



SIX MONTH STATUS REPORT

April 1, 2016 – September 30, 2016

John A. Carey, Inspector General



OUTLINE

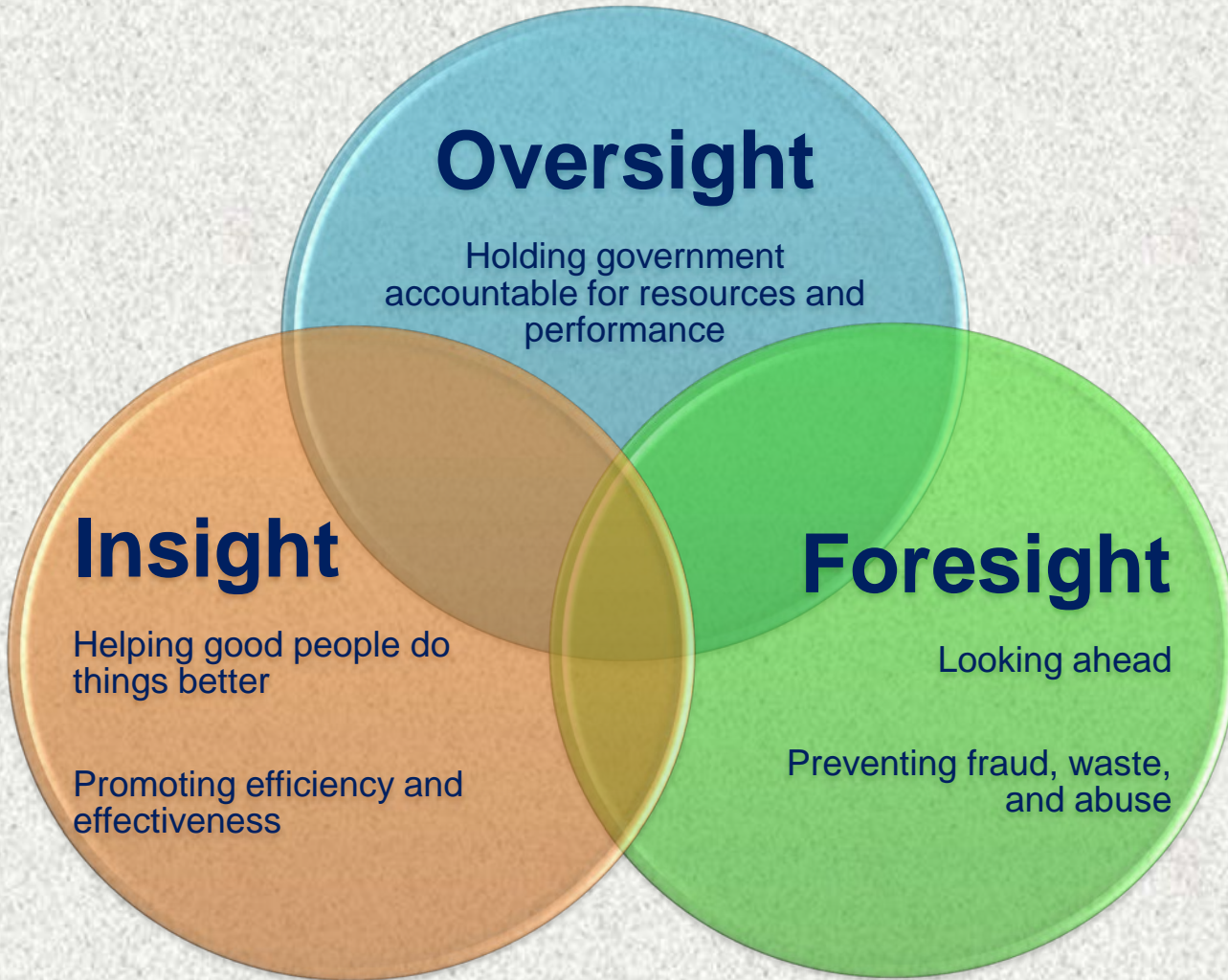
- **MISSION**
- **OIG ACTIVITIES** (April 1, 2016 – September 30, 2016)
- **FISCAL YEAR 2017 BUDGET & STAFFING**
- **LAWSUIT UPDATE**
- **PLANS, OBJECTIVES, & INITIATIVES**



OIG MISSION

- ▶ Our mission is to provide *independent and objective insight, oversight, and foresight* in promoting **integrity, efficiency, and overall effectiveness** in government.
- ▶ Ultimately, enhancing public trust in government.

