



Enhancing Public Trust in Government

SIX MONTH STATUS REPORT

February 18, 2014

Sheryl G. Steckler, Inspector General



OUTLINE



- ANNUAL REPORT HIGHLIGHTS
(October 1, 2012-September 30, 2013)
- OIG SIX MONTH ACTIVITIES
(July 1, 2013-December 31, 2013)
- INITIATIVES & OUTREACH
- PLANS & OBJECTIVES

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

"Enhancing Public Trust in Government"

ANNUAL REPORT

October 1, 2012 through September 30, 2013

**Presented to the Citizens of Palm Beach County
December 9, 2013**

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS

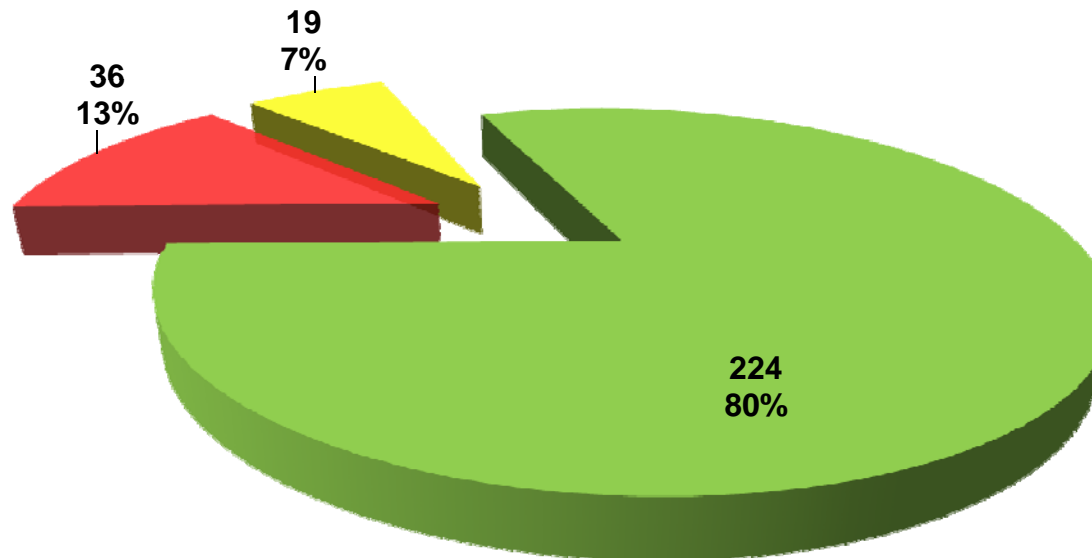


- **31** Issued Reports
- **108** Corrective Actions/Recommendations made – 106 (98%): Implemented [82%] or In Process [16%]; Not Implemented 2 (2%)
- **14%** Increase in Complaints received over prior reporting period
- **\$3.98** Million Questioned and Identified Costs
- **\$5.75** Million in Avoidable Costs
\$9.73 Million

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



**OIG RECOMMENDATIONS/CORRECTIVE ACTIONS:
6/28/10 - 9/30/13**



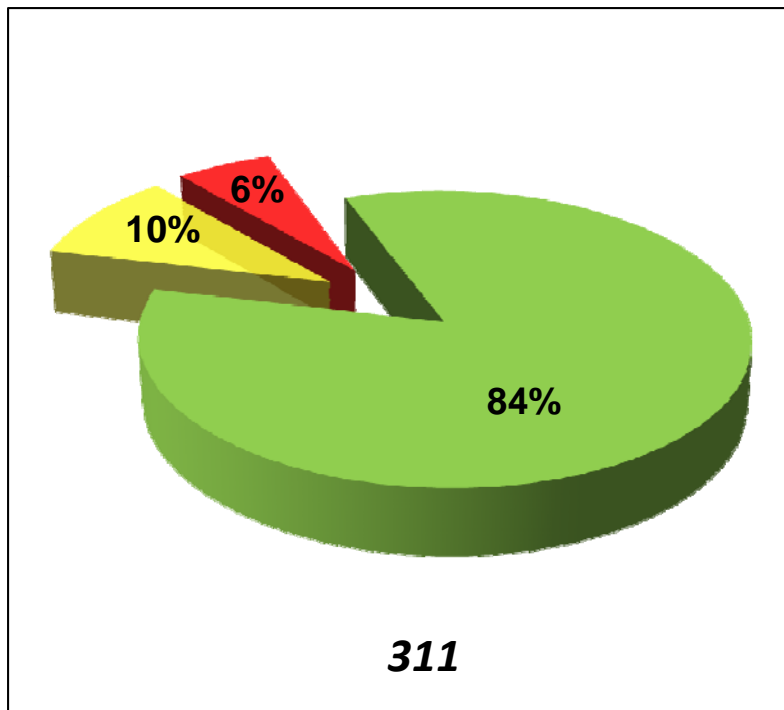
■ Implemented ■ Pending ■ Not Implemented

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS

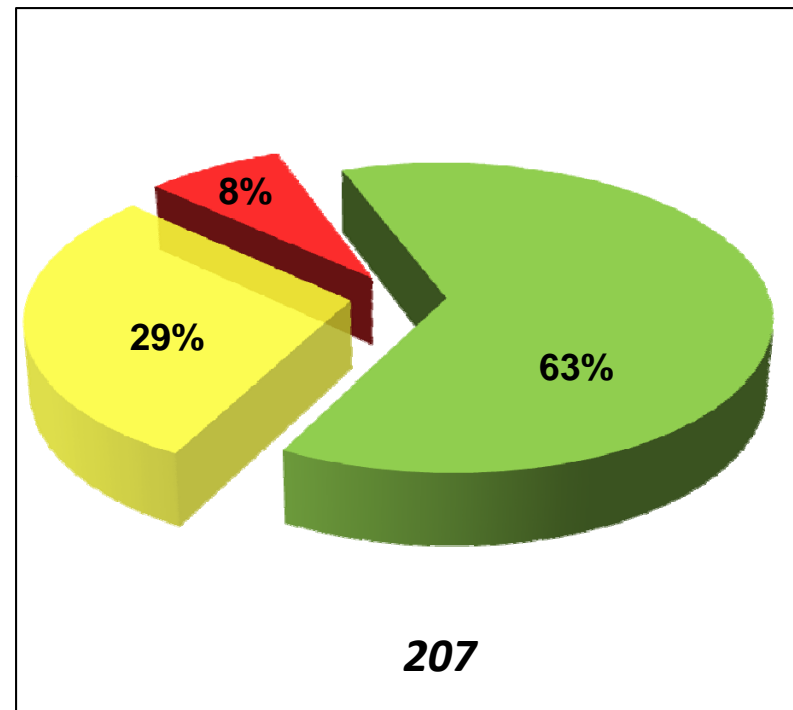


OIG RECOMMENDATIONS / CORRECTIVE ACTIONS

6/28/10 – 12/31/13



6/28/10 – 12/31/12



■ Implemented
262/311

■ Pending
31/60

■ Not Implemented
18/16

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



UNITS:

- **INTAKE/INVESTIGATIONS**
- **AUDIT**
- **CONTRACT OVERSIGHT**

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



INTAKE

1,603 Number of calls to the Office & Hotline

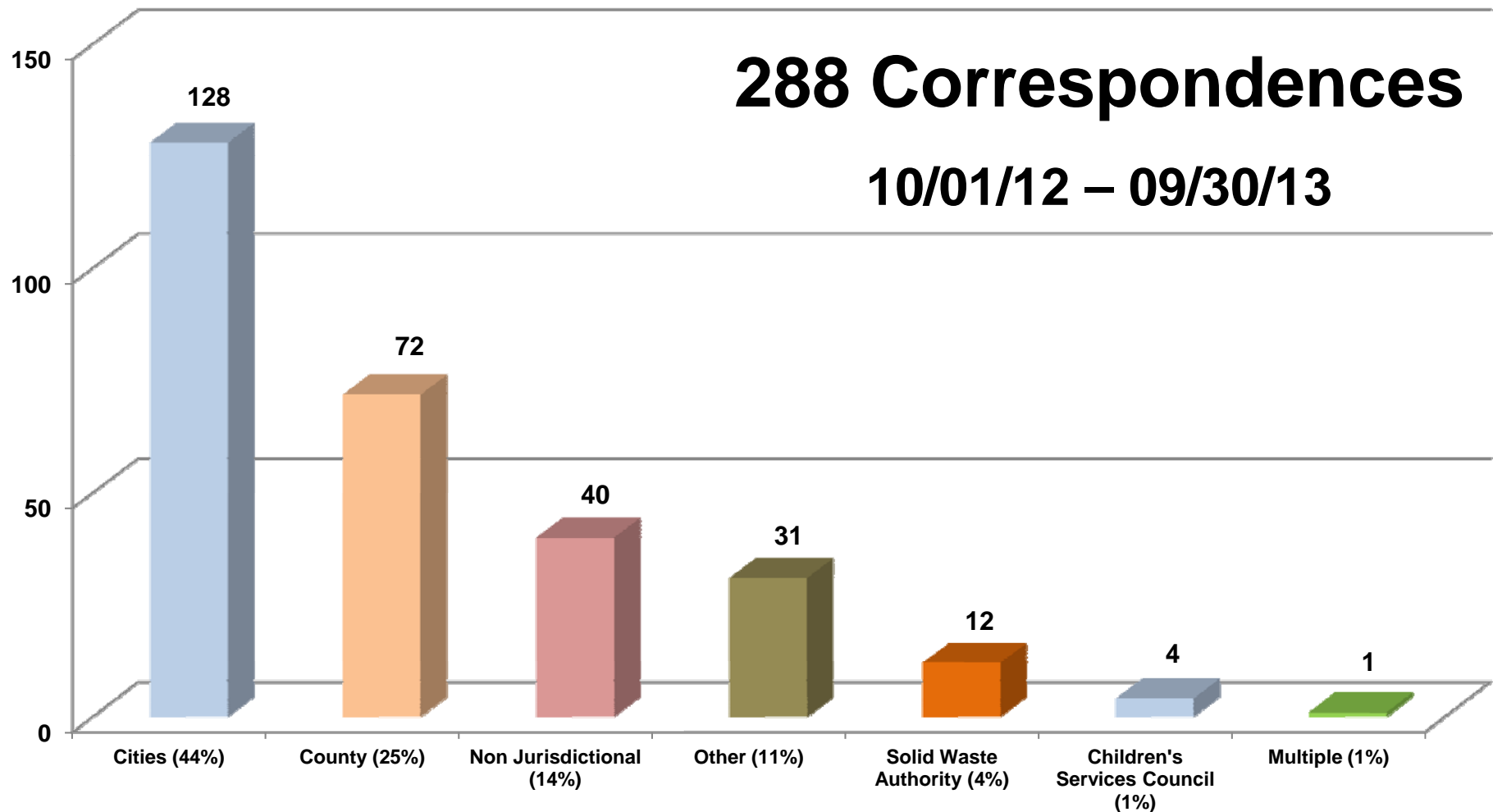
288 Written Correspondences received

- **255 (88%)** Complaints consisting of **303** Allegations

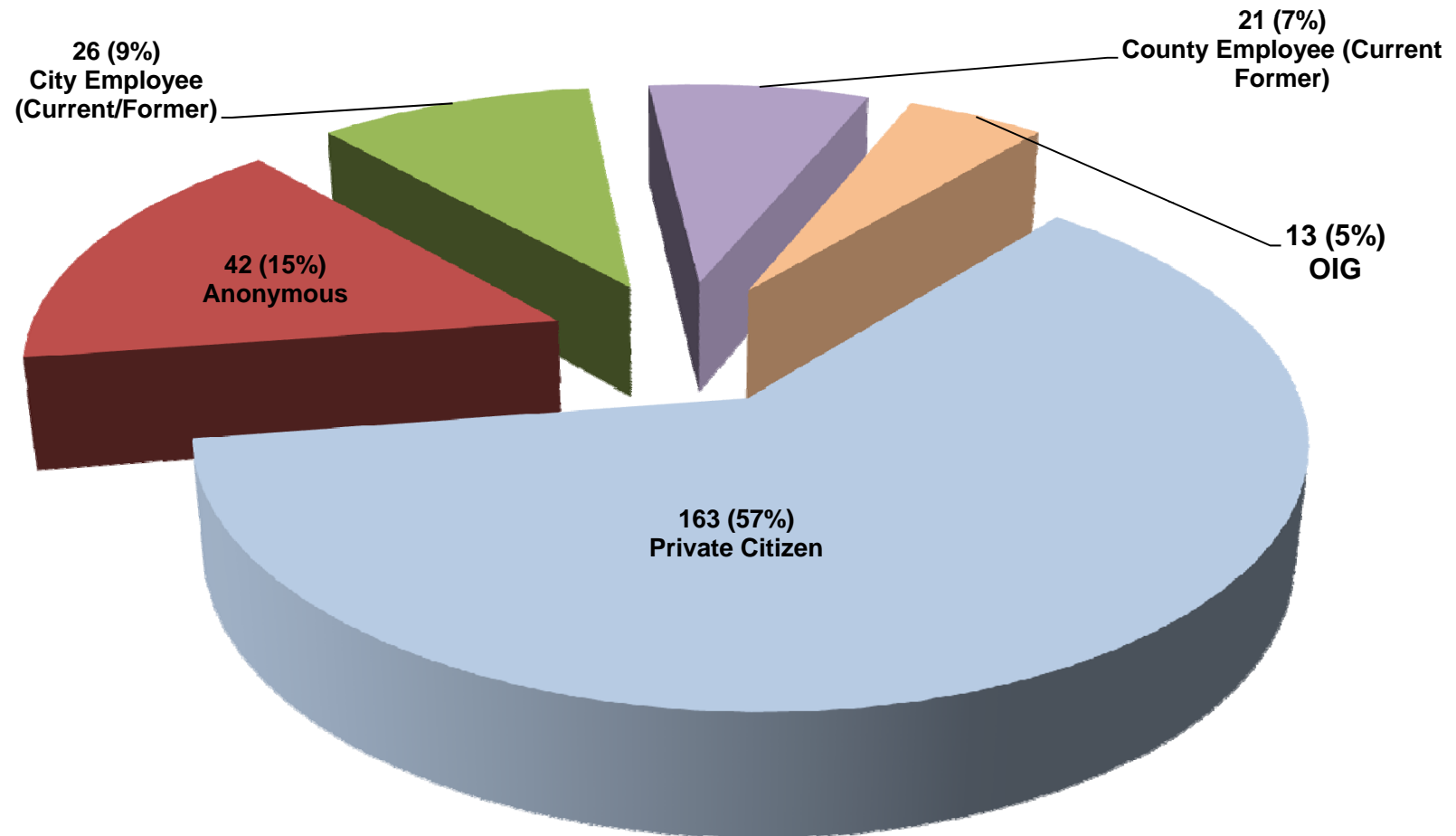
37 Correspondences led to the initiation of an Investigation (4), or Management Review (3), or IG Notification (6), or referral to Audit (6), or Contract Oversight (18)

