

Office of the Inspector General
Miami-Dade County Public Schools
2017-2018
Annual Report



Message from the Inspector General



I am pleased to present the 2017-2018 Annual Report on behalf of the Miami-Dade County Public Schools Office of the Inspector General (M-DCPS OIG). This Report highlights and summarizes the scope of work undertaken on behalf of the Miami-Dade County Public Schools (M-DCPS) this past year. The M-DCPS OIG staff are all School District employees. The governing model – an Interlocal Agreement (ILA) – allows for the Miami-Dade County Office of the Inspector General to provide additional services. Those services, when provided, are billed directly to the School District pursuant to the ILA. This flexible model has worked well since 2007.

Our primary goal as the OIG for the School Board is to maintain the public's trust in government by promoting honesty and integrity in the implementation of the District's policies, programs and contracts. This year, in

addition to the investigations and audits that were conducted, we looked at the School Board's policy and the procedural manual related to the administration of the Small/Micro Business Enterprise (S/MBE) and Minority/Women Business Enterprise (M/WBE) programs.

Our S/MBE and M/WBE review revealed inconsistencies between the existing policy and the procedures manual, which presented significant challenges to the administrators responsible for certifying firms. We submitted our recommendations, and with considerable input from the Small Business Economic Advisory Committee, the Office of Economic Opportunity crafted an amended School Board Policy and a revised Procedures Manual for the S/MBE and M/WBE programs. Both documents, now clear and consistent, were adopted by the School Board.

This annual report summarizes not only investigations and reviews our office has conducted during this reporting period, but also provides a sampling of complaints that were investigated. Our goal as the M-DCPS OIG is to objectively follow the facts in search of the truth, and then publicly report the findings.

Sincerely,

Mary T. Cagle, Inspector General

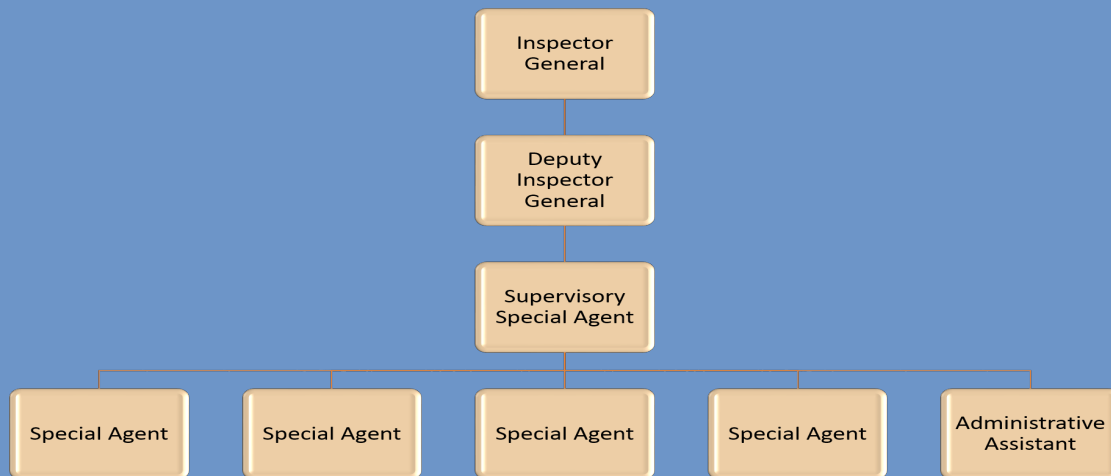
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THE MIAMI-DADE COUNTY PUBLIC SCHOOLS OIG TEAM

The M-DCPS OIG became operational in January 2008 and is currently under the supervision of an on-site Supervisory Special Agent. He supervises five full-time M-DCPS OIG employees. The investigative staff has extensive law enforcement experience.

The office is located on the third floor of the Annex Building of the School Board Administrative Complex, at 1501 NE Second Avenue, Suite 343, Miami, Florida.



WHAT WE DO

The M-DCPS OIG, through independent oversight of School District affairs, detects, investigates and prevents fraud, waste, mismanagement, misconduct and abuse of power. The organization and administration of the OIG is independent to assure that no interference or influence external to the office adversely affects the objectivity of the OIG.

The ILA between the School Board of Miami-Dade County and Miami-Dade County, initially executed in 2007, authorizes the operation of the M-DCPS OIG. The ILA sets forth the responsibilities, functions, authority and jurisdiction of the M-DCPS OIG. The third renewal of the ILA, which extends the agreement through December 18, 2019, was approved in 2016.

The M-DCPS OIG promotes accountability, integrity and efficiency through its efforts in conducting audits, investigations and oversight activities of School District employees, contractors, projects and programs. All complaints are handled with the goal of improving the School District's performance.

We are pleased to submit this annual report, summarizing M-DCPS OIG activities during the past fiscal year (July 1, 2017- June 30, 2018). The publication of this report provides an opportunity to share our accomplishments of the past year and fulfills the reporting requirements of the ILA.

THE MIAMI-DADE COUNTY OIG EXECUTIVE TEAM



Inspector General Mary T. Cagle heads the OIG's executive team comprised of three direct reports. Deputy Inspector General Felix Jimenez is charged with leading the Investigations Unit and directing specific functions of detecting and investigating both criminal and administrative violations. As General Counsel, Patra Liu heads the OIG's Legal Unit, which includes the office's contract oversight function. Audit Manager James Schlotzhauer is charged

with leading the Audit Unit, which consists of a team of certified professionals with a wide range of government and private sector experience. Investigative, audit, contract oversight and legal staff from the Miami-Dade County OIG work jointly with M-DCPS OIG as needed, ensuring productivity and maximizing efficiency. In accordance with the ILA, all services Miami-Dade County OIG provides to the School District are billed on a quarterly basis.

M-DCPS OIG BUDGET AND STAFFING LEVELS

The School Board funds the M-DCPS OIG annually to provide inspector general services to the School District. All personnel costs are funded under an annual budget allocation. For the 2017-2018 fiscal year, the School Board approved M-DCPS OIG's budget at \$795,218 to cover operating needs and personnel staffing. The ILA between the School Board and Miami-Dade County, enables OIG staff to work closely with the M-DCPS OIG employees. Under the ILA, the Miami-Dade County Inspector General is appointed Inspector General for the School District. The sub-account, Other Purchased Services, funds reimbursements to Miami-Dade County for staffing services provided to the School District under the terms and conditions of the ILA.

The M-DCPS OIG employees are all contracted managerial exempt personnel and serve at the will of the Inspector General. The Inspector General and her Deputy Inspector General directly oversee all operations of the M-DCPS OIG.

