



Metro-Dade Police Department

Director's Office
9105 N.W. 25th Street
Miami, Florida 33172



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Police Service

May 23, 2006

Mr. Christopher R. Mazzella
Inspector General
19 West Flagler Street, Suite 220
Miami, FL 33130

Dear Mr. Mazzella:

The enclosed response is submitted for inclusion in the final report of the Office of the Inspector General's (OIG) draft audit report regarding a review of the Miami-Dade Police Department's Off-Regular Duty Program.

If you need any additional information regarding this matter or any other matter of mutual concern, please feel free to contact Chief Counsel Glenn Theobald at (305) 471-2561.

Sincerely,

Robert Parker
Director

Enclosure

RECORDED BY THE
OFFICE OF THE
INSPECTOR GENERAL
2006 MAY 25 AM 11:02

RESPONSE

The Miami-Dade Police Department (MDPD) appreciates the extraordinarily detailed audit of the Off-Regular Duty Program performed by the Office of Inspector General (OIG). Absent its running commentary, the issues identified and highlighted in findings and recommendations of the audit report were created prior to this and the previous administration.


All recommendations regarding the handling of the Off-Regular Duty Program will be carefully scrutinized with the utmost diligence. In order to enhance the effectiveness of the program, all policies and procedures will also be thoroughly reviewed and changes will be implemented as this administration deems appropriate. Careful consideration will be given to the billing procedures, while being mindful that public policy demands the MDPD remains a law enforcement agency and not a bill collection agency.

Finally, interactions between the Finance Department, the Mayor's Office of Film and Entertainment, and the MDPD will be reviewed in order to seek workable solutions and alternatives to OIG's identified shortcomings.

Memorandum



OFFICE OF THE INSPECTOR GENERAL
2006 MAY 18 PM 3:07

Date: May 16, 2006
To: Christopher Mazzella
Inspector General
From: Rachel Baum
Finance Director 
Subject: Response to Draft Audit Report Miami-Dade Police Department's Off-Regular Duty Program

We have reviewed the draft audit report issued by the Office of the Inspector General (OIG) regarding the administration and financial aspects of the Off-Regular Duty Program (ODP). We appreciate the opportunity to provide a response to the OIG.

Responses to specific findings related to the Finance Department will be addressed below. We agree that an updated Memorandum of Understanding (MOU) between the Finance Department and the Police Department is needed immediately and we are in the process of initiating a draft for discussion with the Police Department.

There is more than one finding that pertain to problems inherent in the computer software on which the billing system currently resides. As we mentioned in the meetings with OIG staff, the software we are currently using is an old "R-based" system which is over twenty (20) years old, and it is severely limited in its capabilities. However, we are nearing the completion of a huge system conversion to our collection software program, AdvantEdge, which will have many new features such as adding interest to past due accounts as well as the ability to apply payments to specific invoices as opposed to applying payments to the oldest receivable first. The conversion has taken longer than initially anticipated because the vendor has had to develop special programming to accommodate our needs. We expect the ODP portfolio to be fully converted, tested, and up and running on the collection software by September 30, 2006.

The following is a recap of the findings, recommendations and our responses (only to the findings pertinent to the Finance Department):

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

The Finance Department has taken steps to immediately change our procedures regarding the communication of past due film permittee accounts to MOFE. Starting with the May, 2006 billing period, we began providing a list every month of all MOFE accounts that are past due. This is a good "stop-gap" measure however, we strongly urge Miami-Dade Police Department (MDPD) to reconsider these vendors' permit status. Due to the nature of these vendors' usage of ODP, we feel that they should be treated as temporary permits, rather than permanent permits, as very few of these vendors ever use ODP services again once filming is completed. We agree with OIG that Miami-Dade County would be well-served by having these vendors pre-pay for their services.

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

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

We are combining our response to these two findings, as they are very closely related and the answer to one partially answers the other:

As OIG points out, the program is presently losing money and a determination needs to be made as to whether fees should be raised. Administrative Order 7-15 is updated once every two fiscal years in order to update the rates commensurate the national consumer price index. If the decision is made to increase pricing (must be approved by the Board), all factors should be considered and not limited to those mentioned in Finding No. 6. MDPD should reconsider all costs during the next fee schedule review to include administrative costs such as all personnel costs be included, but all other costs such as rent, phones, postage, etc. Additionally, as with any credit portfolio, there is a certain amount of risk when financing these costs rather than requiring all vendors to pre-pay. Therefore, the cost of collection as well as average annual losses should be considered when developing the pricing model for ODP.

One of the major miscommunications regarding responsibility and accountability pertains to past due accounts and who is responsible for collecting those accounts. The Finance Department is in the process of drafting an updated MOU that will detail the difference between the current billing services versus the option to include internal collection services. Credit and Collections is a self-supporting unit and has standard contingency fee rates that are charged to County departments for collection services. While only 4% is charged for ODP for a billing service, the charge for collection services is 30%. If it becomes necessary to assign the account to an outside collection agency or law firm for collection, the rates will be based on the contractual rates charged by those vendors.

As was pointed out in the OIG Draft Audit Report, and particularly in Table 5 on Page 24, most of the receivables that have aged to 90 + days delinquent are in actuality over a year old. We are recommending that almost all of the amounts be submitted to the Board for write-off, but we are also recommending that MDPD authorize the assignment of most of these debts to an outside collection agency or law firm for more aggressive collection action.

The Finance Department has begun addressing the issue of credit balances, and we have identified a few credit balances which may belong on other accounts for the same vendor and we are in the process of reclassifying these payments to the correct accounts. For accounts with credit balances where we could not locate the apparent owners we will forward the balance to the Florida Department of Financial Services pursuant to Florida Statute Section 717 Disposition of Unclaimed Property.

