



*Enhancing Public Trust in Government*

# ***SIX MONTH STATUS REPORT***

***August 14, 2014***

**John A. Carey, Inspector General**

# OUTLINE



- **RESPONSIBILITIES**
- **OIG ACTIVITIES** (January 1, 2014 – June 30, 2014)
  - Intake and Investigations
  - Contract Oversight
  - Audit
- **FISCAL YEAR 2014 BUDGET & STAFFING**
- **PLANS, OBJECTIVES, & UPCOMING ACTIVITIES**

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- A close-up photograph of a person's hand holding a silver fountain pen, writing on a lined notepad. The notepad is open, showing several lines of handwritten text in cursive. In the background, a white computer keyboard and a white computer mouse are visible on a dark surface. The lighting is soft, highlighting the hand and the pen.

# ***INSPECTOR GENERAL'S SIX MONTH REPORT***

**January 1, 2014 – June 30, 2014**



**The Office of Inspector General consists of three Units:**

- **Intake & Investigations**
- **Contract Oversight**
- **Audit**

# ***INSPECTOR GENERAL'S SIX MONTH REPORT***



## **Intake & Investigations**

### **Highlights**

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



## INTAKE ACTIVITIES

### Current 6 Months

<b>617</b>	Number of calls to the Office & Hotline
<b>138</b>	Written Correspondences received
	➤ <b>110</b> (80%) Complaints consisting of <b>147</b> Allegations of wrongdoing
<b>24</b>	Correspondences led to the initiation of 5 Investigations; 3 referred to OIG Audit; and 16 referred to OIG Contract Oversight
<b>18</b>	Public Records requests

### Previous 6 Months

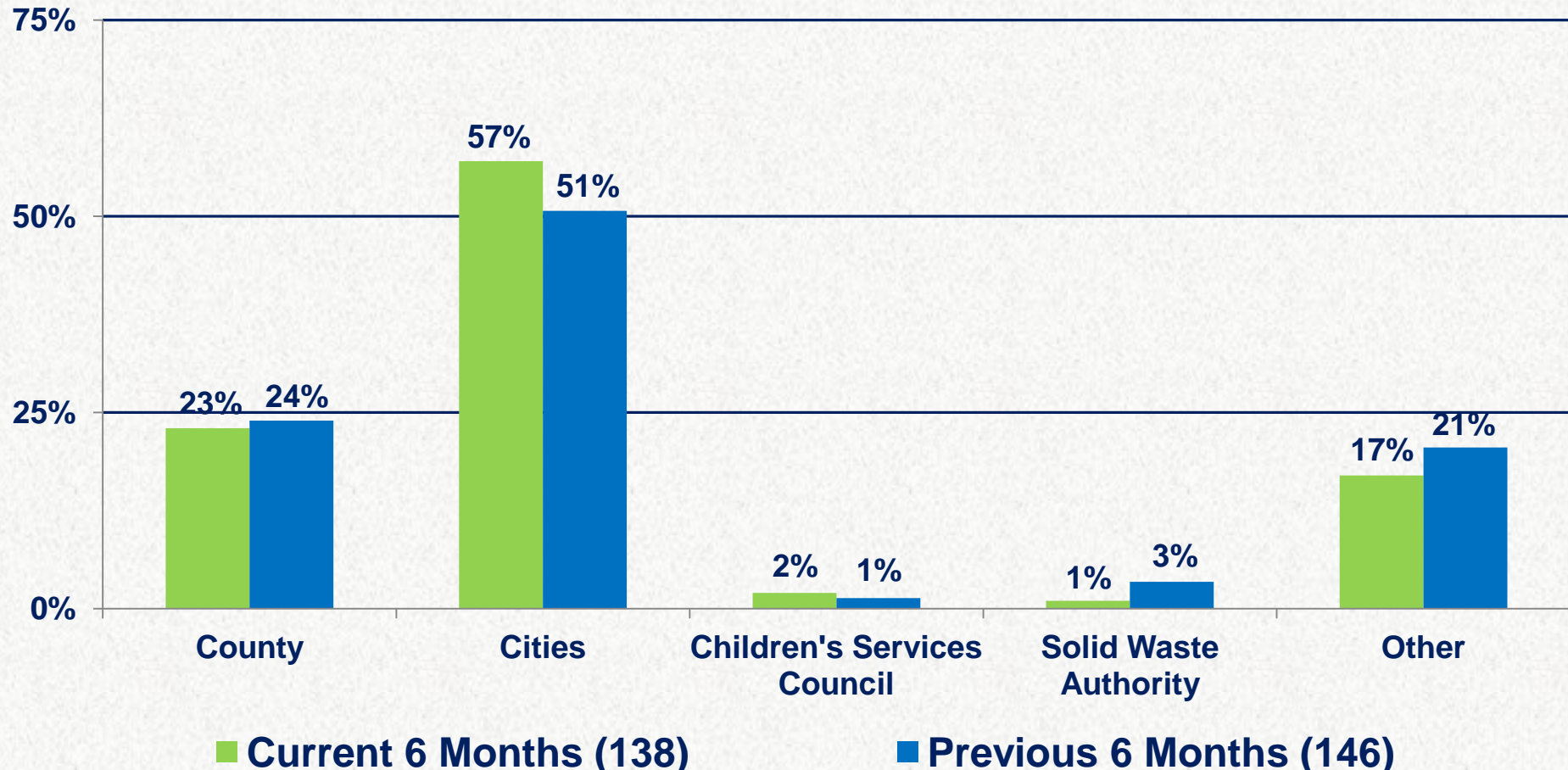
<b>675</b>	Number of calls to the Office & Hotline
<b>146</b>	Written Correspondences received
	➤ <b>126</b> (86%) Complaints consisting of <b>147</b> Allegations of wrongdoing
<b>16</b>	Correspondences led to the initiation of 4 Investigations; 2 referred to OIG Audit; and 10 referred to OIG Contract Oversight
<b>24</b>	Public Records requests

