



*Enhancing Public Trust in Government*

# ***SIX MONTH STATUS REPORT***

***February 7, 2013***

**Sheryl G. Steckler, Inspector General**

# **OUTLINE**

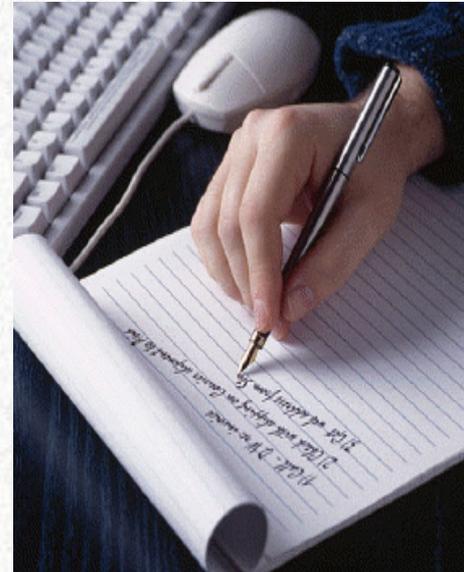


- **ANNUAL REPORT HIGHLIGHTS**  
(October 1, 2011-September 30, 2012)
- **OIG SIX MONTH ACTIVITIES**  
(July 1, 2012-December 31, 2012)
- **FISCAL YEAR 2013 BUDGET & STAFFING**
- **PLANS & OBJECTIVES**

# ***INSPECTOR GENERAL RESPONSIBILITIES***



- Publish Final Reports and Recommendations
- Meet with Inspector General Committee every six months
- Not later than December 31st of each year issue an Annual Report



# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



## **OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY**

*“Enhancing Public Trust in Government”*

### **ANNUAL REPORT**

*October 1, 2011 through September 30, 2012*

**Presented to the Citizens of Palm Beach County  
December 14, 2012**

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***

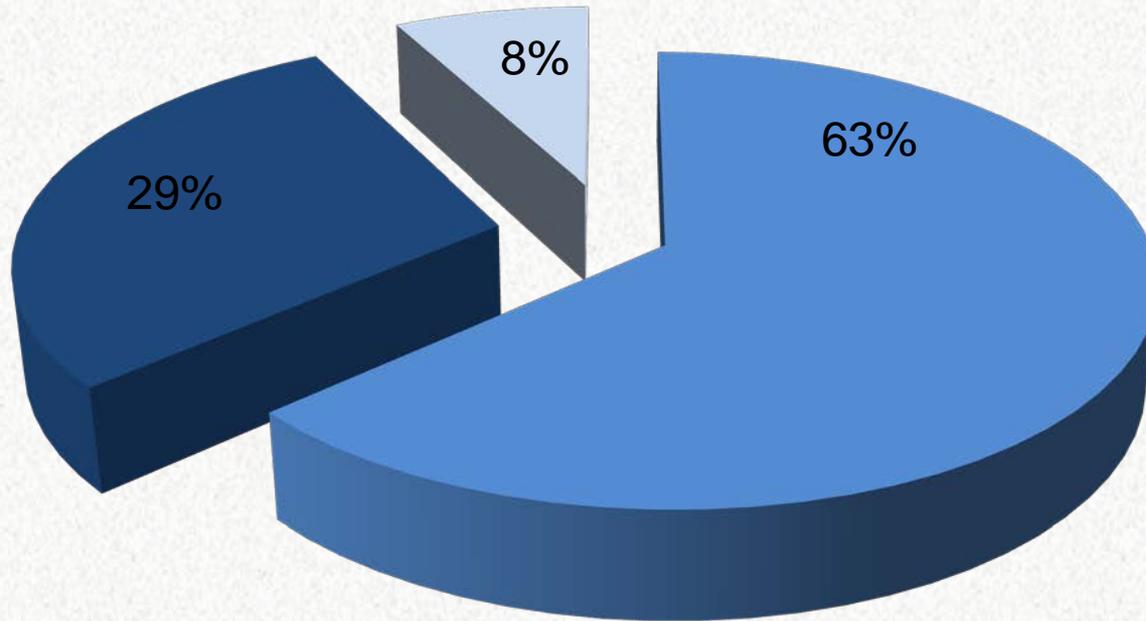


- **35** Issued Reports
- **119** Corrective Actions/Recommendations made – 110 (92%): Implemented [63%] or In Process [29%]; Not Implemented (8%)
- **41%** Increase in Written Correspondences over prior reporting period
- **\$4.3** Million Questioned and Identified Costs

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



## OIG RECOMMENDATIONS/CORRECTIVE ACTIONS (207) TO DATE



■ 131 Implemented   ■ 60 Pending   ■ 16 Not Implemented

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



## **UNITS:**

- **INVESTIGATIONS**
- **CONTRACT OVERSIGHT**
- **AUDIT**

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



- February 23, 2012: Received Inspector General Accreditation through Commission for Florida Law Enforcement Accreditation, Inc. (CFA).
- August 28, 2012: Granted Criminal Justice Agency status by the Federal Bureau of Investigations and Florida Department of Law Enforcement.

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



## **INTAKE**

**1,993** Number of calls to the Office & Hotline

**433** Correspondences received

- **325 (75%)** Complaints consisting of **429** Allegations

**4.46** Average number of hours to review a Correspondence to disposition

**36** Correspondences led to the initiation of an Investigation (9), Limited Review (3), or Management Review (8), or assignment to Audit (5) or Contract Oversight (11)

# **INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS**



- County employees were erroneously receiving Leadworker pay even though they did not meet specific requirements.