49 Public Records Requests processed

INSPECTOR GENERAL ANNUAL REPORT HIGHLIGHTS



INSPECTOR GENERAL ANNUAL REPORT HIGHLIGHTS



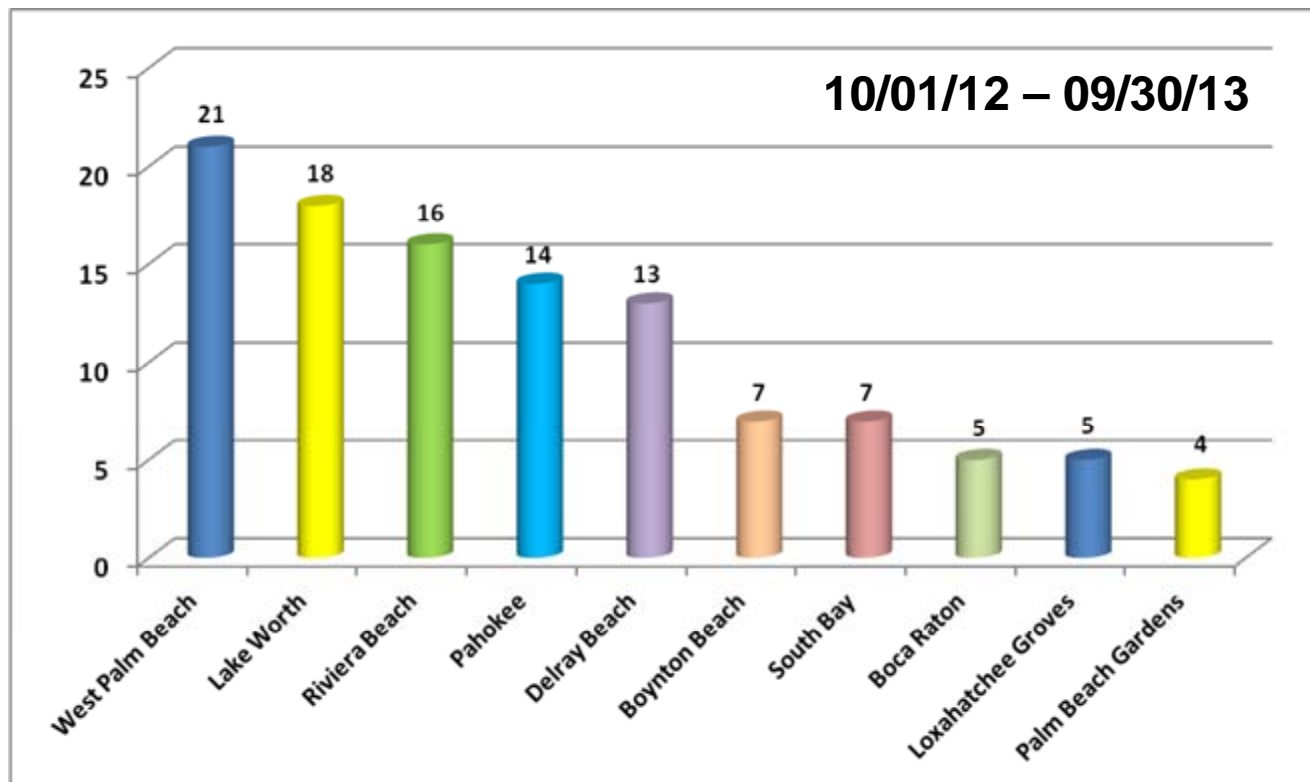
10/01/12 – 09/30/13

Top 5 Reporting Sources

INSPECTOR GENERAL ANNUAL REPORT HIGHLIGHTS



CORRESPONDENCES TOP TEN MUNICIPALITIES

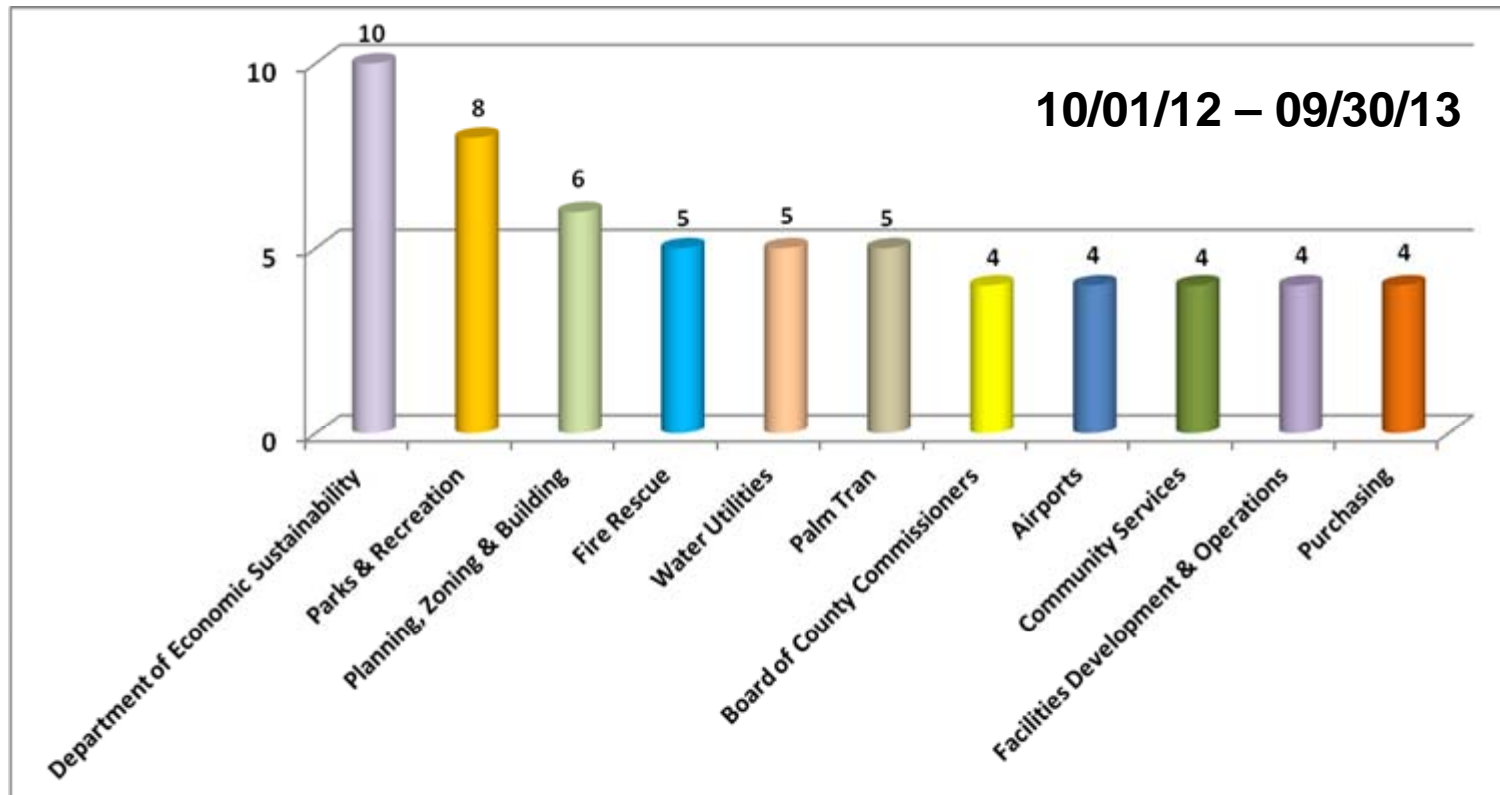


INSPECTOR GENERAL ANNUAL REPORT HIGHLIGHTS



CORRESPONDENCES

TOP ELEVEN COUNTY DEPARTMENTS



INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



Management Review Tiki Bar – Riviera Beach

**Identified, Questioned
and Avoidable Costs**

\$ 1,087,626.80

- The City terminated the lease agreement effective Sept 30, 2013. Due to delayed construction, the lease was extended through Dec 31, 2013. It is now on a month-to-month basis until April 2014.
- City received \$6,887.04 from the Tiki Bar for escalators.

Findings:

- City ignored its own contracted appraiser for a lease renewal who valued property at \$19,075 per month and renewed lease at \$6,500 per month.
- City failed to enforce various terms of its lease agreements (escalator, rent & utilities, boat slips)
- City provided office space (since 2004) to Tiki Bar without compensation for rent or utilities.
- City staff member gave approval to Tiki Bar to expand without authorization. Resulted in permits not being issued or reported to tax collector.

Corrective Actions:

- Ensure appropriate oversight measures in place, recoup all allowable costs.

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



Audit *Part One*

South Bay Poor Financial Controls

Questioned Costs:
\$ 306,377

and

Avoidable Costs:
\$ 862,473

Findings:

- Internal controls were seriously deficient, leaving cash and other assets highly vulnerable to fraud.
