



OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

“Enhancing Public Trust in Government”

ANNUAL REPORT

Inception (June 28, 2010) through September 30, 2011

Presented to the Citizens of Palm Beach County

December 7, 2011



Office of Inspector General Palm Beach County

Sheryl G. Steckler
Inspector General

“Enhancing Public Trust in Government”

December 7, 2011

Citizens of Palm Beach County:

I am pleased to present to you the first annual report issued by the Office of Inspector General, Palm Beach County (OIG). This report, as mandated by the OIG Ordinance, summarizes the OIG activities for the period June 28, 2010 through September 30, 2011. Future annual reports will coincide with the fiscal year October 1st through September 30th.

Since my arrival on June 28, 2010, my focus has been on building a solid foundation with the capacity and flexibility to absorb the workload necessary to accomplish our mission. Policies and procedures have been written, an automated management information system is in the final stages of completion and qualified staff have been hired. The OIG structure is built on established Principles and Standards of the Inspector General community. Our vision is to promote a high level of integrity, efficiency, effectiveness and economy in the operations of municipal and county government, and to increase the general public’s confidence and trust in government.

In addition to establishing a solid OIG infrastructure and hiring staff during the first fifteen months, we have also been successful in identifying key efficiencies. Since July 2010, we have conducted nine investigations containing 18 allegations and two management reviews which resulted in nine supported findings; nine unsupported findings; three arrests; \$611,841 in identified¹ or questioned costs², and 46 corrective actions recommended of which 41 were implemented. Corrective actions have included improvement in policies, personnel actions and suspension of a contractor’s certification. Along with adding improvements to government efficiencies, the OIG also adds value by identifying questioned costs and making recommendations that can help prevent future losses. The identification of questioned costs may not result in the immediate and direct return of those dollars, but it does shine the light on the policy, practice or activity that enabled the loss to occur; thereby preventing future losses.

Our Audit team was established in the summer of 2011 and has since initiated its first three audits. Audit topics include: Palm Tran Connection’s purchasing of equipment and supplies; and in two municipalities, purchasing card and fuel card use.

¹ Identified Costs are those dollars that have the potential of being returned to offset the taxpayers’ burden.

² Questioned Cost is a cost that is questioned because of a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Beginning July 2011, the Contract Oversight unit began issuing reports. From July 2011 to September 30, 2011, we issued eight Contract Oversight reports containing six recommendations which included identification of \$1,773,504 in questioned costs.

Our budget for this reporting period³ was approved by the Board of County Commissioners and reflected only the anticipated resources necessary to accomplish our first year's goals. In November 2010, voters approved a referendum to expand OIG jurisdiction to include all 38 municipalities. The Inspector General Ordinance was revised and approved by the Board of County Commissioners in May 2011, and the municipalities came under our jurisdiction effective June 1, 2011. Also, the Solid Waste Authority voluntarily entered into an agreement in November 2010 for our services and provided the agreed upon funding.

When opening a new office, just like a new business, it is important to evaluate your environment, understand your customer's needs and be able to assess market conditions. Accordingly, we have been focused on hiring individuals who best meet the needs of the ethics reform. We expended only 69% (\$1.3 million) of our allocated budget for this reporting period. Unspent funds were carried over to offset the following year budget requirement. Our operating costs for this reporting period equate to roughly *two postage stamps per citizen in Palm Beach County*.

During fiscal year 2012, this office will continue its efforts to be recognized and respected for setting an example and adding value to the governmental entities under our jurisdiction. Resources will be allocated and our work prioritized to areas where results will achieve its mission and provide a return on your investment into this office. I thank you for the privilege and opportunity to serve as the first Inspector General for Palm Beach County. I will remain steadfast in my commitment to champion ethics reform.

Yours Truly,



Sheryl G. Steckler
Inspector General

³ The reporting period for this report includes a portion of fiscal year 2010 and all of fiscal year 2011. The OIG began operations in the latter part of fiscal year 2010.

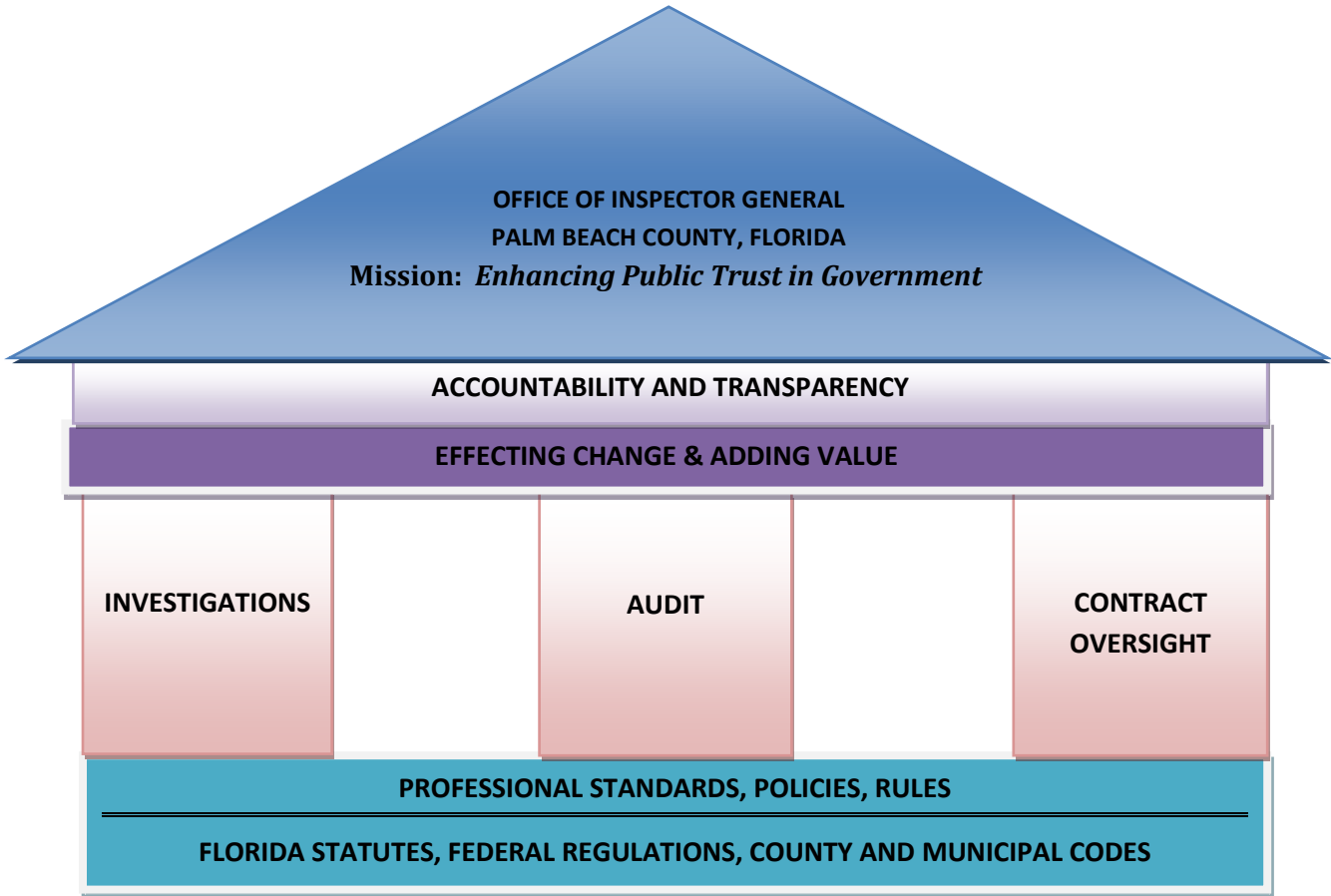
"Enhancing Public Trust in Government"

Table of Contents

Section A: Introduction	1
Core Values	1
What are Inspectors General?	2
A Step in the Process of Ethics Reform	3
Building the Foundation	4
County Code Requirements (in part)	6
Inspector General Committee	6
Section B: Administration	9
Office of Inspector General (OIG) Organizational Chart	9
Staff Academic Degrees, Professional Certifications & Licenses	10
OIG Budget	11
OIG Funding, Expenditures and Return on Investment	12
Transparency, Outreach & Prevention Reform	13
Goals and Objectives for Fiscal Year 2012	14
Section C: Office of Inspector General Activities	15
Investigations Process Flow Chart	15
Investigations Unit	16
Intake Unit	16
County	19
Breakdown of Types of Correspondences	19
Correspondences by Department (Top Ten)	19
Municipalities	20
Breakdown of Types of Correspondences	20
Correspondences by Municipality (Top Ten)	20
Allegation Types	21
Investigative Dispositions	22
Recommended Corrective Actions	23
Public Records Request	23
Audit Process Flow Chart	24

Audit Unit.....	25
Contract Oversight Process Flow Chart	26
Contract Oversight Unit.....	27
Contract Oversight Report Types	27
County Contract Oversight Issued Reports	29
Municipalities Contract Oversight Issued Reports	31
Section D: Appendix.....	33
Administrative Investigations Completed	33
Criminal Investigations Coordinated with State Attorney’s Office	36
Inspector General Management Reviews Completed	37
Inspector General Limited Review Completed.....	40
Inspector General Notification	41
Report Waste, Fraud and Abuse.....	42

Section A: Introduction



Core Values:

Our core values contribute to the Office of Inspector General foundation:

- **Leadership:** We lead by example, demand excellence from ourselves, work with commitment to the mission, remain humble and always treat people with dignity and respect.
- **Professionalism:** We are governed by standards and a code of ethics. We ensure high quality of service and conduct ourselves with honor and integrity.
- **Accountability:** Our commitment is to deliver value added service and to accept full responsibility for our actions.
- **Communication:** We convey our findings and recommendations clearly, concisely and with fact finding support.
- **Sense of Urgency:** We recognize and act on issues that require immediate attention. We are proactive in our actions and flexible in our thinking.
- **Teamwork:** We challenge each other cooperatively to make progress every day. We work together at all levels in developing and continually improving our processes.
- **Innovative:** We strive to be creative and bring new ideas in performance of our duties.

WHAT ARE INSPECTORS GENERAL?

Offices of Inspectors General (OIG) are independent organizations charged with identifying and preventing fraud, waste and mismanagement in government. Typically an OIG's core functions are to receive and evaluate complaints, and conduct investigations and audits that result in recommendations which promote economy and efficiency and strengthen the integrity of government programs and operations.

The Inspector General concept originated in 1668 with King Louis XIV of France. One hundred years later, in October 1777, General George Washington decided that an Inspector General for the Army was desirable. The Inspector General was to be the commander's agent to ensure tactical efficiency of the troops. At the same time, the Continental Congress recognized the need for an Inspector General to provide it with information concerning a significant public investment and on December 13, 1777, Congress created the Inspector General of the Army.

The Inspector General mission grew in importance and scope during World War II and this trend continued into the postwar Army. Of particular note was the emergence of the assistance function as we know it today – citizens, employees and vendors have unobstructed access to the Inspector General to report instances of fraud, waste and abuse. The statutory basis for the current inspector general system comes from the 1950 Army Reorganization Act⁴. In 1973, scandals with government soybean subsidies led to the creation of the first civilian OIG at the U.S. Department of Agriculture. The office was established by merging and centralizing all of the individual audit and investigative offices within the department. This experiment was successful and OIGs were created at all U.S. cabinet departments by The Inspector General Act of 1978. Their mission was to prevent and detect fraud, and to promote efficiency and effectiveness in the programs and operations of their departments.

The 1988 amendments to The Inspector General Act created OIGs at 30 smaller agencies such as the Central Intelligence Agency, Federal Reserve Bank and the Securities Exchange Commission among others. The proliferation of OIGs was driven by their successes. The Cabinet Secretaries and Congress believed that, for the first time, they received objective and impartial information about government programs and problems. These offices also fought fraud and conducted investigations that led to convictions⁵.

The first state OIG was created in Massachusetts in 1981, and OIGs have been steadily growing in number ever since. In 1994, the Florida Legislature passed the Florida Inspector General Act which provided an inspector general in each state agency.

⁴ History of the U.S. Army Inspector General, OFFICE OF THE INSPECTOR GENERAL - USMA PUBLIC DOMAIN; <http://www.usma.edu/IG/history/>

⁵ New Orleans Office of Inspector General, History; <http://www.nolaig.org/main/inside.php?page-history>

A STEP IN THE PROCESS OF ETHICS REFORM

Public Corruption is Costly

It spreads its disease from wasted and misspent funds; lost revenue from businesses that opt to locate elsewhere; diminished employee morale; talented public servants who leave choosing not to serve a system perceived to be corrupt; to an erosion of public confidence and thereby lack of participation in government.

Addressing Ethics Reform

Good laws, strong enforcement, sound leadership, courage and public will are integral to addressing ethics reform. Good laws hold the perpetrators accountable and reduce opportunities for corruption. Strong enforcement requires adequate tools and resources to implement the activities necessary to ensure appropriate consequences are realized. Sound leadership must include political and executive leaders who take corruption seriously and communicate their seriousness to the employees and citizens they serve through action as well as words. Courage is having the strength to stand up for what is right and not let political pressure stand in the way. Public will must remain constant, and demand transparency and accountability of their elected and appointed officials. The public must continue to be vocal in expressing that they will no longer tolerate a culture of public corruption.

Based on a grand jury report issued in early 2009 citing repeated incidences of corruption among multiple members of the Palm Beach County Board of County Commissioners and the West Palm Beach City Commission, Palm Beach County began a comprehensive effort to develop an ethics initiative aimed at restoring public trust in government and establishing a more transparent operating model for its citizens. The ethics initiative had the support of civic and business organizations including Leadership Palm Beach County and The Business Forum of Palm Beach County. In addition, grassroots and ad hoc organizations such as the Palm Beach County Ethics Initiative were instrumental in support of the process.