***HR implemented approval and monitoring process for continued eligibility. Leadworker pay was removed from all identified and will have to prove eligibility. Identified Cost \$78,121.22***

- South Bay re-negotiated City Manager's employment contract, which included performance bonus and severance that were in violation of new State statutes.

***The City immediately voided the contract and entered into a new Contract in accordance with State statutes. Identified Cost \$12,115.39***

- Riviera failed to properly bill a hospital for water services resulting in loss revenue; hired a Consulting Engineer without competitive bid.

***City collected \$32,267.89 from unbilled services and the contract was terminated. Questioned Cost \$609,860.00; Identified Costs \$60,022.52***

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



- In their advertisement for the procurement of Telemetry System equipment, the Town of Palm Beach identified a specific brand name and model “or equivalent”. They did not include level of performance specifications required by their Purchasing Policy and conducive to increased competition and economic benefit.

***The Town concurred with the OIG’s findings and reissued the solicitation using level of performance specifications.***

- A weakness in the Solid Waste Authority’s contract monitoring of the Waste to Energy project allowed for a \$1.2 million payment without the entire supporting documentation.

***The SWA has strengthened its contract monitoring program to require additional review by finance staff prior to paying contractors. The OIG determined that the contractor had completed the work and was eligible for the \$1.2 million payment.***

# ***INSPECTOR GENERAL'S ANNUAL REPORT HIGHLIGHTS***



- An audit of purchase cards in Wellington identified 330 transactions totaling \$28,597 with a questionable public purpose. This included: meals at local restaurants for employee meetings; food purchased for office meetings and training; meals, and other items purchased for a year-end holiday party, a birthday lunch and a retirement party.

***Wellington discontinued most of these purchases and is seeking policy guidance from Village Council.***

- An audit in Pahokee identified 390 out of 1,886 fuel transactions (21%) valued at \$30,143 that bypassed controls, leaving the City's fuel program at high risk for fraud, waste, and abuse. Also, six assigned take home vehicles lacked adequate justification.

