,446
District Offices	9	Police Officer (District Coordinators)	Varies due to number of assignment.	(Note b)	(Note b)
<b>MDPD Totals</b>	<b>25</b>				<b>\$497,041</b>

**Notes:**

- (a) The OIG based Column 4 percentages on its discussions with the MDPD personnel. In an exit conference on 04/21/06, the Department challenged this presentation and indicated that it would furnish the OIG with information similar to that provided by the Finance Department regarding its departmental resource allocation. In later correspondence with MDPD personnel, the OIG asked again that MDPD provide the promised resource allocation but as the date of this final report, this information has not been forthcoming.
- (b) For the reason stated, we could not quantify an "Average Base Annual Gross Salary" and, as a result, we could not calculate an allocable salaries amount for MDPD district offices.

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**TABLE 4b** Finance Department Employees And Their Associated Salaries Who Dedicate Time To The Off-Regular Duty Program

Finance Department Credit & Collection Number of Employees	Job Title	Percentage of Time Dedicated to Off-Regular Duty (Note c)	Average Base Annual Gross Salary Before Pay Adjustments	No. of Employees Times Associated Annual Employee Salary
1	Manager	5%	\$102,246	\$5,112
1	Supervisor	15%	\$83,908	\$12,586
1	System Analyst/ Programmer	20%	\$77,725	\$15,445
1	Accountant 2	12.5%	\$76,301	\$9,538
1	Accountant 1	10%	\$47,900	\$4,790
1	Account Clerk	25%	\$44,477	\$11,119
1	Cashier	35%	\$35,671	\$12,485
1	Temporary Clerk	7.5%	\$27,643	\$2,073
8				<b>\$73,148</b>

**Note (c):** The Finance Department provided this listing to the OIG on 04/21/06. The information presented has not been audited by the OIG.

We acknowledge that we based our analysis on subjective data that may not reflect the most accurate presentation thereof. Nonetheless, we believe it accurate enough to demonstrate that there is a large disparity between County Program costs and Program revenues. This impact would be all that much worse had we included all participating employee salaries, all employee fringe benefits and other administrative overhead in our calculation.

In particular, the data highlights that the MDPD suffers a large, adverse financial impact of no less than \$420,000 annually to administer and operate the Program. As a result, other MDPD units are subsidizing Off-Regular Duty Program costs. This means that fewer resources are available to these other programs to accomplish their respective missions.

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**Recommendations**

- (11) The MDPD and the Finance Department should analyze their respective resources allocated to the Program and the collected Program fees to determine what adjustments they should implement to make the Program self-sufficient with respect to the costs to administrate the Program, such as raising the County-imposed surcharge rate.
- (12) To the extent that our recommendation to adjust fees or take other actions, is not achievable, then line item budgeting supplements should be considered for MDPD and/or the Finance Department to support the Program.

**FINDING NO. 7 Inadequate follow-up allows permittees with past due balances to use almost \$1,000,000 of County funds for extended periods, without penalty, including over \$247,000 past due from various permittees for periods ranging from one to six years.**

The County, in establishing procedures for permanent permittees, provided that it (the County) would temporarily absorb Program costs. As designed, this "float" period—the time between the service date and the payment date—nominally would be between four to six weeks. There is nothing inherently bad with this system nor does it reflect a poor business practice, unless the permittees do not pay timely and the County does not effectively follow-up on past due accounts. Unfortunately, this scenario appears to often be the "rule" and not the exception. While most permittees pay on their accounts timely, many do not. These permittees merit special attention by the County to ensure that they make payments without excessive delays. If they do not, they should risk losing Program services.