THE NEWEST MEMBER OF THE M-DCPS OIG TEAM



In November 2017, the M-DCPS OIG welcomed Special Agent David Hernandez as a new member of the team. SA Hernandez enjoyed a distinguished 29-year career with the Miami Beach Police Department (MBPD). During his tenure, Special Agent Hernandez served in nearly every division within the MBPD. He has conducted and overseen a vast variety of complex criminal investigations that required the coordination of multiple law enforcement agencies. Special Agent Hernandez's investigative expertise, attention to detail, and trustworthiness was recognized by his superiors leading to his assignment to the MBPD's internal affairs unit. He also served as a law enforcement and ethics instructor. Special Agent Hernandez's ability to lead, coordinate and organize were again tapped when he was appointed to oversee MBPD's Records Section and the critical 9-1-1 Communications Center. Special Agent Hernandez served as the liaison to the City's Information

Technology Department (IT), coordinating and managing day-to-day IT operations and several major technology projects from concept to implementation.

Special Agent Hernandez's reputation as a leader and problem solver quickly identified him as the "go to person" when specific divisions in the MBPD needed to improve its effectiveness. Special Agent Hernandez was also key in the drafting of policies, procedures, and the preparation for accreditation assessments, which resulted in MBPD achieving dual accreditation. Throughout his career, Special Agent Hernandez received the "City Achievement Award," bestowed only to top performing employees, and the "Blue Knight Award," in recognition of his extraordinary career exemplifying courage, dedication, devotion to duty, and a high degree of professionalism.

Special Agent Hernandez is a Miami-Dade County native and a product of Miami Southridge Senior High. His knowledge and experience will be an asset to the M-DCPS OIG and should contribute greatly to the service provided to the School District.

PROFESSIONAL DEVELOPMENT



The OIG recognizes the value of a strong, diverse and highly skilled staff and continues its commitment to professionalism by supporting its workforce with training and development. M-DCPS OIG staff are encouraged to, and eagerly participate, in ongoing professional training to develop their skill sets in support of the OIG mission.

All M-DCPS OIG Special Agents are active members of the Association of Inspectors General (AIG) and attend AIG-sponsored training and certification programs. All members of the investigative staff attend the AIG Certified Inspector General Institute. Other training activities not only enhance investigative skills and knowledge base, but also provide the added benefit of satisfying the required continuing educational credits in their field. Some of the more noteworthy workshops were presented by the Institute of Internal Auditors/Association of Certified Fraud Examiners. Training was conducted in the following areas:

- Combating Fraud
- Construction Project Audit Workshop
- Payroll Law
- Electronic Eavesdropping
- Accounts Payable Fraud
- Keys to Detection and Prevention
- Report Writing
- Investigative and Administrative Case Closure
- Cybersecurity Skills
- Active Shooter Training
- Photographic Line-up
- Procurement Training

COMPLAINTS ARE THE KEY FACTOR

The majority of cases opened each year stem from complaints submitted to the OIG by School District employees, vendors and other concerned citizens. Other cases stem from ongoing investigations and audits or as a result of routine oversight. The M-DCPS OIG receives many complaints that are administrative in nature and fall outside the realm of waste, fraud and abuse within M-DCPS programs and projects and/or the efficiency and effectiveness of such programs or projects. A good example of this would be the violation of the class size mandate. While

the M-DCPS OIG would investigate the fraudulent manipulation of the class size in order to appear that there is no violation, as it did in our 2015 Final Report: *Improper Use of Mathematics Coach Position and False Gradebook Entries to Conceal Non-Compliance with Class Size Maximum Requirements*, a documented failure to comply with class size would be an administrative issue best handled by School Operations. Accordingly, the M-DCPS OIG and the administration work together to address these types of complaints.

INTAKE AND PROCESSING COMPLAINTS

The M-DCPS OIG receives complaints by mail, via website, through the OIG fraud hotline, and in person. All complainants can be assured that investigators are trained to maintain the confidentiality of the information provided and ensure the confidentiality of the complainant's identity pursuant to applicable laws and policies. The M-DCPS OIG logs each complaint received, and each complaint undergoes a review process to determine jurisdiction in the matter and what action is warranted. Some complaints undergo a preliminary inquiry that may resolve the matter or may require the initiation of an investigation, audit, review or referral. Complaints may also be referred to the School District's administration or other governmental agencies. In the case of most referrals, the receiving agency is requested to provide the OIG with its findings.

In accordance with Section 3(h) of the ILA, the M-DCPS OIG is the School District's designee for purposes of receiving Whistleblower Act disclosures under Florida Statutes, Section 112.3187(7), and for investigating them in accordance with Florida Statutes, Sections 112.3187-112.31895. Whistleblower disclosures are those disclosures that allege violations or suspected violations of law, rule or regulation that endanger health and public safety or allegations of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, or gross neglect of duty by persons in an agency or independent contractors. Any individual who makes such a disclosure is entitled to have his/her identity kept confidential pursuant to state law.

We strive to ensure complainants know they are being heard. Except for those complaints received anonymously, complainants are advised of the outcome.

Complaints involving personnel matters and other similar issues, as well as matters beyond the M-DCPS OIG’s jurisdiction, are referred to the appropriate parties. The M-DCPS OIG makes every effort to have every complaint addressed, either through a preliminary inquiry, an investigation, or a referral. During FY 2017-2018, the M-DCPS OIG received 94 complaints in the following ways:

- 63 via OIG website
- 22 by mail and/or fax
- 7 through the OIG hotline
- 2 in person

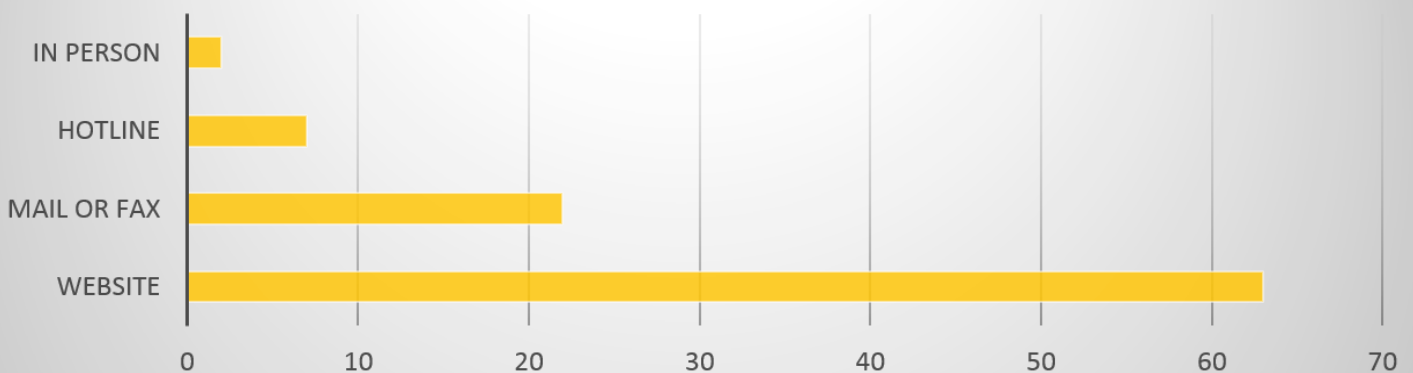
Of the complaints received, fourteen (14) were opened for preliminary inquiry; eight (8) were resolved with the complainant by M-DCPS OIG without need for further

inquiry; nineteen (19) were evaluated and found to be unsubstantiated; and forty-eight (48) were referred to various agencies within the School District, including School Operations, Regional Offices, Charter School Compliance, Office of Exceptional Student Education, Compensation Administration and the Miami-Dade Schools Police Department (M-DSPD).

