

## Administrative Order



**Administrative Order No.:** 3-20

**Title:** Independent Private Sector Inspector General (IPSIG) Services

**Ordered:** 7/7/05

**Effective:** 7/17/05

### **AUTHORITY:**

Section 4.02 of the Metropolitan Dade County Home Rule Charter, as amended, and Resolution R-516-96.

### **SUPERSEDES:**

This administrative order supersedes previous Administrative Order 3-20, ordered and effective 7/2/1996.

### **PURPOSE:**

The purpose of this Administrative Order is to establish standards for requesting and funding IPSIG services, selecting an IPSIG, and supervising the activities of an IPSIG, as well as to set reporting guidelines.

### **POLICY:**

Prospectively, all construction, capital development, procurement, retail, concession, lease and management agreements and/or contracts as well as other agreements exceeding \$1 million will incorporate a clause, which allows the County to engage IPSIG firms. At the discretion of the Board of County Commissioners (BCC) or County Manager, other high-risk contracts will also include this clause (see Attachment I for sample clause).

IPSIGs can only be utilized on those contracts containing an IPSIG and/or audit clause.

To assure the most effective utilization of resources, IPSIGs may be engaged when any or all of the following high-risk conditions exist:

- complex, highly specialized, investigative and/or forensic auditing techniques are needed to identify or follow up leads regarding fraud, illegal acts, waste or abuse.
- investigative resources are needed to obtain independent, objective information necessary to prevent or detect unfair or illegal (vendor, trade, bid, contractor or business) practices.

- County/vendor ethics programs require review or development to prevent or control the probability of illegal acts going undetected.
- other activities and projects (such as monitoring capital development projects and providing information for the feasibility analysis of public/private ventures) as approved by the BCC and/or County Manager.

Further, IPSIG usage will be limited to external vendors and contractors unless objective, independent feedback is needed regarding internal activities. The County's internal mechanism for investigating or referring criminal activities to MDPD or the State Attorney's Office should be considered before IPSIGs are engaged to initiate internal investigations.

#### **AUTHORIZATION:**

Requests for IPSIG services may be initiated by the BCC, County Manager or Department Directors. However, departmental requests will be screened by the County Manager and Audit & Management Services Department to validate the necessity for such services and to assure that IPSIG usage is the most effective tool to achieve the desired objectives.

The BCC will be notified when a Request for IPSIG Services (RIS) is issued. Nevertheless, all IPSIG contracts will require BCC and County Manager approval before execution.

#### **IPSIG SERVICE REQUESTS:**

Services of IPSIGs will be requested through the Audit and Management Services Department. Under time-sensitive conditions the RIS process may be bypassed utilizing the emergency contracting process.

#### **OVERSIGHT OF IPSIG ACTIVITIES:**

To assure independence and objectivity, IPSIG activities initiated by the BCC will be under its oversight unless directed otherwise. Oversight by the County Manager will be provided in other instances.

#### **REPORTING:**

IPSIGs will document findings and deliver the results in written reports unless otherwise specified. The reporting format and frequency of delivery should be agreed upon before work commences and set forth in the contract documents. Reports will be delivered to the BCC unless stated otherwise.

All criminal, illegal or fraudulent activities will be disclosed first to the appropriate law enforcement agency and then to the BCC.

## **FUNDING:**

Funding for the services of an IPSIG audit shall come from the same funding source as the Contract being audited, whenever possible. In the event the particular funding source has insufficient funds or prohibits the use of those funds for this purpose, the Office of Strategic Business Management and the responsible department shall identify an alternate funding source.

This Administrative Order is hereby submitted to the Board of County Commissioners of Miami-Dade County, Florida.

George M. Burgess  
County Manager

## **Attachment I**

### **Sample IPSIG Clause for County Contracts**

The County shall have the right but not the obligation to retain the services of an independent private sector inspector general (IPSIG) who may be engaged to audit, investigate, monitor, oversee, inspect and review the operations, activities and performance of the Contractor and County in connection with this contract. The scope of services performed by an IPSIG may include, but are not limited to, monitoring and investigating compliance with contract specifications; project costs; and investigating and preventing corruption and fraud.

The IPSIG may perform its services at all levels of the contracting and procurement process, including but not limited to, project design, establishment of bid specifications, bid submittals, activities of Contractor, its officers, agents and employees, lobbyists, County staff and elected officials.

Upon \_\_\_\_\_ days' written notice to Contractor from an IPSIG, the Contractor shall make all requested records and documents available to the IPSIG for inspection and copying.

The IPSIG shall have the right to examine all documents and records in the Contractor's possession, custody or control which, in the IPSIG's sole judgment, pertain to performance of the contract, including, but not limited to, original estimate files; change order estimate files; worksheets; proposals and agreements from and with successful and unsuccessful subcontractors and suppliers; all project-related correspondence, memoranda, instructions, financial documents, construction documents, bid and contract documents; back-charge

documents; all documents and records which involve cash, trade or volume discounts, insurance proceeds, rebates, or dividends received; payroll and personnel records; and supporting documentation for the aforesaid documents and records.

The provisions in this section shall apply to the Contractor, its officers, agents and employees. The Contractor shall incorporate the provisions in this section in all subcontracts and all other agreements executed by the Contractor in connection with the performance of the contract.

Nothing in this contract shall impair any independent right of the County to conduct audit or investigative activities. The provisions of this section are neither intended nor shall they be construed to impose any liability on the County by the Contractor or third parties.