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



## INTAKE ACTIVITIES

### Total Correspondences

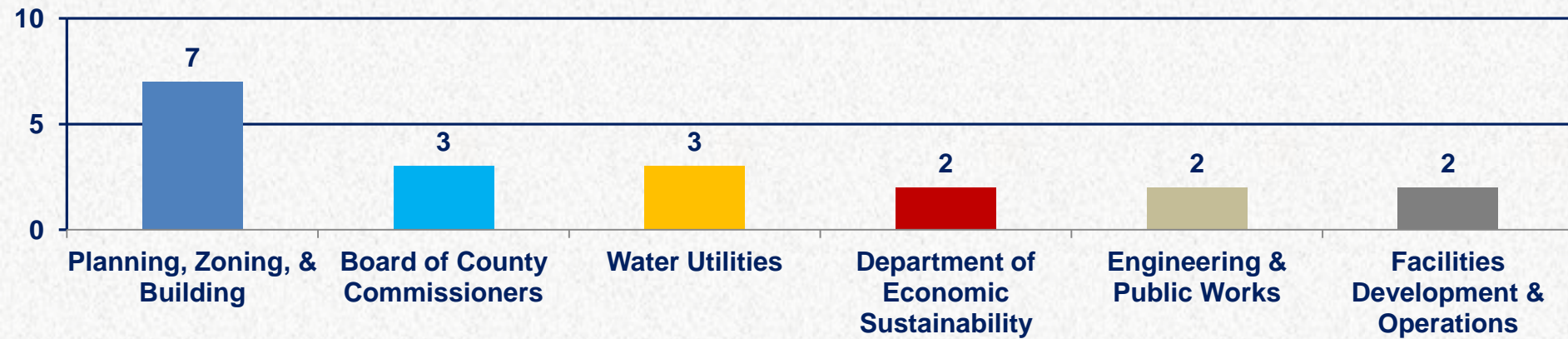


# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES

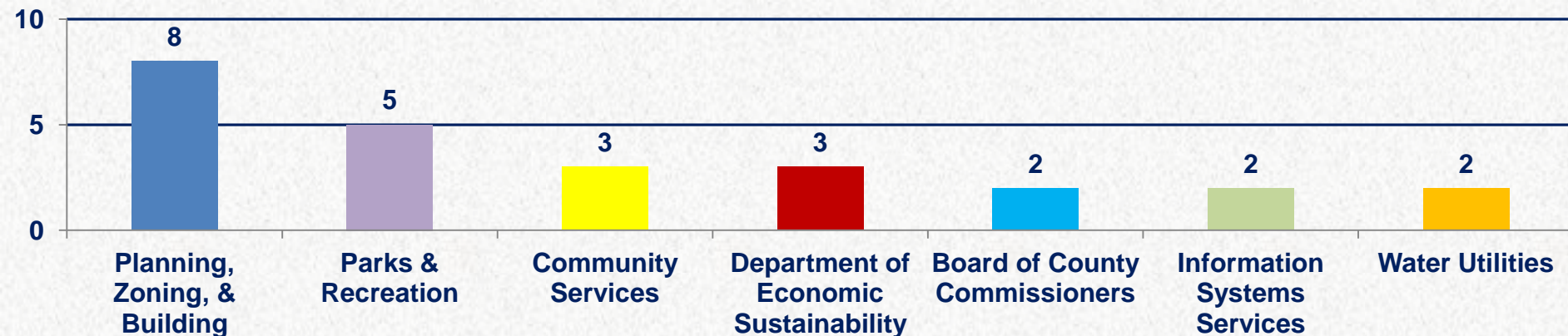


## Top Correspondences Per County Department

### Current 6 Months – Top County Departments



### Previous 6 Months – Top County Departments



# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Top Correspondences Per Municipality**

### **Top 5 Municipalities**

#### **Current 6 Months**

Delray Beach (22)

Riviera Beach (19)

Wellington (11)

Boynton Beach (5)

Lake Worth (4)

#### **Previous 6 Months**

Lake Worth (13)

Delray Beach (11)

Riviera Beach (10)

West Palm Beach (10)

South Bay (6)

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



## Top 5 Categories of Allegations Made

### Current 6 Months

Employee Misconduct	47
Contract Improprieties	26
Falsification, Omission, or Misrepresentation	3
Financial Improprieties	3
Misuse of Property and Personnel	2

### Previous 6 Months

Employee Misconduct	24
Contract Improprieties	21
Violation of Law, Rule, or Procedure	10
Falsification, Omission, or Misrepresentation	7
Financial Improprieties	7

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Investigative Activities**

**Current 6  
Months**

**Previous 6  
Months**

**Issued Reports**

**3**

**6**

**Corrective Actions/Recommendations Made**

**11**

**14**

**Corrective Actions/Recommendations  
Implemented**

**11**

**11**

**Questioned and Identified Costs**

**\$662,368.06**

**\$99,497.02**

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



3	Cases Closed
	<ul style="list-style-type: none"><li>➤ 1 Investigation that resulted in 1 <b>Not Supported</b> Allegation and 1 <b>Supported</b> Allegation</li><li>➤ 1 Investigation that resulted in 2 <b>Supported</b> Allegations</li><li>➤ 1 Management Review that covered 2 Issues</li></ul>
3	Referrals to Law Enforcement / State Attorney's Office
	<ul style="list-style-type: none"><li>➤ 2 Referrals Closed<ul style="list-style-type: none"><li>▪ 1 Deferred for Administrative Handling</li><li>▪ 1 Case initiated, declined to prosecute</li></ul></li><li>➤ 1 Referral Pending</li></ul>

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



## Investigation #2014-0005 Delray Beach – Trash Cart Purchase

- The City Manager and Department Director misled their Commission into approving a *future* purchase of trash carts, even though they had already been purchased.
- The ongoing purchase of trash carts had been procured without competition as required by City procurement procedures.



