

**SCHEDULE A**  
**OIG FINDINGS AND RECOMMENDATIONS**

<b>OIG Finding &amp; Recommendations</b>	<b>MDAD Response</b>	<b>OIG Comments</b> <b>New Contract Provisions, Etc.</b>
<p>1. The expired test permits for phone card vending should be replaced by a contract that will be competitively bid. <i>(From the OIG's draft report, dated August 2, 2001 and reiterated in the final report dated August 15, 2001.)</i></p>	<p>The solicitation document is currently being prepared. It has always been the intention of the Department to competitively bid this service as is evidenced by the different iterations of the solicitation packages over a five-year period. <i>(From MDAD's response, dated August 9, 2001, to the OIG draft report.)</i></p>	<p>Invitation To Bid for the Prepaid Phone Card Vending Machines, Bid No. MDAD0003, advertised June 6, 2003. Previously scheduled for contract award on January 21, 2003 – withdrawn due to pending bid protest. Subsequently rescheduled for contract award on July 8, 2003. Motion to waive bid protest procedures failed, matter withdrawn due to pending bid protest. Currently scheduled for contract award on December 16, 2003.</p>
<p>2. Adequate controls should be implemented to prevent machines from appearing on Airport premises without the written authorization of Aviation Department staff. <i>(From the OIG's draft report, dated August 2, 2001 and reiterated in the final report dated August 15, 2001.)</i></p>	<p>The Department has been working on a new placement plan for the existing phone card vending devices in order to clean-up the Terminal. We have met with the vendors to discuss their operations and the placement of the machines. These new locations will be incorporated into a new interim Permit that will be issued in order to bridge the period between the existing operations and the issuance and award of a new concession agreement. The vending sites will be reduced based on policy and experience and will be strictly enforced. <i>(From MDAD's response, dated August 9, 2001, to the OIG draft report.)</i></p>	<p>OIG comment: The OIG has observed that since our first report in August 2001, MDAD's paperwork has significantly improved and the subsequently issued permits did attach a more complete site plan.</p> <p>The reduction in the overall number of machines is evident in the new proposed Agreement, which sets the number of devices at 37.</p>
<p>3. Specific locations of placement should be adhered to. The actual placement of vending equipment should correspond to the pre-determined locations reflected in the agreement. <i>(From the OIG's draft report, dated August 2, 2001 and reiterated in the final report dated August 15, 2001.)</i></p>	<p>The vending sites will be established in all future agreements and the procedures for addition, deletion and modification will be strictly adhered to. <i>(From MDAD's response, dated August 9, 2001, to the OIG draft report.)</i></p>	<p>Exhibit A of the new Agreement establishes the vending sites for the 37 machines. Additions, Deletions and Relocations are addressed in Article 1.05 of the new Agreement.</p>

**SCHEDULE A**  
**OIG FINDINGS AND RECOMMENDATIONS**

<b>OIG Finding &amp; Recommendations</b>	<b>MDAD Response</b>	<b>OIG Comments New Contract Provisions, Etc.</b>
<p>4. Due to the misleading nature of the record keeping for the phone card permits, the MDAD should engage in an audit of the books and records of the three firms. <i>(From the OIG's draft report, dated August 2, 2001 and reiterated in the final report dated August 15, 2001.)</i></p>	<p>As a matter of procedure, and within the Terms and Conditions of the existing Permit document, the year-end audit will continue to be performed. The firms have submitted annual audits to the Department in accordance with the requirements of the Permit. <i>(From MDAD's response, dated August 9, 2001, to the OIG draft report.)</i></p>	<p>Discussed at length in the instant memorandum. See also OIG memorandum on page 5, where the two additional audit certifications are discussed. Footnote 5 and 6 lay out the language required in the new certifications.</p>
<p>5. MDAD should require that current phone card and ATM vending machines be equipped with an activity register, which would monitor the amount of services rendered by each machine. The vendors should be required, upon request by the appropriate County staff, to allow inspection and production of these records in accord with other accounting procedures contained in the contract's general covenants. It is advised that the new competitive bid for phone card/ATM services include these provisions. <i>(From the OIG's draft report, dated August 2, 2001 and reiterated in the final report dated August 15, 2001.)</i></p>	<p>The language requiring activity monitors and access to information has been incorporated into the new agreement. The covenants of the existing permit agreement will be strictly enforced. <i>(From MDAD's response, dated August 9, 2001, to the OIG draft report.)</i></p>	<p>Article 3.14 Additional Reports of the proposed agreement, which states in part: "The Successful Bidder will be required to provide electronic records of all transactions by location, by machine, for accounting and auditing purposes. The Prepaid Phone Card Vending Machines must generate printed revenue reports as requested by the Department. The manufacturer of the vending machines must provide a certificate verifying that the revenue mechanism creating the reports is tamperproof. Any evidence of tampering may lead to termination of the Agreement. . . . A copy of the transaction report or similar information will need to be submitted with the concessionaires' monthly payment for verification.</p>
<p>6. MDAD . . . must ensure that the appropriate vending decals licenses are affixed to each of the vending machines and that the number of vending machines on the premises at MIA, and the vendor's corresponding decal numbers match, with the number purported by the vendor in its occupational license declaration. <i>(From the OIG final report, dated August 15, 2001.)</i></p>	<p>No direct response provided.</p>	<p>No known action taken by the Department after the publication of the OIG's Final Report of August 15, 2001. This issue was subsequently readdressed by the OIG in its supplemental report, dated January 28, 2002.</p> <p>See number 10 of this schedule.</p>