***Management significantly tightened controls over fuel and eliminated four take home vehicles.***

# ***INSPECTOR GENERAL SIX MONTH ACTIVITIES***



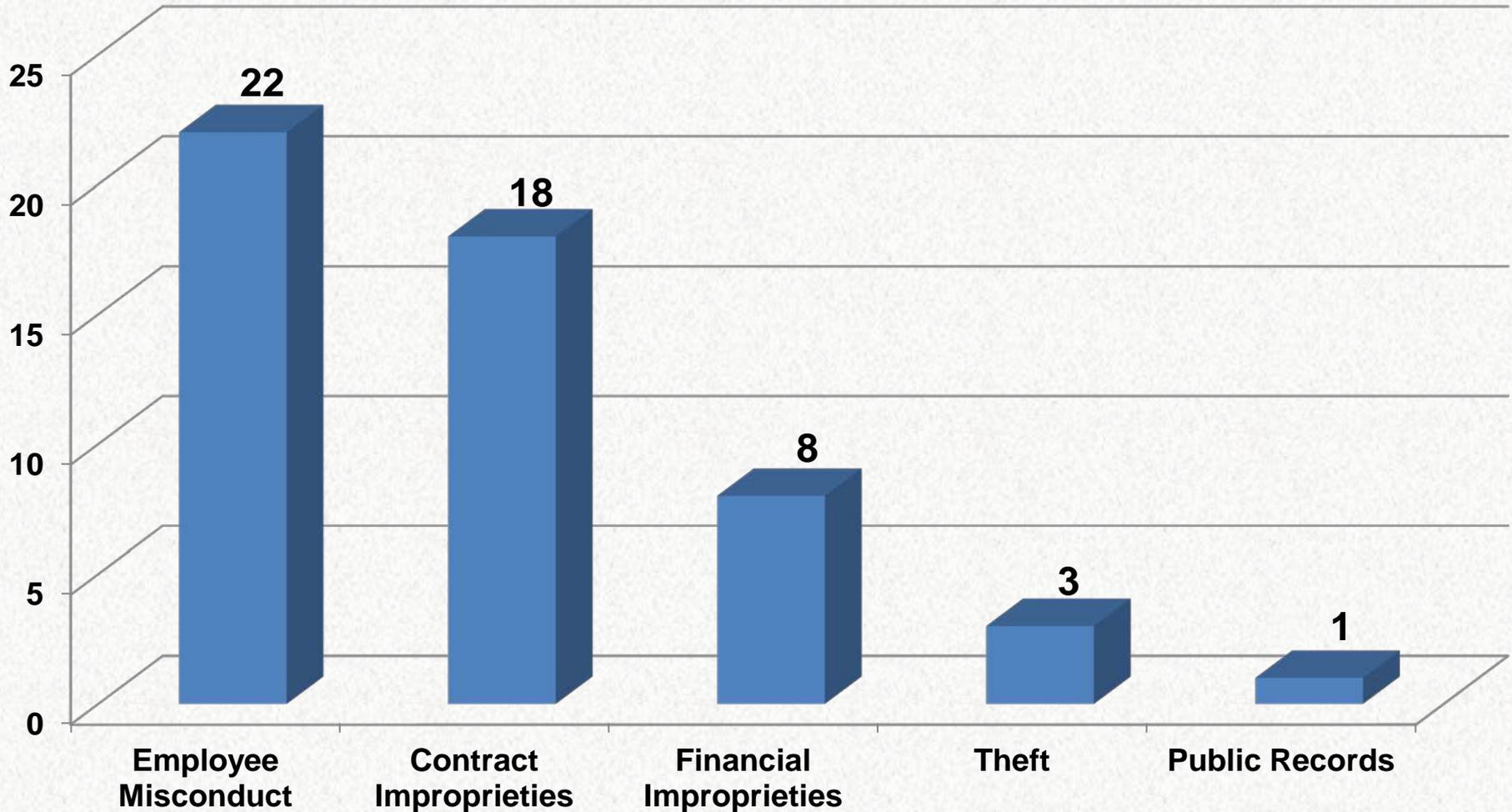
***July 1, 2012 – December 31, 2012***

***INSPECTOR GENERAL  
SIX MONTH ACTIVITIES***

# INSPECTOR GENERAL SIX MONTH ACTIVITIES



## TOP FIVE ALLEGATIONS RECEIVED



# ***INSPECTOR GENERAL SIX MONTH ACTIVITIES***



- **17** Issued Reports
- **74** Corrective Actions/Recommendations made
  - 73 (99%) Implemented or In Process
- **\$4.0** Million in Questioned and Identified Costs
- **\$3.9** Million in Avoidable Costs
- An investigation coordinated with the OIG and Law Enforcement resulted in a criminal conviction and subsequent Pension Forfeiture of a County Employee.

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



- A County Parks & Recreation Facility Manager falsified the payroll records of her subordinates in order to circumvent hourly caps for non-permanent employees.

***Manager allowed employees to work beyond hourly caps in one calendar year and then falsified payroll records in the following year to provide compensation to the employees. County took immediate corrective action and implemented daily sign-in/sign-out sheets. The County is also in the process of rolling-out an electronic identification system for time-clocking purposes. Questioned Costs: \$12,238.06***

- Riviera Commission used Community Benefits donations, not required in the RFP, in negotiating a procurement for a waste contract.

***City implemented policy restricting Commissioners from soliciting donations during procurement process. Questioned Costs: \$2,199,504.00***

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



- The Health Care District (HCD) paid \$1.36 million (42%) above Fair Market Value (FMV) for trauma surgery doctors in FY 2011, without supporting documentation as required by their own policy.

***The HCD has revised its procurement policy to require a formal FMV appraisal by an independent third party if proposed compensation exceeds the FMV 50<sup>th</sup> percentile. Questioned \$1,358,822; Avoidable Costs: \$3,676,738***

- A Review of the County's Financially Assisted Agencies (FAA) monitoring program revealed that policies and procedures were outdated and limited in scope; no documentation in the development of monitoring plan; inconsistent use of monitoring tool; and, no procedures for corrective action plans, contract disputes, and staff training.

***The County has begun implementing OIG recommendations to strengthen the FAA monitoring program.***

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



- Enterprise-wide audit of the OpenSky Public Safety Radio System involving 33 municipalities, County, School District, Criminal Justice Commission and MPSCC. Identified weaknesses in planning, project management, acceptance testing, contracting, and accounting controls. OIG survey identified officer safety concerns.

***MPSCC agreed to all 26 recommendations. Will improve acceptance testing and monitoring for officer safety issues. WPB using results to move forward with a decision on OpenSky or alternatives. Questioned Costs: \$253,863***

