

**OFFICIAL MEETING MINUTES
OF THE
PALM BEACH COUNTY INSPECTOR GENERAL COMMITTEE
PALM BEACH COUNTY, FLORIDA**

NOVEMBER 15, 2018

**THURSDAY
9:33 a.m.**

COMMISSION CHAMBERS

I. CALL TO ORDER

II. ROLL CALL

MEMBERS:

Sarah L. Shullman, Chair
Bryan Kummerlen, Vice Chair
David Aronberg
Peter L. Cruise
Carey Haughwout
Michael S. Kridel – Absent
Rodney Romano – Arrived Late

STAFF:

John A. Carey, County Inspector General

ADMINISTRATIVE STAFF:

Marisa Valentin, Minutes Clerk, Clerk & Comptroller's Office (Clerking)

Domonique McKenzie, Minutes Clerk, Clerk & Comptroller's Office
(Condensing)

III. INTRODUCTORY COMMENTS – None

**IV. APPROVAL OF INSPECTOR GENERAL (IG) COMMITTEE MEETING
MINUTES**

IV.a. Meeting: May 17, 2018

MOTION to approve the May 17, 2018 minutes. Motion by Peter L. Cruise, seconded by Bryan Kummerlen, and carried 4-0. Carey Haughwout, Michael S. Kridel, and Rodney Romano absent.

V. SIX-MONTH STATUS REPORT

V.a. Presentation by Inspector General Carey

Inspector General (IG) John Carey stated that:

- The mission of the Office of the Inspector General (OIG) remained to provide insight, oversight, and foresight in promoting integrity, efficiency and overall effectiveness in government.
- The OIG was responsible for:
 - holding government accountable;
 - helping people do things better by recommending best practices;
 - promoting efficiency and effectiveness; and
 - preventing fraud, waste and abuse.
- The OIG welcomed a new investigator: Hugo Belanger.
- Intake activities were compared to the previous 6 months and the following data was generated:
 - 69% of the written complaints were complaints of wrongdoing, compared to the previous percentage of 71%.
 - During an intake, the standard must be identified and evidence gathered.
 - Correspondences led to the initiation of 3 investigations, 4 matters were referred to the OIG Contract Oversight Division, and 4 were referred to the OIG Audit Division.

V.a. – CONTINUED

(CLERK'S NOTE: Committee member Rodney Romano joined the meeting.)

- A majority of the complaints came from citizens, while some came from government employees or were anonymous.
- Investigative activities included 10 ongoing investigations and 3 issued reports. No cases were referred to law enforcement.
- The Town of Loxahatchee Groves was found to be inaccurately calculating the Consumer Price Index (CPI) for its contracted managers. It was recommended that the questioned costs be reviewed and recouped if necessary.
- The 1978 Inspector Generals Act specified the terminology Inspector Generals in the United States used to define costs.
 - Questioned Costs were costs that had not been properly accounted for. This category often involved insufficient documentation and insufficient controls.
 - Identified Costs were costs that were potentially recoupable and may involve overpayments.
 - Avoidable Costs were prospective costs that were based on recommendations that may involve policy adjustments or further collections.
- An audit revealed that the transportation services vendor of the Children's Services Council (CSC) was not accurately tallying payments to its contracted sub-vendor and there was a lack of payment verification to present over-billing. A number of recommendations were made to the CSC in reference to reconciling invoices.
- The OIG received credible allegations against the Department of Housing & Economic Sustainability (DES). Although 9 of the allegations were found unsubstantiated, it was revealed that the DES incorrectly deemed a Limited Liability Company to be in compliance and was not filling open advisory board positions in a timely fashion. The DES did take the necessary corrective actions based on recommendations.

V.a. – CONTINUED

- More reports were being completed in less time.
 - In comparison to 2017, there were twice as many reports completed.
 - The average timeframe of an investigation had decreased to less than a year.
- Contract Oversight staff provided preventative measures for over 90 contracts, monitored over \$231.2 million, and attended 44 procurement meetings.
- The OIG received a request from a county commissioner to evaluate the process used by the Solid Waste Authority to hire consultants and found insufficient documentation. Recommendations were made to assist the governmental agency in strengthening internal controls for contract payments in addition to developing and implementing an effective contract management process.