The City Manager was suspended and subsequently negotiated a settlement to resign.

The Department Director tendered her resignation.

## Questioned Costs: \$297,714.04

The City has implemented all Corrective Actions recommended by the OIG. The City is currently in the process of reviewing their procurement procedures, updating IT processes, and implementing refresher training for staff.

# ***INSPECTOR GENERAL'S SIX MONTH REPORT***



## **Contract Oversight**

### **Highlights**

# ***INSPECTOR GENERAL'S SIX MONTH HIGHLIGHTS***



## **Contract Oversight**

**PREVENTION:** To reduce the appearance and opportunity of vendor favoritism and inspire public confidence that contracts are being awarded equitably and economically, Contract Oversight staff routinely attend selection committee meetings and perform contract oversight activities.

- **Current Number of Contracts Monitored: 67**
- **Current Contract Value: \$1.2 Billion**
- **Number of Contract Oversight Meetings Attended: 87**

# ***INSPECTOR GENERAL'S SIX MONTH HIGHLIGHTS***



## **3 Contract Oversight Notifications Issued**

- Delray Beach – Rental Concession
- Delray Beach – Concession Pieces and Groupings
- Palm Beach County Water Utilities – Contract Review Committee Policy Procedure Memoranda

## **1 Contract Oversight Review Issued**

- All Municipalities – Contract Monitoring

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Contract Oversight Notification 2014-N-0004 City of Delray Beach – Beach Concession for the Publicly Owned Beach**

- Solicitation Document did not provide sufficient information for potential vendors.
- Selection Committee Members were not adequately trained, which led to confusion during the evaluation process.



**Delray Municipal Beach**

**First Report:** The decision to competitively procure the Beach Concession contract increased the City's annual concession fee (revenue) by \$136,242 more than it would have otherwise received.

### **Corrective Action:**

- Include all relevant information that would assist vendors in preparing responses.
- Develop a Policy/Procedure for training of selection committee members.

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Contract Oversight Notification 2014-N-0005 City of Delray Beach – Beach Concession for the Publicly Owned Beach**

- Unclear solicitation specifications resulted in confusion among vendors, the City Commission, and City staff.



**Delray Municipal Beach**

### **Corrective Action:**

- Develop, or incorporate within an existing Policy/Procedure, the process by which critical bid specification language is developed, documented, and communicated.

**Second Report:** After issuing Notification 2014-N-0004, the OIG received a complaint concerning a material change to the solicitation document and resulting contract.

**Unclear language in the solicitation document resulted in confusion and raised questions about the fundamental fairness of the procurement process.**

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Contract Oversight Notification 2014-N-0003**

### **Palm Beach County Water Utilities Department – Contract Review Committee Policy and Procedure Memorandum**

Staff from the Water Utilities Department were unprepared to answer questions, resulting in a delayed vendor payment.



Current Policy does not require department staff to have sufficient knowledge related to the project/contract paperwork that has been submitted for approval.

#### **Corrective Action**

##### **Water Utilities Department:**

- The Water Utilities Department should ensure that staff attending Contract Review Committee meetings have sufficient knowledge to answer the Committee's questions.