To properly account for all referrals, the M-DCPS OIG maintains a log of the complaints routed to the administration and closely monitors responses. Based on the responses received, the M-DCPS OIG may close the complaint, return it to the administration for additional clarification, or open our own investigation into the matter, provided we have jurisdiction.

Throughout the year, OIG Special Agents continue to be engaged in ongoing investigations that were opened during prior fiscal years and have not reached conclusion.

Complaints Received in FY 2017-2018



| | Website | Mail or Fax | Hotline | In Person |
|-----------------|---------|-------------|---------|-----------|
| # of Complaints | 63 | 22 | 7 | 2 |

OIG OVERSIGHT OF THE GENERAL OBLIGATION BOND PROGRAM - GO BIG!

The M-DCPS OIG's GO BIG oversight initiative consists of investigations, audits, inspections, evaluations and reviews related to capital improvements that are funded by the issuance of \$1.2 billion in general obligation bonds. Since 2013, the OIG has been assisting the School District in monitoring and preventing fraud, waste and abuse in the 21st Century Schools Capital Improvements Program. An essential component of this capital improvements undertaking is the School Board's policy on Small/Micro Business Enterprises (S/MBEs) and Minority/Women Business Enterprises (M/WBEs), and the critical programs that provide procurement opportunities to historically disadvantaged groups. During the past year, much of the OIG's oversight activities have focused on the School District's S/MBE and M/WBE programs.

At the end of the prior fiscal year, the OIG concluded an inspectional review of S/MBE construction utilization. That review validated the contract goal percentages reported to the 21st Century Bond Advisory Committee. Our review focused on the front-end, sub-contractor commissioning aspects of the process; it did not evaluate contract performance and payments made to S/MBE and M/WBE firms. Later efforts by the M-DCPS administration reported on the total value of payments made to certified firms by the different enterprise categories.

Sub-Contractor Substitution Request

A few months after completing the above-described review (in the late summer, early fall of 2017) an OIG team started surveying key M-DCPS stakeholders regarding new concerns being raised about tracking payments made to S/MBE and M/WBE companies, as well as the qualifications of some firms to participate in the programs. OIG representatives met with representatives from the Office of Facilities and the Office of Capital Improvement Projects. With regard to the S/MBE and M/WBE programs, we asked Facilities representatives about their contract administration roles and duties specifically in the area of reviewing and approving contractor requests for sub-contractor substitution. The OIG survey team posed these same

MIAMI-DADE COUNTY PUBLIC SCHOOLS
Request For Sub-Contractor Substitution
TO BE COMPLETED BY PRIME CONTRACTOR:

Project Name: _____
Project Number: _____
Name of (Prime) Contractor: _____
Name and Signature of Principal: _____
Name of Current Sub-Contractor: _____
Sub-Contractor's Discipline (e.g. MEP, Roofing, etc.): _____
Sub-Contractor's License # on File with District for Project: _____
Sub-Contractor's Certifications for the Project (Attach Copy of Certificate(s)):
S/MBE: _____ M/WBE: _____
If Sub-Contractor's Participation Counted Towards the Project's Goals, indicate %: _____

Name of Proposed Sub-Contractor: _____
Sub-Contractor's Discipline (e.g. MEP, Roofing, etc.): _____
Sub-Contractor's License # (Attach Copy): _____
Sub-Contractor's Certifications for the Project (Attach Copy of Certificate(s)):
S/MBE: _____ M/WBE: _____
If Sub-Contractor's Participation Counted Towards the Project's Goals, indicate %: _____

FOR DISTRICT USE ONLY
Office of School Facilities (OSF) Review

Date Received by OSF: _____
Proposed New Sub-Contractor Meets:
Licensing Requirements (Y/N or N/A): _____
Participation Commitments, as per Award Board Item or Assignment (Y/N or N/A): _____
Has Fully Executed MOU or LOI with Prime, original attached (Y/N): _____
Requirements Met (if 'Yes', Sign, Date and Forward to OEO; if 'No', Return to Prime, Copy OEO and BO)
Project Manager: _____
Region Director: _____
Assistant Superintendent, Construction Management (ASCM): _____

Office of Economic Opportunity (OEO) Verification

Proposed New Sub-Contractor Meets:
Participation Commitments, as per Award Board Item or Assignment (Y/N or N/A): _____
Has Fully Executed MOU or LOI with Prime, original attached (Y/N): _____
Certifications Valid and All Pertinent Back-up Documentation on File (Y/N): _____
New Sub-Contractor Information Entered into Online Compliance System for Project (Y/N): _____
Requirements Met (if 'Yes', Sign and Return to ASCM; if 'No', Return to OSF, Copy to Prime Contractor)
OEO Reviewer (Name and Title): _____
OEO Officer: _____
Date of Final Disposition: _____

Provide Copy of Approved Substitution Forms to BO (Building Official) Immediately Upon Approval

FM-7686 Rev. (01-18)

Attachment to FM-7686 Rev. (01-18)
TO BE COMPLETED BY PRIME CONTRACTOR

Project Name: _____

Project #: _____

Sub-Contractor Substitution Request (CHECK ALL THAT APPLY AND ATTACH SUPPORTING DOCUMENTATION):

CURRENT SUB-CONTRACTOR NO LONGER IN BUSINESS AND/OR LOST REQUIRED LICENSES

CURRENT SUB-CONTRACTOR REFUSES TO COMPLETE WORK (ATTACH NOTARIZED AFFIDAVIT FROM SUB-CONTRACTOR WITH REASONS AND RELEASE OF LIEN FOR AMOUNT OF COMPLETED WORK)

CURRENT SUB-CONTRACTOR NO LONGER CERTIFIED (S/MBE OR M/WBE) AFFECTING MANDATORY PARTICIPATION GOALS OR COMMITMENTS (ATTACH COPY OF EXPIRED CERTIFICATES)

OTHER REASON(S) (PLEASE SPECIFY BELOW)

PROPOSED SUBSTITUTION WILL NOT INCREASE DOLLAR AMOUNT IN GMP AWARD FOR THE SUB-CONTRACTOR'S DISCIPLINE (AS PER LOI AND/OR MOU)