OUR OIG APPROACH



INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Office of Inspector General Activities Related to:

- **Intake & Investigations**
- **Contract Oversight**
- **Audit**
- **Training & Outreach**

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Intake & Investigations

Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



INTAKE ACTIVITIES

Current 6 Months

279	Number of calls to the Office & Hotline
123	Written Correspondences received
	<ul style="list-style-type: none"> 78 (63%) Complaints consisting of 78 Allegations of wrongdoing
5	4 Correspondences were referred to OIG Contract Oversight and 1 to OIG Audit
23	Public Records Requests

Previous 6 Months

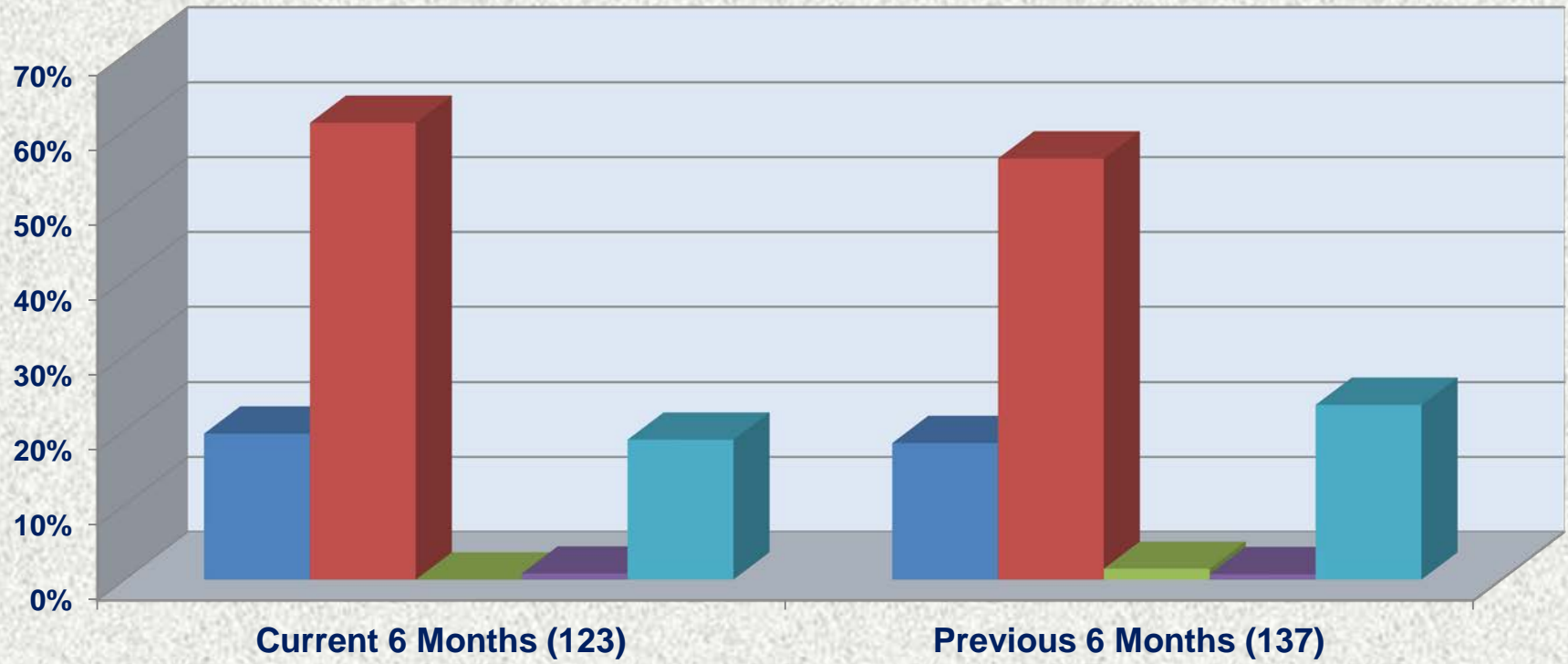
399	Number of calls to the Office & Hotline
137	Written Correspondences received
	<ul style="list-style-type: none"> 84 (61%) Complaints consisting of 84 Allegations of wrongdoing
4	Correspondences led to the initiation of 3 Investigations and 1 referred to OIG Contract Oversight
26	Public Records Requests

