



**OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY**

**LIMITED REVIEW
REVIEW NUMBER: 2012-0017**

Sheryl G. Steckler
Inspector General

March 8, 2012

Robert Weisman
Palm Beach County Administrator
301 N Olive Ave
West Palm Beach, FL 33401

Re: Water Utilities Department Overpayment to Carter|VerPlanck

Dear Mr. Weisman:

Per your request, on February 21, 2012, the Office of Inspector General (OIG) initiated a review of an overpayment by the Water Utilities Department (WUD) to a County vendor, Carter|VerPlanck, in the amount of \$89,482.00 (Labor Costs: \$26,997.00 and Parts: \$62,485.00).¹ The following historical information was provided to the OIG during our review:

- **May 6, 2009:** WUD ordered various parts (eight electrodes, four rectifiers, and one control panel), to include labor and installation, from Carter|VerPlanck for a water treatment project at WUD Plant 8.
- **November 4, 2010:** WUD Plant Operations & Maintenance Director Juan Guevarez, via e-mail, outlined payment directions for an invoice received from Carter|VerPlanck in the amount of \$142,482.00. Per Mr. Guevarez's e-mail, forwarded to WUD Procurement Coordinator Dawn Jones, only \$53,000.00 should be paid due to other work related to a control panel's installation that had not yet been completed.
- **November 5, 2010:** Ms. Jones, without fully reading Mr. Guevarez's e-mail instructions, authorized the full payment of \$142,482.00, via Advantage², which then initiated the payment process by the Clerk and Comptroller, Palm Beach County (the Clerk).
- **November 8, 2010:** The Clerk paid \$142,482.00 to Carter|VerPlanck (check #2598286), which included the \$89,482.00 in question, based on Ms. Jones' authorization.

¹ These amounts were identified in WUD DO 721 05060900000000019816.

² Advantage is the County's automated financial and purchasing system.

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- **November 30, 2010:** Ms. Jones realized that an inaccurate payment had been processed and made contact with the Clerk (on this same date) to attempt a stop payment; however, the Clerk advised that the payment had already been processed and cashed by Carter|VerPlanck.

Our review found that originally, all four rectifiers were to be delivered³ and installed at WUD Plant 8; however, because of unrelated equipment problems at other WUD plants,⁴ two of the four rectifiers were installed at WUD Plant 3 and the two remaining rectifiers were installed at WUD Southern Region Water Reclamation Facility (SRWRF). According to information obtained by the OIG, between July 23, 2010 and August 5, 2010, Carter|VerPlanck installed two of the four rectifiers at WUD Plant 3. Between August 19, 2010 and September 13, 2010, WUD staff, not Carter|VerPlanck, installed the two remaining rectifiers at SRWRF.

The OIG review further found that although Mr. Guevarez initially wished to delay payment in the amount of \$89,482.00 to Carter|VerPlanck because the control panel had not yet been installed, the OIG's review, to include sworn interviews with WUD staff, determined that it was actually the labor costs associated with the installation of two of the four rectifiers that should not have been approved for payment. Therefore, the total amount overpaid to Carter|VerPlanck was **\$11,917.00** in labor costs associated with the installation of two rectifiers at WUD SRWRF that was actually completed by WUD staff.

The OIG review also identified the following issues:

- **E-mail instructions by Mr. Guevarez to withhold payment from Carter|VerPlanck were not followed.**

During Ms. Jones' interview with the OIG (March 1, 2012), Ms. Jones stated that although she received Mr. Guevarez's e-mail, it was through her own oversight that she did not review the contents in its entirety prior to processing the payment.

- **Although the overpayment was identified on November 30, 2010, no action was taken towards recoument until January 2012.**

Ms. Jones advised the OIG that upon discovering that she should not have issued the payment, she coordinated with Mr. Guevarez, per direction from her supervisor WUD Support Services Manager Conrad Ailstock.⁵ According to Ms. Jones, Mr. Guevarez agreed to handle the matter.

³ It is noted that all four rectifiers were originally delivered, as ordered, by Carter|VerPlanck to WUD Plant 8 on July 30, 2009.

⁴ The other WUD Plants had rectifiers that were in need of replacement. Because WUD Plant 8 was not yet ready for the installation of the rectifiers that were delivered, the rectifiers were re-routed.

⁵ Mr. Ailstock confirmed Ms. Jones' testimony that he instructed her to coordinate with Mr. Guevarez.

During Mr. Guevarez's interview with the OIG (March 5, 2012), Mr. Guevarez stated that although Ms. Jones notified him (sometime around the last week of November 2010) of the overpayment, Ms. Jones indicated that she was going to attempt a stop payment. Mr. Guevarez stated that following this particular conversation, he assumed that Ms. Jones handled the situation and did not hear of this matter again until January 2012.

Based on the OIG's findings, the following Corrective Action is recommended:

- Recoup the overpayment totaling **\$11,917.00** in labor costs paid to Carter|VerPlanck for installation services actually performed by WUD staff related to the rectifiers.

On March 1, 2012, Carter|VerPlanck agreed to refund the overpayment to the County (via payment credit) in the amount of \$11,917.00.

- Review WUD internal policies and procedures to ensure that appropriate contract monitoring is being conducted.

During the course of the OIG's review, WUD issued an internal policy (WUD PPM-L-020) addressing the payment and administration of construction contracts. It states that "...it is the responsibility of the requestor to schedule, follow, and track all contracted services. The requestor must report any irregularities or issues to WUD procurement."

Additional Recommendation: Review WUD PPM-L-020 as it pertains to the "payment and administration of construction contracts" and consider other language that would not limit the scope to construction contracts.

If you have any questions regarding our findings, please contact our office at (561) 233-2350.

Sincerely,



Donald J. Balberchak
Director of Investigations