Committee member Romano inquired whether part of the functionality of the OIG included evaluating vendor specifications to ensure that competitive vendors were included in the selection process.

Mr. Carey stated that OIG specialists closely examined the specifications of contractors by actively assisting selection committees with the selection process.

Committee member Cruise inquired whether the OIG conducted disparities studies.

Mr. Carey stated that:

- Inspector Generals did not conduct disparity studies as that was a specialized area. However, they may investigate whether an entity conducted the contracting process properly and may conduct climate surveys.

V.a. – CONTINUED

- The OIG's Contract Oversight division embarked on a contract monitoring campaign. During this campaign, the Town of Gulf Stream was found to be out of compliance. It was recommended that a thorough contract monitoring policy/procedure be implemented along with a risk management assessment tool.
- The United States Office of Management and Budget issued comprehensive reforms for federal awards to reduce the risk of fraud, waste, or misuse of funds.
 - The OIG was helping to spread the word about the new stipulations.

Vice Chair Kummerlen questioned how many proactive contracts the OIG overviewed.

Mr. Carey stated that:

- Roughly 98% of the contracts evaluated by the OIG were proactive.
- The County and respective municipalities were required to notify the OIG of selection committee meetings. The OIG attempted to attend as many selection committee meetings as possible.

Vice Chair Kummerlen inquired of the OIG's plan to apply the new federal guidelines.

Mr. Carey stated that the OIG planned to follow-up with the County and respective municipalities a year after disseminating the new federal guidelines to ensure that all incorporated entities were in compliance.

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V.a. – CONTINUED

Chief of Operations Karen L. Mayer stated that:

- The OIG received a complaint regarding the County's mosquito control program.
 - It was advised that the pilots of an aerial pesticide vendor were not appropriately certified and that the chemical usage was inconsistent.
 - It was found that the pilots were appropriately certified by Federal Aviation Administration standards.
 - Pesticide vendors did not supply their own chemicals for safety reasons. The County was required to provide the necessary chemicals.
 - Ultimately, the allegations were found to be inaccurate.
- Contract Oversight Specialist Tiffany Thomas investigated a solicitation for construction work and uncovered that the City of Pahokee was not abiding by its own guidelines.
 - The City Manager of Pahokee advised that the task of evaluating procurement was poorly delegated.
- Documentation for a road project revealed the contractor was receiving an unjustifiable amount of funds.
 - The findings revealed an issue with the County's process for partial termination of a contract.
 - A meeting with an FDOT representative took place during which County staff realized it was not using the latest FDOT regulations.

Committee member Romano inquired whether the OIG's investigation process was designed to minimize disruption and cost for those being investigated.

Ms. Mayer stated that the OIG staff was lenient and understanding. She added that the initial stance of the OIG was to gather information.

V.a. – CONTINUED

Mr. Carey stated that:

- The amount of completed audits had increased to 8 from the 5 audits completed in the 6 months prior.
- A complaint was filed against the County's Water Utilities Department and a subsequent audit found that the department lacked proper approval/authorization procedures. The lack of procedures resulted in an incomplete written instrument, a reduction in the capacity reservation fee to its recipient, and credit was not recorded in the accounting records.
 - Recommendations included the implementation of a proper protocol for approval/authorization.
- Several inconsistencies were found in the procedures and monitoring processes regarding the City of Palm Beach Garden's Economic Incentive/Development Program.
- The OIG conducted a survey in reference to purchasing cards.
 - 95% of municipalities had a purchasing card program in place.
 - The 2018 expenditures ranged from \$1,500 to about \$9 million.
 - 83% of the municipalities had written policies.
 - 72% of the municipalities either had an external audit or a review conducted for their program.
- An audit was conducted on the Town of Mangonia Park's Water Utility Cross-Connection Program, which was found to be non-compliant with the Safe Drinking Water Act.
 - Findings included no written policies and no testing or monitoring.
 - The municipality subsequently hired outside consultants to develop and implement the program.

V.a. – CONTINUED

State Attorney David Aronberg asked what triggered the audits and their respective investigations.