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Total Correspondences



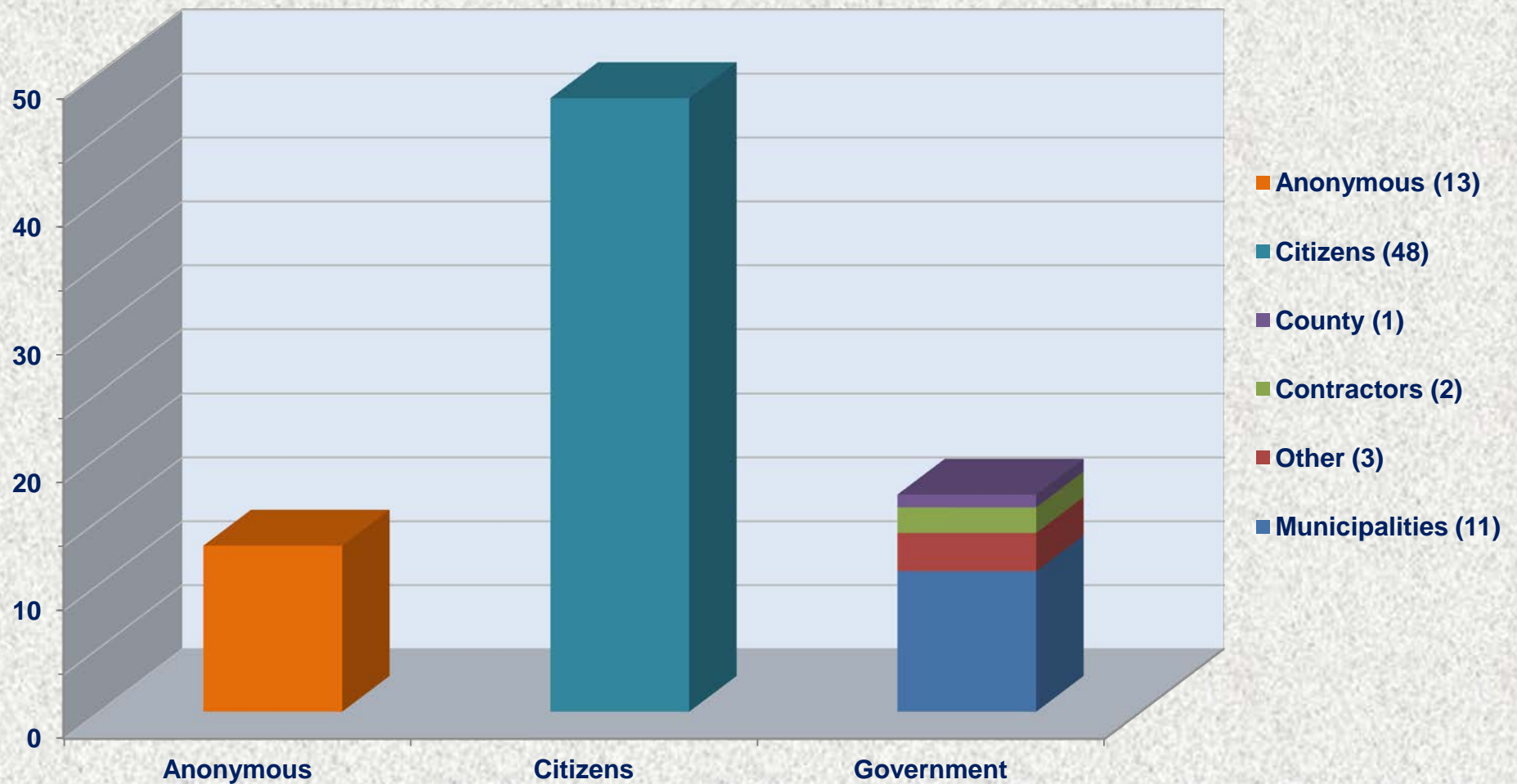
■ County ■ Cities ■ Children's Services Council ■ Solid Waste Authority ■ Other

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Complaint Reporting Sources – 78 of the 123 Correspondences