In regards to the past due accounts not being charged interest, once the conversion to AdvantEdge is completed, we will have the ability to charge interest to these accounts. By the time that the conversion is completed, the disputed invoices should be collected, assigned for collection, or written-off.

cc: Alina T. Hudak, Assistant County Manager
Graciela Cespedes, Deputy Finance Director
Blanca Padron, Controller
Willis Patterson, Assistant Controller
Dennise Suarez, Executive Assistant to the Finance Director
Lucien Hope, Credit and Collections Manager



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May 16, 2006

Mr. Christopher Mazzella
Inspector General
19 West Flagler Street
Suite 220
Miami FL 33130

VIA FACSIMILE: 305 579 2656

Dear Mr. Mazzella:

Re: OIG Draft Audit Report of M-D Police Department's Off Regular Duty Program

The Office of Film and Entertainment believes that much of the problem with police off-duty billing in the film industry is that filming companies leave town soon after filming is completed, after they have made an effort to pay all outstanding bills. Since police billing is on a 30 day cycle, there can be a full month after the filming company has left Miami before an invoice is generated for off-duty police work. That invoice may then be sent to the "temporary" production office address used by the filming company while in Miami, which is closed after the company leaves. Then the invoice is returned, and another billing cycle goes by. The invoice can be as much as 60 days overdue, with the filming company still unaware that there is a delinquent bill. While a 30 day billing cycle is certainly "timely" as it relates to most businesses, in the case of the very mobile location filming industry it can result in bills arriving far too late.

When the Office of Film and Entertainment has been notified by the police finance unit about delinquent accounts in the past, we have been able to resolve these issues and get the invoices paid. The large delinquent account cited in the OIG draft report was likely the final billing for Universal Picture's "Miami Vice" which left Miami in December for Los Angeles. That invoice has subsequently been paid.

The OIG report states that filming companies have a "local authorized agent" to whom the County has recourse over unpaid bills. In some cases there is a local agent (generally a location manager) hired by filming companies from out of town, in others there will not be someone local. In either case it is the filming company's



APPENDIX C

responsibility to pay the delinquent bill, not that of a local freelance crew person who is no longer an employee of the company in question once the job is completed.

Most film production companies "close the books" on filming jobs within a month or two of the completion of that job, or in fact the company itself may have been organized specifically for the purpose of a single film project and cease to exist at some point following the completion of the work. This makes it even more critical for the County to ensure that police off-duty billing is delivered to the correct address for payment in a timely manner.

The OIG report also states that the Office of Film and Entertainment doesn't conduct background checks or credit checks on film production companies or their local representatives. The Office of Film and Entertainment is not required to conduct these inquiries by ordinance or administrative order to qualify those companies or individuals to receive filming permits.

The vast majority of clients who receive film permits from this office are companies and individuals who have used our services, and police off-duty personnel, for many years and who are well known to us. Additionally, there are research databases that the Office of Film and Entertainment uses to verify the legitimacy of those companies who receive film permits if they haven't filmed in Miami previously. As stated, this office also verifies liability insurance which indemnifies the County with regard to any mishap which may occur due to filming activity. The permit itself further regulates filming activities to conform to specific authorized times, dates and locations and the type of filming that will be allowed.

The Office of Film and Entertainment does not currently have the capability or security clearances necessary to conduct background and credit checks on our film production clients. If the Resource Management Bureau needs to require background and credit checks on filming companies prior to assigning off-duty personnel, they have the resources to accomplish this task. However, the time it takes to process these checks will likely have the unintended consequence of deterring film production companies from choosing Miami-Dade County as the site for their productions.

Response to the OIG Recommendations

- The Office of Film and Entertainment does not currently have the resources or security clearances to conduct formal credit and/or background checks on film companies. To the extent that these checks take time and create "red tape", they have the likely consequence of deterring companies from wanting to film in Miami-Dade County. If RMB requires a credit or background check on these filming companies for the purpose of utilizing police off-duty services, then RMB should conduct those inquiries. Alternatively, the County may want to require pre-payment or a deposit for police off-duty services from film companies, based on an estimate of police staffing requirements. Pre-payment for police off-duty would likely be welcomed by many of these companies.

May 16, 2006

- We agree that police finance should notify this office about account status of film permittees by forwarding the monthly accounts receivable to us for follow up. We believe that many past due accounts for filming companies result from bills being sent to closed production office addresses. The sooner we can get the invoice to the film company's home office, the more likely the past due account issue will be resolved quickly.

The Office of Film and Entertainment has recently obtained the Off-Duty Aging Report on accounts past due 90 days or more from police finance. We have identified 32 film production companies from that list, 14 based in Miami and 18 from other cities. Of the 14 local companies, four have multiple past due accounts. There is a total of \$21,153 owed for all film related Off-Duty delinquent accounts, with about \$5000 of that dating from 2001 or before. The largest single delinquent account is for \$2109, with only four accounts amounting to \$1000 or more. The average for the rest of the past due accounts is about \$500, equal to one day's pay for one officer.

The Office of Film and Entertainment would recommend that the County write off the oldest of these accounts, and those under a certain value, as uncollectible.

- There is currently no "deadbeat list" kept by the Office of Film and Entertainment because, until now, we have not been made aware of any filming companies who have delinquent accounts. This office does maintain a "complaint file" which documents other issues related to filming companies.

Using the Off-Duty Aging Report, the Office of Film and Entertainment has begun to follow up on delinquent accounts. If they remain unpaid, those companies will be denied film permits. We are currently exploring with ETSD a way to automatically flag companies with delinquent accounts when they apply on-line for film permits. We expect this system to be in place this summer.

Sincerely,

Jeff Peel, Director
Miami-Dade Mayor's Office of Film & Entertainment