Consistently, there has been a large dollar value of accounts 60 days or more past due. For example, on August 2, 2005, a "snap shot" of the outstanding receivables balance for that day shows over \$504,000 in accounts over 60 days past due. By February 1, 2006, a comparable snap shot showed that the 60 days past due balance had increased to almost \$668,000, a 32% increase. (See **TABLE 5**) Almost 44% of this February 1, 2006 balance (60 days plus) is attributable to past due account balances that are anywhere from one to six years old. (See **TABLE 6**)

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**TABLE 5 Program Accounts Receivables Aging Schedule Balances**

Date	Total Balance	0-29 Days	30-59 Days	60 Days+	% 60 Days+
February 1, 2006	\$1,075,706	\$84,776	\$323,113	\$667,817	62.1%
November 1, 2005	\$991,249	\$190,127	\$223,923	\$577,199	58.2%
October 3, 2005	\$1,087,095	\$368,309	\$199,301	\$519,485	47.8%
September 1, 2005	\$1,051,354	\$258,687	\$189,255	\$603,412	57.4%
August 2, 2005	\$916,318	\$160,027	\$251,677	\$504,614	55.1%
<b>AVERAGE</b>	\$1,032,344	\$212,385	\$237,454	\$574,505	55.6%

**Note:** The reported **Total Balance** amounts include accounts with credit balances, thus it is a "net" accounts receivable balance. To the extent that the **Total Balance** is adjusted to reflect these amounts, the overall account balance increases. The Finance Department system does not separately accumulate credit balances, but we estimate that such balances range between \$125,000 and \$150,000 per month. For comparative purposes, if we assume the higher amount (\$150,000), the impact to our **AVERAGE Total Balance** would result in a decreased % **60 Days+** reducing our reported 55.6% to 51.4%.

The 2001 AMS audit report stated:

A significant percentage of off-duty receivables have been delinquent more than 60 days, including 76% (\$654,604) of . . . Police . . . amounts outstanding as of July 13, 2001 . . . Since October 2000, past-due Police receivables deteriorated from 29% (\$313,526) to more than 76% in July 2001.

Even further back in time, the 1992 AMS audit report stated:

As of July 17, 1992, 72% of billed services have been outstanding 60 days of more.

Thus, we believe that the trend evident in the data represents a large amount of past due monies and delinquent amounts, which the County has expended for the sole benefit of private business entities, organizations or individuals—monies that the County would reasonably expect the permittees to timely remit in accordance with Program terms and conditions. Typical invoice terms require the permittee to pay the invoiced amount upon its receipt.

We note that for the five months evaluated, the Finance Department mailed total monthly invoices ranging from \$1,010,928 to \$1,182,148. Average "new" monthly transactions



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ranged from \$127,328 to \$529,989 and monthly remittances ranged from \$288,475 to \$630,564.

A closer review of the February 2006 amounts finds that at least \$247,031 has been outstanding for a period of one to six years. In the aforementioned 2001 AMS audit report of the Program, it listed various permittees with outstanding balances greater than 60 days. We compared that data with the data we accumulated on current delinquent accounts. Five out of the six delinquent Police Program permittees listed in the 2001 AMS audit report are also delinquent permittees, as of February 1, 2006. (TABLE 6) We recognize that the amounts comprising the outstanding balances may not be from the same transactions. However, our current data and the AMS data leads us to believe that such balances and the practices that allow delinquent accounts to exist are not atypical but have been present for years.

**TABLE 6 Comparative Delinquent A/R Balances**

<b>Permittee Name</b>	<b>July 31, 2001</b>	<b>February 1, 2006</b>
Dolphin Stadium Corporation	\$57,057	\$135,231
Hammocks Community Association	\$55,587	\$14,697
S.E. Institute of Criminal Justice	\$42,144	\$42,423
Doral Golf Resort & Spa	\$24,816	\$45,838
T&T Sagaboy International	\$12,464	\$12,464
<b>TOTALS</b>	<b>\$192,068</b>	<b>\$250,653</b>

As of 04/21/06, three of the account balances listed above remain the same, one has been reduced and one is no longer listed on an aging report.

***Finance Department Accounts Receivable Processing***

In analyzing this data, we noted one particular aspect of the Finance Department's system that adversely affects accounts receivables reporting. In the event of an unpaid/disputed charge on an active permittee's account, the unpaid disputed amount "rolls over" into past due status.

When the next month's permittee payment is received, the system first credits the amount against the past due balance, and then credits any remainder against the current month's balance. *The system automatically credits any payments made against the oldest system reported balance.* Thus, the system does not properly match a current payment amount against its corresponding current invoiced amount.