#### **Corrective Action**

##### **Office of Financial Management & Budget:**

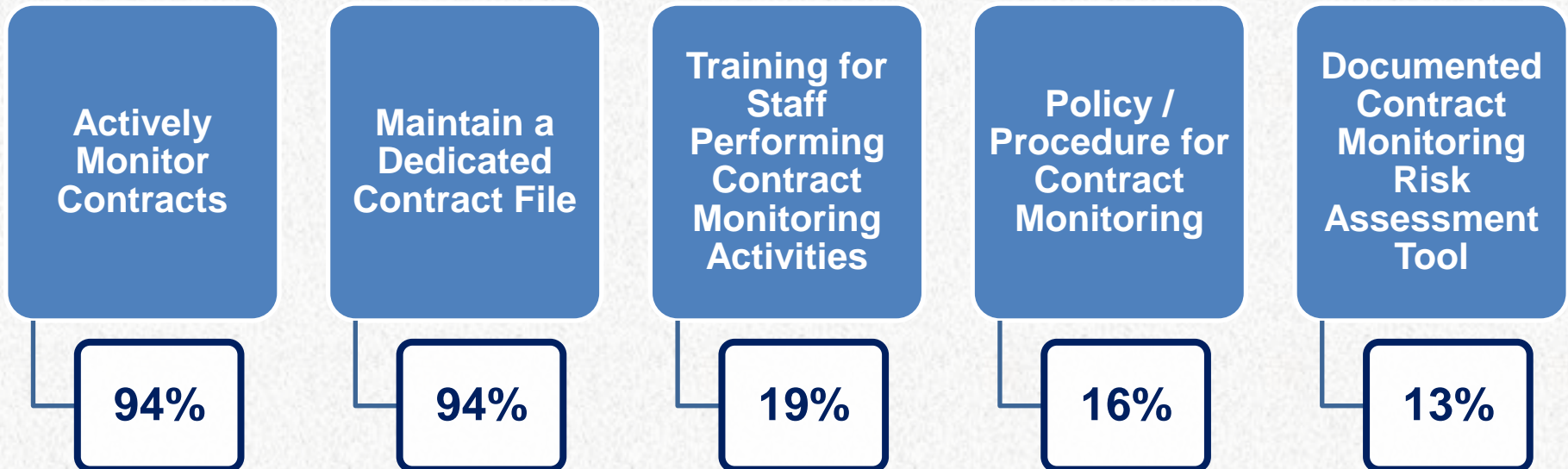
- Amend current Policy to require that staff attending the meetings have adequate knowledge concerning project/contract paperwork submitted for approval.

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



## **Contract Oversight Review 2014-R-0002 Municipality Contract Monitoring Survey**

**Initiated a contract monitoring survey of Palm Beach County's thirty-eight municipalities to determine the robustness of their contract monitoring programs.**



# ***INSPECTOR GENERAL'S SIX MONTH REPORT***



**Audit**

**Highlights**

# ***INSPECTOR GENERAL'S SIX MONTH HIGHLIGHTS***



## **3 Reports Issued**

- **32 Recommendations Made**
- **\$419,015 in Questioned Costs**
- **\$1,179,557 in Avoidable Costs**
- **26 of 32 (81%) of Recommendations Implemented**

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



Audit: January 1, 2014 – June 30, 2014

## Audit Report 2014-A-0004 City of South Bay Property, HR, and Payroll

- City owned property not accounted for; **\$315,859** in equipment written off without supporting documentation.
- Potential to increase revenue by evaluating uses for **\$2.9M** in City owned property. Some City property in state of disrepair.
- Identified salary and benefits of **\$21,934** paid to former Director of Code Enforcement with no measurable benefit.



South Bay Old American Legion Hall

## Questioned Costs **\$419,015**

### Corrective Action:

- City is implementing new policies/procedures
- Addressing City owned assets
- 16 of 23 recommendations implemented

Second of two reports on South Bay. First audit identified questioned costs of **\$306,377** and referred questionable items to State Attorney. Former City Manager is currently awaiting trial.