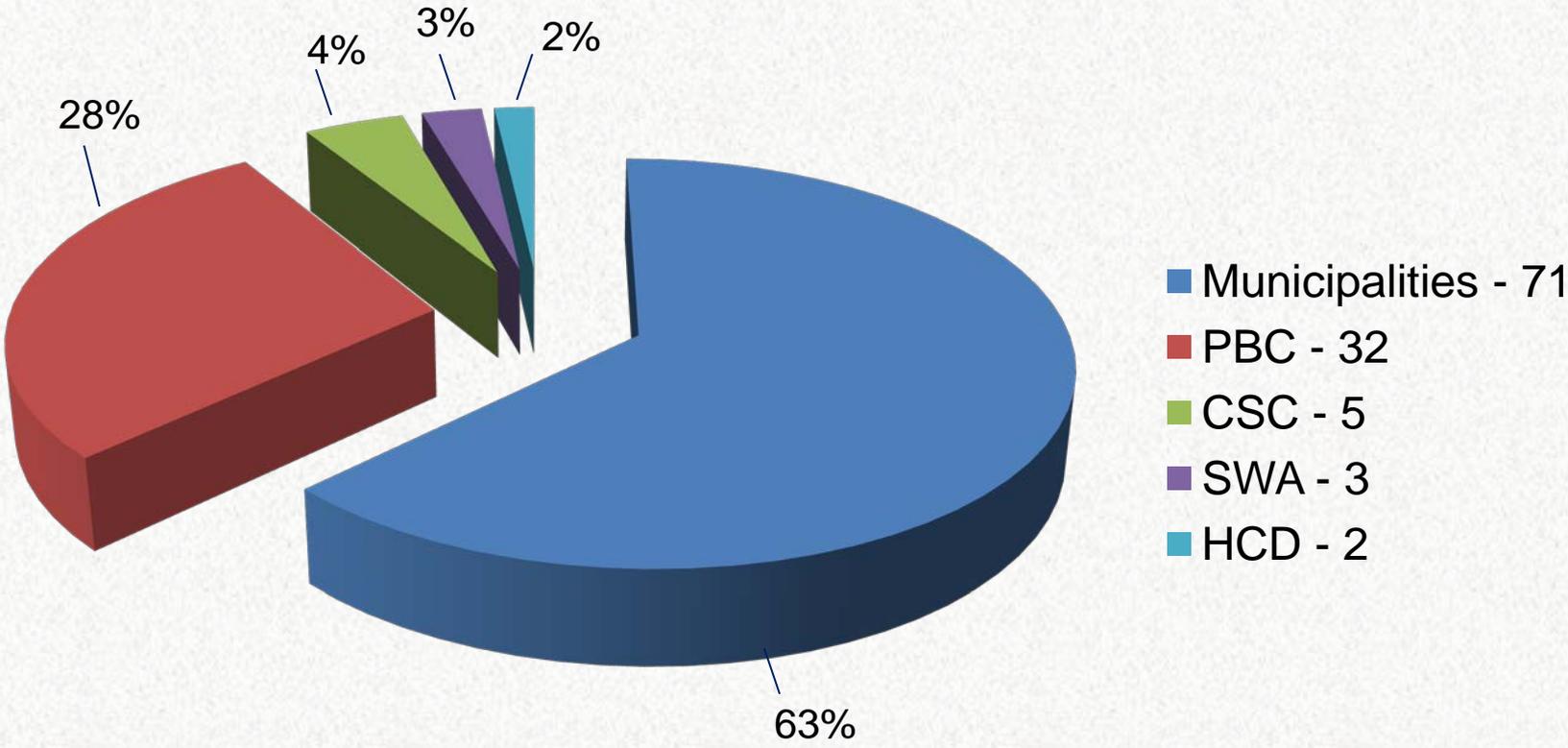
- The Solid Waste Authority (SWA) requested an audit conducted on potential diversion of solid waste to Broward County by Republic Services. OIG identified lost tipping fees of \$111,811 and overcharges to Republic customers of \$9,359.

***SWA is pursuing reimbursement of lost tipping fees and refunds to Republic's customers. SWA will improve monitoring to identify potential diversion of solid waste. Identified Costs: \$121,170; Avoidable Costs: \$305,098***