PROPOSED SUBSTITUTION WILL DECREASE DOLLAR AMOUNT IN GMP AWARD FOR THE SUB-CONTRACTOR'S DISCIPLINE (AS PER LOI AND/OR MOU) AND PRIME WILL PROVIDE EQUIVALENT CREDIT TO SCHOOL BOARD

Prime Contractor Signature (NOTARIZE SIGNATURE BELOW) _____ Date _____

questions to the staff of the Office of Economic Opportunity (OEO), the unit of the School District charged with the certification and tracking of S/MBE and M/WBE firms. This discussion laid the groundwork for many positive changes in the area of sub-contractor substitution. For one, it was recognized that review and approval of sub-contractor substitutions were required regardless of the certification status of the firm and whether that firm was meeting an S/MBE and M/WBE utilization goal. Second, it was recognized that Facilities and OEO both have vital roles in the review and approval of S/MBE and M/WBE substitution requests. Ultimately, substitutions may impact S/MBE and M/WBE utilizations and, due to the guaranteed maximum price structure of the contracts, may affect price. A revised form was suggested by the OIG to incorporate dual approvals and include the contractor's notarized explanation for its need of

the substitution. The new form was developed and put into practice in January 2018.

OIG Issues Report on Fronting

In October 2017, the OIG issued its final report of investigation in the matter of Complete Power Systems, an S/MBE electrical contractor that “fronted” a black, Jamaican permanent resident of Florida to be its 51% owner in order to qualify the company as an African-American owned firm. The investigation determined that Mr. Jubert Lowe’s 51% ownership interest was not genuine. Mr. Lowe was brought into the company just weeks before the firm sought minority status with the School District. There were no records demonstrating the transfer of shares to Mr. Lowe; no records of any purchase or capital contributions by Mr. Lowe into the company; and no operating agreement between the three owners detailing each owner’s rights and responsibilities. The OIG concluded that the two original owners of the company, along with Mr. Lowe, engaged in a concerted scheme to deceive the School District regarding the true ownership of the company. This was done in an effort to gain a competitive edge as an M/WBE company—even though absent these misrepresentations, the company would have still qualified as an S/MBE company eligible to participate in a variety of sub-contracting opportunities.

The investigation also revealed significant deficiencies in the certification procedures that were in place in 2015. We found that staff was not properly trained on the actual certification criteria, and instead relied on forms and checklists that did not accu-

rately reflect the qualifying criteria. Moreover, there was a lack of verification efforts by staff. For example, in this case, the owner of the company (not Mr. Lowe, but the true owner) told the OEO staff member that an attorney was in the process of drafting an ownership and operating agreement between the parties and a new Articles of Organization for the company, and that they would be ready in the next 30 days. Instead of waiting on the supporting documentation, OEO went ahead and certified the firm with the new person—Mr. Lowe—as its 51% owner, and never followed up by requesting the corporate paperwork—documents that were never created.

The OIG made several specific recommendations regarding the suspension and debarment of all three individuals associated with Complete Power Systems. Another recommendation was made concerning the sub-contracting values of the work performed by the firm and how they should be excluded in any S/MBE and M/WBE utilization analyses. The Administration has followed through on these recommendations, reporting periodically to the OIG that these actions have been effectuated.

Certification Review Team and the OIG’s Assurance Review

In its response to the OIG’s report on Complete Power Systems, the School Administration shared the summary results from its review of the certification records of 268 S/MBE and M/WBE firms that were actively participating in the GOB program. This review was conducted by five

senior professionals within the Administration who do not work for Facilities or OEO. Dubbed the “Certification Review Team,” its task was to independently account for the certifications accorded to the various business entities, i.e., to determine if the firm was eligible to receive the certification(s) that it received. The Administration asked that the OIG meet with the Certification Review Team and review its work.

In December 2017, the OIG began the process of conducting an Assurance Review of the Certification Review Team’s work. Several meetings have taken place (with the Team as a whole, and with individual members separately) to learn the methodology, criteria and review process used by the Team to report its results. At the end of the fiscal year, OIG members were wrapping up their work on this review. Our observations will be reported in the near future and summarized in next year’s annual report.

Small Business Enterprise Advisory Committee

As part of our ongoing oversight of the 21st Century Schools General Obligation Bond Program, the OIG attends meetings of the School Board’s Small Business Enterprise Advisory Committee (SBEAC). The OIG has, on occasion, provided oral briefings at SBEAC meetings about recently issued reports—as was the case with our investigation of Complete Power Systems. The OIG was also engaged in the SBEAC’s discussions and deliberations over proposed changes to the Office of Economic Opportunity Administrative Procedures Manual (Manual).

With regards to the Manual, the OIG, upon receiving a proposed draft and upon learning of a two-week window for comments, strongly urged that more time be given to the SBEAC to review and comment on the proposed Manual. The Administration ceded to our request and withdrew the item in order to solicit input from a variety of stakeholders, including the SBEAC. Thereafter, a series of SBEAC meetings were held to specifically deliberate and make recommendations on a variety of defining issues in S/MBE and M/WBE programs. The deliberated issues included contractor qualification and licensure holder criteria, required ownership percentages, primary vs. actual place of business, reciprocity with public entities, and certification of Veteran owned-businesses. We observed SBEAC members engaged in healthy and robust discussions on all of these topics. Their consensus recommendations were included in the proposed revised Manual that was submitted for the School Board's approval.

OEO's Economic Equity and Diversity Compliance Officer

The OIG had the opportunity to collaborate with Mr. Torey Alston, the Office of Economic Opportunity's new chief. In February 2018, shortly after the release of our memorandum regarding the aforementioned proposed OEO Manual, OIG personnel met with Mr. Alston regarding many of the ambiguities and inconsistencies between the Board Policy establishing the S/MBE and M/WBE programs, and the Manual developed to implement that policy. A listing of those detailed observations was included in the same OIG mem-

orandum that requested additional time for review. Mr. Alston was very receptive to the OIG's observations and ensured that the SBEAC discussions included those topics.

As the OIG noted in our memorandum, issued May 8, 2018, to the School Board and Superintendent, while not all of the OIG's recommendations were adopted, all of our concerns were deliberated upon during the extended meeting process. We appreciate the time and effort involved by all parties, including SBEAC members, and all of the current and former members of the Superintendent's staff who rendered valuable assistance.

OEO's Administrative Procedures Manual

The final work effort resulting in proposed amendments to Board Policy 6320.02 (S/MBE, M/WBE, and Veteran Business Enterprise Programs) and the revised Administrative Procedures Manual were approved by the School Board on June 20, 2018. The ambiguities and inconsistencies between the two documents were resolved, and the certification criteria clarified. Going forward, the OIG is hopeful that the revised procedures will better enable staff's ability to administer the Board's established program.