In December 2009, the Palm Beach County Board of County Commissioners adopted an Ordinance that established the OIG to oversee Palm Beach County government, and the Inspector General was hired in June 2010. In November 2010, 72% of the voters approved a countywide referendum to amend the County Charter and permanently establish the OIG. At the same time, a majority of the voters approved an expansion of OIG jurisdiction to cover each of the 38 municipalities within the county. The Board of County Commissioners approved the implementing ordinance in May 2011, and the OIG's jurisdiction over all municipalities became effective on June 1, 2011. Any dollars questioned and/or recovered as a result of OIG activity go directly back to the affected individual and/or government entity.

BUILDING THE FOUNDATION

The Office of Inspector General (OIG) mission is supported by a diversified and motivated staff that demonstrates the required Core Values outlined in the OIG Strategic Plan and policies. To ensure success in accomplishing the mission of *“Enhancing Public Trust in Government”*, the OIG hires qualified individuals that not only reflect the diversity of the community, but also have the appropriate level of skills, abilities and experience necessary for their position on the OIG team. The allocation of staff resources to Investigations, Audit or Contract Oversight is based on the demonstration of need within the OIG jurisdiction. Currently, 22 (65%) of the 34 positions are filled.

In an effort to reduce the cost of purchasing an off the shelf integrated management information system, the office was able to obtain, at no cost, an automated audit and investigations management information system that is utilized within the IG community. The system is being modified to meet the Palm Beach County OIG’s needs and will be called the Inspector General Information Management System (IGIMS). An additional function of IGIMS is being developed for the Contract Oversight unit which will include the capacity to track procurement and contract activity of public entities under OIG jurisdiction. The estimated completion date is March 2012.

The OIG website, <http://www.pbcgov.com/oig/>, was created and is continuously updated to provide citizens and governmental entities under the OIG jurisdiction with information pertaining to OIG activity. All OIG reports are posted to the site as well as links for employees, citizens and vendors to report fraud, waste, and abuse. The site also includes answers to frequently asked questions; outreach information and training videos; descriptions of each of the OIG units; and what to expect when contacted by staff from Audit, Investigations or Contract Oversight.

The OIG has been organized during the first year to ensure operations meet all professional standards prescribed in its enabling legislation⁶. Office space, staffing pattern, policies, procedures and IGIMS have all been established to comply with applicable professional standards. Standards such as independence, due professional care, staff training and qualifications, reporting and follow-up have all been integrated into the OIG’s policies and daily activities. Additional requirements such as attesting and adhering to the OIG Code of Conduct, the OIG Code of Ethics, the Palm Beach County Code of Ethics, Inspector General Pledge and Core Values have been implemented. Further, each staff member receives an annual evaluation containing performance measures that are aligned with Inspector General Accreditation, Investigative, Auditing and Inspection/Evaluation Standards.

⁶ OIG Ordinance Sec. 2-423(1) requires that “...audits shall be conducted in accordance with the current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc., or where appropriate, in accordance with generally accepted governmental auditing standards. ...investigations will comply with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General. The office of inspector general shall develop and adhere to written policies in accordance with the accreditation standards set forth by the Commission on Florida Law Enforcement Accreditation, Inc...”

Section A: Introduction

Who Watches the Office of Inspector General?

An accreditation program has long been recognized as a means of maintaining the highest standards of professionalism. Accreditation is the certification by an independent reviewing authority that an entity has met specific requirements and prescribed standards. Schools, universities and hospitals are some of the most well known organizations that are required to maintain accreditation. Law enforcement agencies and Inspectors General in Florida can attain accredited status through the Commission for Florida Law Enforcement Accreditation, Inc. (CFLEA).

In just under one year of operation, the OIG signed the contract with the CFLEA to begin the accreditation process. On September 7, 2011, the OIG successfully completed a mock accreditation review and on November 3, 2011, the OIG's full onsite assessment took place. The CFLEA will meet the week of February 20, 2012; at which time the OIG anticipates receiving its coveted accreditation status. Every three years thereafter, the OIG will undergo an onsite assessment to maintain accreditation. Similar to the accreditation assessment, the OIG Audit Unit will undergo a peer review every three years. A peer review is a process performed by an independent body of one's peers to ensure it meets specific criteria. The Audit Unit's peer review will evaluate whether OIG audits are done in accordance with Generally Accepted Government Audit Standards and/or International Standards for the Professional Practice of Internal Auditing.

Legislative Issues

During their 2011 session, the Florida Legislature amended Florida Statute 119.0713(2)(a), which provides exemptions to public records, to include documents relating to Inspector General audit and investigations of a local government, until the final document is released. Prior to this, only audit work papers of a local government internal auditor were confidential and exempt from disclosure until the final audit report was released. Now, documents relating to audits and investigations conducted by a local government Inspector General are confidential until the final report is released. This exemption helps to ensure prevention of the premature release of incomplete information that could cause unwarranted damage to the good name of an individual or company, or significantly impair an administrative or criminal investigation.

Expansion of OIG Jurisdiction

In November 2010, the Solid Waste Authority voluntarily entered into an agreement for OIG services. Also in November 2010, the public voted for each of the 38 municipalities to go under OIG jurisdiction. The Inspector General Ordinance, as amended to reflect the expanded jurisdiction, was unanimously approved by the Board of County Commissioners and the expansion to the 38 municipalities became effective June 1, 2011. The Health Care District and Children's Services Council have voluntarily placed their agencies under OIG jurisdiction. The Board of County Commissioners approved the Agreements on November 15, 2011, with an effective date of January 1, 2012. Also, the Housing Finance Authority has entered into negotiations for OIG services.

COUNTY CODE REQUIREMENTS (*in part*)

The Office of Inspector General, Palm Beach County, is established to promote economy, efficiency and effectiveness in the administration of and, as its priority, to prevent and detect fraud and abuse in programs and operations administered or financed by the county or municipal agencies. The Inspector General shall initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent and eradicate fraud, waste, mismanagement, misconduct and other abuses by elected and appointed county and municipal officials and employees, county and municipal agencies and instrumentalities, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the county or a municipality and/or receiving county or municipal funds.

The organization and administration of the OIG shall be independent to assure that no interference or influence external to the OIG adversely affects the independence and objectivity of the Inspector General.

This report, as mandated by Palm Beach County Ordinance 2011-009 (Article XII, Section 2-428, Palm Beach County Code), summarizes the OIG activities for the period June 28, 2010 through September 30, 2011. Future annual reports will coincide with the fiscal year October 1st through September 30th.

INSPECTOR GENERAL COMMITTEE

The Inspector General (IG) Committee, authorized by Palm Beach County Charter, is comprised of the five members of the Commission on Ethics, the State Attorney and the Public Defender. The IG Committee is solely responsible for selecting the Inspector General. The Inspector General is responsible for: 1) meeting with the IG Committee every six months to review activities, plans and objectives; and 2) issuing an annual report summarizing the activities of the office no later than December 31st of each year.⁷

The individuals comprising the IG Committee are:

Judge Edward Rodgers (Ret), Chair

Judge Rodgers served as a Judge in Palm Beach County for 22 years in the Civil, Criminal and Probate Courts. His judicial tenure includes roles as Chief Judge for the Fifteenth Judicial Circuit and Administrative Judge in County and Circuit Court. Judge Rodgers has lectured extensively on many topics before lawyers and judges. Judge Rodgers graduated from Howard University with a Bachelor of Arts, and subsequently obtained his Juris Doctorate from Florida A&M University College of Law.

⁷ Pursuant to Article XII, Section 2-428, Palm Beach County Code

Section A: Introduction

Manuel Farach, Esq. Vice-Chair

Mr. Farach is a real estate and business lawyer practicing in West Palm Beach. Mr. Farach is Board Certified by The Florida Bar in both Real Estate Law and Business Litigation. Mr. Farach has served as an arbitrator for the American Arbitration Association for over twenty years. Mr. Farach has also served in different capacities regarding the ethical practice of law, including Chair of the Fourth District Court of Appeal Judicial Nominating Commission, President of the Craig S. Barnard Inn of Court, President of the Palm Beach County Bar Association, and as an expert witness for The Florida Bar in lawyer disciplinary matters. Mr. Farach graduated the Florida State University College of Law cum laude. He graduated from Stetson University in 1981 with a dual major in English and Business.

Robin N. Fiore, Ph.D.

Dr. Fiore joined the University of Miami Ethics Program at the University Of Miami Miller School Of Medicine in 2010. Previously, she served as the Adelaide R. Snyder Professor of Ethics at Florida Atlantic University. Dr. Fiore specializes in biomedical ethics and professional ethics. Dr. Fiore has served as an ethics consultant or ethics advisory committee member for a number of governmental agencies, including the Florida Public Service Commission, Florida Department of Health, Florida Department of Corrections Bioethics Committee, Florida Department of Children and Families and Florida Developmental Disabilities Council. Dr. Fiore earned her Doctorate in Philosophy from Georgetown University in Washington, DC, after post-baccalaureate studies in religion and ethics at Drew University Graduate and Theological School in Madison, New Jersey.

Ronald E. Harbison, CPA

Mr. Harbison is the founder of Valuation Analysts, LLC; a business valuation and financial forensics firm, focusing on estate and gift, commercial litigation and family law. Mr. Harbison has provided forensic accounting services, been a consultant on mergers and acquisitions, and has served as an Agent for the United States Internal Revenue Service, where he conducted tax examinations of corporations, partnerships and high net worth individuals. He also has served as an Adjunct Professor of Accounting for Palm Beach Atlantic University and is currently the Chairman of the Ethics and Disciplinary Committee of the Institute of Business Appraisers. Mr. Harbison graduated from Florida State University with a Bachelor of Arts in Government/Pre-Law, and earned a Master of Science in Management/Accounting from Rollins College.

Bruce Reinhart, Esq.

Mr. Reinhart is an attorney in private practice in West Palm Beach. He has 20 years of experience in the federal criminal justice system. He served as an Assistant United States Attorney in West Palm Beach, investigating and prosecuting public corruption, tax evasion and financial fraud. He was a Senior Policy Advisor to the Under Secretary of the Treasury for Enforcement, developing and implementing law enforcement policies for the Bureau of Alcohol, Tobacco and Firearms; U.S. Customs; Secret Service and IRS. He also served in the Department of Justice's Criminal Division, Public Integrity Section. Mr. Reinhart holds a B.S.E. in Civil Engineering, with honors, from Princeton University and a Juris Doctorate from the University of Pennsylvania Law School.

Section A: Introduction

Michael F. McAuliffe, State Attorney

In November 2008, Michael McAuliffe was elected as the State Attorney for the Fifteenth Judicial Circuit in and for Palm Beach County, Florida. The State Attorney is the chief law enforcement official in the circuit and is responsible for investigating and prosecuting individuals who commit crimes in the community. Mr. McAuliffe was a federal prosecutor with the Criminal Section, U.S. Department of Justice, in Washington, D.C. from 1989 to 1993. Mr. McAuliffe then served as an Assistant United States Attorney for the Southern District of Florida from 1994 to 1999. Mr. McAuliffe earned his BBA with honors (cum laude) from the University of Texas at Austin in 1985 and his Doctor of Jurisprudence (JD) from the Law School at the College of William & Mary in 1989. Mr. McAuliffe worked with a Palm Beach County grand jury in 2009 to produce an exhaustive set of ethics reform proposals including the creation of an inspector general and ethics commission. In 2009-10, Mr. McAuliffe created a public integrity unit and a corruption task force to investigate and prosecute corrupt public officials and employees. Numerous corruption cases have been successfully prosecuted including matters involving extortion, bribery and unlawful compensation.

Carey Haughwout, Public Defender

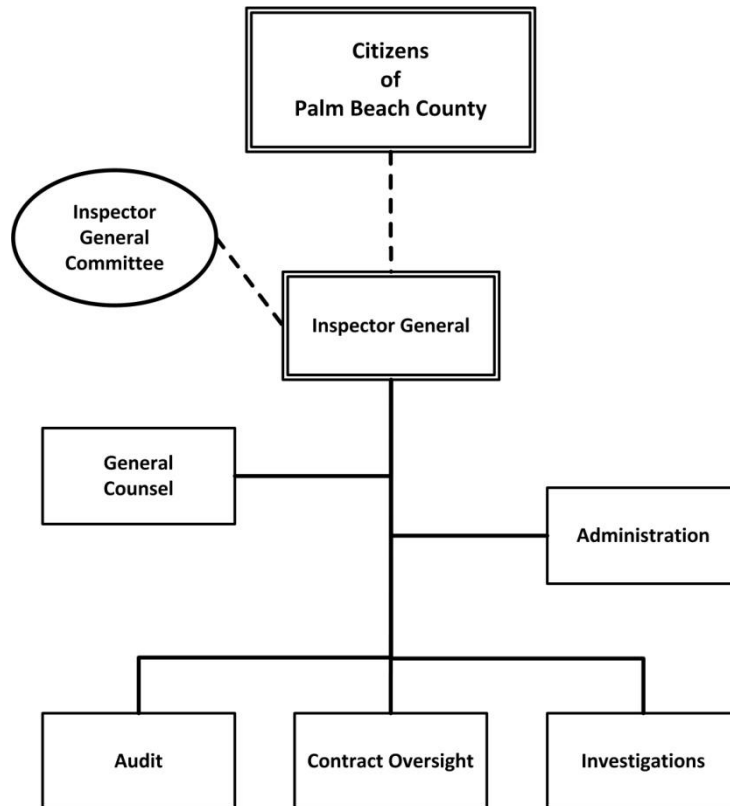
Carey Haughwout is serving her third term as Public Defender of the Fifteenth Judicial Circuit. Ms. Haughwout took office in January of 2001 after working as a private criminal defense attorney in Tallahassee and Palm Beach County for 17 years. From 1985 to 1990, Ms. Haughwout worked as Assistant Public Defender in Tallahassee and Palm Beach County working her way from misdemeanor to capital cases. Ms. Haughwout started her career as an associate with a Tallahassee trial firm. Ms. Haughwout has been a member of the Palm Beach County, state and national Association of Criminal Defense Lawyers, the Criminal Justice Commission, Legal Aid Society and the Florida Association of Women Lawyers. In 1979, Ms. Haughwout earned a degree in economics and sociology from New College in Sarasota and graduated with High Honors from Florida State University College of Law in 1983. As Public Defender, Ms. Haughwout represents the community on the following committees: the Criminal Justice Commission, the Community Alliance, Judicial Information Systems, the Fifteenth Judicial Circuit Professionalism Committee, the Florida Public Defenders Association and the Inspector General Committee

The OIG and Commission on Ethics have Separate Responsibilities

Although created from the same ethics reform movement in Palm Beach County, the Commission on Ethics (COE) and OIG are separate and independent offices with distinctly different functions. Both offices' jurisdictions include the County and 38 municipalities; however, each office's operations and functions are designed to accomplish their separate missions. The COE is responsible for monitoring, administering and enforcing the County's governmental ethics laws. The OIG was created to promote economy, efficiency, and effectiveness and to prevent, and detect fraud, waste and abuse in government programs and operations.