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



**Audit: January 1, 2014 – June 30, 2014**

## **Audit Report 2014-A-0002 Follow-Up Audit Palm Tran Connection**

- Corrective action taken on all 12 recommendations from the prior audit; however, action not fully effective on 4 recommendations.
- Areas needing further action:
  - Better segregation of purchasing duties
  - Inventory of spare parts not maintained
  - No formal building access control policy
  - More timely implementation of audit recommendations

Original Audit Report issued December 2011, which identified purchasing control weaknesses that allowed theft of office supplies over a three-year period.

### **Corrective Action:**

- Thorough review of purchasing duties annually
- Inventory of spare parts completed
- Formal access control policy developed
- Tracking system to confirm timely corrective action

# ***INSPECTOR GENERAL'S SIX MONTH ACTIVITIES***



**Audit: January 1, 2014 – June 30, 2014**

## **Audit Report 2014-A-0003 Town of Briny Breezes Review of Expenditures**

- Lack of competitive procurement for two contracts.
- No signed contract for one of the two vendors paid over \$44,000 in FY 2012.
- Incomplete documentation for two expenditures and one large inter-fund transfer of \$50,000.

### **Corrective Action:**

**Town had  
expenditures totaling  
approximately  
\$877,000 in Fiscal  
Year 2012**

- Revised policy and will competitively bid both contracts
- Town seeking signed contract with vendor
- Town will ensure adequate documentation is maintained for all expenditures
- Town Council will approve all fund transfers