- Questionable transactions referred to State Attorney's Office.
- Lack of sufficient oversight and scrutiny by City Commission contributed to condition.
- City Manager had too much authority and control without adequate system of checks and balances.

Corrective Actions:

- Agreed to take action on all 23 recommendations.
- Increased Commission oversight of expenditures.
- Enacted new Purchasing and Accounting Policy.
- Created new policy on proper approval of check requests.
- Reduced City take home vehicles.
- City may pursue reimbursement from former/current employees and contractors.

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



**In coordination with the State Attorney's
Public Corruption Unit:**

**FORMER SOUTH BAY CITY MANAGER Corey Alston
Trial Pending (set for 04/14/14)**

Criminal Charges - 9 Counts:

- Aggravated White Collar Crime
- Corrupt Misuse of Official Position
- Misuse of Public Office or Employment
- Grand Theft \$20,000 or more but less than \$100,000
- Grand Theft \$10,000 or more but less than \$20,000
- Grand Theft \$300 or more but less than \$5,000 (3 Counts)
- Conspiracy to commit Grand Theft

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



Palm Beach -Telemetry System Improvements Follow-up to Contract Oversight Notification report

PRIOR FINDINGS

- Town of Palm Beach did not adhere to the current Town of Palm Beach Purchasing Policy.
- Request for Proposal (RFP) specified brand named equipment instead of providing level of performance specifications.
- The procurement process was delayed due to the confusion interpreting the requirements.
- In response to the OIG's Notification, the Town rejected all bids.