OFFICE OF INSPECTOR GENERAL ORGANIZATIONAL CHART

The OIG is comprised of three sections: Investigations, Audit, and Contract Oversight. There are 34 authorized positions of which 22 were filled as of November 30, 2011. The allocation of positions to each of the three sections is based on the demonstration of need within the OIG jurisdiction. The initial allocation of positions to Investigations has been adjusted downward and the allocation to Audit and Contract Oversight has been increased.



STAFF ACADEMIC DEGREES, PROFESSIONAL CERTIFICATIONS & LICENSES

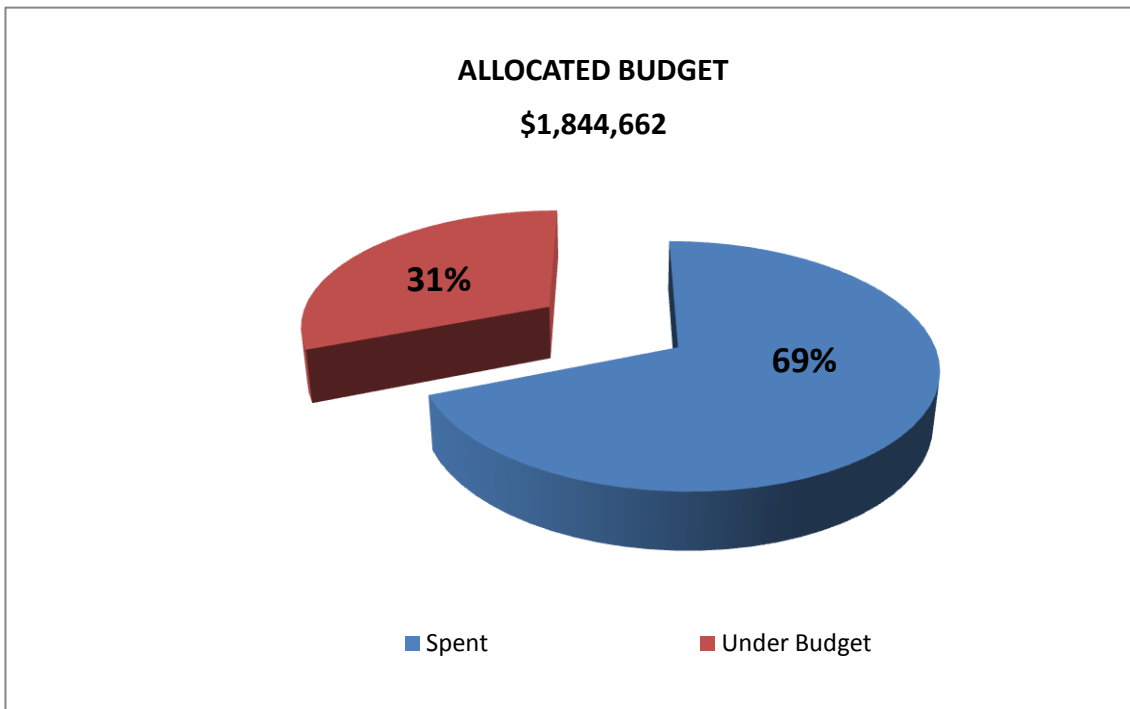
Staff members have backgrounds and/or academic degrees in accounting, auditing, financial analysis, financial administration, grant administration, business administration, engineering, law, public administration, law enforcement and investigations. Employee professional backgrounds include Federal, State, County, local and private sectors. Staff members bring an array of experiences from Federal, State and City Inspector General Communities, Air Force Office of Special Investigations, US Treasury, Internal Revenue Service, Secret Service, Homeland Security, Federal Bureau of Investigation, US Postal Inspection Service, not-for-profit community based organizations, county and municipal government, South Florida Water Management District, Department of Juvenile Justice, Department of Children and Families, Dun & Bradstreet, Office of Financial Regulation, Department of Professional Regulation, Agency for Health Care Administration, State Auditor, Insurance Industry, Palm Beach County School District, and the construction industry. The various certifications and licensures held by staff are as follow:

Certified Inspector General
Certified Inspector General Investigator
Certified Fraud Examiner(s)
Certified Internal Auditor(s)
Certified Public Accountant(s)
Certified Information Systems Auditor(s)
Member of the Florida Bar
Accreditation Manager(s)
Accreditation and Peer Review Assessor
Certified Government Finance Officer
Certified Protection Professional
Certified Penetration Tester
Certified Forensic Interviewer
Certified Building Contractor
Certified General Contractor
Certified Plans Examiner
Civil Engineer
LEED AP Building Design & Construction Designation
Project Management Professional

OFFICE OF INSPECTOR GENERAL BUDGET

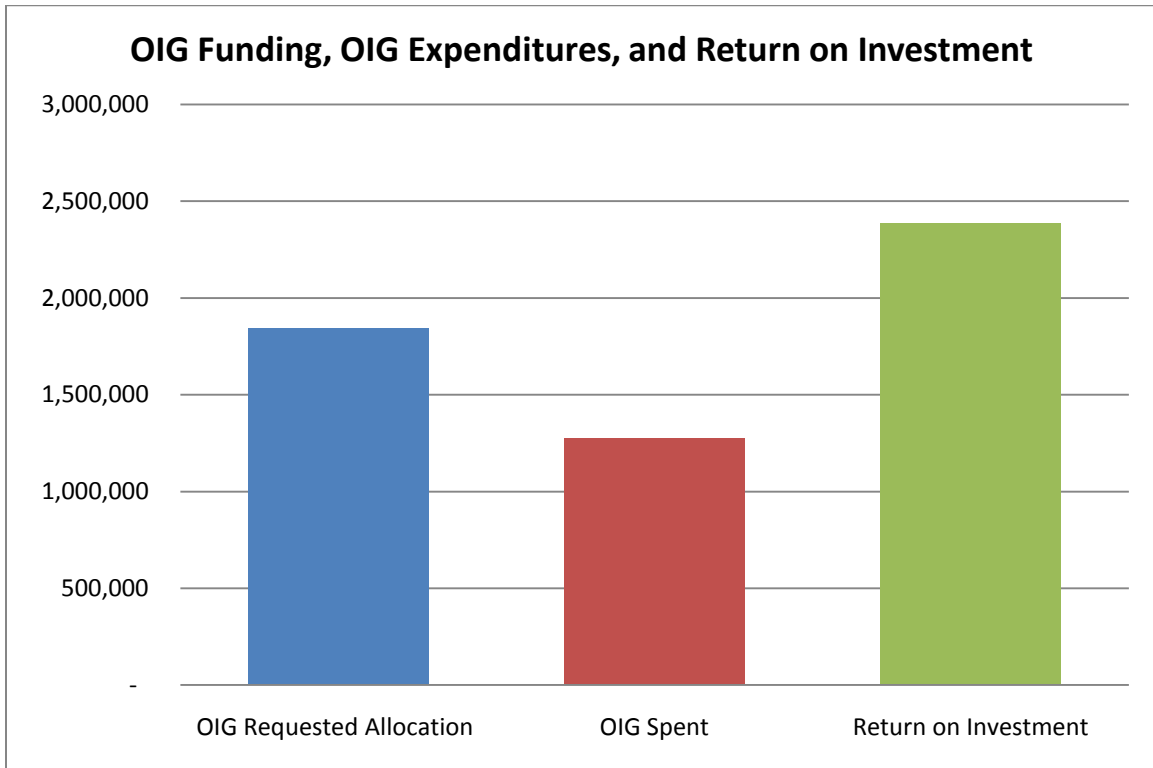
A funding methodology for the independent OIG was adopted by Palm Beach County Board of County Commissioners in early 2010. The total budget allocation for this reporting period was \$1,844,662, funded by the County, municipalities and Solid Waste Authority. The OIG spent 69% of the allocated amount. Unspent funds were carried over and available to offset the following fiscal year budget requirement.

Allocated Budget	\$ 1,844,662	100%
Spent ⁸	<u>1,272,558</u>	<u>69%</u>
Under Budget	\$ 572,104	31%



⁸ Total Spent includes one-time start up costs of \$148,312

Section B: Administration



Return on Investment represents \$2,385,345 in identified and questioned costs.

Statistics

Return on Investment: **\$2,385,345**

Return on Investment per capita⁹: **\$1.85**

Return on every dollar invested in OIG¹⁰: **187%**

OIG operating cost¹¹ per Citizen: **\$0.87 (cost of 2 postage stamps per citizen)**

County and Municipal Budgets

County:	\$3.9 Billion
Municipalities:	<u>6.0 Billion</u>
TOTAL:	\$9.9 Billion

What OIG Spent: **\$1.3 Million**

Total OIG costs as % of County and Municipal budgets: **0.013%**

⁹ Per capita is based on Palm Beach County population of 1,286,800 (source: University of Florida, Bureau of Economic & Business Research).

¹⁰ Return on dollar invested in OIG reflects value of identified and questioned costs compared to what OIG spent.

¹¹ Operating cost excludes one-time start-up cost of \$148,312

TRANSPARENCY

Transparency is an honest way of doing things that allows other people to know exactly what you are doing. It is a fundamental principal in good governance. To further our mission of *“Enhancing Public Trust in Government”*, the OIG strives to ensure that all relevant and applicable information is made available to the County, municipalities, other covered entities and the public in a user-friendly and timely manner. Our website is continuously updated to include recent OIG activity and reports. The Home page includes only the most recent information, but the Reports page includes every OIG report issued. Please visit our website at: <http://www.pbcgov.com/oig/>.

OUTREACH

The OIG initiated an outreach program designed to inform the general public, business sector and public entities along with their vendors about our office, what we do, how we do it and what to expect when contacted by an OIG employee. The outreach is conducted in various formats including PowerPoint presentations to large audiences, speaking engagements to civic groups, employee training sessions and one-on-one training. Participants also receive information about how to contact the OIG; report waste, fraud, abuse; and locate previously issued OIG reports.

The Inspector General and staff frequently make public speaking appearances in an effort to increase public awareness of the activities of our office. Since the office’s inception through September 30, 2011, **55** speeches/presentations/trainings were provided to the public, business community and County and municipal governments. A total of **2,238** attendees have attended these sessions. Various media outlets contact the OIG on a regular basis. A total of **87** (news print – 68; television – 15; and radio – 4) media contacts were made resulting in over **150** news coverage pieces for the OIG during this reporting period.

PREVENTION & REFORM

Our presence has had a positive effect on strengthening the procurement and contracting process that cannot be easily measured in dollars and cents. We have seen a shift in behavior and culture in certain parts of government. For example, some Department Heads have voluntarily implemented a “no gift” policy. Also, County and municipal procurement personnel have requested OIG presence at certain selection meetings to help ensure the integrity of more complicated procurements.

A successful fraud prevention program involves all levels of an organization and is contingent on its acceptance and expression within the organizational culture. A strong indicator of a change in organizational culture is the adoption of a robust fraud prevention policy that outlines unacceptable behavior and the processes by which it is to be reported. The OIG Ordinance specifies the adoption of such a policy in coordination with the Inspector General. The OIG will continue to strive for public entities to adopt effective, robust fraud prevention policies.

GOALS AND OBJECTIVES FOR FISCAL YEAR 2012

The OIG opened its doors for business on June 28, 2010. Immediately thereafter, the Inspector General began writing policies and procedures, developing a website, recruiting staff and educating the community and entities under OIG jurisdiction as to the role and benefit of the OIG. These tasks were crucial to developing a solid foundation on which the OIG's goals could successfully be achieved. To that end, great strides have been made during this initial 15 month period to establish a top-notch organization prepared to accomplish its goals. Funding for the OIG has become a legal embattlement between multiple governmental parties. Nonetheless, the OIG will continue to operate efficiently and effectively to accomplish its goals as mandated by the citizens of Palm Beach County and its Code.

The OIG Executive Leadership team is in the process of finalizing the office's strategic plan. Goals and objectives that support the OIG's mission have been established and performance measures have been incorporated. Citizens and members of the Palm Beach County Ethics Initiative have been invited to participate in the development of performance measures that: 1) adequately address OIG performance, prevention and reform; and 2) are designed to be the basis on which informed judgments about the OIG can be made¹².

Excerpts from the Strategic Plan include the following goals designed to further the OIG's mission of ***"Enhancing Public Trust in Government"***: 1) Conduct independent audits, reviews and investigations that: detect, deter and prevent fraud, waste, mismanagement, misconduct and other abuses; increase efficiency and effectiveness; and strengthen internal controls in County and municipal governments; 2) Inform and educate all affected persons and entities as to the role, benefit and value of the OIG; and 3) Maintain a high quality, effective and objective organization.