**SCHEDULE A**  
**OIG FINDINGS AND RECOMMENDATIONS**

<b>OIG Finding &amp; Recommendations</b>	<b>MDAD Response</b>	<b>OIG Comments New Contract Provisions, Etc.</b>
<p>7. Should the Tax Collector and MDAD find machines without the appropriate decals, MDAD, as the “owner” of the business premises, is obliged to secure the licenses itself (cost of decals/licenses should be charged to the vendor) [Section 8A-221(2)(b)] or the County shall post “Notices of Delinquent Taxes” as required under Section 8A-221(5). <i>(From the OIG final report, dated August 15, 2001.)</i></p>	<p>No direct response provided.</p>	<p>No known action taken by the Department after the publication of the OIG’s Final Report of August 15, 2001. This issue was subsequently readdressed by the OIG in its supplemental report, dated January 28, 2002.</p> <p>See number 10 of this schedule.</p>
<p>8. The OIG reiterates its previously stated recommendation, which suggests that the Department conduct an audit of the three vending companies. The OIG recommends that the Department invoke its right to audit clause of the general covenants as opposed to relying on the self-reporting annual audits submitted by the vendors. <i>(From the OIG final report, dated August 15, 2001.)</i></p>	<p>No direct response provided.</p>	<p>See Comment to recommendation number 4.</p>
<p>9. According to MDAD management, it has not been a past practice of MDAD to require vendors to obtain approval prior to bringing the phonecard devices onto Airport premises. This means that no MDAD staff member has acknowledged the existence of the added devices. Given the significant security concerns involving airports, or for that matter, any public building, it is extremely important for the appropriate personnel to not only authorize devices that are affixed in public areas, but also to know of the location of such devices. As such, a policy should be established that requires all devices to have an additional MDAD decal affixed to the device. This would insure that MDAD staff keeps a record of all devices and that appropriate security measures are adhered to with respect to placing the individual devices within the terminal. <i>(From the OIG’s Supplemental Report, dated January 28, 2002.)</i></p>	<p>The Department is implementing a decal identification program for all Terminal machines. When decals are issued, an updated site map will be used as the baseline for all future adds, moves and changes. <i>(From MDAD’s February 14, 2002 response.)</i></p> <p>Update: Numbered Aviation Department identification decals will be installed on all machines and a complete inventory of machines and their occupational license decals will be conducted. Under the new contract, replacement or movement of machines from assigned locations must be approved in writing by the Department. <i>(From MDAD’s July 18, 2002 response.)</i></p>	<p>The new contract includes an Exhibit D Standards of Operation, which contains a provision addressing this issue. “(3) The Department will require the Concessionaire to affix MDAD provided decals to each phone card vending machines located in Department approved locations. Inventory will be taken at least yearly.”</p> <p>Exhibit A of the new Agreement establishes the vending sites for the 37 machines. Additions, Deletions and Relocations are addressed in Article 1.05 of the new Agreement.</p>