In actuality, the disputed amount was never paid by the permittee, yet subsequent remittances are credited against this "past due" balance. Since the system credits the



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oldest reported balances, eventually these disputed "past due" balances in the system are shown as paid - and become lost or effectively "erased" from the system. Meanwhile, the recently undisputed account balances are only credited with any monies remaining after past due amounts are paid up. Therefore, recent undisputed account balances (that were actually paid) become reflected as unpaid and past due. This system flaw causes the system to fail to ever record an excessively past due or long disputed amount - as long as the permittee continues making payments large enough to cover the past due amounts.

Every passing month diminishes the County's ability to maintain a matching relationship between current accounts receivable charges/credits and dated past due accounts receivable charges/credits for the same accounts. Only those past due amounts arising from terminated or inactive permittees where no current payments are received actually "age" under the current system. The impact being that while total accounts receivable balances are accurate, the system-reported past due "aged" balances are probably understated.

Another effect is that accounts receivable aging schedule users would not easily be able to identify past due permittees and actual past due amounts. This would severely limit the County's ability to take timely corrective action because it could take months (many months) for someone to realize that there is a problem. Furthermore, the long-standing past due accounts never really transition into a "delinquent" status, where formalized "collection" efforts are instituted.

#### *Other Potential Uncollectible Accounts*

Another condition arising from the lack of effective follow-up efforts is the increased probability of a greater number of uncollectible accounts.<sup>10</sup> Accounts with this status are those that likely will never be paid and should be written-off (i.e., permanently deleted from the County's financial records). We identified 94 permittees, owing a total of \$110,951, that are listed on the aging report, dated February 1, 2006, who have not used the services of the Program within the past 90 days. The probability that those permittees will pay these amounts diminishes with each passing day. These past due balances need to be evaluated, and if warranted, declared delinquent, and changed to collection status and reported to a credit agency.

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<sup>10</sup> For purposes of this report, "follow-up efforts" refers to normal, reasonable follow-up efforts to obtain payments on past due accounts. These efforts are not to be confused with those more aggressive "collection" efforts that may be taken to compel a permittee to pay. Such actions would include reporting the permittee as delinquent to a national credit reporting bureau and, if the outstanding balance is large enough, adding the permittee's name to the County's "deadbeat" listing.

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During our fieldwork, we observed a lack of both communication and cooperation between Finance's Credit and Collection Section and the RMB, which impedes follow-up efforts. The OIG received conflicting accounts from both RMB and Finance Department personnel regarding which department is responsible for follow-up efforts.

As conveyed to the OIG auditors, RMB's dissatisfaction with the efforts of the Credit and Collection Section has resulted in the RMB attempting, on its own, to collect past due accounts from delinquent permanent permittees. One such effort was to have the Coordinators contact the offending permittees. In at least one instance, MDPD personnel told the OIG that it successfully "collected" on a delinquent account. Conversely, we have also been advised that efforts by the Finance Department to contact and pursue past due accounts directly with the permittees were discouraged, as MDPD suggested that it would deal directly with its permittees. However, except for the one example provided to the OIG as noted above, we were not provided with any documentation to suggest that collection follow-up is occurring regularly.

A notable failure by the departments to communicate and cooperate is exemplified by their inability to resolve, after years of discussions and the like, the aforementioned \$135,231 outstanding account balance belonging to Dolphin Stadium Corporation, extending back before May 2000. (TABLE 6) Records document correspondence and discussions between RMB, Finance Department and permittee representatives over a period of years, but with no resolution. We will not report all the historical details of this situation; however, both sides have provided the OIG with conflicting statements about how the matter was to be handled and what their respective responsibilities were. Moreover, both have provided opinions about their assumptions of the responsibility of the other department. Notwithstanding their differences, we point out that responsible parties should never have allowed this situation to fester for so long or grow into such a time-consuming, time-spanning issue.<sup>12</sup>

The apparent lack of accountability by any of the parties for resolving this condition belies common sense and good business practices. Neither Department, however, accepts fully the responsibility for following up on past due accounts. Notwithstanding, the OIG believes that MDPD should be the entity taking the lead to follow-up on these accounts because it is their permittee that is not paying invoice amounts timely.