The OIG has initially identified the following performance measures:

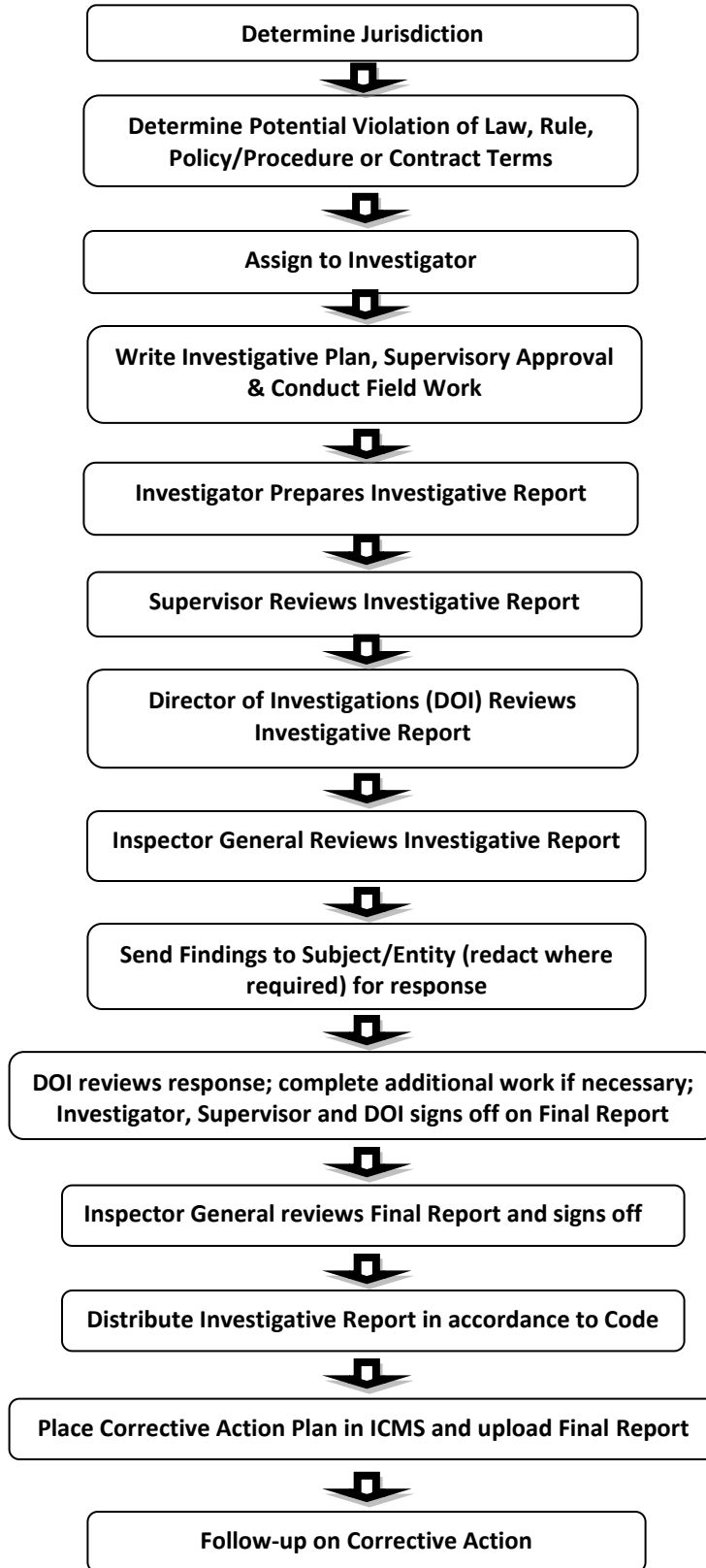
- Return on investment
- Number of audits, investigations, reports, contract reviews issued
- Number of OIG recommendations implemented (Audit, Contract Oversight)
- Number of corrective actions taken (Investigations)

Additional performance measures that specifically address prevention and reform are being developed with the help of citizens and members of the Palm Beach County Ethics Initiative. The OIG will regularly review its strategic plan to ensure that emerging issues are identified and adequately addressed in the plan.

¹² The Spring 2011 Grand Jury report specified that "Continued public support for the IG will hinge on the belief that the investments made in the IG are reaping sound returns."

Section C: Office of Inspector General Activities

THE INVESTIGATIONS PROCESS



Section C: Office of Inspector General Activities

INVESTIGATIONS UNIT

We conduct our investigative work in accordance with the Principles and Standards for Offices of Inspector General as developed and approved by the Association of Inspectors General (May 2004 revision) and the Inspector General Accreditation Standards issued by the Commission for Florida Law Enforcement Accreditation, Inc. These principles are important as they guide the quality of our investigations.

Any individual may file a complaint with the OIG. He or she may do so in person, by telephone, fax, mail, or by completing the electronic complaint form found on our website. If desired, a complaint may be filed anonymously. The office’s contact information is as follows:

Office Mailing Address	Office of Inspector General Palm Beach County P.O. Box 16568 West Palm Beach, Florida 33416
Telephone	561-233-2350; Toll Free Hotline (877) 283-7068
Fax	561-233-2375
Email Address	Inspector@pbcgov.org
Internet	http://www.pbcgov.com/OIG

Complaint forms are currently available on line in English and Spanish.

INTAKE UNIT

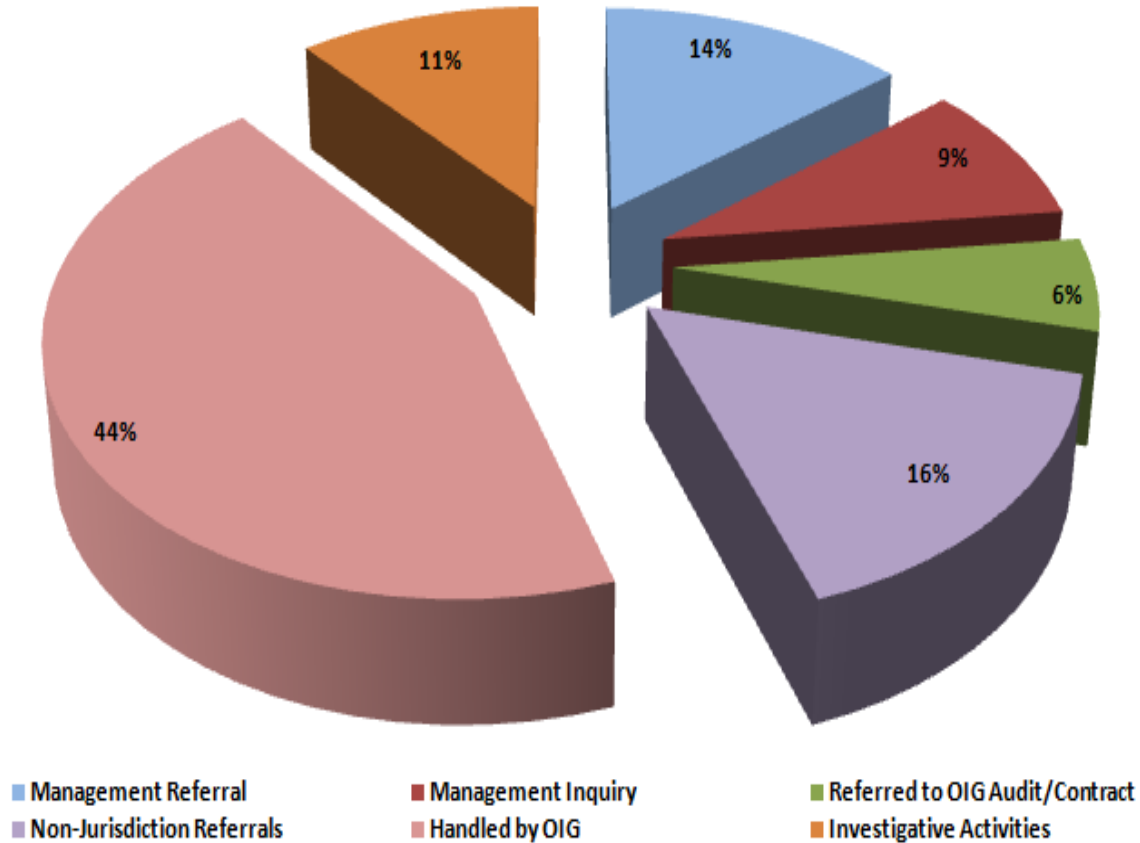
Intake is responsible for handling incoming calls and reviewing all correspondences received into the Investigations Unit. Intake has set an internal goal of 5 days to review and make a decision of how each correspondence will be handled. In coordination with the Director of Investigations, the correspondence is either handled by the Intake team, sent as a management referral or management inquiry to the affected entity’s management staff, referred to OIG Audit or Contract Oversight or opened as an investigation.

While investigations are typically administrative in nature, criminal violations are sometimes discovered during the investigative process. On October 14, 2010, the OIG and the State Attorney’s Office established a written protocol for the handling of complaints and investigations between the two offices. When a determination has been made that the subject of an investigation has potentially committed a criminal violation, those findings are coordinated with local law enforcement agencies or are referred directly to the State Attorney’s Office for criminal investigation and prosecution.

In addition to handling **1,478** telephone calls, the Intake Unit processed and received **307** correspondences containing written allegations concerning a person(s) and/or entity, public records requests or other miscellaneous information.

Section C: Office of Inspector General Activities

The Intake Unit processed 307 written correspondences from June 28, 2010 through September 30, 2011 in the following manner:



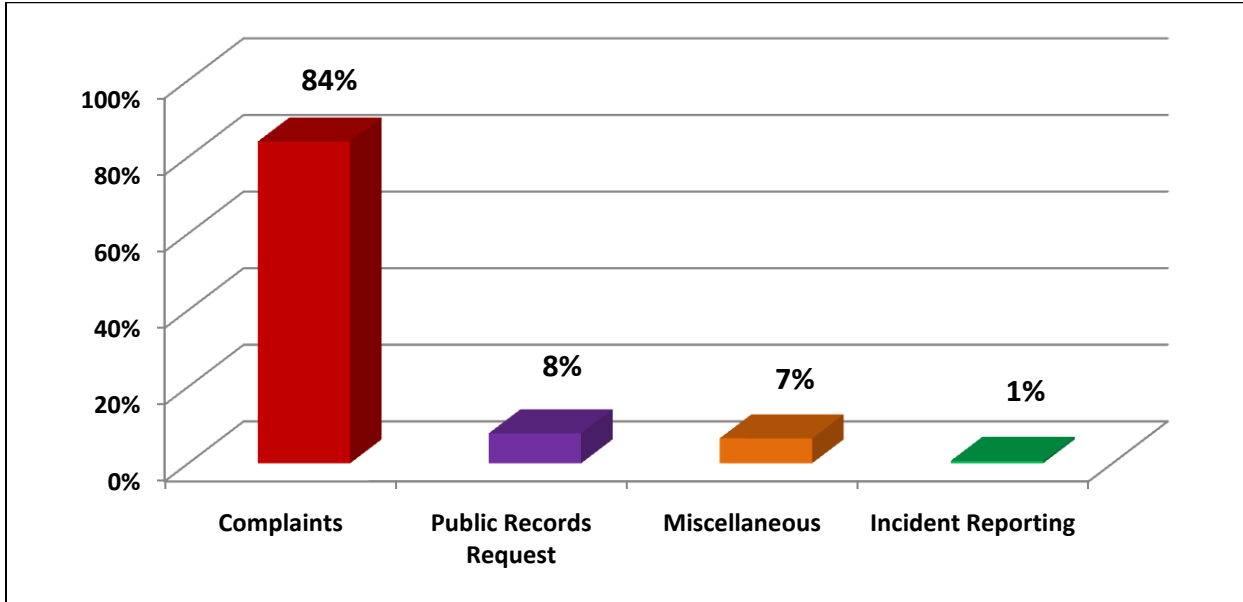
- **Management Referrals (43):** Correspondences forwarded to respective Management for handling. No response to the OIG is required.
- **Management Inquiries (28):** Correspondences forwarded to respective Management for review. Response to the OIG is required.
- **Referral to OIG Audit or Contract Oversight (18):** Correspondences forwarded to OIG Audit and/or Contract Oversight Units for further review.
- **Non-Jurisdictional Referrals (49):** Correspondences that do not fall within the jurisdiction of the OIG.¹³
- **Handled by OIG Intake Unit (135):** Correspondences that are handled by the OIG, Information Only, and/or Closed With No Action.
- **OIG Investigative Activities (34):** Correspondences that are assigned to the Investigations Unit.

¹³ During FY2011, the OIG received a total of 49 Correspondences related to entities not within the jurisdiction of the OIG (1-Clerk of Court; 1-Property Appraiser; 2-Federal Agencies; 3-Sheriff's Office; 5-School Board; 5-Commission on Ethics; 8 State Agencies; 9-State Attorney's Office; 15-Other [i.e., private organizations, homeowner's associations]).

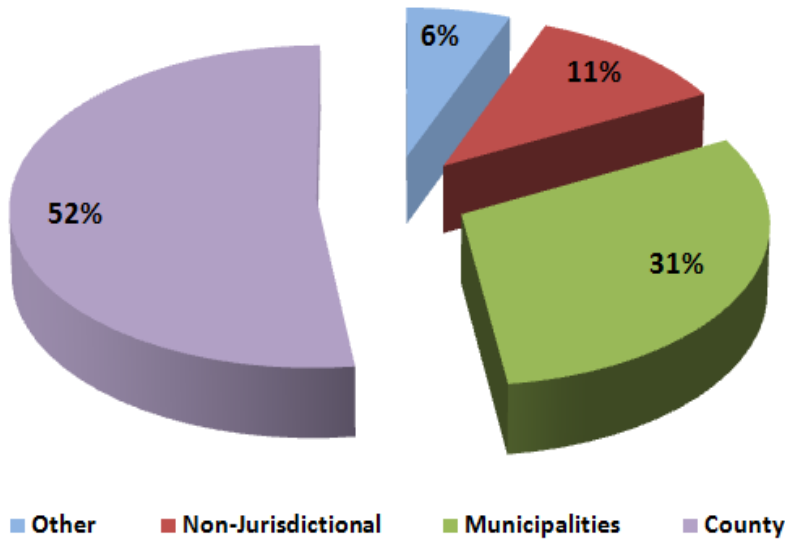
Section C: Office of Inspector General Activities

The 307 written correspondences processed can be categorized as follows:

- **261** Complaints¹⁴ • **24** Public Records Requests • **20** Miscellaneous¹⁵ • **2** Incident Reporting¹⁶



The 307 written correspondences processed related to various entities as follows:



It is noted that the OIG's jurisdiction of the municipalities did not begin until June 1, 2011.

