



# ***SIX MONTH STATUS REPORT***

***October 1, 2018 – March 31, 2019***

**John A. Carey, Inspector General**

# MAY IS PALM BEACH COUNTY ETHICS AWARENESS MONTH



We are **PROUD** of our work in local government. Integrity, transparency, and accountability in government is everyone's business.

REPORT FRAUD, WASTE OR ABUSE

REPORT ETHICS VIOLATIONS



Office of Inspector General

**HOTLINE:**  
**(877) 283-7068**  
[www.pbcgov.com/oig](http://www.pbcgov.com/oig)



Commission on Ethics

**HOTLINE:**  
**(877) 766-5920**  
[palmbeachcountyethics.com](http://palmbeachcountyethics.com)



## May 7, 2019 Board of County Commissioners Meeting Proclamation





# ***OUTLINE***

- **MISSION/APPROACH**
- **OIG ACTIVITIES** (Oct 1, 2018 – Mar 31, 2019)
- **BUDGET, STAFFING, & PERSONNEL**
- **LEGAL UPDATE**
- **PLANS, OBJECTIVES, & INITIATIVES**
- **SUMMARY OF MAJOR ACCOMPLISHMENTS**

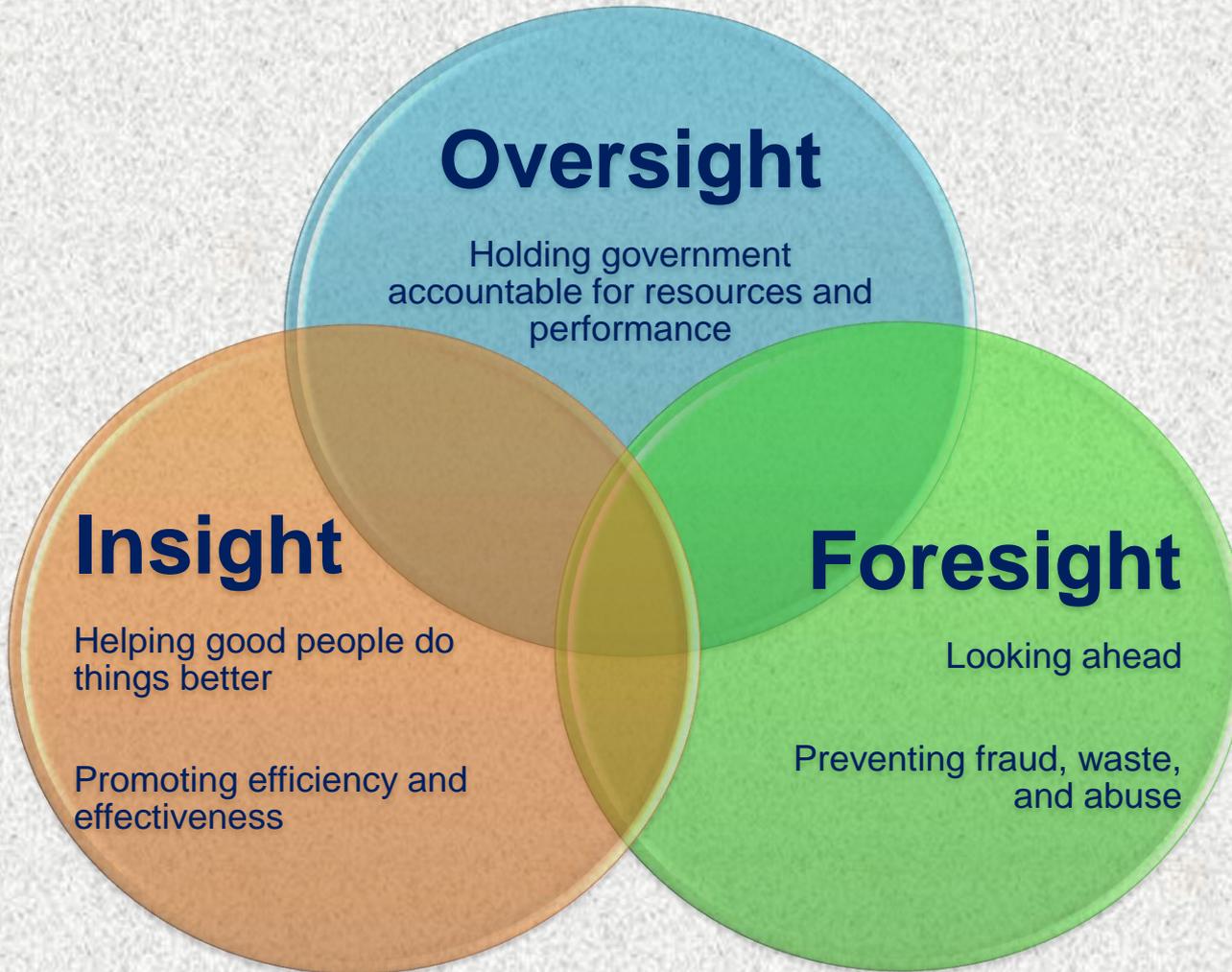


# ***OIG MISSION***

- **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.**

***MAKING GOOD GOVERNMENT BETTER***

# OUR OIG APPROACH





# ***NEW OIG TEAMMATES***

- **Eric Hathaway**  
**Investigator**
- **Linda Connor**  
**Auditor**
- **Shaun Robinson**  
**Auditor**
- **DJ Lormistois**  
**Auditor**



# OIG GENERAL COUNSEL RECOGNITION



**“One of South Florida’s 50  
Most Powerful Black Leaders in  
Business & Industry” for 2019**

**Awarded by *Legacy* magazine, one of  
the nation’s largest Black publishers.**

**Certified Inspector General  
Investigator**

# OIG DIRECTOR OF AUDIT RECOGNITION



- - Certified Information Systems Auditor (CISA)
- - Toastmaster's Competent Leader Award

## State/National Speaker:

- Association of Local Government Auditors (ALGA) National Conference
- Association of Government Accountants (AGA) National Webinar Women's Leadership
- Florida Government Financial Officers Association (FGFOA)