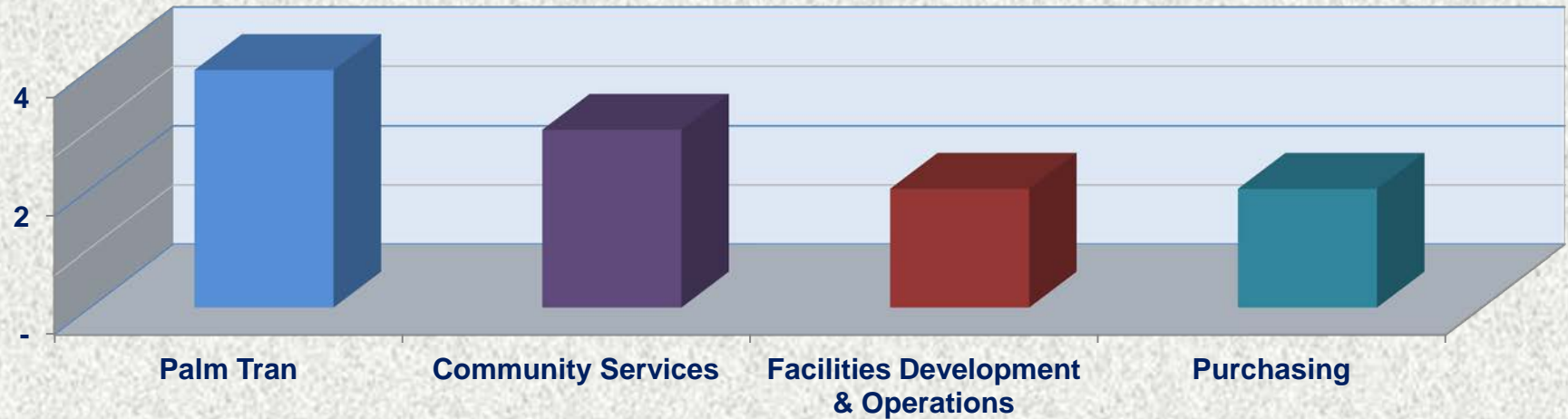


INSPECTOR GENERAL'S SIX MONTH REPORT

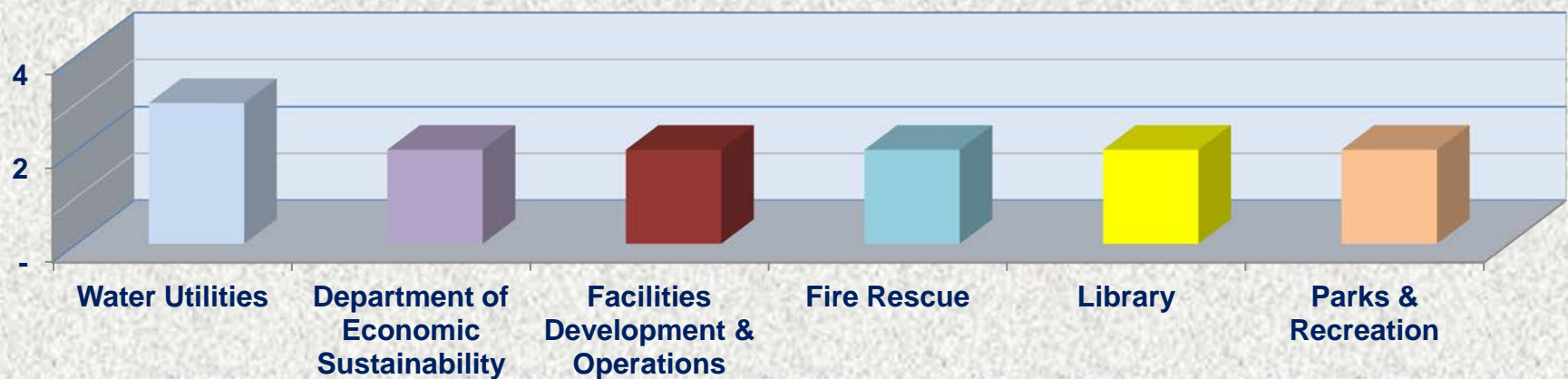


Top Complaints Per County Department

Current 6 Months - Top County Departments



Previous 6 Months - Top County Departments



INSPECTOR GENERAL'S SIX MONTH REPORT



Top Complaints Per Municipality

Top Cities	
Current 6 Months	Previous 6 Months
Riviera Beach (19)	Loxahatchee Groves (11)
Delray Beach (10)	Riviera Beach (10)
Loxahatchee Groves (3)	Delray Beach (5)
Wellington (3)	West Palm Beach (4)
	Boynton Beach (3)

INSPECTOR GENERAL'S SIX MONTH REPORT



Top Allegations Made

Current 6 Months	
Employee Misconduct	20
Financial Improprieties	8
Contract Improprieties	4
Falsification, Omission or Misrepresentation	3

Previous 6 Months	
Employee Misconduct	36
Contract Improprieties	6
Financial Improprieties	2
Public Records	2

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Activities

**Current 6
Months**

**Previous 6
Months**

Investigations Initiated (including Management Reviews and Self Initiated Inquiries)	1	6
Cases Initiated by OIG (Audit & Investigations) – Referred to PCU for Criminal Prosecution	1	2
Issued Reports	1	4
Recommendations Made	5	16
Recommendations Accepted	3	16

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigation #2016-0002 West Palm Beach Public Records

- Investigation in response to citizen complaints of wrongdoing.
- We found the WPB Director of Communications:
 - Improperly released “confidential and exempt” PR info;
 - Used City resources for commercial gain; and,
 - Failed to disclose a contract with a potential City vendor during the procurement process.
- The same **City vendor** mentioned above failed to disclose its contractual relationship with the above City employee both during the procurement process and once it was awarded the contract.

Questioned Costs
\$3,205,611



INSPECTOR GENERAL'S SIX MONTH REPORT



Investigation #2016-0002 West Palm Beach Public Records - Continued

Additionally, we discovered evidence that the WPB Director of Communications used his position to solicit another PBC City Manager for commercial gain.

This allegation was referred to the County Commission on Ethics.

This report was referred to the Florida Commission on Ethics and the State Attorney's Office for further investigation.



INSPECTOR GENERAL'S SIX MONTH REPORT



Investigation #2016-0002 West Palm Beach Public Records - Continued

THE CITY DID NOT CONCUR/ACCEPT TWO OF OUR FIVE RECOMMENDATIONS:

3. Revise policies and procedures on outside employment requiring employees to obtain approval for leave or work schedule adjustment prior to performing outside employment during the official business day.

City's Response in part: "The City does not believe that additional changes to policies are needed at this time."

4. Establish internal controls that accurately represent actual hours worked by exempt City employees.

City's Response in part: "The City is comfortable with controls it already has."