- **County: 160** • **Municipalities: 94** • **Non-Jurisdictional¹⁷: 35** • **Other¹⁸: 18**

¹⁴ It is noted that the 261 Complaints consisted of a total of 444 individual allegations of potential wrong-doing.

¹⁵ "Miscellaneous" refers to written correspondences categorized as "Information Only."

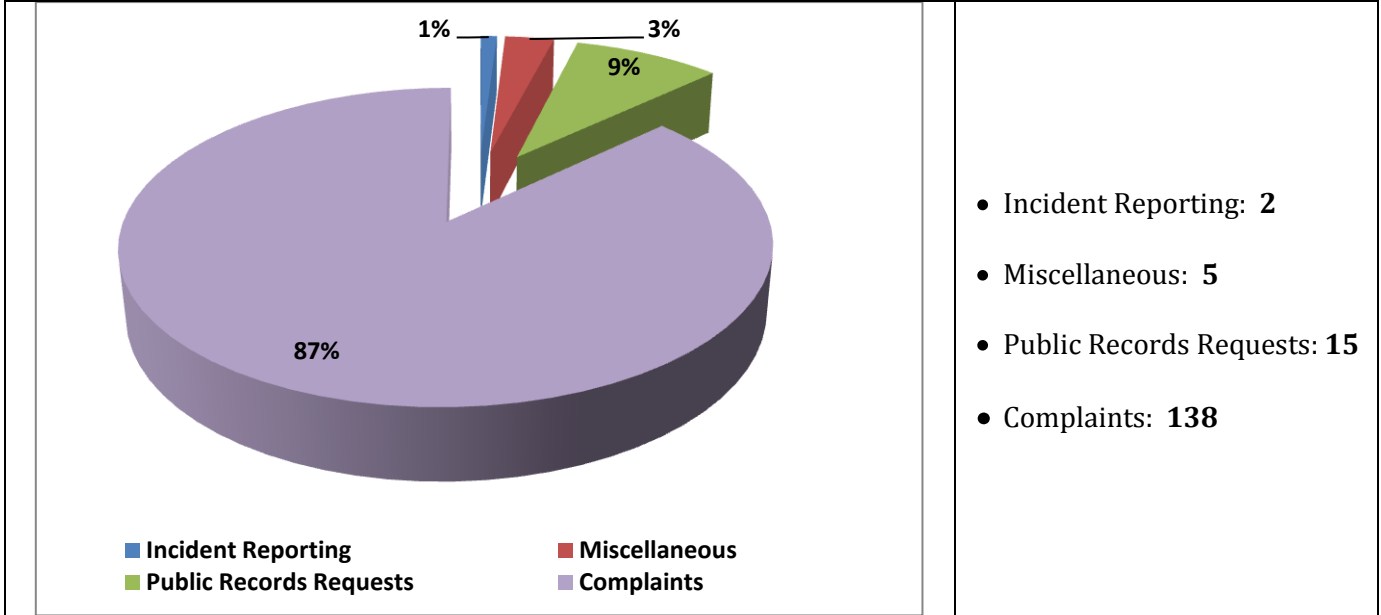
¹⁶ "Incident Reporting" refers to information an entity may report involving non job-related employee matters (i.e., arrests).

¹⁷ "Non-Jurisdictional" refers to correspondences concerning government entities not under the jurisdiction of the OIG.

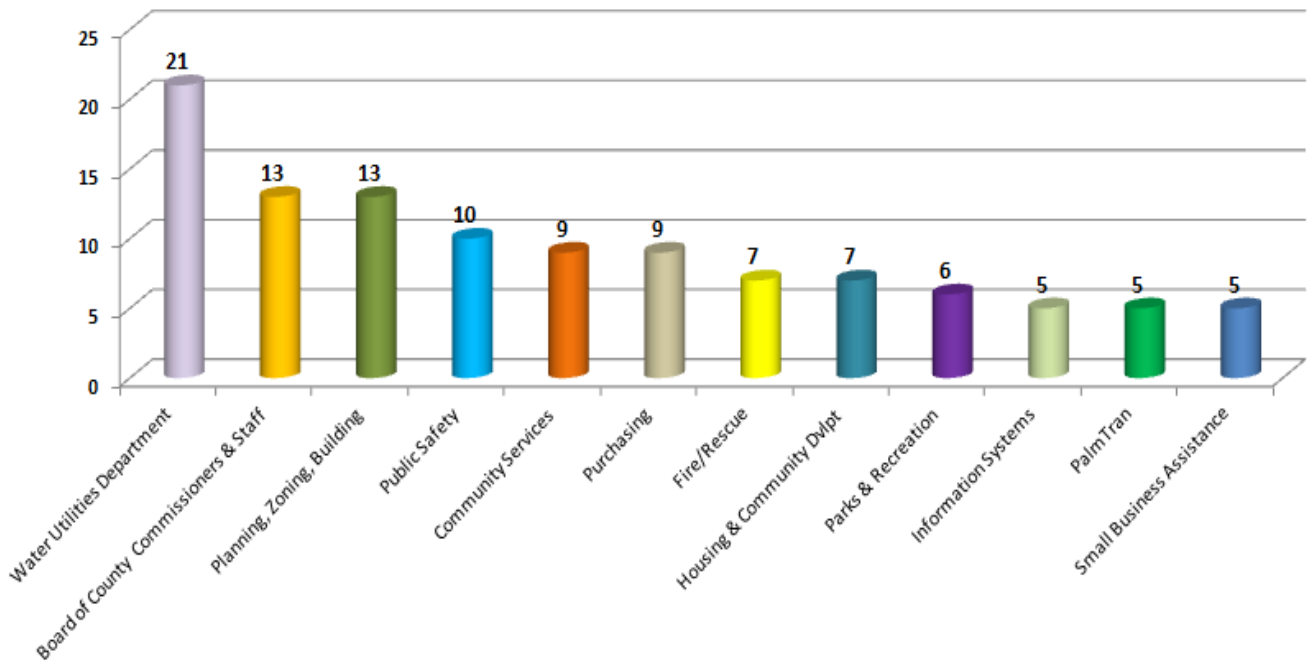
¹⁸ "Other" includes correspondences related to other entities not under the jurisdiction of the OIG such as private organizations, homeowner's associations, etc.

COUNTY

BREAKDOWN OF TYPES OF CORRESPONDENCES

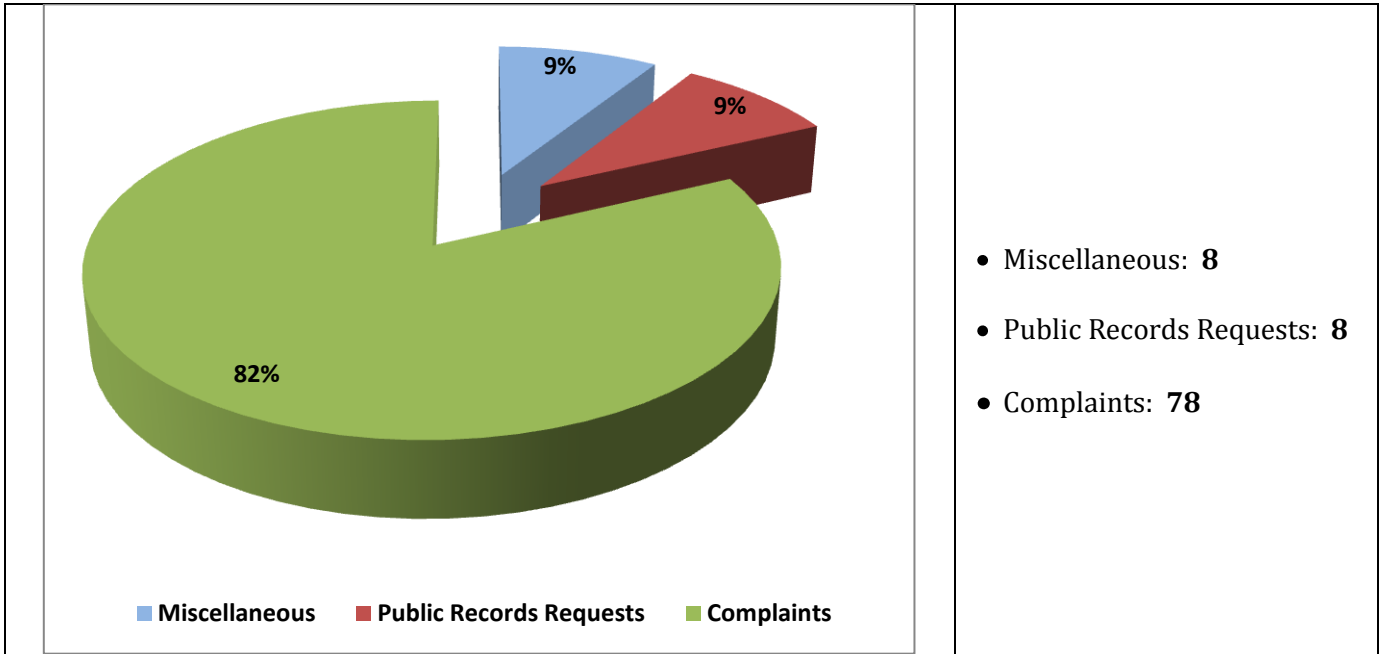


CORRESPONDENCES BY DEPARTMENT (Top 10)

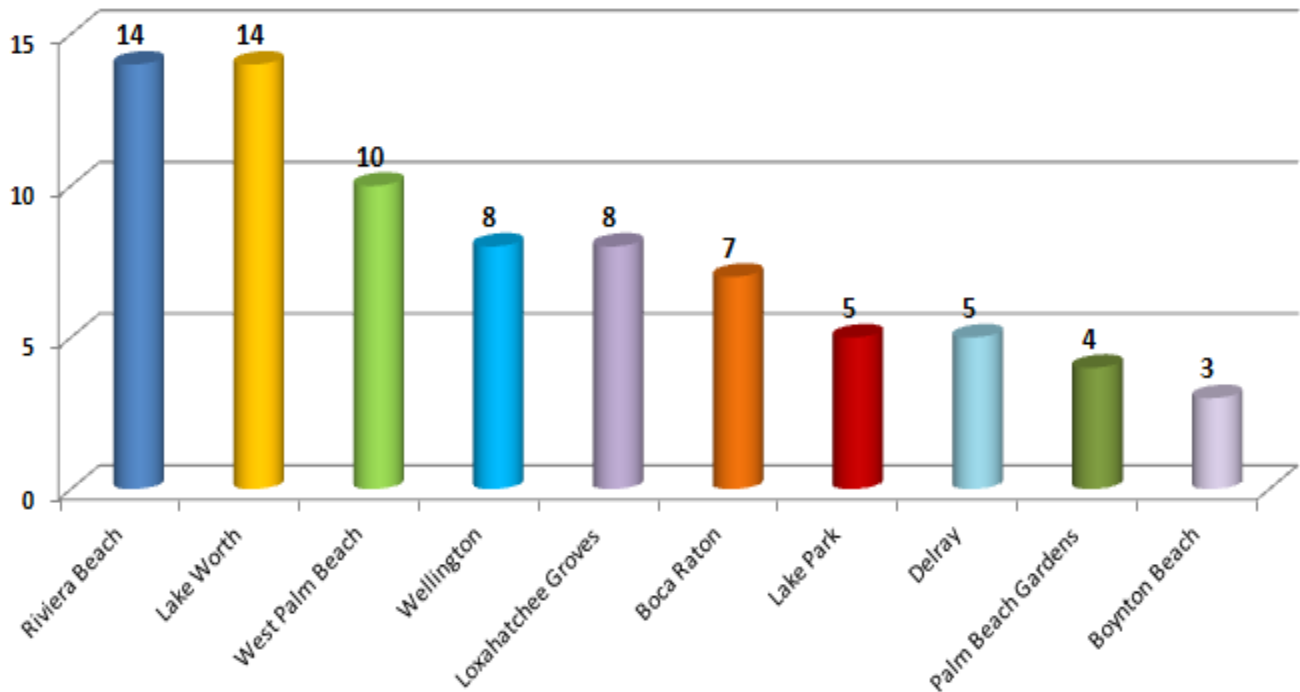


MUNICIPALITIES

BREAKDOWN OF TYPES OF CORRESPONDENCES



CORRESPONDENCES BY MUNICIPALITY (Top 10)