# ***INSPECTOR GENERAL'S FISCAL YEAR 2014 BUDGET***



## **County and 38 Municipalities**

### **FY 2014**

Approved: \$2.7 Million

Expenditures as of June 30, 2014: \$1.6 Million

### **FY 2015**

Requested: \$2.8 Million

## **Solid Waste Authority & Children's Services Council**

### **FY 2014**

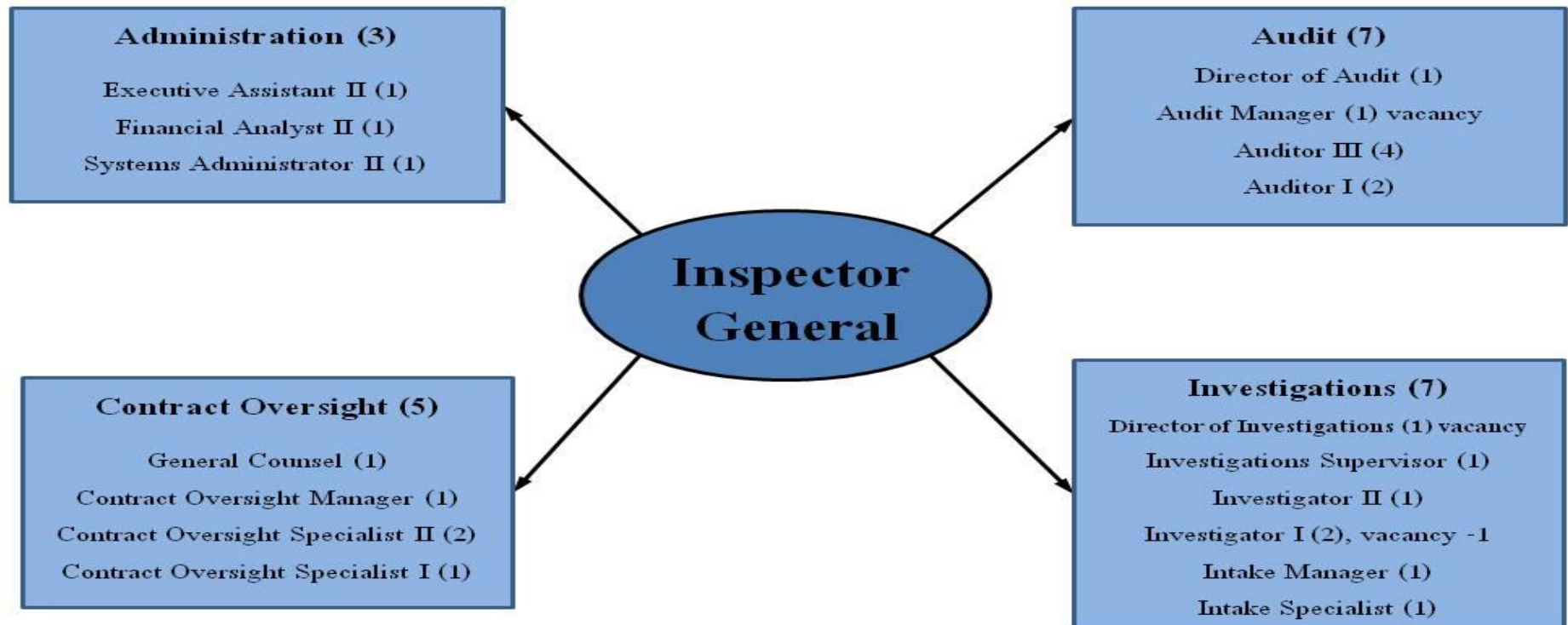
\$452,000

# INSPECTOR GENERAL'S CURRENT ORGANIZATION AND STAFFING LEVELS



**Jurisdiction: 41 Government Entities**

**(County, 38 Municipalities, Solid Waste Authority, Children's Services Council)**



# RETURN ON INVESTMENT



	January – June 2014	June 2010 – Present
<b>Questioned Cost</b> A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable and/or lacks adequate documentation.	<b>\$899,944</b>	<b>\$10,068,336</b>
<b>Identified Cost</b> Those dollars that have the potential of being returned to offset the taxpayers' burden.	<b>\$181,439</b>	<b>\$1,767,377</b>
<b>Cost Avoidance</b> Dollar value that will not be spent over three years if OIG's recommendations are implemented.	<b>\$1,179,557</b>	<b>\$8,025,676</b>
<b>Calls and Correspondences</b>	<b>755</b>	<b>7,201</b>
<b>OIG Website Visitors</b>	<b>16,699</b>	<b>97,391</b>

**At the End of the Day, the OIG Promotes Integrity,  
Transparency, and Accountability in Government.**

**At the End of the Day, the OIG Provides Trust in Government.**

# ***LAWSUIT STATUS UPDATE***



- The 2011 municipal lawsuit challenging the requirement to pay a share of OIG funding has now been placed on the trial docket for the third time, this time for August 18<sup>th</sup> – 21<sup>st</sup>.
- While the lawsuit has been placed on the trial docket, two other cases currently have priority. Therefore, we are uncertain if the case will get to trial this month.