INSPECTOR GENERAL'S SIX MONTH REPORT

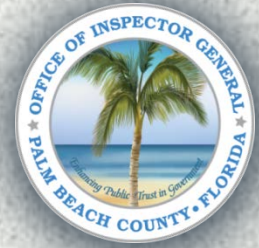


April 1, 2016 – September 30, 2016

Contract Oversight

Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight

PREVENTION: To reduce the appearance of and opportunity for vendor favoritism and inspire public confidence that contracts are being awarded equitably and economically, Contract Oversight staff routinely attend selection committee meetings and perform contract oversight activities.

- Current Number of Contracts Monitored: **108**
- Current Contract Value: **\$237.7M**
- Number of Procurement Meetings Attended: **72**

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Contract Oversight

**Current 6
Months**

**Previous 6
Months**

Issued Reports	3	2
Recommendations Made	7	4
Recommendations Accepted	7	4
Questioned and Identified Costs	\$115,678	\$683,901

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Report CA-2016-0122 Village of Palm Springs Selection Process for Auditing Services

FINDING:

The Village did not establish an audit committee as required in Florida Statutes § 218.391. Therefore, the action taken by the Village Council to award a contract for Independent Auditing Services was not consistent with the requirements contained in Florida Statutes § 218.391.



RECOMMENDATIONS:

- 1. Void the contract award.**
- 2. The Village Council establish an Audit Committee.**
- 3. Direct the Audit Committee to comply with its statutory prescribed functions.**

The Village accepted and implemented all recommendations.

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Report CA-2016-0047 Palm Beach Gardens Design-Build of a New Clubhouse

FINDING:

The City did not record the Negotiation Team meetings in which negotiation strategies were discussed, as required by Florida Statutes § 286.0113.



RECOMMENDATIONS:

1. Record all meetings in which negotiation strategies are discussed as required by Florida Statutes.
2. The City include guidelines regarding the negotiation process within its purchasing procedures to support consistency, transparency, and compliance with Florida Statutes.

The City accepted the recommendations and amended its purchasing procedures.



INSPECTOR GENERAL'S SIX MONTH REPORT

Contract Oversight Report CA-2016-0075 Solid Waste Authority – Blighted and Distressed Property Clean-Up and Beautification Grant Program

FINDINGS:

- 1. The SWA did not comply with Florida's Sunshine Law in evaluating, scoring, and ranking grant applications.**
- 2. The process of evaluating, scoring, ranking, and recommending grant applications for funding did not occur in a publicly noticed meeting.**



RECOMMENDATIONS:

- 1. Stop payments to grantees until appropriate action is taken to cure any and all acts arising out of the grant award deemed void for failing to comply with the Sunshine Law.**
- 2. Publicly notice all meetings in which official acts are to be taken and the minutes of such meetings be promptly recorded.**

Although the SWA disagreed with the findings, it took steps to cure the violation and agreed to properly notice future meetings.

**Questioned
Costs
\$115,678**

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Division “Foresight” – Preventative Actions



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

TIPS AND TRENDS #2016-0002
SEPTEMBER 2016



Inspector General
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Correspondences:

External Auditor Selection Process

- Evaluation Committee – Failure to Record Score
- Recording of Negotiation Meetings – Required for Vendor Meetings
- Contract Amendments – Extensions Beyond Original Intended Period

INSPECTOR GENERAL'S SIX MONTH REPORT

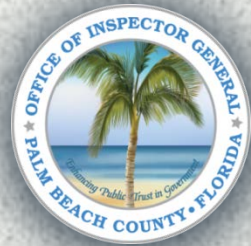


April 1, 2016 – September 30, 2016

Audit

Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Audit Activities

Current 6
Months

Previous 6
Months

Issued Reports	2	2
Recommendations Made	45	27
Recommendations Accepted	25	27
Questioned and Identified Costs	\$419,794	\$1,265,832
Avoidable Costs	\$0	\$84,675



INSPECTOR GENERAL'S SIX MONTH REPORT

Audit Report 2016-A-0003 – Palm Beach County Department of Economic Sustainability (DES) – Grants Management

FINDINGS: We found control weaknesses and operational areas that need improvement for both DES and grant sub-recipients; and made 23 recommendations.

We identified issues related to:

- Grant Monitoring and Oversight;
- Contracting and Change Orders;
- Davis-Bacon Act Compliance;
- Records Management;
- Proper Accounting for Grant Funds;
- Expenditure of Municipal Funds; and,
- Certificate of Insurance Requirements.

**Questioned Costs
\$175,319**

**Identified Costs
\$13,691**

Corrective Actions: All 23 recommendations accepted, and 14 implemented as of September 30, 2016.

- Revised DES Monitoring Handbook.
- Steps taken by several Departments to ensure Compliance with County PPMs.
- Updated Monitoring Processes to ensure Grant Compliance.
- Additional Training on Grant Compliance.