# INSPECTOR GENERAL SIX MONTH ACTIVITIES



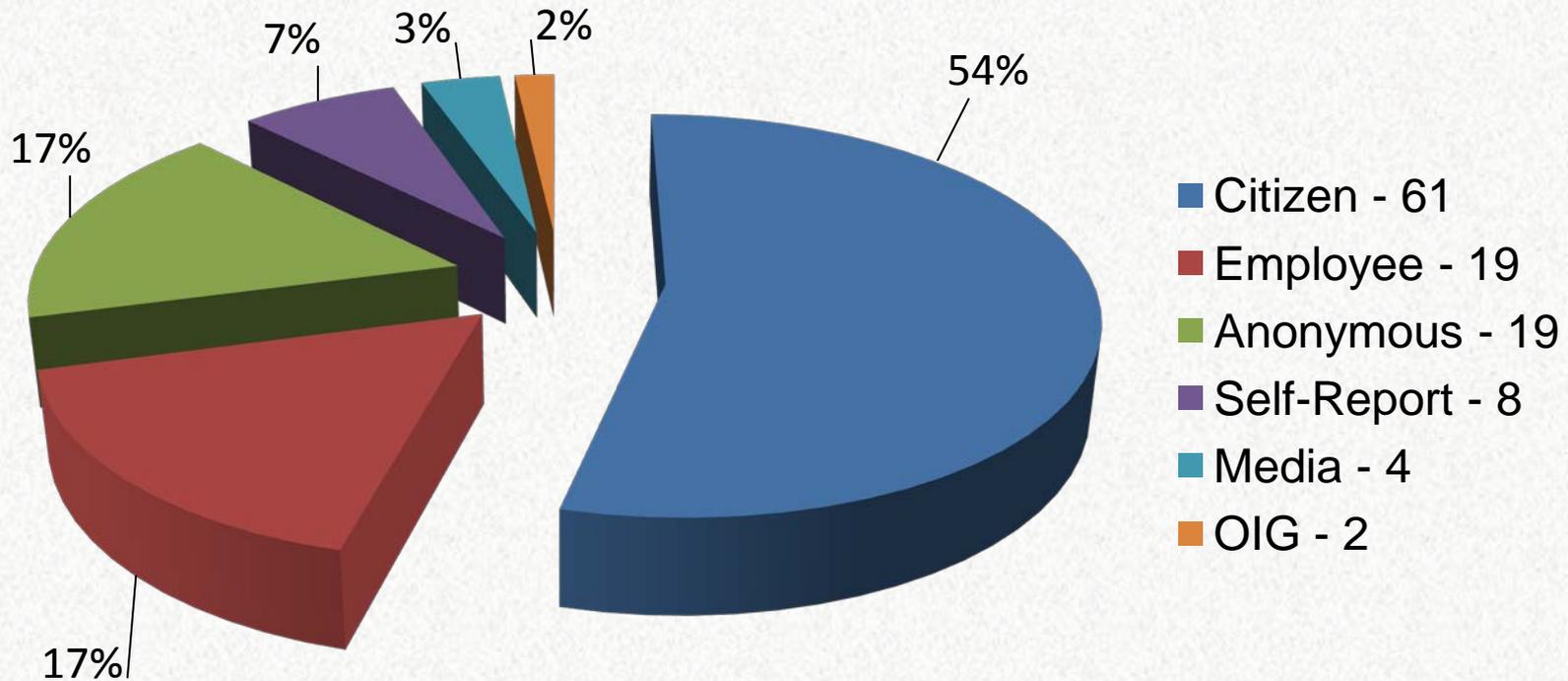
## Correspondences 7/1/12 - 12/31/12



# INSPECTOR GENERAL SIX MONTH ACTIVITIES



## Source of Correspondences 7/1/12 - 12/31/12



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



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

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

### **Status Updates:**

- County Administrator and Inspector General met in December 2012 and on January 3, 2013, the County re-issued its Employee Reporting of a matter to the OIG policy.
- May 2012 & October 2012 sent proposed reporting language to all municipalities. Six municipalities (Highland Beach, Jupiter Inlet Colony, Lake Worth, Palm Beach, and Palm Springs) issued policy.
- January 11, 2013, requested League of Cities' assistance in ensuring the remaining cities come into compliance with the Ordinance.

# INSPECTOR GENERAL'S SIX MONTH ACTIVITIES



## LAWSUIT STATUS UPDATE

- Initial Lawsuit: On January 31, 2013, Municipalities' Motion for Partial Summary Judgment was **Denied**.
- 
- Inspector General's Motion to Expedite Appeal on Intervention at 4<sup>th</sup> DCA **Granted** December 17, 2012.
  - County, Municipalities and Clerk of Court's (Respondents) Motion to Dismiss IG's Petition for Writ of Mandamus was **Denied** on January 14, 2013. 4<sup>th</sup> DCA further ordered Respondents to Show Cause.
  - Answer briefs and responses to the Order to Show Cause were filed by Respondents on January 28 & January 29. IG's reply brief due February 7<sup>th</sup> and response brief in Mandamus due on February 8<sup>th</sup>.
  - County requested Oral Argument in the appeal on Intervention January 28, 2013; set for March 19<sup>th</sup>.

# COUNTY & MUNICIPAL PORTION OF OIG BUDGET - FISCAL YEAR 2013



County Budget:	\$3.9 Billion
38 Municipal Budgets:	<u>2.2 Billion</u>
Total:	\$6.1 Billion

County & Municipalities contract activity: \$1,447,083,693\*

Minimum Funding Base 0.25% = \$3,617,709

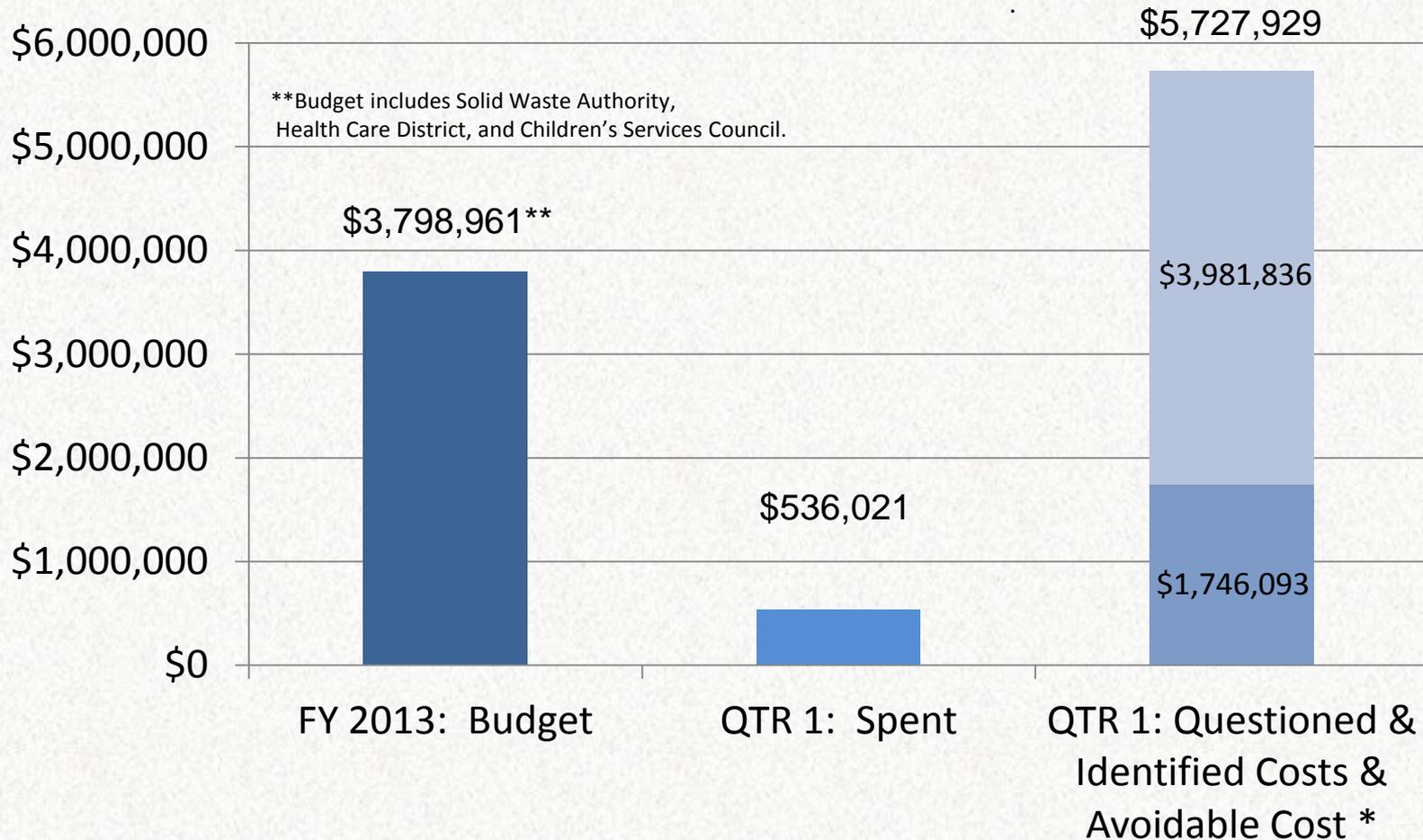
OIG Requested Allocation 0.21% = \$3,023,831