# **UPCOMING PLANS AND OBJECTIVES**



## **INITIATIVES & OUTREACH**

### **Continue former IG initiatives:**

- Internal (Government) Awareness Initiatives
- Business Stakeholders Meetings
- City Manager Stakeholders Meetings
- Citizens Outreach

# UPCOMING PLANS AND OBJECTIVES



## IG APPROACH

- **Insight** – Making government better – promoting efficiency and effectiveness
- **Oversight** – Guarding the taxpayers' dollars – promoting integrity and accountability; rooting out fraud, waste, and mismanagement
- **Foresight** – Proactively preventing fraud, waste, and mismanagement; recommendations to improve future operations


# UPCOMING PLANS AND OBJECTIVES



## NEW INITIATIVES & OUTREACH

- **Insight** – Target audits on higher risks/best opportunities for improvement
  - Requires Conducting a Risk Assessment
- **Oversight** – Target investigations through red flag analysis and available tools
- **Foresight**
  - Target contract oversight based on a risk assessment
  - Increase IG Awareness Program
  - Trend Analysis Reporting
  - IG Advisories





OFFICE OF INSPECTOR GENERAL  
PALM BEACH COUNTY

JOHN A. CAREY  
INSPECTOR GENERAL

*Mission Statement*  
"ENHANCING PUBLIC TRUST IN GOVERNMENT"

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### Welcome from the Inspector General

Thank you for visiting the official website of the Office of Inspector General (OIG). The OIG promotes efficiency and effectiveness in the administration and operations within governments and entities under OIG jurisdiction. Further, we detect, deter, and prevent - fraud, waste, mismanagement and misconduct. We do this through conducting audits, investigations and contract oversight.