INSPECTOR GENERAL'S SIX MONTH REPORT

Audit Report 2016-A-0004 – Town of Loxahatchee Groves Audit of Contracts, Vendors, and Fixed Assets

FINDINGS: We found some of the Town's internal controls need improvement; and made 22 recommendations.

We identified deficiencies and compliance issues related to:

- **Contract Monitoring;**
- **Compliance with the Town Charter;**
- **Overseeing the Town Manager Contract;**
- **Prompt Recording of Meeting Minutes;**
- **Purchasing and Credit Card Usage;**
- **Payment Processing; and,**
- **Asset Management.**

**Questioned Costs
\$229,019**

**Identified Costs
\$1,765**

Corrective Actions:

- **Town Manager to review insurance requirements for contractors annually.**
- **The Town purchased inventory tags and will conduct an annual inventory.**
- **Awaiting responses to 16 recommendations made to the Town Council.**

INSPECTOR GENERAL'S SIX MONTH REPORT



FY 2017 Audit Risk Assessment

- Survey to government employees, contractors, and citizens
- Review of government meeting minutes and agendas
- News articles/ blogs
- Comprehensive Annual Financial Reports and Budgets
- Review of multi-year construction and purchasing contracts

Information Gathering

Risk Assessment

- Gathered and identified risks from all sources
- Brainstorming meetings (OIG Senior Management and Audit Division) identifying risk
- Risk Analysis
- Develop possible audit objectives

- Determination of audit budget and available audit hours
- Risks and audit objectives presented to Senior Management
- Decision on which audits to include on the Audit Plan.
- Draft, review, and finalize Audit Plan

Audit Plan

INSPECTOR GENERAL'S SIX MONTH REPORT



Prior Years Significant

Open Recommendations

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit - Prior Years Significant Open Recommendations

Report Number 2014-A-0005, Issued September 22, 2014 City of Belle Glade – Audit of Cash Disbursements

Open Recommendations:

- (2) The City Manager should direct the establishment of a contract management process.**
- (3) The City Manager should propose a policy that ensures all contracts containing an auto-renewal are brought to the Commission in a timely manner before the contract renewal date.**
- (14) The City should seek an opinion from the State Attorney General as to the legality of the City's Retirement Recognition Ordinance.**

Management Response dated September 30, 2016:

The City Manager indicated completion dates are undeterminable, and that staff will continue to address the recommendations to the extent that limited time and staff resources permit. Notice sent to City Council.