**SCHEDULE A**  
**OIG FINDINGS AND RECOMMENDATIONS**

<b>OIG Finding &amp; Recommendations</b>	<b>MDAD Response</b>	<b>OIG Comments New Contract Provisions, Etc.</b>
<p>10. None of the eighty (80) prepaid phonecard vending devices have the appropriate 2001-2002 vending license decals. Twenty-two (22) of the eighty (80) devices have no decal at all. Each of the six (6) portable ATM combo machines also lacks the appropriate 2001-2002 vending decals. This means that twenty-eight (28) of the vending devices at no point have been registered with the Occupational License Division of the Miami-Dade County Tax Collector. <i>(From the OIG's Supplemental Report, dated January 28, 2002.)</i></p>	<p>Vendors were notified that all machines must display evidence of registration with the appropriate State and County agencies. Inspection for these registrations will be added to the regular inventory checklist, and failure to comply will result in Permit termination. <i>(From MDAD's response dated February 14, 2002.)</i></p> <p>Each operator has provided evidence of County vending licenses for each machine and copies of the requisite decals are on file with the Department. Each of the three vendors has obtained and supplied proof of County and, where applicable, City vending licenses. <i>(From MDAD's response dated July 18, 2002.)</i></p>	<p>See Article 14.03 Permits and Licenses: The Concessionaire shall obtain, pay for, and maintain on a current basis all permits and licenses as required for its operations hereunder.</p>
<p>11. The OIG observed that not all of the vendors were registered with the Florida Public Service Commission. <i>(From the OIG's Supplemental Report, dated January 28, 2002.)</i></p>	<p>The Public Service Commission does not require registration from resellers of prepaid phone cards who do not provide long distance service. As none of the vendors provides long-distance service, all are exempt. <i>(From MDAD's response, dated July 18, 2002.)</i></p>	<p>No comment</p>
<p>12. Many of the prepaid phonecard devices have storage capacity. There are some models that are empty at the base. It is these models that have the capacity to store any type of object. There should be a thorough, periodic inspection conducted of all devices to insure compliance with heightened safety and security measures that apply to the terminal building and concourses. <i>(OIG's Supplemental Report, dated January 28, 2002.)</i></p>	<p>In addition to active and passive security measures already in force, vendors have covered or filled all machine openings and cavities and certified their compliance to the Aviation Department in writing. Inspection for compliance will be added to the regular inventory checklist. <i>(From MDAD's response, dated July 18, 2002t.)</i></p>	<p>The new contract includes an Exhibit C Minimum Features and Standards, which contains a provision addressing this issue. "(12) Phone card vending machines must not have any cavaties or openings in which to conceal explosives or any other type of potentially damaging material."</p>
<p>13. There were two unplugged devices noticed during the December 2001 inventory. These unplugged devices serve no useful purpose, clutter the terminal and concourses. <i>(OIG's Supplemental Report, dated January 28, 2002.)</i></p>	<p>Functioning machines are sometimes unplugged during cleaning by janitorial staff. This was apparently the case with the two observed by the OIG. <i>(From MDAD's response, dated February 14, 2002.)</i></p>	<p>No comment</p>

**SCHEDULE A**  
**OIG FINDINGS AND RECOMMENDATIONS**

<b>OIG Finding &amp; Recommendations</b>	<b>MDAD Response</b>	<b>OIG Comments New Contract Provisions, Etc.</b>
<p>14. The OIG has reviewed a number of complaints made by passengers with regard to the prepaid phone card devices. The complaints range from no phone card dispensed (the machine ate the money) to the cards not working. Some consumers also complained that the 800-numbers provided little or no help at all in obtaining a refund. These are significant quality of service matters that MDAD management should also specifically address. <i>(See OIG's Supplemental Report, dated January 28, 2002.)</i></p>	<p>Although a complaint procedure has been in force for the duration of the permits, the Department is considering additional measures to enhance service. The Department is considering referring complaints to the Consumer Services Department, although arrangements are still incomplete. <i>(From MDAD's response, dated July 18, 2002, to the OIG's Supplemental Report.)</i></p>	<p>The new contract includes an Exhibit D Standards of Operation, which contains a provision addressing this issue. "(16) Concessionaire must contract with current on-site vendor or vendors, so as to provide immediate refunds to customers. Location of refund must be clearly posted on each machine."</p>