By vote of the citizens, our jurisdiction includes the County Government and each of the 38 municipalities. Other public entities that have voluntarily entered into contracts for our oversight include the Children's Services Council and the Solid Waste Authority.

It is an honor to serve as the IG of Palm Beach County. I am committed to championing openness, integrity, and continuous improvement in government.

Sincerely,  
**John A. Carey**  
Inspector General

### Report Waste, Fraud or Abuse

The OIG needs your help. To report allegations or see illustrations of suspected waste, fraud, misconduct, mismanagement or other abuses, click the link below:

[Report Waste, Fraud or Abuse Request Whistle-blower Status](#)

### Share Your Thoughts

If you would like to provide your ideas to make government better or feedback to the Inspector General, please email to:

[IGComments@pbcgov.org](mailto:IGComments@pbcgov.org)

If you would like the IG or his staff to speak at an event or want more information about the office, click the link below:

### Speaker Request and More Information

### What Have We Done/What Are We Doing?

6/28/2010 - 6/30/2014

### We Listen

5,973 Total Hotline/Office Calls

1,228 [Correspondences](#)

### We Investigate and Audit

\$10,068,336 Found in [Questioned Costs](#)

\$1,767,377 Found in [Identified Costs](#)

\$8,025,676 Discovered in [Avoidable Costs](#)


### We Make Government Better

350 [Recommendations / Corrective Actions](#)

312 [Implemented](#)


19 [Not Implemented](#)

28 [Pending Implementation](#)



OIG Dashboard

Updated 7/21/2014



Accredited February 23, 2013  
CFA IG-012

### What's New

[NOW HIRING!](#) - [Inspector General Investigator I](#)

[Leadership Business Council Breakfast - Friday, August 15, 2014 - IG John A. Carey is the Keynote Speaker](#)

[NOW HIRING!](#) - [Inspector General Audit Manager](#)

[Inspector General John A. Carey - Open Letter to the Citizens of Palm Beach County](#)

[IG Committee Meeting - Thursday, August 14, 2014 - 9:00am - 12:00pm - Government Center 6th floor](#)

### Recent Reports

For a list of all reports completed this fiscal year ([click here](#)).

[08-05-14 - Highland Beach - Town Charter and Renovation Project](#)

[07-21-14 - Boynton Beach - Ion Exchange Resin Plant and East Water Treatment Plant Improvements RFP](#)

[05-15-14 PBC - Department of Economic Sustainability - Grant Funds \(Whistleblower\)](#)

[05-05-14 - Delray Beach - Trash Cart Procurements](#)

[04-16-14 Delray Beach - Concession Pieces and Groupings](#)

[03-31-14 All Municipalities - Contract Monitoring](#)

[02-27-14 PBC - Parks and Recreation Department - Theft](#)

[02-14-14 Delray Beach - Rental Concession](#)

[02-13-14 City of South Bay - Property, Human Resources & Payroll Audit](#)

[02-13-14 PBC - Water Utilities Department - Contract Review Committee PPM](#)

[02-05-14 Briny Breezes - Review of Expenditures](#)



# ***UPCOMING EVENTS***

***Quis custodiet ipsos custodes?***

## **ACCREDITATION**

- **Commission for Florida Law Enforcement Accreditation (CFA)**
  - Reaccreditation Onsite Assessment: November 5, 2014

## **PEER REVIEW**

- **Association of Inspectors General (AIG)**
  - Tentatively planned for February 2015



***THANK YOU!***

***visit us online at [www.pbcgov.com/OIG](http://www.pbcgov.com/OIG)***