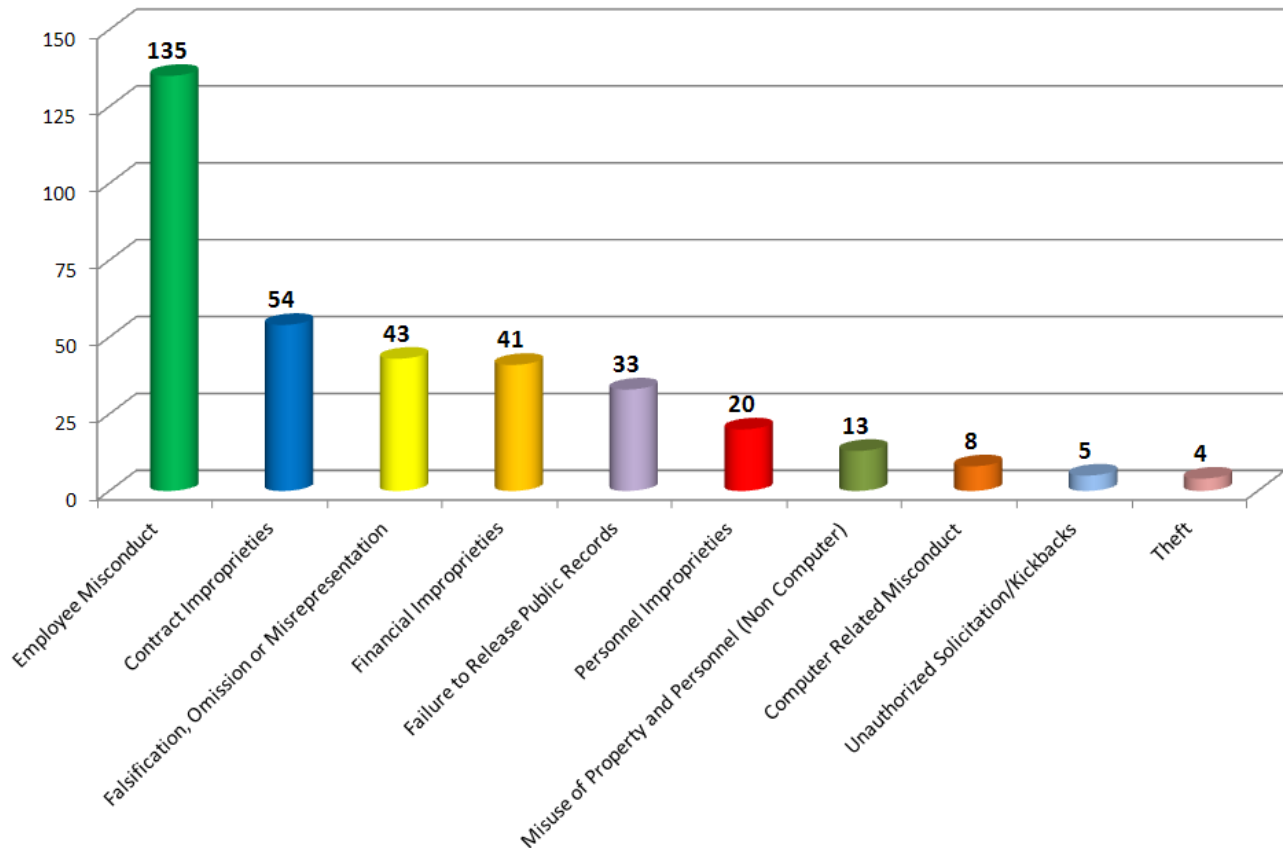


Section C: Office of Inspector General Activities

ALLEGATION TYPES

261 written complaints¹⁹ containing 444 individual allegations of potential wrongdoing were processed. The breakdown by the top ten allegation types is listed below:

ALLEGATION TYPES	ALLEGATION TYPES
Employee Misconduct: 135	Personnel Improprieties: 20
Contract Improprieties: 54	Misuse of Property or Personnel (Non-Computer): 13
Falsification, Omission, or Misrepresentation: 43	Computer-Related Misconduct: 8
Financial Improprieties: 41	Unauthorized Solicitation/Kickbacks: 5
Failure to Release Public Records: 33	Theft: 4



¹⁹ During the reporting period (June 28, 2010 – September 30, 2011), 307 correspondences were processed by the Intake Unit and 261 of them were categorized as “Complaints.”

INVESTIGATIVE DISPOSITIONS

When there is reason to believe that a law, rule, policy, or procedure may have been violated, an investigation is initiated. When potential criminal violations are discovered, the investigation is coordinated with local law enforcement agencies or the State Attorney's Office. Issued reports and subject responses can be found at <http://www.pbcgov.com/OIG/reports.htm>. Report summaries and corrective actions taken can be found in the Appendix section of this report.

The nine Investigative Reports with 18 allegations that were released during this reporting period resulted in the following:

- **9 Supported²⁰** findings.
 - **3** Arrests resulted from these investigations (*1 conviction, 2 pending*).
 - **2** Investigations resulted in the initiation of pension forfeiture proceedings.
 - **3** Dismissals
 - **3** Resignations
 - **1** Suspension
- **9 Not Supported²¹** findings. (Includes exoneration of employees)
 - **1** Reinstatement
- **6** Investigations/Management Reviews resulted in a total of **\$611,841** in identified or questioned costs incurred by the entities under the jurisdiction of the OIG, of which, **\$226,028** in restitution is pending.
- **1** Investigation identified an unlawful payment of **\$1,000** from a resident to a County employee, which resulted in a criminal conviction and subsequent restitution to the victim.

Summary information about all Investigations and Management Reviews can be found in the Appendix.

²⁰ "**Supported**" findings are defined as instances in which there is sufficient evidence to justify a reasonable conclusion that the actions occurred and that there were violations of law, policy, rule or contract to substantiate the allegation.

²¹ "**Not Supported**" findings are defined as findings that do not substantiate the allegation.

RECOMMENDED CORRECTIVE ACTIONS

Corrective Action Plans (CAPs) are an important element to every investigation. Recommended CAPs are developed throughout each investigative work product. Recommendations typically include taking appropriate personnel action or a change in policy and/or procedure, etc. in an effort to tighten controls and avoid future issues. The final report summary is forwarded to the appropriate manager, administrator, etc., along with a copy of the recommended CAP. A response is requested from management, due within 20 days, identifying what actions have or will be taken. Subsequent follow-up occurs on an as-needed basis.

During this reporting period, **46** CAPs were recommended by the Investigations Unit, resulting in the following personnel actions and/or policy and procedural changes:

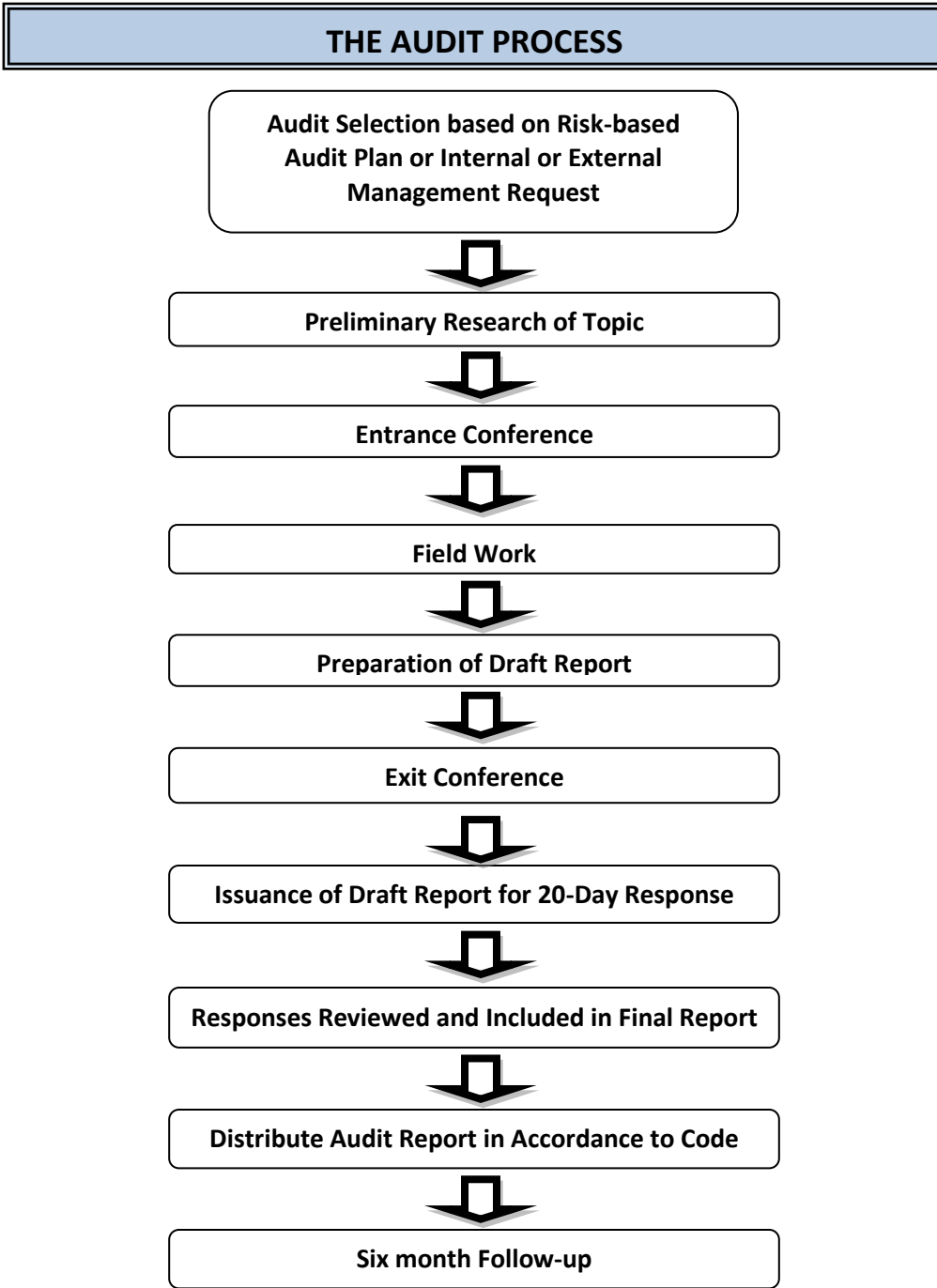
- **41** CAPs were implemented (*5 recommended CAPs were not implemented by the respective entities*)
- **24** Policy or procedural changes were either created and/or updated

PUBLIC RECORDS REQUESTS

The Intake Unit processes all public records requests for the OIG. During the reporting period, the following public records requests activities were conducted:

- **24** Public records requests processed
- **\$1,518** Total payments received for public records requests

Section C: Office of Inspector General Activities



Section C: Office of Inspector General Activities

AUDIT UNIT

The Office of Inspector General (OIG) Audit Unit is responsible for providing independent audits and reviews of the operations and activities of the County, municipalities and government entities within OIG jurisdiction. Our audits are intended to add value by helping management strengthen internal controls, prevent fraud, waste and abuse and identify opportunities to operate more efficiently and effectively.

The Audit Unit began operations in late June 2011 with the hiring of the Director of Audit. Three more audit staff began between August and September and two additional auditors have joined our team in October and November. Collectively these initial hires have extensive experience in federal, state and local Offices of Inspectors General and other internal audit organizations. Two are Certified Fraud Examiners which enhances our capacity for forensic auditing.

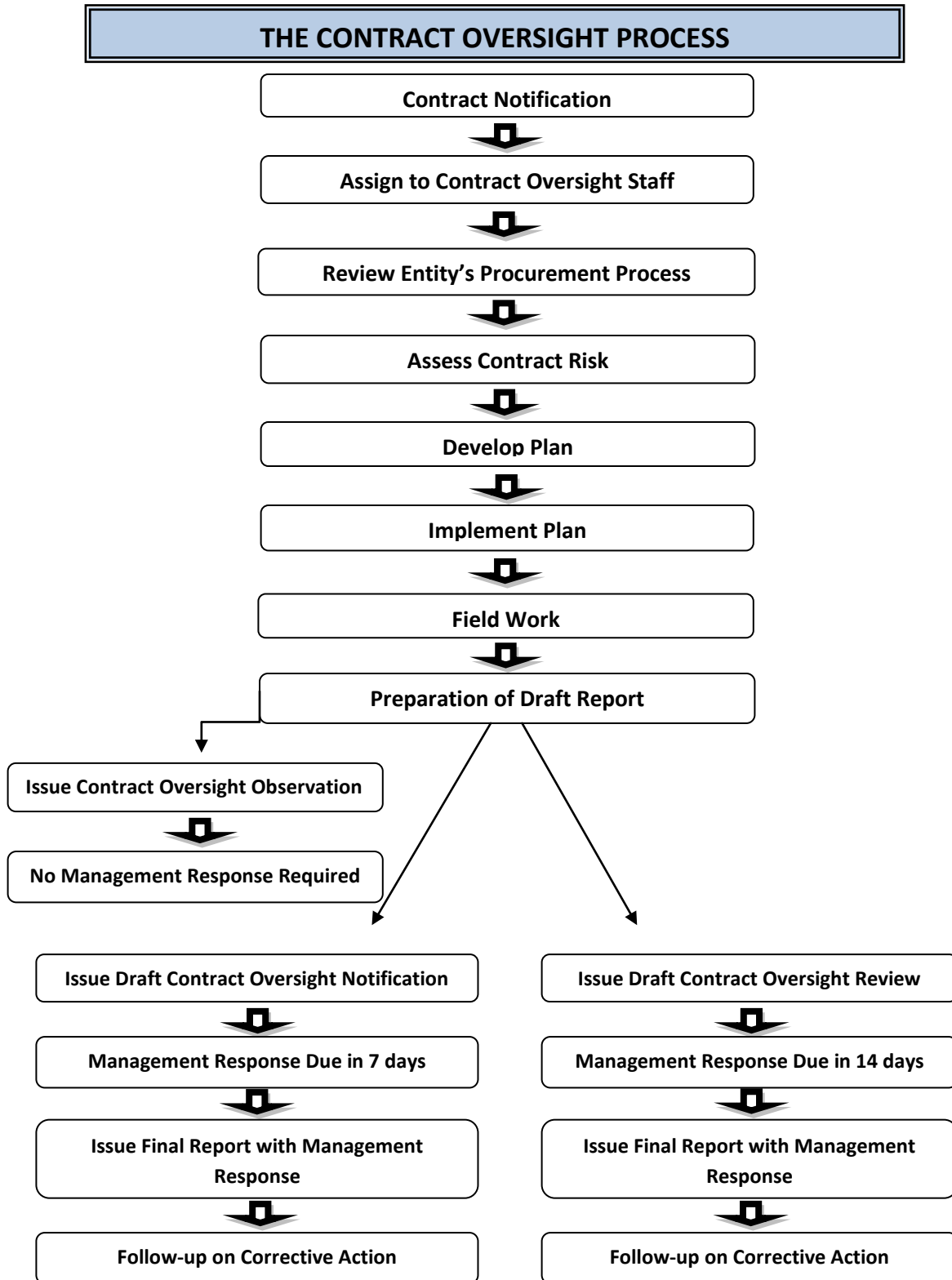
In addition to recruiting, we have been developing the operational systems and procedures needed to ensure that we execute an audit program that meets all standards for an Inspector General Office of Audit. We have been developing an Audit Policy and Procedures Manual that will guide the planning and execution of our audit work and ensure that all audits are done in accordance with Generally Accepted Government Audit Standards and the International Standards for the Professional Practice of Internal Auditing.