\* As reported in LOGER

# INSPECTOR GENERAL FISCAL YEAR 2013 BUDGET



\*Questioned & Identified = \$1,746,093;  
Avoidable Costs = \$3,981,836





# RETURN ON INVESTMENT

## Questioned Cost

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

## Identified Cost

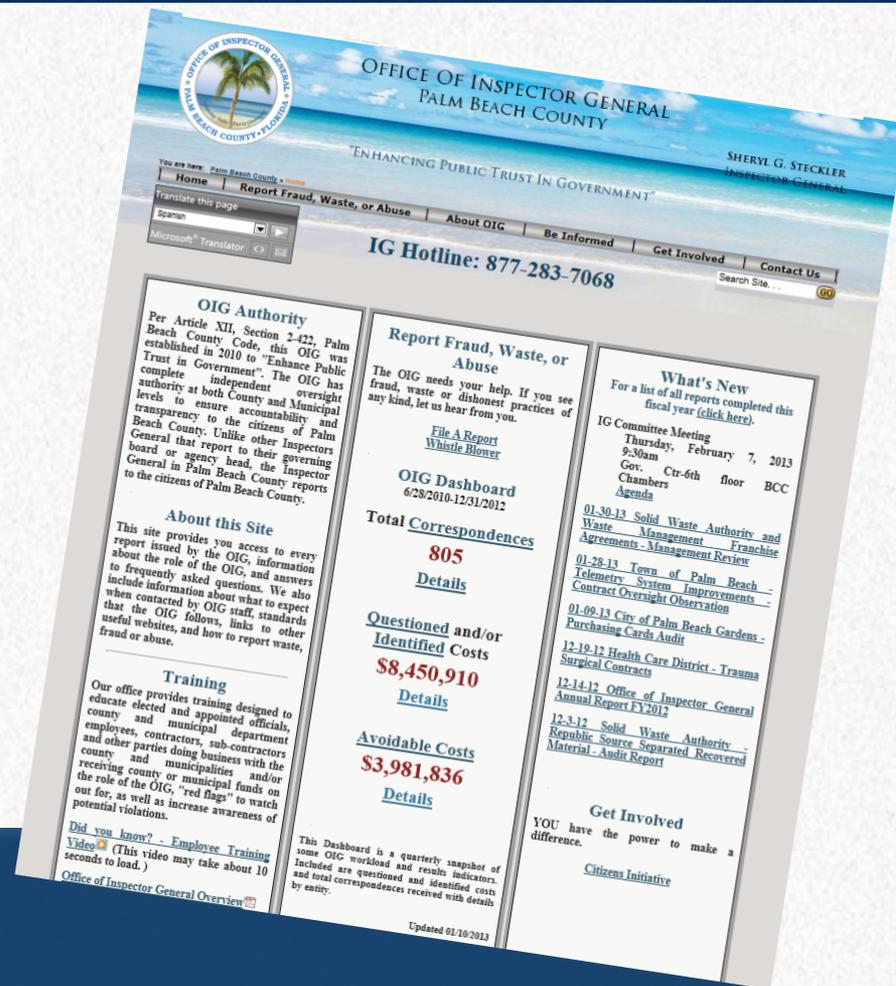
Those dollars that have the potential of being returned to offset the taxpayer's burden.