OIG Outreach to the Contractor & Consultant Community

OIG representatives regularly attend pre-proposal meetings of upcoming procurements, which typically involve a Request for Qualifications (RFQ), related to work on the 21st Century Schools General Obligation Bond Program. Attendance at these meetings provides us with an opportunity to reach out to the contractor and consultant community and introduce ourselves and the oversight work that we do. Some of the mandatory pre-proposal meetings attended during the 2017-2018 fiscal year include:

- RFQ No. 156 – A sheltered market selection for S/MBEs for the award of multiple contracts for Architect/Engineering contracts for renovations at the following schools:
 - North Hialeah Elementary (Project No. 01529600)
 - Dr. Gilbert L. Porter Elementary (Project No. 01528700)
 - Palmetto Middle (Project No. 01529900)
- RFQ No. 157 – A sheltered market selection for S/MBEs for the award of multiple Construction Manager At-Risk contracts for renovations to the same schools/projects as listed in RFQ No. 156.
- RFQ No. 158 – The selection and award of multiple open contracts for Architect/Engineer of Record for additions/renovations for the following schools:
 - South Pointe Elementary (Project No. 01530400)
 - Homestead Middle (Project No. 01528900)
 - Joella C. Good Elementary (Project No. 01529000)
 - Everglades K-8 Center (Project No. 01424800)
- RFQ No. 160 – A sheltered market selection for S/MBEs for the award of multiple Architectural/Engineering Project Consultants contract (not project specific).
- RFQ Nos. 161 and 167 – The selection and award of multiple open market contracts for Special Projects Consultants (electrical, mechanical, and structural) for miscellaneous projects under \$2 million. RFQ No. 161 was subsequently cancelled; RFQ No. 167 was later issued for the same scope of services.
- RFQ No. 162 – A sheltered market selection for S/MBEs for the award of multiple Construction Management At-Risk Miscellaneous Services contracts (not project specific).

OIG representatives also attended the non-mandatory, sub-contractor pre-bid, site meeting held by Munilla Construction Management, LLC (MCM) for work to be performed for the SEED Charter School dormitories. The SEED School is a charter boarding school that operates in conjunction with the Carrie P. Meek/Westview K-8 Center. MCM is the Board’s contracted Construction Manager At-Risk firm for both phases of the project, which involves 1) the demolition of existing infrastructure, and 2) infrastructure improvements and the construction of new dormitories and other facilities. OIG representatives listened in on MCM’s presentation to the sub-contractors and participated in the site tour.

The OIG’s outreach goal includes effective communication to foster strengthened relationships and increase awareness of our role, work, results and contributions.

The OIG will continue to monitor and provide oversight on the 21st Century Schools General Obligation Bond Program until its conclusion.

GO BIG!



The graphic features two circular logos at the top: the Inspector General's logo for Miami-Dade County (Independent Oversight of County Affairs) and the Miami-Dade County Public Schools logo (giving our students the world). A white handshake icon connects the two logos. Below the logos is the text "Prevent Fraud, Waste and Abuse". The central part of the graphic is a collage of six images: a group of construction workers in hard hats reviewing plans; a worker in an orange safety vest on a construction site; a worker in a blue safety vest working with rebar; a man in a suit holding a yellow hard hat; a worker in a white hard hat using a power tool; and a server rack in a data center.

**Prevent Fraud,
Waste and Abuse**

**Protect the GOB Capital Program
for 21st Century Schools**

PENDING CRIMINAL PROSECUTIONS

Former Adult Education Principal Jean C. Ridore Awaits Trial for Accepting Kickbacks and Having Ghost Employees on the Payroll of North Miami Adult Education Center (NMAE Center)

As a result of a joint investigation by the M-DCPS OIG and Miami-Dade State Attorney's Office Public Corruption Task Force—which includes Miami-Dade Schools Police detectives—former NMAE Center Principal Jean C. Ridore, was arrested and charged with Unlawful Compensation, Official Misconduct and Grand Theft. In October 2015, Mr. Ridore was arrested immediately after accepting a kickback from an undercover agent. This investigation was predicated on several anonymous complaints to the M-DCPS OIG, alleging a variety of hiring and employment fraud schemes. The allegations ranged from “pay-to-play” arrangements, ghost employees and no-show employees on the payroll; employees required to “kickback” a part of their salary to Mr. Ridore, and employees required to perform non-school related work for Mr. Ridore at his home or for his private business. During the undercover operation, Mr. Ridore placed the undercover officer on the NMAE Center's payroll as a Community School Activity Leader III. The undercover officer holding the position was not required to show-up for work, but had to kickback half of his paycheck to Mr. Ridore. A search warrant was served following the arrest, and the joint investigation continues for other possible employment fraud committed at NMAE Center. Mr. Ridore's case is scheduled for trial.



Former Principal of Miami Jackson Adult Center (MJA Center) Awaits Prosecution

Last year, MJA Center's Principal, Joey Bautista, was arrested and charged with Organized Scheme to Defraud, Official Misconduct and Grand Theft, as a result of a joint investigation between the M-DCPS OIG and Miami-Dade State Attorney's Public Corruption Task Force, which includes Miami-Dade Schools Police detectives.

During his tenure as principal of the MJA Center, Mr. Bautista, a 19-year employee of M-DCPS, was responsible for the operation and management of the center, and for hiring personnel to staff its facilities. After receiving a complaint from a confidential source, the OIG conducted an investigation that revealed Mr. Bautista placed his own personal nanny/housekeeper on the M-DCPS payroll for approximately two and a half years. This individual was paid with School District funds (taxpayer dollars) for a total of \$41,000. The State Attorney's Office is prosecuting Mr. Bautista, and his case is set for trial.



ADMINISTRATIVE CASES

The M-DCPS OIG conducts criminal and administrative investigations of fraud, waste, abuse and misconduct related to School District programs, operations, contracts and employees. M-DCPS OIG Special Agents have a wide variety of experience from law enforcement and regulatory agencies. They are well trained in white collar crime, financial fraud and public corruption investigations. The M-DCPS OIG coordinates with the Miami-Dade State Attorney's Office and other law enforcement authorities to leverage resources and fraud-fighting efforts. Our investigations often lead to criminal cases, administrative reports with recommendations, and monetary recoveries.

The OIG's Analyst Unit provides investigative support, including intelligence gathering and analytical support, to the M-DCPS OIG upon request. OIG Investigative Analysts are dedicated to maintaining relationships with organizations such as the Financial Institutions Security Association and the Florida Department of Law Enforcement. The analysts also manage the OIG Hotline that allows the public, stakeholders and others to report suspected fraud, waste and abuse.