We are also in the process of implementing an audit management information system as part of the Inspector General Information Management System (IGIMS). The audit module will enable us to conduct our audits and maintain our audit workpapers and reports in an automated paperless system and provide the discipline and structure to ensure that our work meets applicable standards.

Finally, we will be establishing a risk-based planning model that will guide our decisions on the most effective use of our audit resources. The planning model will establish a set of risk factors against which to assess all the programs and activities of the County, municipalities and other public entities within OIG jurisdiction. Our planning process will also include coordination with the County and those municipalities which have an internal audit function to ensure that we maximize the use of all of our respective audit resources and avoid duplication.

We initiated our first three audits during fiscal year 2011. In August, we initiated an audit of controls over the purchasing of equipment and supplies at Palm Tran, the County's public transportation system. This audit was initiated after Palm Tran management discovered and reported, in July, the theft of office supplies by a Palm Tran Connection employee. Also in August, we initiated an audit of purchase card and fuel card usage for the Village of Wellington. In September, we initiated a second audit of purchase card and fuel card usage at the City of Pahokee. All three audits are still in progress.

Section C: Office of Inspector General Activities



CONTRACT OVERSIGHT UNIT

The Contract Oversight unit is responsible for reviewing County, Municipal and other covered entities' procurement and contracting activities. The goal of the Contract Oversight Unit is to promote accountability, integrity, and efficiency throughout the procurement and contracting processes. To that end, we:

- Initiate, conduct, supervise and coordinate oversight activities to detect, deter, prevent and eliminate fraud, waste and abuse in county and municipal government procurement;
- Periodically attend contract selection committee meetings and provide feedback, where appropriate;
- Conduct contract oversight reviews of an entity's procurement process which may result in recommendations to address shortcomings, irregularities and/or opportunities for improvement;
- Conduct procurement and fraud awareness training for county and municipal employees and vendors/contractors; and
- Promote full and open competition and arm's-length negotiations with vendors and contractors so that public funds are used in the most efficient and effective manner.

The County Code, Article XII, Sec 2-423 (8) requires the Inspector General to be "notified in writing prior to any duly noticed public meeting of a procurement selection committee (sealed bids or negotiations) where any matter relating to the procurement of goods or services by the County or Municipality is to be discussed." Notifications are sent to igcontracts@pbcgov.org.

CONTRACT OVERSIGHT REPORT TYPES

Contract Oversight results are reported to management in one of the following formats:

- ***Contract Oversight Observation*** – a letter to management identifying activities in the procurement process that do not comply with established policy and procedures. A response to the OIG is not required as OIG recommendations are not made.
- ***Contract Oversight Notification*** – an official notification to management identifying material weaknesses in the procurement process that may, or may not, comply with established policy and procedures. The OIG will make recommendations and require a response from management.
- ***Contract Oversight Review*** – a detailed report based on an in-depth review of one or more procurement process/activity/area that identifies risk(s) and irregularities, and opportunities for improvements. These may be initiated in response to a complaint or expressed concern or at the request of management as a tool for program improvement. A response to the OIG is required.

Section C: Office of Inspector General Activities

Beginning in July 2011, we started issuing contract oversight reports that document our observations of variances, material weaknesses and sound methods used in the procurement and contracting for goods and services. We issued eight reports which included six recommendations (four were either implemented or in process) to improve contracting procedures and controls and questioned costs of \$1,773,504. Also, as part of our effort to oversee as well as gain familiarity and knowledge of the County and municipalities' contracting activities, we proactively observed 173 procurement/contracting activities. These activities included selection committee meetings, contract review committee meetings, pre-construction meetings and construction site visits.

• County Selection Committee	67
• County Contract Review Committee	33
• County Commission	11
• Municipal Selection Committees	33
• Municipal Contract	10
• Municipal Council	11
• Preconstruction	5
• Site Visits (construction)	<u>3</u>
TOTAL	173

In November 2010, the Solid Waste Authority (SWA) voluntarily came under the jurisdiction of the OIG. The SWA issued a request for proposal (RFP) for the new Waste to Energy facility. The OIG staff attended all selection committee meetings to observe SWA's procurement process and selection. Staff also attended the bid protest hearing which resulted in no changes to the original award. Subsequent to the \$750 million award, staff has actively been engaged in oversight of this procurement. Staff have also attended other selection committee meetings associated with professional consulting services for air quality, landfill services, recycling bins, IT Disaster Recovery services and employee service awards. As these projects progress, staff will continue to provide oversight.

The Contract Oversight Unit is in the process of implementing an automated contract oversight management system as part of the Inspector General Information Management System (IGIMS). The Contract Oversight module will assist us in conducting contract reviews and enable us to maintain work papers and reports in a fully automated paperless system. This system will significantly enhance our ability to identify and track County and Municipal contracts.

CONTRACT OVERSIGHT ISSUED REPORTS

The Contract Oversight unit issued four Contract Oversight Observations and four Contract Oversight Notifications. The reports and management's responses can be found at <http://www.pbcgov.com/OIG/reports.htm>.

The following is a summary of those reports:

COUNTY

CONTRACT OVERSIGHT OBSERVATIONS (2):

2011-O-0001 – Shortlist Meeting – Environmental Assessment Services on a Continuing Contract Basis

Shortlist Meetings are selection committee meetings composed of government employees tasked to evaluate and select a minimum number of vendors which, based on their proposals, meet the government requirements. Of the six members on the selection committee, only two of the members had reviewed the proposals prior to the meeting; thus, were the only active participants throughout the discussions. Even though only two members had taken the time to thoroughly understand and evaluate the proposals, the other four committee members' scores and rankings were equally weighted. The opportunity for equitable and competitive procurement could be diminished when two thirds of the selection committee has not familiarized themselves with the proposals being evaluated.

2011-O-0002 – Financially Assisted Agencies (FAA) – Request for Proposals – FY2012

The County's Community Services Department hosted several panel meetings with various members to evaluate proposals from various Health and Human Services agencies to identify agencies for possible funding. A number of panel members exhibited a lack of understanding of the FAA proposal review process. In addition, panel members did not have access to monitoring reports on proposers' program(s) outcomes and effectiveness, prior to the panel meeting. Not being adequately trained on the review process and having access to relevant information such as monitoring results could diminish the panel's ability to make the most informed and objective recommendations.

CONTRACT OVERSIGHT NOTIFICATIONS (2):

2011-N-0002 - Palm Beach County Solicitation - All Planimetric and Digital Ortho Photography Mapping Services Required for the Palm Beach County Geographic Information System (GIS)

The Short List and Final Selection Committees were tasked with evaluating five criteria areas within the submitted proposals; one of which was “Volume of Previous Work (Fee Considered)” wherein proposals could be awarded up to ten points for having the least amount of County work based on a pro-rata calculation method. During the Short List evaluation, the Selection Committee relied on the Palm Beach County (PBC) Engineering Department’s database for “Volume of Previous Work (Fee Considered)” to determine how much County work the proposers had received. During the Final Selection Committee, the Selection Committee Chair noted the “Volume of Previous Work (Fee Considered)” information from the PBC Engineering Department’s database for two of three proposers was inaccurate. The Chair attempted to obtain actual data from County user’s of the proposers, but to no avail. The Chair decided to deduct one point from each of the proposers he knew to have had County work.

OIG Recommendations:

1. “Volume of Work” scores for this selection process be re-computed using actual “Fee Considered” data.
2. The policies be amended to ensure that accurate, timely and complete “Fee Considered” information is available for evaluating “Volume of Previous Work” criteria for all selections.

Management Response:

The County Engineering department re-computed the scores for the selection. The re-calculation scores did not change the results. In response to the second recommendation, the County Engineer agreed to revise the County policies and procedures to require that all County Departments provide a copy or notice of all authorizations involving the referenced professional services.

2011-N-0005 - Interlocal Agreement between Palm Beach County and Town of Lake Park for Lake Park Marina Project

On September 28, 2010 a contract notification was issued to the County Office of Facilities Development and Operations and the Town of Lake Park relating to the Town’s acquisition of land, commonly known as 115 Federal Highway (Parcel). Funding for this acquisition came from a 2004 County referendum authorizing \$50 million Waterfront Access Projects Bonds.

Our review determined that the purchase price of \$2.4 million, which was negotiated by representatives of the County and later approved by the Town Council, represented a 283% increase over market value (\$626,496) as assigned by the County Property Appraiser. The purchase was made without support of an appraisal to determine the Parcel’s market value.

Section C: Office of Inspector General Activities

OIG Recommendation:

PBC's Real Property, Acquisition, Disposition, and Leasing Ordinance (Real Property Ordinance) be used as a guide to establish policy that requires the determination of value prior to the release of funds.

Management Response:

Management concurred, however as an alternative they suggested that the Real Property Ordinance be revised to provide requirements for establishing property values for grants of this nature.

MUNICIPALITIES

CONTRACT OVERSIGHT OBSERVATIONS (2):

2011-O-0003 – City of Atlantis – Request for Proposal (RFP) Selection Committee for Annual Audit Services

The RFP outlined the proposal evaluation process and four evaluation considerations; however, no evaluation weighting factors (points) were assigned to the four considerations. The City procurement policy also did not address RFP development or proposal evaluation. Detailed discussion concerning the proposer's qualifications occurred during the evaluation, however, the selection committee evaluations were not based on established weighted factors.

2011-O-0004 – Riviera Beach Selection Committee: Request for Qualifications No. 299-11 – Water/Wastewater Master Plan

This Observation highlighted a professional and objective procurement process in which the Request for Qualifications (RFQ) was clear and concise. The Selection Committee was made up of experienced, technical professionals in the water/wastewater profession. Other notable aspects included a Subject Matter Expert on the Selection Committee from outside of Riviera Beach, a procurement professional as the facilitator and the use of scoring matrix(es) and work sheets.

CONTRACT OVERSIGHT NOTIFICATIONS (2):

2011-N-0001 – Loxahatchee Groves RFP Notification 2011-05, Hurricane Debris Management

Loxahatchee Groves Town Manager (and Purchasing Director) posted a RFP notification on the Town's website soliciting proposals for Hurricane Debris Management; however, there was no RFP associated with the website link and the attached specification was the Town's 2009 Disaster Debris Management Plan. Only one vendor responded to the non-existent RFP and was awarded the contract by the Town Council.

Section C: Office of Inspector General Activities

OIG Recommendation:

Void the contract since there was no RFP or specifications for prospective bidders to review; thus, resulting in no competition.

Management Response:

The Town Council voted to issue a new RFP. However, since the Town was in the middle of the hurricane season, they also voted to proceed with the contract since a Town Ordinance exempts disaster preparedness contracts from the Town's procurement code where time or availability rather than price is the controlling factor. A termination for convenience clause was included in the contract so the Town Council would be able to implement a change in contractor once it completes the new RFP process.

2011-N-0003 – Lake Worth Casino Construction/Rehabilitation Permitting

In response to a complaint concerning compliance with Federal Emergency Management Agency (FEMA) and Florida Department of Environmental Protection (FDEP) requirements, Florida State Building Codes and local ordinances relating to the Lake Worth Casino project, OIG staff reviewed the project's construction plans, flood maps, and building requirements. Our review identified that the existing Casino building appraisal, submitted by Anderson Carr, Inc., incorrectly identified the Casino project as located within FEMA Flood Zone V8. Florida State Building Codes and local building codes mandate that new construction and "substantial improvements" located within Zone V8 comply with more stringent foundation requirements than those associated with other FEMA Flood Zones. However, if the construction meets the criteria for a "rehabilitation" the more stringent foundation requirements do not have to be met.

Since the Casino project was originally identified as in Zone V8, an analysis was done by the city and its contractors to support the classification of the project as a "rehabilitation" thereby eliminating the need to adhere to the more stringent foundation requirements. Our review determined that the Casino project was actually in Zone C rendering the "rehabilitation" classification irrelevant. However, we reviewed the analysis that was done to support the classification of the project as a "rehabilitation". We found significant flaws in the methodology used such that had that "rehabilitation" classification been necessary for the project to move forward, it would not have been valid.

OIG Recommendations:

1. Casino project plans, surveys and appraisals be evaluated to ensure the effect of flood zone "C" is reflected, where applicable, in specifications, surveys, plans, appraisals and any other project documents.
2. The Casino project documentation be submitted to appropriate persons or entities for review to ensure the project scope and success will not be affected by the noted errors or other undisclosed errors/discrepancies.

Management Response:

Lake Worth City officials denied any intentions to circumvent FEMA, FDEP, State, or local statutes or ordinances. They also stated that the erroneous flood zone designation had no impact on their decision to identify the Casino construction as "rehabilitation."