Chapter 16 places administrative burdens on the County's Finance Department to determine habitually delinquent permittees and to consider suspension of such accounts.

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<sup>12</sup> It must be noted that Permit No. 802, belonging to the Dolphin Stadium Corporation, has not been active since 2002. Instead, four new permits have been issued for major events using Pro Player Stadium and all four accounts are current.

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Finance Department staff members do not believe they have been given the implied authority to carry out the directives appearing in the MDPD procedures. Interviews with both RMB and Credit and Collection personnel revealed that each department's staff members have a false impression of what the other department's responsibilities are regarding the off-regular duty program.

As uncomfortable as it may have been for operations personnel to do so, senior-level County officials should have been approached earlier. To the extent that current policies or procedures make it impracticable, if not impossible, for operations to function as intended, then new policies and procedures should be devised to allow the intended functionality.

Whatever the reason for the problems, the apparent common sense approach is for both departments to pool their collective resources. This would seem to be the most productive method to resolve billing errors, disputes and associated unpaid accounts within a reasonable period. Time is an important factor because as accounts "age" they become increasingly uncollectible and involve human resources whose costs may quickly accumulate to amounts greater than that owed to the County.

#### *Accounts Receivable Write-offs*

If not collected, such accounts should be "written-off" according to A.O. 3-9, *Write-Off Accounts Receivable Arising from User Charges*, which specifically encourages efficient financial administration. This A.O. delegates to department heads limited authority to write-off uncollectible amounts not to exceed \$500. For larger amounts, the department head must submit a listing of proposed write-offs for Finance Department approval. Later, the list will be submitted to the Board of County Commissioners for write-off authorization. Write-offs should be limited only to inactive accounts with unlocatable authorized agents after formal collection efforts have failed. Furthermore, where possible, these balances should also be reported to a credit-reporting agency.<sup>12</sup>

Obviously, if the permittee is a chronically delinquent payer, then the County should take administrative action not just to collect the debt, but also to prohibit that entity from continuing to receive services. At minimum, the County should require these permittees

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<sup>12</sup> A.O. 3-9 provides that there should be continuing collection efforts after a write-off. Specifically, it states: "The write-off of an uncollectible account receivable is not considered a total forgiveness of debt; customers for whom accounts have been declared uncollectible shall not be considered for future business relationships with the County until restitution has been made or agreed to. Actions to the contrary shall be fully documented by the department and submitted to the Finance Director for review and concurrence." (Emphasis added)

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to prepay the cost of the services similar to the procedures established for temporary permittees. (See Finding No. 3 regarding temporary permits.)

One final note is that the Finance Department told OIG auditors that it does not charge interest to permittees with balances not paid within 30 days. A.O. 7-15 allows the County to assess finance charges up to the maximum legal rate. This practice has cost the County many thousands, perhaps tens of thousands of dollars or more, in lost revenue through the years.

#### *Accounts Receivable Credit Balances*

OIG auditors reviewed five monthly accounts receivable aging reports from August, September, October and November 2005, and February 2006. The February 2006 report lists 25 permits with credit balances in excess of \$1,000, collectively totaling \$154,297. The credit balances ranged from \$1,020 to \$15,060.<sup>13</sup> Ten of the 25 accounts had credit balances from before 1999 and one of these balances is attributable to services provided in 1990.

The Credit and Collection Section was not able to provide a reasonable explanation as to how these credit balances came into existence. However, they did provide some historical data suggesting that payments may have been misapplied. Finally, Credit and Collection supervisors verbally informed us that it could not return the funds to these permittees because the permittees could not be located. While there were no records documenting how the Finance Department researched permittee addresses to arrive at this conclusion, the lack of annual file reviews by the RMB limits the accuracy of permittee information made available to the Finance Department.

The Finance Department should not let such credit balances linger as unresolved items. Unfortunately, A.O. 3-9 does not directly prescribe how a department is to handle long-standing credit balances when the named account holder is not locatable. This, of course, assumes that someone at sometime made a diligent, documented effort to locate the account holder without success. The lack of an official county procedure, under such circumstances, however, is no justification for this condition. Finance Department officials, with input from the County Attorney's Office, should devise a procedure and issue it formally. Once issued, the Finance Department should take immediate action to remove these long-standing credit balances from accounts receivable.