During this past fiscal year, numerous administrative investigations were completed pertaining to allegations of violations of the Cone of Silence, an M-DCPS employee soliciting favors in exchange for paint projects, allegations of failure to address school bus safety issues, fraudulent FTE counts, mishandling and/or misappropriation of EESAC Committee Funds, and other alleged violations. In the following pages, we describe some of these cases. The M-DCPS OIG also opened numerous investigations that remain ongoing and will be reported, when completed, in the appropriate fiscal year's annual report.

A summary of the investigations follow in the next few pages.



Contractor Violates the Cone of Silence

Miami-Dade County Public Schools received information from the M-DCPS Office of Architect and Engineer (A/E) Selection and Negotiations regarding the possible violation of the “Cone of Silence” by a potential contractor bidding on a renovation project at Southwest Miami Senior High School (Southwest). This particular contractor was one of several companies “short-listed” for the interview phase of the selection process of a Construction Management At-Risk Firm (CMR) under Legal Advertisement 142, Request for Qualification (RFQ #142).

During the Professional Services Committee (PSC) interview, the contractor was one of several presentations before the PSC panel. At this PSC interview, a representative of the firm revealed they had visited the project site to get a feel for the job and met with the assistant principal.

The contractor’s visit and contact was in direct violation of School Board Policy 6325 - Cone of Silence and the instructions in the Mandatory Pre-Proposal Conference Handbook (Handbook) relating to the Cone of Silence. The Cone of Silence prohibits any communication regarding a particular Request for Proposals (RFP) bid, invitation to bid, or other competitive solicitation between a potential vendor or his/her representative seeking an award, and a School Board member or district personnel appointed to evaluate or recommend selection in the competitive procurement process. The Handbook specifically stated that a visit to the school for a walk-through

and contact with the school or District staff, other than A/E staff, was a violation of the Cone of Silence. The A/E staff also sent a letter to participants informing them that walk-throughs would not be conducted for the project.

During the OIG investigation, one of the representatives that visited the school advised that he was unaware of the Cone of Silence Policy, nor was he aware of a letter from A/E. However, the company’s president, acknowledged that he was aware of the Cone of Silence Policy and the letter from A/E informing all short-listed firms that a walk-through would not be conducted. According to the president, he believed that the statement indicated “no formal walk-through.” Nevertheless, the information provided to all short-listed firms at the Mandatory Pre-Proposal Conference was clear that contact with the school or District staff, was a violation of the Cone of Silence. As indicated in the sign-in sheet, the company’s representatives were present at that conference.

The OIG investigation substantiated the violation of the Cone of Silence. The OIG investigation also revealed that this company was not the only firm to violate the Cone of Silence. Other firms may have violated the Cone of Silence as well, including one who called the assistant principal on the phone to arrange a walk-through. Other unidentified firms also showed up at the school to arrange a walk-through. During the course of the investigation, it was revealed that there were at least four incidents where contractors called to schedule a walk-through of the premises.

A/E personnel responded quickly and appropriately and immediately disqualified the first contractor. However, none of the other firms that violated the Cone of Silence, including the second company, were identified or reported to A/E at the time, and no action was taken against them. For information purposes, this aforementioned firm ranked third and was not awarded the contract and the other company, although disqualified, ranked fourth. The name of the highest ranked firm that was selected for the project was not one of the firms mentioned by Southwest administrators during the OIG investigation.

Unfounded Allegations that M-DCPS Project Manager Solicited Favors in Exchange for JOC Paint Projects

The OIG received a complaint from an M-DCPS vendor alleging that during the course of a paint project at Miami Edison Middle School, the M-DCPS Project Manager (PM) had requested that his company perform gratuitous work at his mother's house in exchange for additional work with M-DCPS. The complainant alleged that his company performed the work at the PM's mother's house sometime between 2005 and 2006, and that instead of payment, his company had received additional work at Miami Edison. The complainant also alleged that the PM had been requesting that complainant's company be removed from bid contention with other general contractors for large projects.

During the course of the investigation, the OIG Special Agents interviewed the complainant, his office administrator, the ac-

cused PM, as well as other PMs, personnel from Facilities Services and Maintenance, general contractors and other vendors. In addition, the OIG reviewed numerous documents, handbooks and specific JOC project files. The OIG also interviewed a M-DCPS Senior Building Code Inspector.

The OIG investigation concluded that the allegation that the PM had requested and received gratuitous work performed at his mother's house in exchange for additional JOC major paint projects from M-DCPS was unfounded.

The second allegation, that the PM had been requesting that the complainant's company be removed from bid contention with other general contractors for large projects was unsubstantiated. The OIG interviewed multiple witnesses, including the code inspector, and none of the witnesses stated that the PM said anything derogatory about the complainant or the complainant's company.

Allegations of Failure to Address School Bus Safety Issues and Initiate Debarment

The OIG received a complaint against the Chief Procurement Officer (CPO) alleging procurement irregularities. The OIG met with a confidential source who provided a series of documents highlighting the perceived irregularities purportedly committed by the CPO.

Among the allegations was a 2016 incident concerning student transportation safety. The complainant alleged that the CPO had failed to promptly address the concerns

of M-DCPS Department of Transportation Administrative Director (the Director) that identified serious safety issues related to Manolin and Pilar Martinez, Inc., school bus service vendor. The complainant also alleged that the CPO had failed to initiate debarment procedures against the company, which is required by School Board Policies. The complainant stated that the CPO had instead opted to tell the vendor “don’t do it again.”

The OIG investigation revealed that the CPO sent a letter to the vendor, one week after receipt of an email from the Director, informing the vendor that its contract for award with M-DCPS was being terminated, effective immediately, for utilizing unapproved school buses and failing to provide the routes awarded. Five months later, a Contractor Disciplinary Review Committee hearing was held seeking the firm’s debarment. The vendor failed to appear at the hearing and was debarred for fourteen months.

The allegation that prompted the CPO to take action and inform the vendor of its immediate termination, was the vendor’s failure during a field inspection spot check. The Director’s e-mail to the CPO recommended revocation of the contract awarded to Manolin and Pilar Martinez, Inc., for using an “unapproved bus that had failed

the required State Inspection.” His email stated that the vendor knowingly utilized the inspection decal from one vehicle on the unapproved vehicle that had been deemed unsafe to transport children. In fact, the vendor removed the windshield with the decal from a bus that was no longer operational and installed it on the bus that had failed the safety inspection.

This was a total disregard for the safety of the children by Manolin and Pilar Martinez, Inc., which M-DCPS entrusted when awarding the contract. Contrary to the allegations received, the CPO took immediate action as required by School Board Policies.

Unauthorized Donation from a Homeowners’ Association to Andover Middle School

A complainant, requesting to remain confidential, filed a complaint alleging that a homeowners’ association (HOA) may have made an unauthorized donation in the amount of \$1,500 to Andover Middle School (Andover Middle) in exchange for a waiver allowing the HOA to use the school’s facilities free of charge for its monthly meetings.