## Avoidable Costs

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

**Questioned and/or Identified Costs = \$8.4 Million (Since Inception)**

**Avoidable Costs = \$ 3.9 Million (Since October 1, 2012)**

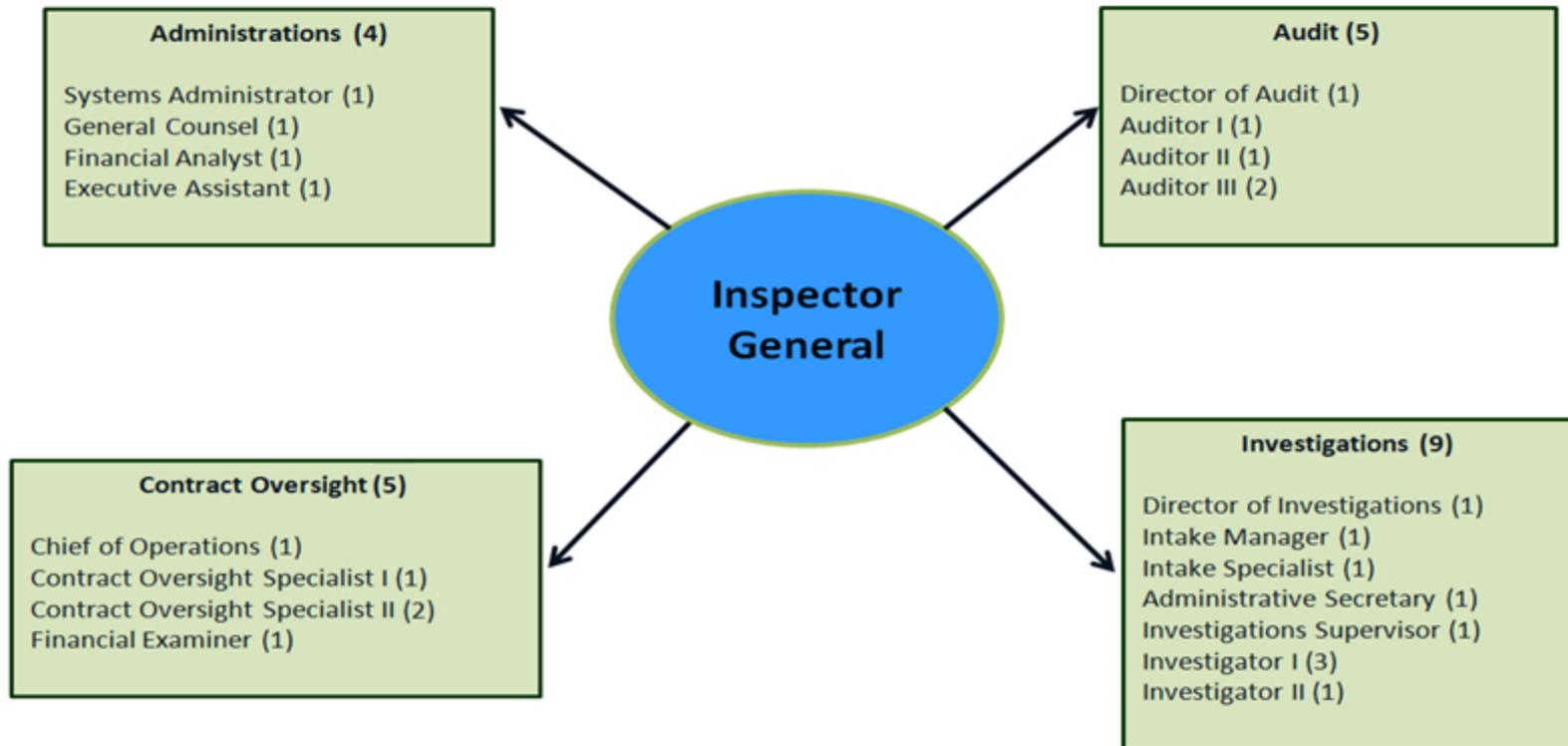


# INSPECTOR GENERAL CURRENT STAFFING LEVELS



## Jurisdiction: 42 Government Entities

(County, 38 Municipalities, Solid Waste Authority, Children's Services Council, Health Care District)



# ***INSPECTOR GENERAL PLANS & OBJECTIVES***



## **INITIATIVES & OUTREACH**

# **INSPECTOR GENERAL PLANS & OBJECTIVES**



## **STRATEGIC PLAN**

**Goal #1** - *Conduct independent audits, reviews, and investigations that detect, deter and prevent fraud, waste, mismanagement, misconduct, and other abuses; that increase efficiency and effectiveness; and strengthen internal controls in entities under OIG jurisdiction.*

**Goal #2** - *Maintain a high quality, effective, and objective organization.*

**Goal #3** - *Provide OIG staff with the support and direction necessary to achieve the OIG mission.*

**Goal #4** - *Inform and educate all affected persons and entities as to the role, benefit, and value of the OIG.*

# **INSPECTOR GENERAL PLANS & OBJECTIVES**



## **BUSINESS STAKEHOLDERS**

- **AVOIDABLE COST(S) MODEL**
  - Represent savings or reduced costs (over a three year period) that should occur by implementing recommendations such as the tightening of internal controls, increasing revenue or competitive procurement strategies.
  
- **PALM BEACH STATE COLLEGE**
  - In discussion to create a government audit certification or curriculum. Great potential for future job recruiting across the United States.

# **INSPECTOR GENERAL PLANS & OBJECTIVES**



## **CITIZEN'S INITIATIVE**

- Training is provided to Citizens who attend board/council meetings and/or wish to get involved in their government. We provide an overview of OIG, describe a typical board agenda, review key terms such as contract amendment and change orders, and what to do when an item not on the agenda is discussed and voted on.
- 23 citizens have participated from Boca Raton, Delray, Loxahatchee Groves, Ocean Ridge, Palm Beach Gardens, Riviera Beach, Royal Palm Beach, Palm Springs, and West Palm Beach.