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<sup>13</sup> The February 1, 2006, aging report lists an additional 92 accounts with credit balances greater than \$100 but less than \$1,000. In addition, there are 98 more accounts with credit balances less than \$100. We reviewed only accounts with credit balances exceeding \$1,000.



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*Finding No. 7 Summary*

Past due accounts receivables consistently averaging around \$1,000,000 indicates that someone or some group is not effectively managing their collection. We believe that a key contributor to this condition is that management does not systematically impose accountability for decisions regarding their collection. MDPD, the Finance Department and MOFE could all better serve their mutual interests by cooperating and managing, in a timely and efficient manner, Program accounts receivables to maximize the County's recovery of amounts due. The MDPD needs to take the initiative to declare its permittee's accounts that are over 60 days past due as delinquent and to formalize collection efforts to recoup funds already expended by the County in the form of off-regular duty pay. Requiring pre-payment on chronic delinquent accounts held by active users should also be explored. In addition, the County should be more aggressive in applying interest on past due balances.

The above-described conditions indicate that the County, collectively speaking, still does not administer well the Program accounts receivable process. As a result, County efforts to recover monies past due are uncoordinated and often ineffectual. Collectively, these conditions only worsen the County's financial loss, as described earlier in this report, wherein we reported that the Program is not paying for itself. The OIG believes that the County can remediate most of the problems easily enough by a commonsense approach, which would eliminate inter-departmental wrangling and encourage personnel to perform their assigned duties. This formalized commitment would lay the framework for all parties to work as teammates and delineate the respective responsibilities.

In particular, the OIG believes that the MDPD could increase its role in following up on past due accounts. Although the OIG would never recommend such action, we rhetorically ask what would happen if MDPD officers had to wait to receive payment for off-regular duty assignments until after the permittee(s) first pays? This scenario would place some officers in the uncomfortable situation of requiring them to wait months for their pay, which they now receive within two pay periods. The policy of "prompt payment" should be evenly applied by MDPD to the second half of the equation—the permittees—to ensure that they remit promptly, just as MDPD has made its commitment that its officers are paid promptly for rendering these services.

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**Recommendations**

- (13) The County must clearly delegate authority for and define each department's responsibilities regarding the collection of past due receivables.
- (14) All three parties (MDPD, the Finance Department and MOFE) should formalize a Memorandum of Understanding (MOU), which would clearly describe each party's responsibilities and their expectations of one another. The MOU should address lines of communication, allocation of resources, cooperation efforts and the level of assistance afforded to one another.
- (15) Interest should be automatically applied to any balances over 30-days old.
- (16) The MDPD should consider amending Program terms and conditions so that when a permanent permittee allows its account balance to become 60 days or more past due, that permittee is automatically placed on a "temporary" permit and required to pre-pay for services or forfeit services altogether.
- (17) Both MDPD and Finance should immediately begin the process of evaluating the status of all long-standing accounts receivable balances, especially those identified in Table 5, and take prompt action to place them in collection, write-off those accounts deemed uncollectible and forfeit future services to them.
- (18) The Finance Department should "write-off" long-standing accounts receivables with credit balances, in accordance with an approved procedure.

*The OIG appreciates the cooperation and assistance afforded us by the Miami-Dade Police Department, the Finance Department and the Mayor's Office of Film and Entertainment during the course of the audit.*

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**APPENDIX A** MIAMI-DADE POLICE DEPARTMENT'S  
RESPONSE TO THE OIG'S DRAFT  
AUDIT REPORT

**APPENDIX B** MIAMI-DADE FINANCE  
DEPARTMENT'S RESPONSE TO THE  
OIG'S DRAFT AUDIT REPORT

**APPENDIX C** MAYOR'S OFFICE OF FILM AND  
ENTERTAINMENT'S RESPONSE TO THE  
OIG'S DRAFT AUDIT REPORT