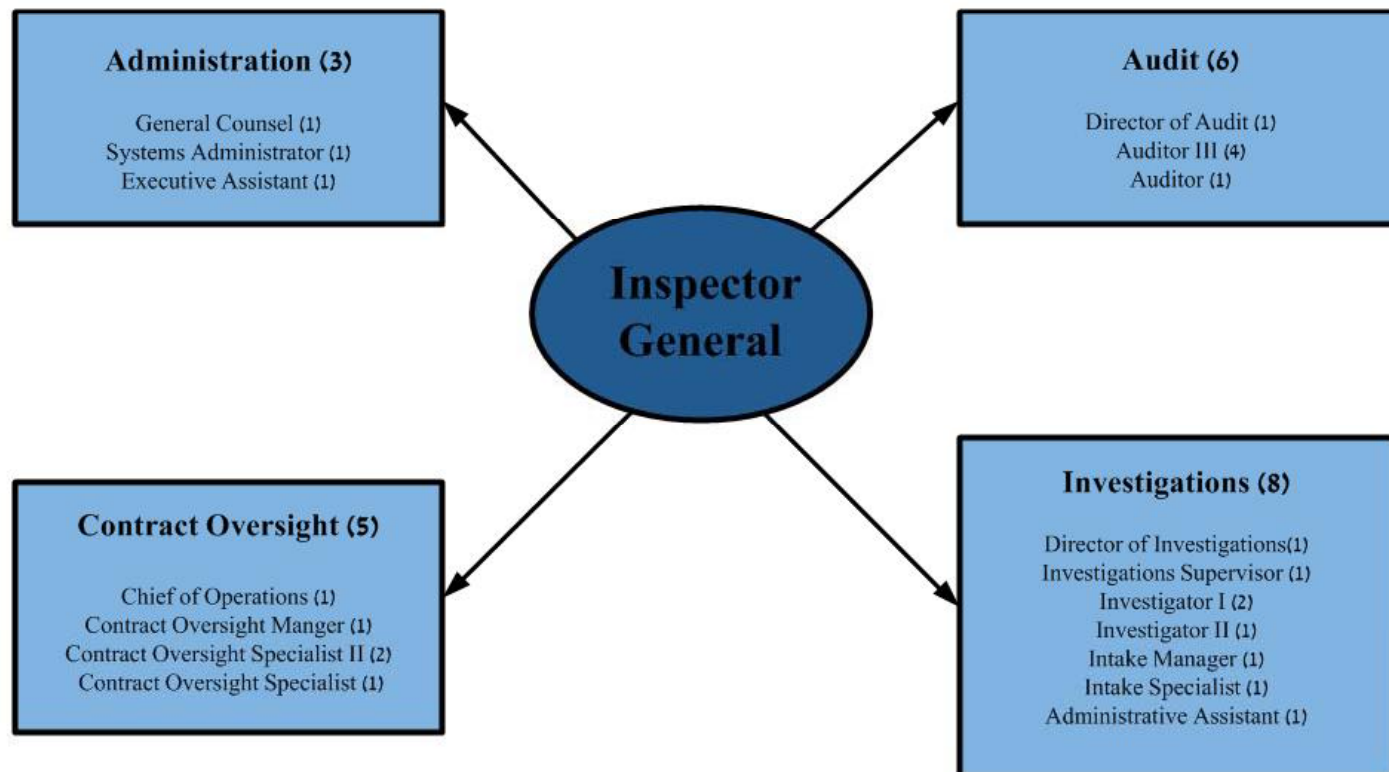
NEW FINDINGS

- The Town published an updated RFP for Telemetry System Improvements.
- The "Scope of Services" section in the reissued RFP complied with the Town's Purchasing Policy in that it contained comprehensive performance level specifications, including an open architecture system.
- The Town safeguarded the integrity of the procurement process, which increases vendor confidence, facilitates economic and equitable procurement, and maximizes the purchasing value of public funds.

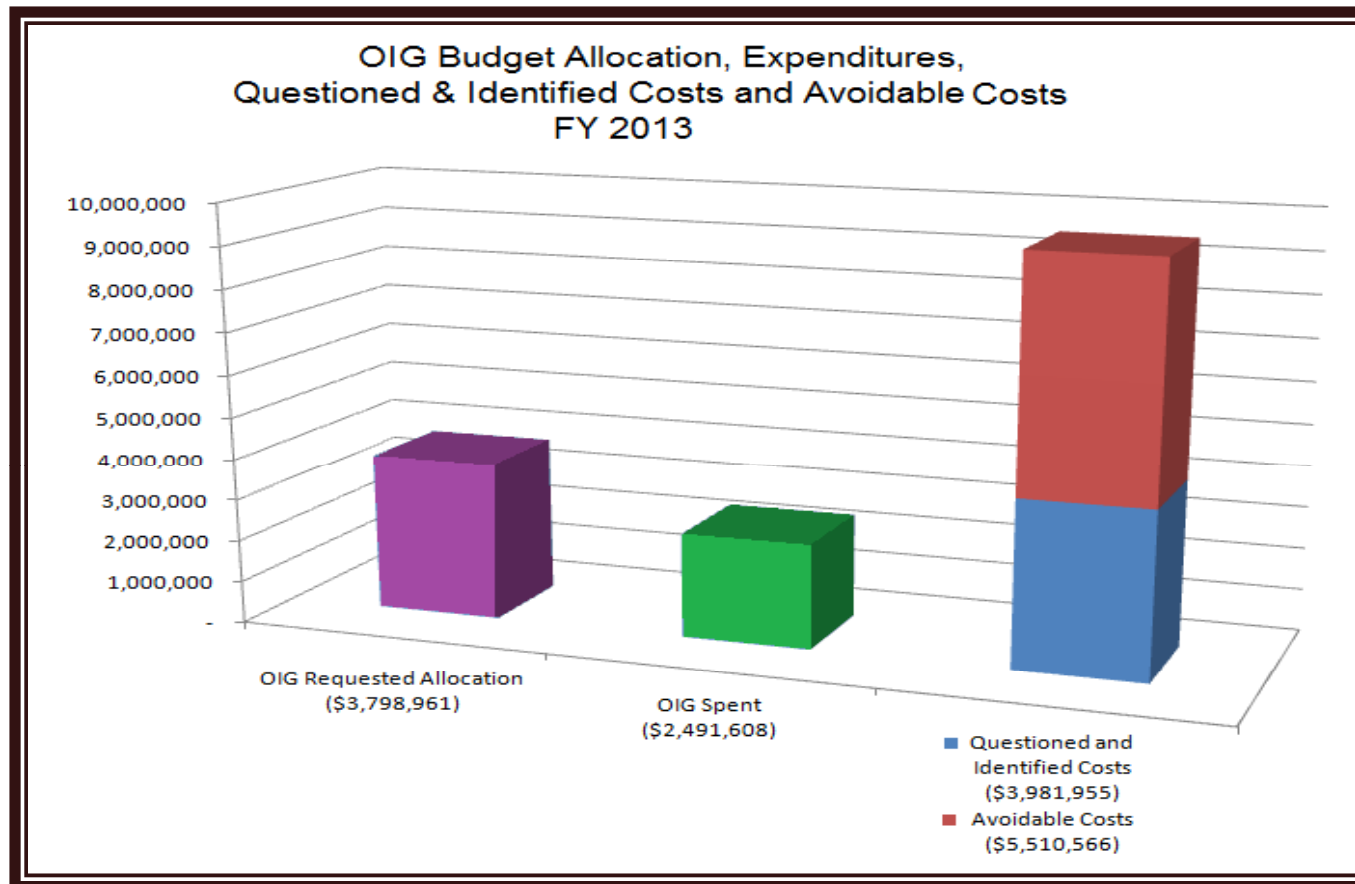
INSPECTOR GENERAL CURRENT STAFFING LEVELS



Jurisdiction: 41 Government Entities
(County, 38 Municipalities, Solid Waste Authority, Children's Services Council)



OIG RETURN ON INVESTMENT



Annual OIG operating cost per Citizen: **\$1.85**

Jurisdictional Entity Budgets FY 2012

County:	\$3.8 Billion
Municipalities:	2.2 Billion
Other Entities	<u>1.3 Billion</u>
TOTAL:	\$7.3 Billion

INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS



RETURN ON INVESTMENT

Thru September 30, 2013:

QUESTIONED AND/OR IDENTIFIED COSTS

\$10.6 MILLION

(Since Inception)

AVOIDABLE COSTS = \$ 5.7 MILLION

(Since October 1, 2012)