Section D: Appendix

Summary of Administrative Investigations Completed (June 28, 2010 thru September 30, 2011)

<u>Case Number</u>	PBC (Water Utilities Department) – Procurement	
2010-0002	<p>A Palm Beach County Water Utilities Department Procurement Specialist violated procurement policy by circumventing the procurement process in the acquisition of water system materials.</p> <p>A Palm Beach County Water Utilities Department Materials Manager violated procurement policy by circumventing the procurement process in the acquisition of water system materials.</p> <p><i>A total of \$91,454.27 in Purchase Orders were questioned.</i></p> <p>A Palm Beach County Water Utilities Department Utility Construction Crew Superintendent violated procurement policy by circumventing the procurement process in the acquisition of water system materials.</p>	<p><i>Supported</i></p> <p><i>Supported</i></p> <p><i>Not Supported</i></p>
	<p>Corrective Action:</p> <ol style="list-style-type: none">1. Conduct an internal audit of procurement and warehouse functions to identify all internal control weaknesses and other irregularities. <i>The County initiated an internal audit.</i>2. Implement and/or update policy and procedure manuals. <i>Procurement Manual was updated. Warehouse Manual was created.</i>3. Ensure segregation of duties. <i>Duties in the procurement section were reassigned.</i>4. Create a “No Gift” policy for employees in a procurement or decision-making role. <i>WUD created a “Zero-Gift” policy (WUD-P-018).</i>5. Take corrective personnel action. <i>2 employees were dismissed and 1 employee was reinstated.</i>	
2010-0004	<p>PBC (Consumer Affairs) - Compliance Operations</p> <p>A Palm Beach County Consumer Affairs Compliance Officer induced an employee from an outside vendor to illegally pick up a passenger at the Palm Beach International Airport.</p> <p>A Palm Beach County Consumer Affairs Compliance Officer misrepresented himself as a law enforcement officer by detaining an employee of an outside vendor and conducting an illegal search.</p>	<p><i>Not Supported</i></p> <p><i>Not Supported</i></p>
	<p>Corrective Action:</p> <ol style="list-style-type: none">1. Implement a procedure for conducting Sting Operations.	

Section D: Appendix

Consumer Affairs created a "Sting Operations" policy (CFO-014).

2. Train staff on newly implemented procedure.

Staff received training on newly implemented policy.

2010-0009 PBC (County Commission) – Public Official Activities

A Palm Beach County Board of County Commissioners Commissioner did not retain his pocket calendars in accordance with the retention schedules. **Supported**

Palm Beach County Board of County Commissioners Commissioner and Staff Member conducted political activities utilizing County equipment during work hours. **Not Supported**

A Palm Beach County Board of County Commissioners Commissioner did not follow procurement procedures when retaining the services of a non-certified locksmith. **Not Supported**

A Palm Beach County Board of County Commissioners Staff Member, who was dually employed by a City, conducted City business while on County time. **Not Supported**

Corrective Action:

1. Formalize orientation training process for new Commissioners and staff and conduct annual public records/retention refresher training.

County created a formalized training to present to Commissioners and their staff.

2. Review current PPMs (CW-P-012 and CW-R-006) to determine if either policy needs clarity or strengthening.

County reviewed current PPMs and indicated that PPMs were clear as to expectations of conduct in regards to political activity and record keeping.

2010-0010 PBC (Office of Small Business Assistance) – SBE Certification

A Small Business Enterprise (SBE) provided misleading and/or falsified documentation in order to attain SBE certification from the Office of Small Business Assistance (OSBA). **Supported**

OSBA failed to adequately address concerns related to the certification, as well as re-certification, of a SBE. **Supported**

Corrective Action:

1. Consider De-Certification and Debarment/Suspension of Line-Tec.

Line-Tec was suspended as a County vendor for 2 years (effective September 23, 2011) and de-decertified in all areas of procurement.

Section D: Appendix

2. Assess current contract awards where the utilization of Line-Tec's SBE credits affected the outcome of the selection.

Line-Tec contracts reviewed by the County identified \$63,395.70 in contract awards where Line-Tec utilized SBE credits.

3. Review the involvement of Ferguson's representative and determine if any corrective action is warranted.

A review was completed and the County determined that corrective action was not warranted.

4. Amend the County Ordinance to clearly identify certification, re-certification and de-certification requirements.

OSBA will continue to review and modify the SBE Ordinance to ensure clarity.

OSBA will review the SBE Ordinance and make necessary modifications to readily prosecute violators as outlined in the State Attorney's Office report.

5. Develop clear guidelines for the uniform application of the "commercially useful business function."

OSBA believes that the 7 criteria outlined in the SBE Ordinance is explicit.

OSBA will review the PPMs that govern certification-related procedures to ensure that they are clear and properly applied.

2011-0004 PBC (Head Start) – Employee Credentials

Palm Beach County Community Services Department Head Start personnel were not properly credentialed to work with young children in Palm Beach County. **Not Supported**

Corrective Action: *None required.*

2011-0009 PBC (Risk Management) – Health Insurance

A Palm Beach County Community Services employee falsified County health insurance coverage documents in order to obtain health insurance coverage for individuals who were not eligible. **Supported**

A Palm Beach County Community Services employee falsified County health insurance coverage documents in order to obtain health insurance coverage for an individual who was not eligible. **Not Supported**

A Palm Beach County Engineering and Public Works employee falsified County health insurance coverage documents in order to obtain health insurance coverage for an individual who was not eligible. **Not Supported**

Corrective Action:

1. Coordinate with the appropriate Department Head and ensure corrective action deemed appropriate is taken.

Section D: Appendix

The employee was suspended for 6 days.

2. Seek recoupment for costs associated with ineligible claims made by employee in the amount of \$2,031.71.

The employee entered into a repayment plan with the County via payroll deductions.

3. Ensure that the Declaration of Domestic Partnership form includes and reflects those elements outlined in the County Ordinance.

The form was updated per OIG recommendations.

Risk Management added a fraud statement, which must be attested to prior to confirming benefit changes.

Summary of Criminal Investigations Coordinated with the State Attorney's Office (June 28, 2010 thru September 30, 2011)

Case Number

2010-0001 PBC (Housing & Community Development) – Mortgage Assistance Program

A Palm Beach County Economic Development Office Special Projects Coordinator obtained financial assistance she was not entitled to by submitting a falsified application to the Housing and Community Development Department.

Supported

Corrective Action:

1. Take corrective action deemed appropriate.

The employee resigned.

The employee was arrested and charged with one count of Scheme to Defraud and one count of Mortgage Fraud. Criminal prosecution is ongoing.

2. Seek recoupment for costs associated with employee's ineligible mortgage loan(s) in the amount of \$212,800.00.

This was referred to the County Attorney's Office by Housing and Community Development Department for review to determine which measures the County can pursue to recoup these funds.

2010-0003 PBC (Planning, Zoning & Building) - Bribery

A Palm Beach County Planning, Zoning, and Building Code Enforcement Officer solicited a citizen for money in exchange for voiding citations.

Supported

Corrective Action:

1. Take corrective action deemed appropriate.

The employee was dismissed.

Section D: Appendix

The employee was convicted of Official Misconduct and sentenced to 5 years felony probation; 100 hours of community service; and restitution to the victim (\$1,000.00 paid). Pension forfeiture proceedings were initiated.

2011080004 PBC (Palm Tran) – Employee Theft

A Palm Beach County Palm Tran Executive Secretary stole County-owned equipment and supplies, which she later sold for profit totaling \$11,196.45. **Supported**

Corrective Action:

1. Take corrective action deemed appropriate.

The employee was dismissed.

The employee was arrested and charged with one count of Grand Theft, Dealing in Stolen Property by Use of the Internet, and Official Misconduct. Criminal prosecution is ongoing. Pension forfeiture proceedings are pending based upon disposition of criminal prosecution.

Summary of Inspector General Management Reviews (June 28, 2010 thru September 30, 2011)

Case Number

2010-0007 PBC (Criminal Justice Commission) – PRIDE

PRIDE failed to issue restitution checks to victims within the required 14-day time period.

PRIDE co-mingled escrow funds and operating funds.

The Criminal Justice Commission (CJC) failed to provide proper oversight to PRIDE's contractual agreements.

PRIDE records were not retained in accordance with retention schedules.

The CJC contractual language does not contain specifics for accountability related to delivery of services.

Corrective Action:

1. Develop a new Request for Proposal to include detailed requirements and deliverables, as well as develop CJC oversight criteria to monitor the effectiveness of the contract.

A Request for Submittal was created and is currently being procured.

2. Compete the contract under fair and open competition.

Request for Submittal #800108/LJ (Misdemeanor Probation Services) was issued November 10, 2011.

Section D: Appendix

3. Establish contract oversight procedures.

CJC established contract oversight procedures.

2010-0008 PBC (Office of Small Business Assistance) – SBE Program

County Codes pertaining to SBE certification are unclear and confusing and lacks appropriate verification, compliance and monitoring.

A Contractor sub-contracted with a SBE to gain the County's 15% preference, knowing that the SBE did not have the physical assets to fulfill the percentage of work required.

The practice of awarding contracts to bidders responsive to the County's minimum SBE participation goal, who are within the allowable range of the lowest bid amount, resulted in increased costs of \$230,963.00 for (2) of (13) projects reviewed.

Corrective Action:

1. Amend the County Ordinance to clearly identify certification, re-certification and de-certification requirements.

OSBA will continue to review and modify the SBE Ordinance to ensure clarity.

2. Add additional information to OSBA documents/forms such as Schedules 1, 2, 3, 4 to identify owner, date, revision number and post all documents online.

This recommendation was implemented.

3. Amend procedures to require Prime Contractor's attestation of Subcontractor(s) daily work volume capacity and SBE requirement as it relates to the Prime Contractor's Project Schedule and any changes thereto.

The amendments were implemented.

4. Enforce the Prime Contractor's responsibility for all Subcontractor requirements associated with the contract.

The recommendation was implemented.

5. Amend OSBA Form, Schedule 4, SBE-M/WBE Payment Certification to enhance its effectiveness.

This recommendation was implemented.

6. Consider excluding the road construction hauling business from SBE certification.

OSBA concurs with OIG's findings that certain Prime Contractors and SBE Subcontractors are not in compliance with the SBE Ordinance, but does not recommend exclusion at this time. OSBA has implemented further requirements for evaluation, as well as begun certification outreach.

Section D: Appendix

7. Add a lead paragraph in the County Code outlining the purpose of the SBE program.

As part of the Ordinance amendment process, a purpose statement will be incorporated into the Code no later than June 2012.

8. To elevate standardization throughout the eligibility process, OSBA should develop guidelines for the uniform application of the “Commercially Useful Business Function” considerations.

OSBA staff indicated that the criteria, when reviewed against the totality of the circumstances, provide sufficient guidance.

9. Delete duplicated information in the M/WBE section of the County Code to reduce confusion that two separate programs exist.

This change was implemented.

10. Consider changing the M/WBE certification to a M/WBE “designation” status and clearly delineate the differences between the two in all areas.

OSBA did not concur with this recommendation due to tracking requirements.

11. Amend the County Code, Section 2-80.30., in accordance with OIG recommendations.

As part of the Ordinance amendment process, the amendment will be incorporated into the Code no later than March 2012.

12. Establish a process to ensure the compliance with the mailing of the 10-day letter.

OSBA reviewed allocated timeframe to acknowledge vendor applications and extended the timeframe to 15 days to provide for sufficient review.

13. Train all OSBA staff on the County Ordinance, PPM and the requirements for certification, re-certification and de-certification.

OSBA enhanced its ongoing training on Ordinance and PPM requirements.

14. Incentivize participants to comply with the SBE program requirements by establishing a 60 day period from the abandonment letter date before a business can re-apply for certification.

As part of the Ordinance amendment process, the waiting period will be incorporated into the Code no later than March 2012.

15. Develop procedures to comply with County Code monitoring requirements pertaining to compliance and enforcement.

Procedures are already in place.

16. Ensure documentation received is reviewed for compliance prior to issuing certification.

OSBA made this standard practice and staff now utilize a checklist to

Section D: Appendix

review/record documentation.

17. Establish a schedule to conduct random compliance reviews in various commodity areas.

OSBA will develop an annual schedule to the extent staffing levels allow beginning FY2012.

18. Develop a centralized complaint tracking system.

A centralized tracking system will be developed and implemented no later than December 2011.

19. Work closely with applicants to determine the appropriate NIGP code(s).

OSBA has already made this a standard course of practice.

20. Identify the specific NIGP codes on the OSBA Certification Certificate to clearly delineate the code(s) in which the SBE is certified.

OSBA will include the NIGP codes in the Certification Letter that is sent with each Certificate.

Summary of Inspector General Limited Review (June 28, 2010 thru September 30, 2011)

Case Number

2011-0005 PBC (Community Services) – Client Eligibility

An Assistant County Administrator requested assistance from the OIG Investigative Team to review a provider contract concerning questionable invoices for payments to County clients who could not be determined eligible. Upon review by the OIG, issues were identified regarding the lack of a definition of “residency,” as well as billing weaknesses by the provider.

The OIG subsequently determined the following:

- a. New legislation would eliminate the County’s involvement with the funding source for such providers.
- b. The Department of Children and Families filed an administrative complaint against the provider, leading to possible revocation of their license.
- c. One of the clients was located and determined to be an eligible “resident,” while the other client was unable to be located.

Corrective Action:

1. Where residency is an eligibility requirement, Contracts should specifically define “residency.”

The County reviewed affected contracts and considered the OIG’s recommendations, however, the County indicated that although a residency requirement is “standard in most of [their] agency service contracts,” the “inclusion of a fixed residency definition would be difficult and potentially costly

Section D: Appendix

to apply." The County further cited potential legalities in applying this requirement.

Summary of Inspector General Notification (June 28, 2010 thru September 30, 2011)

Case Number

2010-0011 PBC (County Commission) – Public Official Activities

During the course of an ongoing investigation, a separate, unrelated issue pertaining to the inappropriate use of County e-mail was identified. Management was provided the relevant information as to the potential violation.

Corrective Action:

1. Take corrective action deemed appropriate.

The employee resigned.



A copy of this report (Annual Report 2011) has been made available for public inspection at the Office of Inspector General, at County and municipal libraries, and is posted on the Office of Inspector General, Palm Beach County website at www.pbcgov.com/OIG. If you need any assistance relative to this report, please contact our office at 561-233-2350.

REPORT FRAUD, WASTE AND ABUSE

To report alleged fraud, waste, abuse, mismanagement or misconduct relative to county or municipal government, use one of the following methods:

- Complete complaint form on web site at www.pbcgov.com/OIG
- Write to Office of Inspector General, Palm Beach County, P.O. Box 16568, West Palm Beach, Florida 33416
- Call the Office of Inspector General at (561) 233-2350/HOTLINE: (877) 283-7068