INSPECTOR GENERAL'S SIX MONTH REPORT



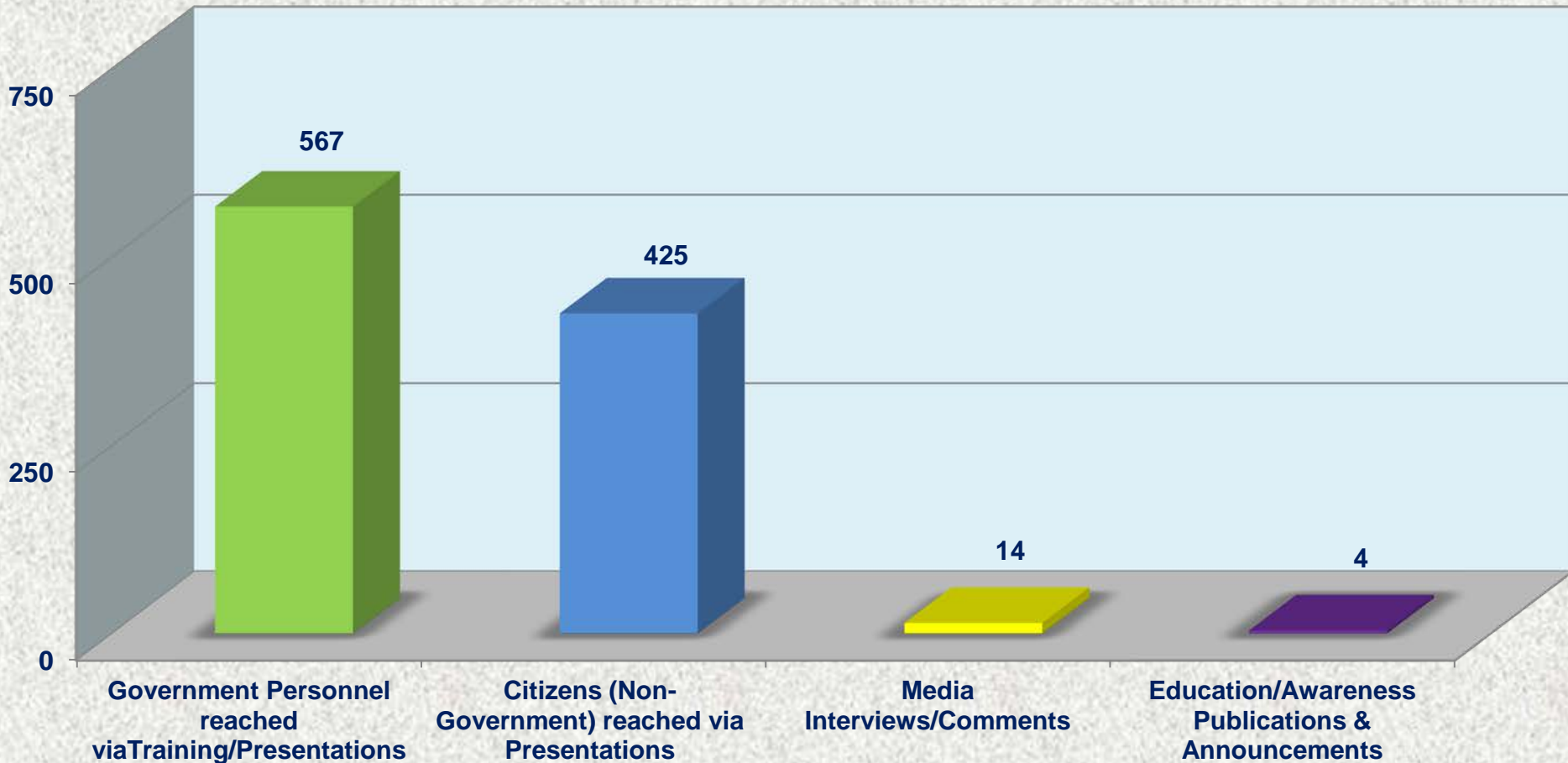
April 1, 2016 – September 30, 2016

Training and Outreach

TRAINING AND OUTREACH



An ounce of outreach is worth a pound of enforcement.



TRAINING AND OUTREACH



Education/Awareness Publications, Announcements, & Activities

PB County Internal Auditors/Inspectors General Forum



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

TIPS AND TRENDS #2016-0001
JUNE 2016



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Fraud: The Crime and the Cure

Yes, it Happens Here in Palm Beach County

Lessons Learned from OIG Investigations, Audits, and Contract Oversight Activities



TRAINING AND OUTREACH





OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

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OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY
"ENHANCING PUBLIC TRUST IN GOVERNMENT"

John A. Carey
Inspector General



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Spanish

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IG Hotline: 877-283-7068
(Toll Free)



Re-Accredited February 25, 2015, CFA IG-012

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Welcome from the Inspector General

Thank you for visiting the website of the Office of Inspector General (OIG). **Our purpose** (why we exist) is to provide independent and objective insight, oversight, and foresight in promoting efficiency, effectiveness, and integrity in government. **Our promise** (what we do) is to accomplish this through conducting audits, investigations, and contract oversight activities.

By vote of the citizens, our jurisdiction includes the County Government and each of the 39 municipalities. Other public entities that have voluntarily entered into contracts for our oversight include the Children's Services Council and the Solid Waste Authority.

It is an honor to serve as the IG of Palm Beach County.

Sincerely,

John A. Carey

Inspector General

What Have We Done / What Are We Doing?

6/28/2010 - 3/31/2016

We Listen

7,502

Hotline / Office Calls

1,859

[Correspondences](#)

We Guard and Save Taxpayers' Dollars

\$24,142,972

Found in [Questioned](#) Costs

\$1,985,311

Found in [Identified](#) Costs

\$19,980,873

Discovered in [Avoidable](#) Costs

We Make Government Better

581

[Recommendations / Corrective Actions](#)

95%

Management Acceptance Rate

496 Implemented

56 Pending Implementation

29 Not Accepted



Updated 10/19/2016

What's New

[The OIG 2017-2022 Strategic Plan](#)

[Tips and Trends - 2016-0002 - External](#)

[Auditor Selection Process](#)

Recent Reports

For all reports completed this fiscal year ([click here](#)).

[09-28-16 - West Palm Beach - Public Records - 2016-0002](#)

[09-23-16 - Loxahatchee Groves - Audit of Contracts, Vendors and Fixed Assets - 2016-A-0004](#)

[09-19-16 - Palm Beach Gardens - Design Build of New Golf Clubhouse - CA-2016-0047](#)



About the OIG



INSPECTOR GENERAL'S SIX MONTH REPORT



FISCAL YEAR 2016 SUMMARY & HIGHLIGHTS

FY 2016 – A YEAR OF TRANSITION AND GROWTH



Personnel:

- Six 2015 and one 2016 new hires (30% of current staff) assimilated
- 100% new senior leadership team hired in 2015 have made their mark

Policies:

- New OIG Strategic Plan
- Management Guide developed/distributed



FY 2016 – ACCOMPLISHMENTS

Return on Investment

\$5.7 M
(+)

Questioned Costs incurred pursuant to a potential violation of law, regulation, or policy; lack of adequate documentation; or, where the intended purpose is unnecessary or unreasonable.

\$314 K
(+)

Potential Cost Savings in dollars returned or in the future cost avoidance if the OIG's recommendations are implemented.