INSPECTOR GENERAL SIX MONTH ACTIVITIES



July 1, 2013 – December 31, 2013

INSPECTOR GENERAL SIX MONTH ACTIVITIES



July 1, 2013 – December 31, 2013

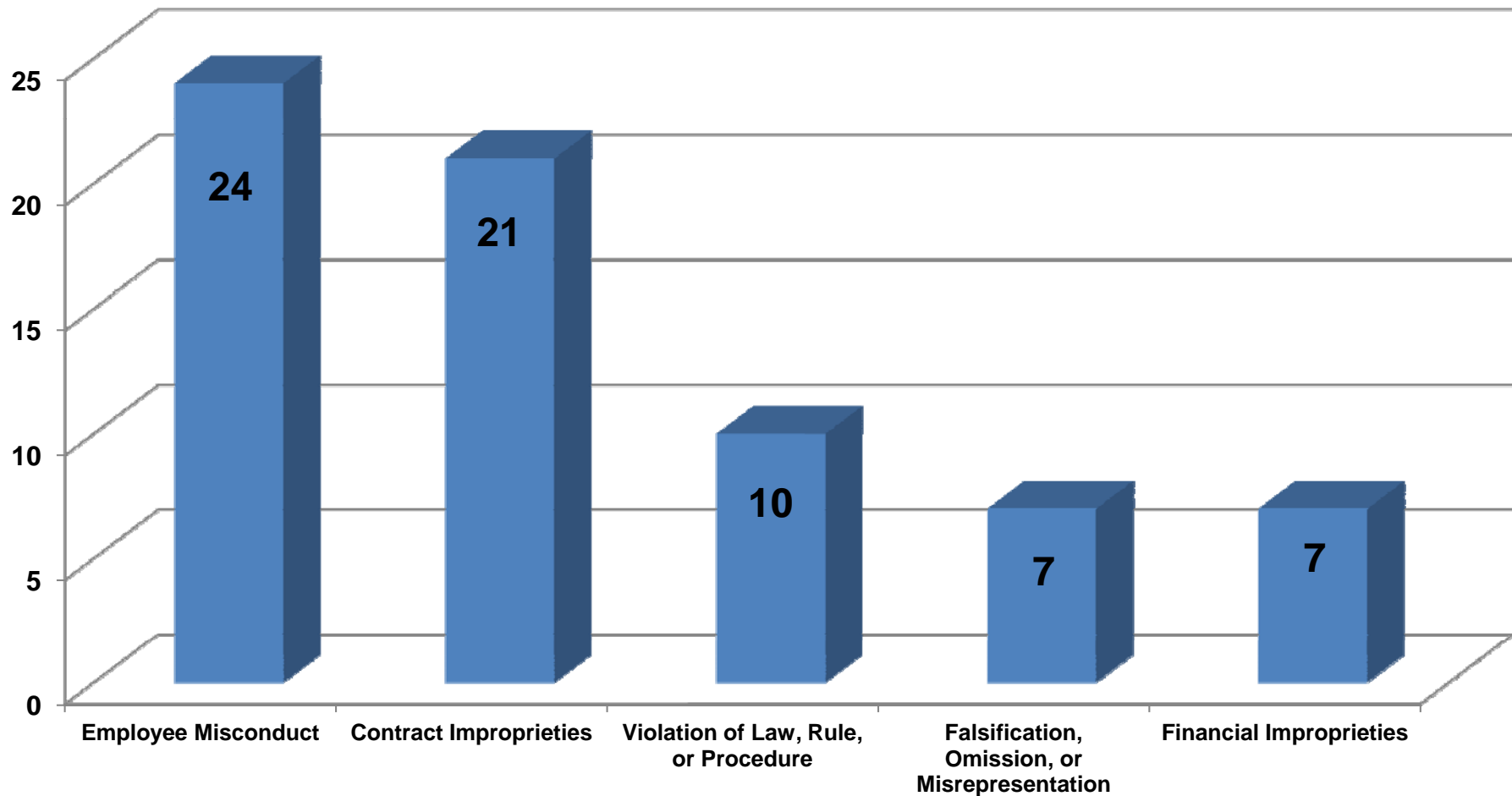
INTAKE

- 675** Number of calls to the Office & Hotline
- 146** Written Correspondences received
 - **126 (86%)** Complaints consisting of **147** Allegations of Wrongdoing
- 16** Correspondences led to the initiation of 4 Investigations; 2 referred to OIG Audit; and 10 referred to OIG Contract Oversight
- 8** Public Records requests processed

INSPECTOR GENERAL SIX MONTH ACTIVITIES



TOP FIVE ALLEGATIONS RECEIVED



INSPECTOR GENERAL SIX MONTH ACTIVITIES



- **11** Issued Reports
- **39** Corrective Actions/Recommendations made
 - 22 (56%) Implemented
 - 17 (43%) Pending
 - 0 (0%) Not Implemented
- **\$ 97,560** in Questioned and Identified Costs
- **\$1,095,948** in Avoidable Costs
\$1,193,508 (\$17,596,192 to date)
- **\$24,614.59** in Recovered Costs (**\$372,836** to date)

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



Investigation Palm Beach County Insurance Fraud

State Attorney's Office Coordination:

This allegation was coordinated with the State Attorney's Office, Public Corruption Unit and accepted for investigation; however, the County declined to prosecute based on the fact that the additional premiums paid by the employee for an ineligible spouse exceeded the actual claims made by the ineligible spouse.

Findings:

The allegation was ***Supported*** based on the Employee's own admission that he/she falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible dependent.

Corrective Actions:

Employee received a six day suspension and was required to repay identified costs.

Identified Costs

\$ 4,375.21

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



Notification Letter Reimbursement – West Palm Beach

Identified Costs

\$ 7,325.00

- The OIG recommended that all of the facts be represented to the City Commission for a decision.
- The City indicated that it would take the OIG's "recommendations under advisement."

Findings:

- A City Commissioner was reimbursed for Attorney's fees incurred during her defense of a PBC COE Complaint. The reimbursement was approved by the City Commission using the Common Law Standard which requires that the public official be acting in their official capacity and for a public purpose in order to receive reimbursement.
- The City Commissioner, in her defense of the PBC COE Complaint, stated that she was not acting in her official capacity.
- One Commissioner stated that had it been made known that the Commissioner's defense to the PBC COE was that she was not acting in her official capacity, he/she would not have voted to reimburse.

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



Audit: Village of North Palm Beach Public Works

Recommendations & Corrective Actions:

Management was proactive by taking corrective action on 11 of 23 recommendations during the audit. Recommendations included formalize policies and procedures to operational functions; enhance approach for incremental purchases (blanket agreements); improved fuel monitoring; and, establish a position responsible for contract tracking and monitoring.

Findings:

- Lack of written policy and procedures to prescribe how operations are to be carried out and controlled.
- Issuance of multiple purchase orders to the same vendor for recurring items.
- Lack of a contract tracking and monitoring system to adequately account for all contracts issued.
- No inventory control system to account for parts, supplies, and equipment.
- Weak controls over fuel program.

**Questioned/Identified Costs
Not Quantifiable**

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



Contract Oversight Notifications Issued: 2

- Palm Springs – Piggyback Contracting
- Palm Beach County/Engineering – CCNA Selection Process

Contract Oversight Observation Issued: 1

- Children's Services Council – Selection Committee Training and Tools
-

PREVENTION: To reduce the appearance and opportunity of vendor favoritism and enhance 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: **51**
- Current Contract Value: **\$1.1 Billion**
- Number of Contract Oversight Meetings Attended: **91**

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



CONTRACT OVERSIGHT NOTIFICATION – PIGGY BACK

Recommendation & Corrective Actions:

The Village should review its construction project procurement practices to ensure compliance with its established procurement regulations.

- The Village is in the process of more clearly defining its piggyback contracting practices within their procurement code.
- The Village has enacted measures whereas sewer and water projects are being competitively bid.

Findings:

Neither the Village's Code of Ordinances nor sound procurement practices support the use of piggyback contracts for construction projects.