The complainant, a resident of the homeowners’ association, contended that the association’s board secretary — who is also the principal at another M-DCPS middle school — pushed for the donation after the fee waiver was approved by the principal of Andover Middle and the School District. The principal of Andover Middle confirmed that the School District did indeed waive all fees for the homeowners’ association’s use of its facilities, but denied ever



requesting or receiving any donations from them. Nevertheless, the contention that the board secretary requested a donation proved accurate. During the investigation, the OIG obtained email correspondence from the board secretary addressed to the board president and the remaining board of directors, requesting that the association make a \$1,500 donation to Andover Middle in consideration for the use of its facilities. Her email stated in part,

...As a courtesy the principal signed a fee waiver to not pass on charge to (the association) for our General Board meetings and Covenants meetings for the year. In lieu it is customary for organizations to give a donation check for the principal to use for their special purpose account....

The board members responded to the email, "Reviewed and agreed."

During its inquiry, the OIG reviewed the Request for Fee Waiver for Utilization of School Facilities approved by the principal and M-DCPS Region Superintendent and Schools Operations for periods beginning August 26, 2015 to June 26, 2016, and July 1, 2016 to June 30, 2017. The OIG also contacted the M-DCPS Office of the Controller to verify receipt of any check in the amount of \$1,500. At the OIG's request, the M-DCPS Treasury Management Office did a six month (February 2016 – August 2016) inquiry. The OIG further reviewed the homeowners' association's banking records generated between the period of June 1, 2016 and December 31, 2016, which consisted of four bank accounts.

In conclusion, the inquiry revealed that although there had been a request made to the homeowners' association for a \$1,500 donation, the check did not materialize and the donation was never made. This is supported by the bank records as well as the M-DCPS Office of the Controller. Additionally, the Principal of Andover Middle did not make any request for a donation and there was no indication of a "quid pro quo" condition being placed on the waiving of the facilities' rental fees.

Unfounded Allegations of Mishandling and/or Misappropriation of EESAC Committee Funds at Crestview Elementary

The OIG was contacted by the United Teachers of Dade (UTD) Steward at Crestview Elementary School (Crestview) alleging possible instances of mishandling and/or misappropriating Educational Excellence School Advisory Council (EESAC) funds at Crestview by the principal.

OIG Special Agents contacted the Office of Management and Compliance Audits, M-DCPS North Region Superintendent, North Region Administrative Director, Crestview Elementary School Principal and its UTD Steward. The OIG also reviewed specific documentation including the EESAC Resource Guide; EESAC minutes, bylaws and rosters; and Budget Availability Reports for School Years 2016-2017 and 2017-2018.

The OIG review revealed that during an EESAC meeting, the Crestview principal

had inadvertently provided the UTD steward with inaccurate EESAC budget figures, which caused confusion and raised concerns regarding the possible mishandling of funds. The Crestview principal later provided the UTD steward with copies of all budgetary entries associated with EESAC to address his concerns. The information was corroborated by the North Region Superintendent and his Administrative Director. The principal then ensured that all corrections were reflected during the November 20, 2017, EESAC meeting.

The OIG followed-up with the UTD steward who confirmed the misunderstanding had been clarified and the matter was resolved. Based on the findings, no further action was warranted.

Alleged Overbilling for Dual Enrollment Tuition Deemed Unfounded

In December 2017, the OIG received an anonymous complaint alleging that Miami-Dade College (MDC) was improperly classifying M-DCPS students, registered in the School of Advanced Studies (SAS), as “out-of-state” and, as a result, overcharging M-DCPS for their tuition. The complainant specifically indicated that this practice was ongoing at MDC’s West Campus in the City of Doral, but was unsure whether it carried through to the other campuses.

OIG Special Agents opened a preliminary inquiry and interviewed the M-DCPS Executive Director of Advanced Academic Programs who personally oversees and authorizes the tuition payments to MDC, related to the SAS program. The executive

director assured the OIG that M-DCPS only pays the standard tuition rate, which at the time was set by the Florida Department of Education (FLDOE) at \$71.98 per semester hour for colleges and \$105.07 per semester hour for universities. The OIG reviewed copies of MDC West Campus invoices for the fall 2016 and spring 2017 semesters. The invoices clearly showed that MDC was charging the correct amount of \$71.98 per semester hour.

The OIG was informed that all dual enrollment students, including SAS students, are categorized as “out-of-state” for mandated record keeping and computer sorting purposes only; however, for purposes of reporting dual enrollment, students are reported under “Table Value – X Unknown or not reported,” pursuant to FLDOE Memorandum to All Community College Vice Presidents, dated June 16, 2008.

Even though MDC categorizes SAS students as “out-of-state” for reasons explained above, the MDC invoiced amounts reflect the correct amount, pursuant to FLDOE and Florida Statutes.

Fraudulent FTE Count Unfounded

The OIG received an anonymous complaint via its website alleging that the Principal at Stellar Leadership Academy (SLA), a charter school, had committed Full-Time Equivalent (FTE) fraud. SLA has been an active charter school since 2011 and provides alternative education to “at-risk” students in a virtual environment, as well as in a traditional charter school format in grades 9 through 12.

The complainant alleged the FTE counts were not accurate and that children were not in their seats during the designated review period for the 2013-2014 school year. The complainant further alleged that the school principal instructed teachers to call students at home if they were not physically in attendance and, if contacted, to count the students for the FTE counts.

During the course of the investigation, OIG Special Agents reviewed School Board and Charter School Policies, Florida Statutes and other internal documents related to the investigation. Interviews were conducted with staff members from the M-DCPS Federal and State Compliance Office, Attendance Services and FTE Compliance Unit, Charter School Support and the Division of Alternative Education.

The OIG also interviewed a former SLA teacher who stated that the principal never pressured him into falsifying attendance records during FTE week and was not aware of any other teacher at the school who felt pressured by the principal to falsify attendance records during FTE week. According to this former teacher, the principal would only instruct teachers to be vigilant during FTE week and make sure all students signed the attendance rosters.

An interview with staff from M-DCPS Federal and State Compliance Office clarified that the membership in a course or program requirement is satisfied when a student has at least one day of membership during FTE week or on one of the six scheduled school days preceding the survey week when the school was in session. If the student meets the above requirements, the student can be counted for FTE reporting purposes.

The OIG also interviewed the Assistant Superintendent of Charter School Support and Educational Equity. She stated she was not aware of any student attendance or FTE-related problems at SLA. She also indicated that her office conducts random checks on FTE counts. Accordingly the allegations were unfounded.

Missing School Books and Funds



The OIG received an anonymous complaint alleging there was approximately \$15,000 lost or missing from G.K. Edelman/Sabal Palm Elementary, which was intended for the purchase of books from McGraw-Hill.