# ***INSPECTOR GENERAL PLANS & OBJECTIVES***



## **CURRENT ACTIVITIES:**

### ➤ **INTERNSHIP(s):**

- Local State College & Universities: Audit, Investigations and Contract Oversight

### ➤ **JOB SHADOW:**

- Leaders In Schools Committee & Leadership Palm Beach County: OIG participated

# INSPECTOR GENERAL PLANS & OBJECTIVES



## EMPLOYEE TRAINING VIDEO

### Training

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

[Did you know? - Employee Training Video](#)

📺 (This video may take about 10 seconds to load.)

[Office of Inspector General Overview](#) 📄

[Shining a Light on Government](#) 📄

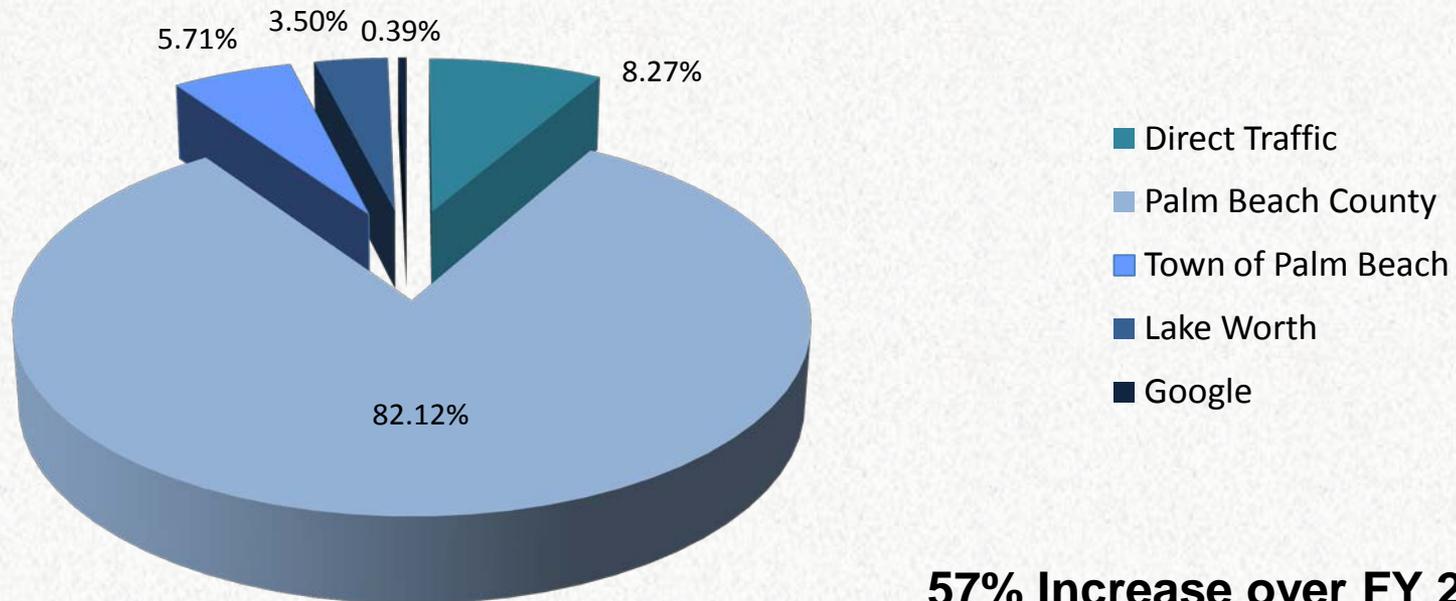


Office of Inspector General  
ORIENTATION

# INSPECTOR GENERAL PLANS & OBJECTIVES



## Referring Websites July 1, 2012-December 31, 2012



**57% Increase over FY 2011  
From 399,069 to 699,526**

# INSPECTOR GENERAL PLANS & OBJECTIVES



## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

SHERYL G. STECKLER  
INSPECTOR GENERAL

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# TRANSPARENCY

## OIG Authority

Per Article XII, Section 2-422, Palm Beach County Code, this OIG was established in 2010 to "Enhance Public Trust in Government". The OIG has complete independent oversight authority at both County and Municipal levels to ensure accountability and transparency to the citizens of Palm Beach County. Unlike other Inspectors General that report to their governing board or agency head, the Inspector General in Palm Beach County reports to the citizens of Palm Beach County.

## Report Fraud, Waste, or Abuse

The OIG needs your help. If you see fraud, waste or dishonest practices of any kind, let us hear from you.

[File A Report](#)  
[Whistle Blower](#)

## OIG Dashboard

6/28/2010-9/30/2012

## What's New

[12-19-12 PBC - Health Care District - Trauma Surgical Contracts](#)

[12-14-12 Office of Inspector General Annual Report FY2012](#)

[12-3-12 Solid Waste Authority - Republic Source Separated Recovered Material - Audit Report](#)

[11-30-12 Open Sky Public Safety Radio System - Audit Report](#)

# INSPECTOR GENERAL PLANS & OBJECTIVES



## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

SHERYL G. STECKLER  
INSPECTOR GENERAL

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### A Message from the Ins

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# INSPECTOR GENERAL PLANS & OBJECTIVES



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## Whistle Blower

Whistle-blower status may be granted to an individual who reports suspected acts of gross mismanagement, malfeasance, or gross waste of public funds, or gross neglect of duty by an employee or agent of an agency or independent contractor. If you are granted whistle-blower status, your name and identity will remain confidential.

[Report Fraud, Waste, or Abuse](#)



***QUESTIONS?***

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**Sheryl G. Steckler, Inspector General**