- *Over 33 months the Village awarded approximately \$7.1 million in piggyback contracts to a single vendor.*
- *The Village entered into a piggyback contract; however, the original competitively procured contract had expired.*

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



CONTRACT OVERSIGHT NOTIFICATION

PALM BEACH COUNTY/ENGINEERING'S CCNA SELECTION PROCESS

During the selection process for engineering services for the preparation of plans and specifications for the Haverhill Road project between Caribbean Boulevard and Bee Line Highway, County staff eliminated eight (8) of fifteen (15) responsive and responsible proposals without scoring and ranking them. Scoring and ranking proposals is fundamental to the Consultant's Competitive Negotiation Act selection process outlined in Florida Statute 287.055.

Findings:

The County's selection process for procuring architectural and/or engineering services is inconsistent with State Statute in that the elimination of qualified bidders occurs without evaluation based on uniform criteria and weightings.

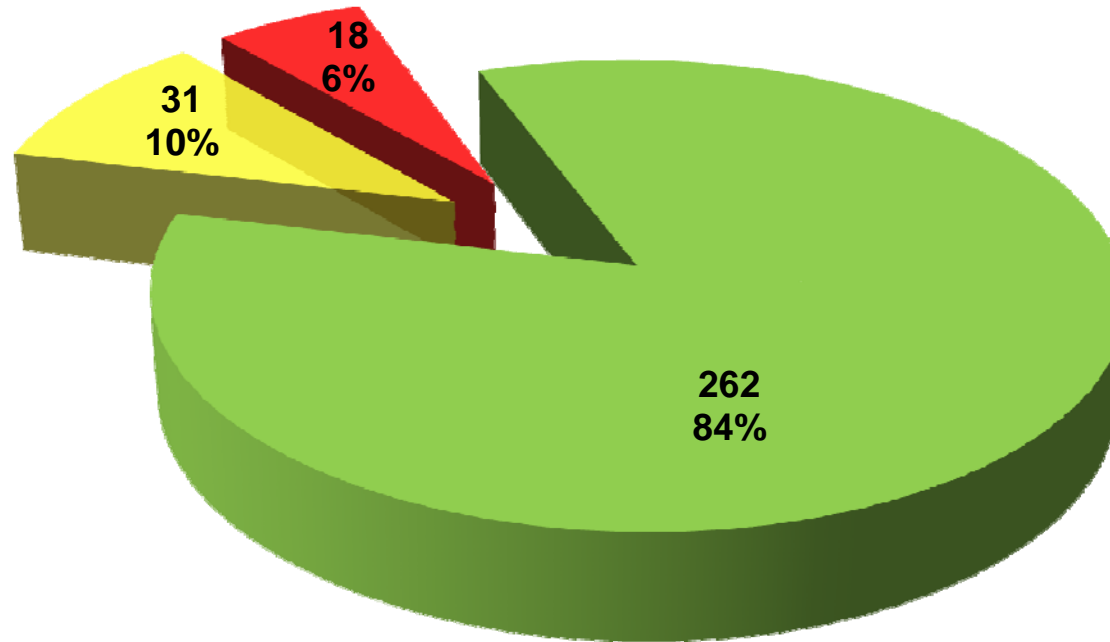
Corrective Action:

County should amend its policy to fully comply with the requirements of section 287.055, Florida Statutes: the Consultants' Competitive Negotiation Act.

CORRECTIVE ACTIONS: THRU 12/31/13



**OIG RECOMMENDATIONS/CORRECTIVE ACTIONS:
6/28/10 - 12/31/13**



Total: 311

■ Implemented ■ Pending ■ Not Implemented

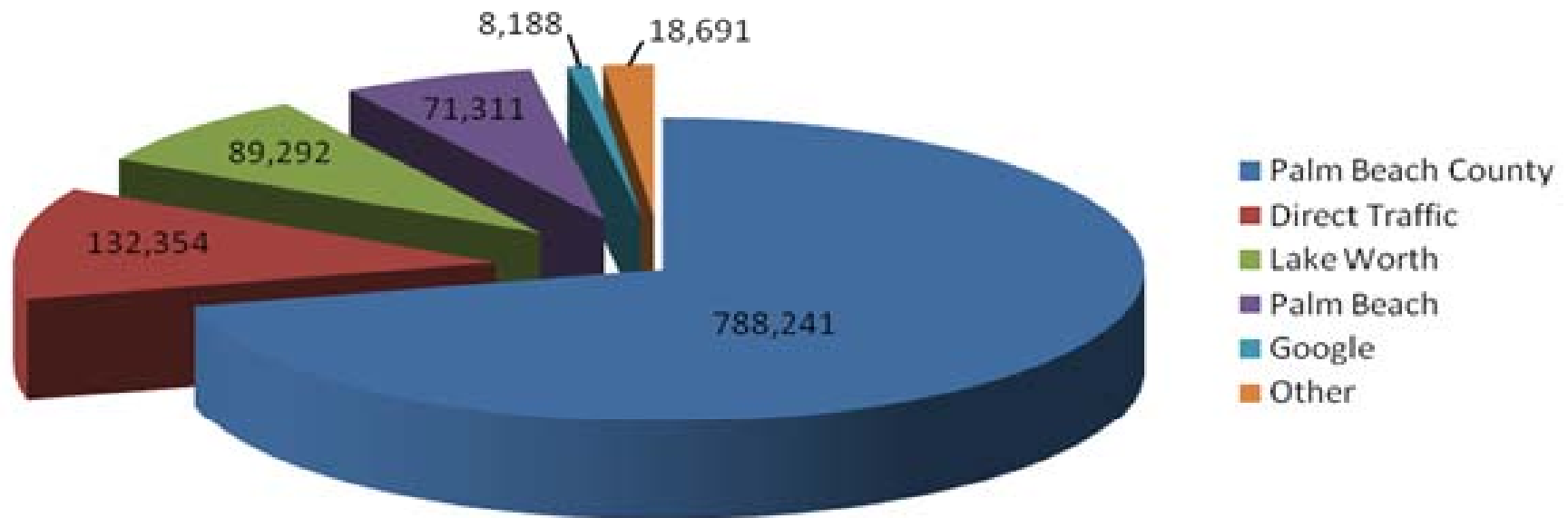
INSPECTOR GENERAL SIX MONTH ACTIVITIES



Over 1.2 million visits

Referring Websites

January 1, 2011 - December 31, 2013



INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



LAWSUIT STATUS UPDATE

- The Municipalities Motion for Partial Summary Judgment was argued on November 25, 2013, and ultimately denied on December 20, 2013.
- A trial was tentatively set for the week of January 27, 2014, however, it did not go.
- A new trial date must be set. The trial will probably take place in next 30-60 days.

INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



COMMENTS FROM ENTITIES UNDER OUR JURISDICTION:

- “The Village values and appreciates the OIG’s suggestion to more clearly define our piggy-back practices within the Village’s procurement code.”
- “The City agrees that the recommended changes are necessary and has either made those changes or will be implementing changes in accordance with your recommendations.”
- “The Village wishes to extend our appreciation to the Office of Inspector General for their cooperation and thorough review of our operations and internal controls.”
- “Your analysis provides the SWA and KBR with useful information which will assist KBR in complying with General Condition – 51 of the Design/Build Contract.” “KBR wishes to thank the Office of Inspector General for independent confirmation of KBR’s compliance with the Design Build Contract terms and for their cooperation with our staff and subcontractors during the audit performance.”
- “The feedback received via this report will assist the Children’s Services Council in our efforts to continually improve our policies and procedures.”
- “We appreciate the time and effort put forward by your staff.”



RETURN ON INVESTMENT

Questioned Cost

A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable and/or lacks adequate documentation.

Identified Cost

Those dollars that have the potential of being returned to offset the taxpayer's burden.

Avoidable Costs

Dollar value that will not be spent over three years if OIG's recommendations are implemented.

Questioned and/or Identified Costs = \$ 10.7 Million (Since Inception)


Avoidable Costs = \$ 6.8 Million (Since October 1, 2012)




INSPECTOR GENERAL INITIATIVES & OUTREACH



Piggy Back Training



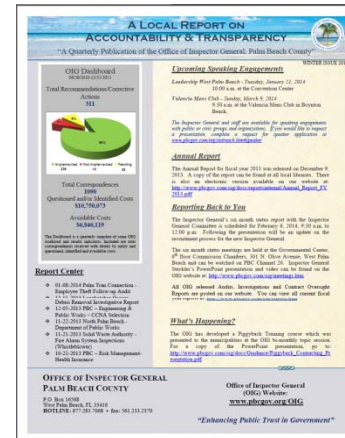
Piggyback Contracting
Office of Inspector General
Palm Beach County, Florida



Fundamental Elements of Sound Procurement Practice

- Economic**
 - Best value through competition
 - Best value for the dollars spent (public funds)
- Equitable**
 - Fair and equitable contracting opportunities for vendors
 - Qualified vendors have access to the municipal market
- Transparent**
 - Public confidence
 - More information disclosed – the better
 - Improved ethical conduct
 - Maximum disclosure benefits the public

Quarterly Publications



- Quarterly Business Stakeholder's Meeting
- Bi-Monthly OIG Topics Meetings with City Managers & Staff
- Bi-Monthly OIG Topic Meetings with County Department Directors & Staff

INSPECTOR GENERAL INITIATIVES & OUTREACH



Article XII, Section 2-423 (4), in part, states:

...each municipal manager, or administrator, or mayor where the mayor serves as chief executive officer, shall coordinate with the inspector general to develop reporting procedures for notification to the inspector general.

Status Update:

The City Managers' Stakeholders Group is assisting the OIG in bringing all cities into compliance with the Ordinance. The following municipalities are in compliance:

Boynton Beach, Golf, Haverhill, Highland Beach, Jupiter Inlet Colony, Lake Clarke Shores, Lake Park, Lake Worth, Lantana, Palm Beach, Palm Springs, Royal Palm Beach, South Palm Beach, and Wellington. (Children's Services Council and the County's reporting policies are posted as well.)

Their reporting policies can be found on our website at:
<http://www.pbcgov.com/oig/policy.htm>

INSPECTOR GENERAL INITIATIVES & OUTREACH



CONTRACT OVERSIGHT

VALUE ADDED NARRATIVES

PROVIDED WHEN OIG DOES NOT ISSUE A REPORT, YET A
CHANGE HAS OR SHOULD OCCUR:

EXAMPLE:

CHANGE ORDERS – At the request of a City Manager, Contract Oversight staff reviewed a contractor's change orders for utility underground work to the entity's utility infrastructure located in Palm Beach County's right-of-way. The manager was concerned about certain costs charged by the contractor. A review of multiple contracts in conjunction with the change orders revealed that the costs invoiced to the entity were negotiable items. OIG staff offered suggestions as to how the entity could minimize its exposure to increased costs while at the same time providing a benefit to the contractors.

VALUE ADDED – If implemented, OIG suggestion could result in a financial benefit for the municipality, at no additional cost, and for the contractor as well.

INSPECTOR GENERAL PLANS & OBJECTIVES



CURRENT & UPCOMING ACTIVITIES:


- Preparing for a New Inspector General.
- Preparing for Re-Accreditation by the Commission for Florida Law Enforcement Accreditation, Inc.
- Preparing for the AIG Peer Review.
- Preparing for Annual Strategic Planning Session with all OIG Staff.
- Enterprise Audit Risk Assessment – Identified 763 auditable units.

INSPECTOR GENERAL PLANS & OBJECTIVES



DASHBOARD

TRANSPARENCY



OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

IG Hotline: 877-283-7068

SHERYL G. STECKLER
INSPECTOR GENERAL

"ENHANCING PUBLIC TRUST IN GOVERNMENT"

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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](#)

If you would like to submit a comment to the Inspector General, please email to
IGcomments@pbcgov.org

Get Involved

YOU have the power to make a difference.
[Citizens Initiative](#)

Training

Our office provides training designed to educate elected and appointed officials, county and municipal department employees, contractors, sub-contractors and other parties doing business with the county and municipalities and/or receiving county or municipal funds on the role of the OIG, "red flags" to watch out for, as well as increase awareness of potential violations.

[View Training Page](#)

Speaker Request


Are you looking for a guest speaker? The Inspector General and staff are available for speaking engagements with public or civic groups and organizations. If you would like to request a presentation you may

About the OIG
IG Message
What to Expect
Reporting Policies
FAQ's
Audit Report
Contract Oversight Unit
Investigations Unit
Budget
Personnel
Career Opportunities
IG Committee
Ordinances
Standards

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Common Issues Found
Corrective Actions
Good Guidance
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Lawsuit
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Grand Jury
Meetings
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www.pbcgov.com/oig

 Accredited February 23, 2012
CFAIG-012

OIG Dashboard
6/28/2010-9/30/2013

Total Correspondences
1,090
[Details](#)

Questioned and/or Identified Close
\$10,750,073
[Details](#)

Avoidable Costs
\$6,846,119
[Details](#)

This Dashboard is a quarterly snapshot of some OIG workload and results indicators. Included are total correspondences received with details by entity and questioned, identified and avoidable costs.

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

01-08-14 PBC (Palm Tran Connection) - Employee Theft Follow-up Audit
The report has been redacted pursuant to 119.071 (3) F.S. due to findings involving physical security.

12-16-13 Office of Inspector General Piggyback Contracting Presentation

12-11-13 Loxahatchee Groves - Debris Removal Investigative Report

12-09-13 Office of Inspector General Annual Report FY2013

11-22-13 North Palm Beach Department of Public Works
The report has been redacted pursuant to 119.071 (3) F.S. due to findings involving physical security.

11-21-13 Solid Waste Authority - Fire Alarm System Inspections (Whistleblower)

OIG Advisory #2014-0001 Raffles

Inspector General Accomplishments June 2010 through October 2013

10/22/13 PBC - Risk Management - Health Insurance - Investigative Report



QUESTIONS?

visit us online at www.pbcgov.com/OIG

Sheryl G. Steckler, Inspector General