The allegation adds that, as a result of the missing funds, teachers in grade levels one through five were forced to have two students share one book. OIG Special Agents consulted with the Supervisor of Textbook Services regarding the allegation. She informed the OIG that for the past twelve years, the ordering and purchasing of all books for the School District has been centralized and controlled by her office at the M-DCPS Instructional Technology Department. The supervisor also stated that a school can order books, but the order would still have to be routed and approved by her office and actual funds are maintained by the School District. In the course of exploring the allegation, the OIG interviewed the principal and six randomly selected teachers that instructed first and fifth grade levels. The principal

could not begin to explain the \$15,000 figure that was alleged to be missing as she did not have any expenditure or allocation that large in her budget. As to the allegation that students have to share books, the principal explained that some of the books are actually meant to be shared between two students per protocols established by the publisher and the District. All of the teachers interviewed, with the exception of one, confirmed that the books are actually intended to be shared. As the report on the original complaint was being finalized,

a second anonymous complaint was filed with the OIG. This complaint stated that the books had been purchased and placed in storage. Again, interviews were held and all teachers stated they had no knowledge of missing school funds or books in storage. Based on the findings of these preliminary inquiries, no further action was taken.

COLLABORATIVE PARTNERSHIPS

Section 4 of the ILA recognizes the importance of forming collaborative and professional relationships with internal and external entities. While maintaining our level of independence, the M-DCPS OIG works with the Office of Management and Compliance Audits, the M-DSPD, and several offices under the umbrella of Human Capital Management; particularly the Office of Professional Standards and Compensation Administration, the Civilian Investigative Unit, and the Office of Civil Rights.

The M-DCPS OIG attends all Audit and Budget Advisory Committee meetings and Ethics Advisory Committee meetings. Through these forums, we present the findings of our reviews, inspections, investigations and audits. Additionally, we also attend the 21st Century Bond Advisory Committee meetings, where the Inspector General sits as a non-voting member of the committee. Attendance at these meetings keeps us apprised of the activities of partner agencies and facilitates opportunities

for communication and teamwork. The M-DCPS OIG continues to develop relationships with external entities, recognizing the synergistic value of these partnerships. Our external partners have included the:

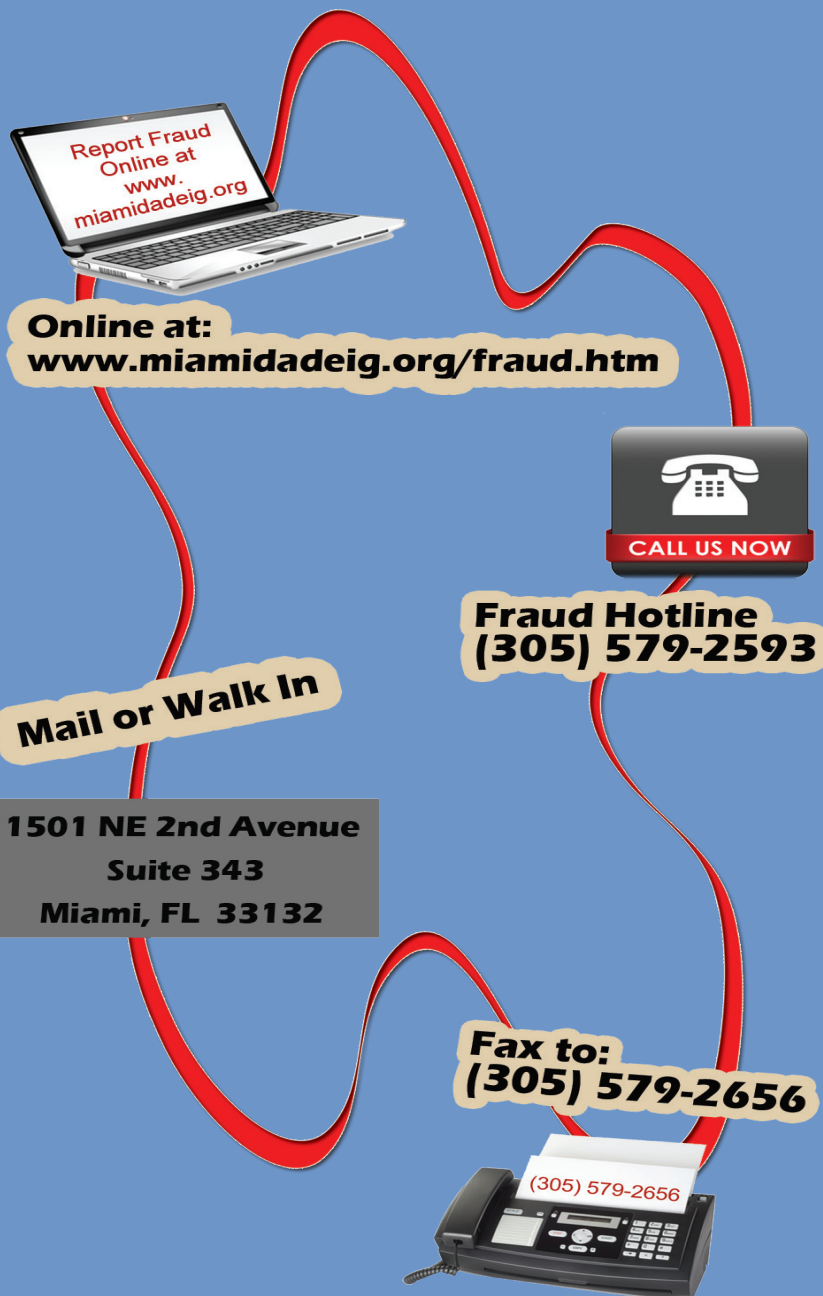
- Corporation for Public Broadcasting OIG
- Federal Bureau of Investigation
- Internal Revenue Service
- U.S. Department of Homeland Security
- U.S. Department of Education OIG
- Florida Department of Education OIG
- Florida Department of Financial Services, Division of Insurance Fraud
- Florida Department of Law Enforcement
- Florida Auditor General
- Florida Department of Business and Professional Regulation
- Miami-Dade State Attorney's Office
- United States Attorney's Office of the Southern District of Florida

These relationships are vital to advancing our respective oversight missions and ensuring successful case outcomes.

We are committed to providing oversight to the 4th largest school district in the nation.

| | |
|--------------------------------|-----------------|
| M-DCPS Budget in 2017-2018 | \$5,148,090,457 |
| M-DCPS OIG Budget in 2017-2018 | \$795,218 |
| \$ Paid to Vendors | \$1,222,545,293 |
| # of Vendors | 3,906 |
| # of Students | 354,172 |
| # of Public Schools | 342 |
| # of Charter Schools | 130 |
| # of Employees | 37,959 |

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