Mr. Carey stated that:

- Most audits came from a risk assessment plan created every year, audits, reviews of financial statements, and surveys.
- An audit on the Town of Ocean Ridge found that capital assets could not be confirmed to be in existence. The Town of Ocean Ridge took corrective action to update its capital assets records.
- An audit of the Town of Glen Ridge's revenue and credit cards uncovered:
 - Loss of potential interest revenue.
 - No participation in the credit card rewards program.
 - Misclassified revenue as expense.
 - Lack of proper controls and oversight for revenue receipts and computer user access.
- An audit on the City of Greenacres found some capital assets that could not be confirmed to be in existence, inaccurate records for impaired and obsolete capital assets, and lack of electronic recordkeeping.
 - The City took corrective actions including providing training to staff.
- An audit on the Town of Jupiter's credit card records resulted in an audit report that found:
 - Inadequate documentation.
 - Loss of potential revenue for the credit card rebate program.
 - The credit cards issued to former employees were found to be used up to several days after separation.

V.a. – CONTINUED

Mr. Aronberg inquired about the purpose behind a municipality exhausting \$13,601 for brunch or sporting tickets.

Mr. Carey explained that this happened in the past when the City of Riviera Beach bought tickets to a Miami Dolphins football game for the little league football team in addition to chaperons. He added that the city lacked the proper documentation to prove that city representatives did not wrongfully receive tickets to the Miami Dolphins game.

Director of Audit Megan Gaillard stated that the entertainment tickets purchased were shared between 2 city programs. She said that the city lacked the proper documentation to confirm that the tickets went to these programs and who the specific attendees were. She added that because the city failed to keep records of who attended the entertainment events and due to the amount of time that had lapsed, the OIG was only able to collect information.

Chair Shullman expressed that lack of documentation should not prevent an agency from being investigated. She said that entities that did not keep proper records should still be held accountable.

Mr. Carey stated that the OIG conducted audits based on the severity of the concern. He said that in this case, there was limited concern regarding the conduct with no inclination that the city may have committed fraud. He added that the city accepted the recommendations of the OIG.

Committee member Romano inquired whether the OIG followed up with entities that did not rectify their actions.

Mr. Carey stated that:

- The OIG could not force an entity to comply and that any criminal activity found by the OIG would involve law enforcement.
- Change was highly dependent on the citizens and the voters.
- Risk assessments allowed the OIG to streamline the audit process and ultimately evaluate more entities.

V.a. – CONTINUED

Committee member Cruise questioned how many repeat offenders had been forwarded to the State Attorney's Office or law enforcement agencies.

Mr. Carey stated that:

- Over the years a numerous amount of referrals had been passed along to local, state, and federal law enforcement agencies.
- The work of the OIG had led to 18 arrests made in 8 years.
- Many referrals involved first-time offenders.
- One major trend noticed by the OIG was a need for better internal controls.
 - Better employee training
 - Written policies and procedures
 - Sufficient documentation for expenditures
- The OIG also conducted training and outreach, which included media interviews, participating in weekly new employee orientations, and meeting with government officials and community leaders.
- The OIG had expanded to 25 staff members.
- During the investigation of a city council, a member of the city council requested a copy of the initial complaint.
 - The OIG denied the public records request due to the confidential nature of an ongoing investigation.
 - The city council member filed a petition to order the OIG to share a copy of the complaint and pay attorney fees as well.
 - The judge ruled in favor of the OIG. The city council member was appealing the ruling.

V.a. – CONTINUED

- The OIG would issue its annual report in December and planned to expand its contract oversight activities.
- To date, recouped funds totaled more than \$45 million in questioned costs and more than \$23 million in potential costs savings.
- To date, 142 referrals had been made to law enforcement agencies, the County, or State Commissions on Ethics.
- 784 recommendations had been made, 93% of which had been accepted to improve government operations.

V.b. Discussion

Chair Shullman inquired whether the OIG processed matters concerning the Office of the Supervisor of Elections.

Mr. Carey stated that the OIG held no jurisdiction over the Supervisor of Elections.

V.c. Public Comment – None

VI. NEW BUSINESS – None

VII. ADJOURNMENT

At 11:22 a.m., the chair declared the meeting adjourned.

APPROVED:



Chair/Vice Chair