Guarding Integrity in Government

14

Referrals to law enforcement, County or State Commissions on Ethics.

OUTPUT: At the End of the Day, “Enhancing Public Trust in Government.”



FY 2016 – ACCOMPLISHMENTS

Making Government Better



15 Reports with **104**
Recommendations

To improve government operations
and to save taxpayer dollars.



900 (+)

Responses to citizens' calls and
written correspondence voicing
concerns, complaints, or requests
for assistance.

OUTPUT: At the End of the Day, “Enhancing Public Trust in Government.”

FY 2016 – ACCOMPLISHMENTS



Palm Beach County
Office of Inspector General

2016
**ANNUAL
REPORT**

Excellence
FAIRNESS Caring
Justice
Truth
RESPECT Impartiality
INTEGRITY Transparency
HONESTY
Accountability
Trust
Dedication
PROFESSIONALISM Shared Values
Citizenship
RESPONSIBILITY

ENHANCING PUBLIC TRUST *in* GOVERNMENT

October 1, 2015
— to —
September 30, 2016

OUTPUT: At the End of the Day, “Enhancing Public Trust in Government.”

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Budget and Staffing



INSPECTOR GENERAL BUDGET & STAFFING

OIG Budget & Staffing

- Annual Budget: **\$2.9 M (FY16)**
\$3.0 M (FY17)
- Total Structure: **40**
- Current Funded Positions: **23**
- Current On-Hand Personnel: **21**

\$1.74

That's what the
average person
spends on 1 cup of
coffee



Compare with OIG Oversight Responsibilities

- County, Cities, SWA, and CSC
Employees: **13,000 (+)**
- Combined Budgets: **\$7.5 Billion**
- **\$ Billions** in government
contracting activity
- “Auditable Units” identified: **788**

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2016 – September 30, 2016

Lawsuit

Update



LAWSUIT STATUS UPDATE

- ❑ November 14, 2011 – Lawsuit filed by 15 municipalities
- ❑ March 12, 2015 – Trial Court entered Final Judgment against municipalities
- ❑ May 5, 2015 – 13 municipalities appealed the trial court’s decision
- ❑ October 4, 2016 – Oral Argument held before the 4th District Court of Appeal

Issue: The cities assert that they are not challenging the existence or authority of the OIG. Instead, they challenge whether the voters and the County “can force the Municipalities to pay for it.” The cities contend that the current funding scheme violates sovereign immunity.

The County asserts that the “people have all political power” and were authorized to vote to require the cities to “do what the people have said.” The County also asserts that the cities, through the League of Cities, were involved in the drafting of the referendum.



INSPECTOR GENERAL'S SIX MONTH REPORT



Plans, Objectives, and Initiatives

PLANS, OBJECTIVES, AND INITIATIVES



OIG Vision Statement:

To **promote positive change** throughout local governments and public organizations in Palm Beach County with an **inspired and skilled team** that strives for **continuous improvement**.

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY, FLORIDA



STRATEGIC PLAN

Fiscal Years 2017 – 2022

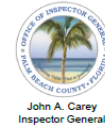
October 18, 2016

PLANS, OBJECTIVES, AND INITIATIVES



Focusing OIG limited resources:

- **Audit:** Execute Audit Plan based on Risk Assessment. Acquire cloud-based automated audit management software.
- **Investigations:** Continue to analyze anomalies/red flags. Investigate highest risk/impact cases.
- **Contract Oversight:** Risk based monitoring focused on outreach and prevention.
- **Outreach:** Keep charging ahead!



John A. Carey
Inspector General

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PALM BEACH COUNTY



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"Enhancing Public Trust in Government"

2017-AP-0001

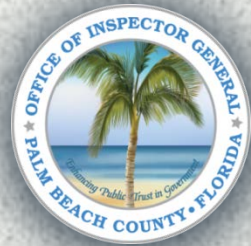
Fiscal Year 2017

**Annual Risk Assessment and
Audit Plan**

October 24, 2016

Insight – Oversight – Foresight

IMPACT BEYOND PALM BEACH COUNTY



- Board Member
- Professional Certification Board
- Training Committee
- 2019 National Conference to be held in PB County



INSPECTORS GENERAL NEWS
THE NEWSLETTER OF THE
ASSOCIATION OF INSPECTORS GENERAL

Florida Offices of Inspectors General Personnel and Internal Auditors Personal Information is Now Exempt from Florida Public Records Law

Filed under: Uncategorized

By: Kalinthia Dillard, General Counsel, Palm Beach County Office of Inspector General

"Enhancing Public Trust in Government"

NAME OF INVESTIGATIVE REPORT
EXECUTIVE SUMMARY

WHAT WE DID

Why did we investigate this? Objectives.

WHAT WE FOUND

Identified, Questioned, and Avoidable Costs. Brief summary of findings related to each issue.

WHAT WE RECOMMEND

What were are major recommendations? What was management's response to our recommendations?



THANK YOU!

visit us online at www.pbcgov.com/OIG