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



**October 1, 2018 – March 31, 2019**

## **Office of Inspector General Activities Related to:**

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

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



**October 1, 2018 – March 31, 2019**

## **Intake and Investigations Highlights**

# INSPECTOR GENERAL'S SIX MONTH REPORT



## Intake Activities

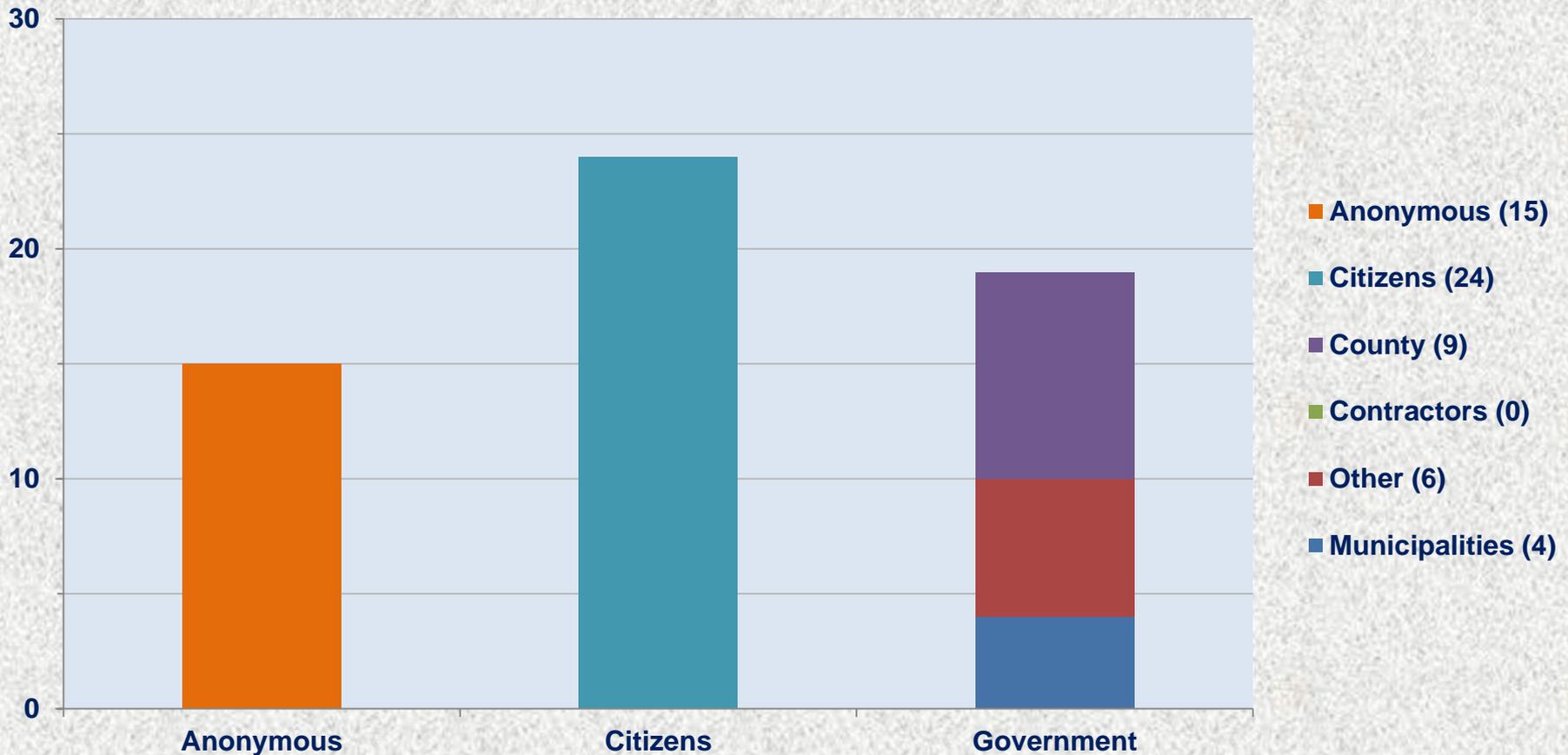
Current 6 Months		Previous 6 Months	
<b>58</b>	Complaints of wrongdoing	<b>97</b>	Complaints of wrongdoing
<b>20</b>	<p>Intake Activities led to:</p> <ul style="list-style-type: none"> <li>- <b>2</b> Investigations</li> <li>- <b>0</b> Referrals to OIG Contract Oversight</li> <li>- <b>5</b> Referrals to OIG Audit Division</li> <li>- <b>3</b> Referrals to LEAs or COEs</li> <li>- <b>3</b> Management Inquiries</li> <li>- <b>7</b> Management Referrals</li> </ul>	<b>39</b>	<p>Intake Activities led to:</p> <ul style="list-style-type: none"> <li>- <b>3</b> Investigations</li> <li>- <b>5</b> Referrals to OIG Contract Oversight</li> <li>- <b>3</b> Referrals to OIG Audit Division</li> <li>- <b>2</b> Referrals to LEAs or COEs</li> <li>- <b>0</b> Management Inquiries</li> <li>- <b>26</b> Management Referrals</li> </ul>
<b>16</b>	Public Records Requests	<b>26</b>	Public Records Requests

# INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

## Complaint Reporting Sources 58 Complaints

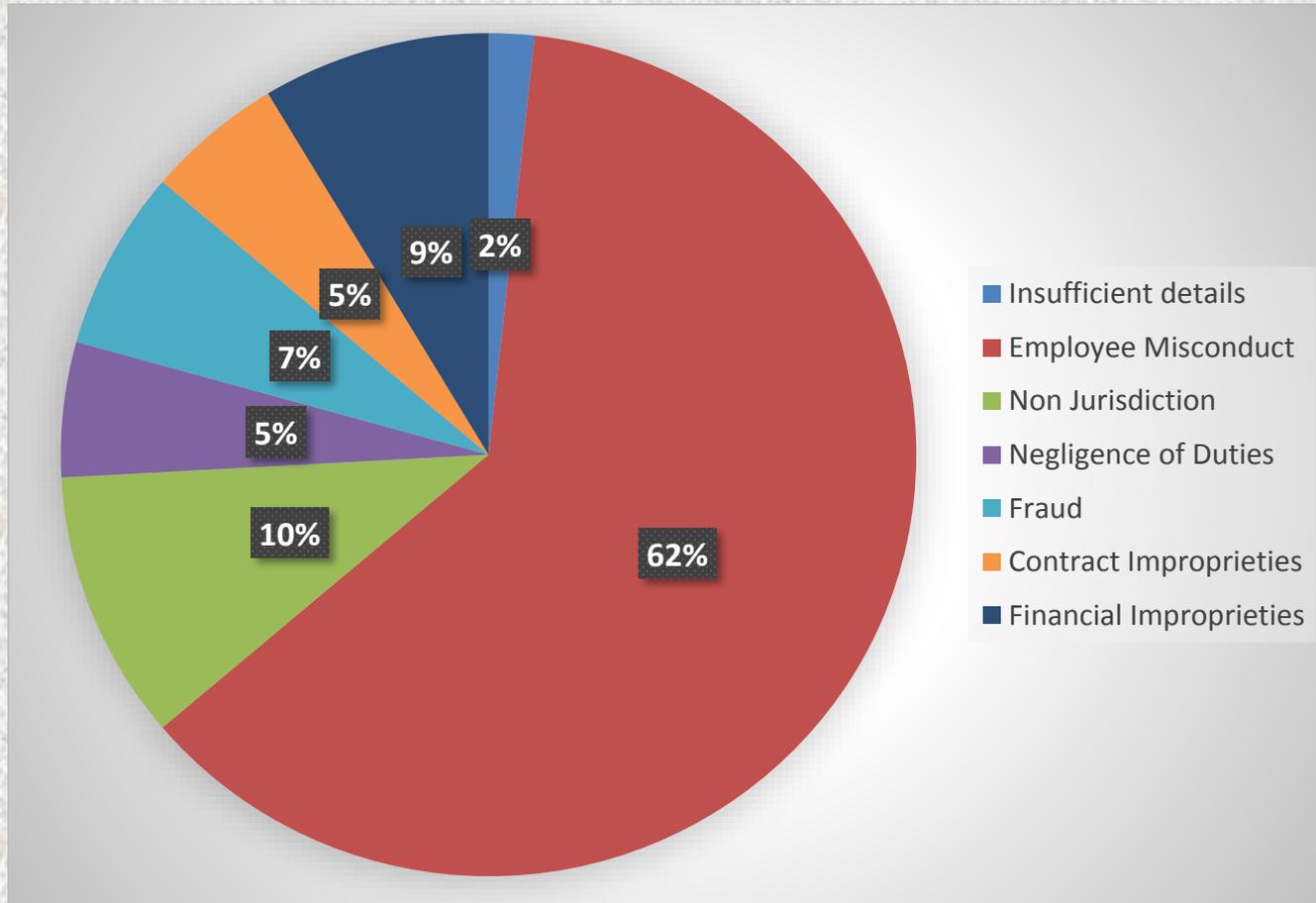


# INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

## Nature/Category of 58 Complaints Received



# INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

## Investigative Activities

	Current 6 Months	Previous 6 Months
On-going Investigations	12	13
Referrals to Law Enforcement or Commissions on Ethics from investigations	6	1
Issued Reports	1	3
Recommendations Made/Accepted	5	13
Recommendations Accepted	5	10
Questioned Costs and Potential Cost Savings	\$0	\$10,548

# INSPECTOR GENERAL'S SIX MONTH REPORT



## Investigative Efficiency – FY 2017, 2018, & 2019

<b>Age of Open Matters</b>	<b>At End of FY 2017</b>	<b>At End of FY 2018</b>	<b>Mid 2019</b>
<b>0-6 Months</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>6-12 Months</b>	<b>7</b>	<b>5</b>	<b>4</b>
<b>1-2 Years</b>	<b>4</b>	<b>1</b>	<b>3</b>
<b>2+ Years</b>	<b>2</b>	<b>1</b>	<b>0</b>
<b>Average Months Open</b>	<b>13.3</b>	<b>10.4</b>	<b>9.5</b>



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



## **Investigative Report 2017-0009 – Riviera Beach Outside Employment**

### **FINDINGS:**

- **Legislative Assistant did not submit required City Outside Employment Disclosure forms to evaluate potential conflict with City duties.**
- **City Council Member and Legislative Assistant may have violated Florida and Palm Beach County ethics codes through employment or relationships.**
- **The City Council member may have filed inaccurate campaign reports.**



### **RESULTS OF INVESTIGATION:**

- **Recommendations to City to enhance internal controls.**
- **Referrals to Commission On Ethics and State Elections Commission.**

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



**October 1, 2018 – March 31, 2019**

## **Other Significant Investigative Highlights**

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



## **Arrest based on PBC Notification to OIG**

### **OUR PRELIMINARY REVIEW DISCOVERED:**

- **A then-County employee fictitiously created management letter to appear unemployed.**
- **That letter and multiple emails submitted to fraudulently secure public assistance benefits.**
- **OIG preliminary review confirmed approximately \$6,000 in fraudulently received benefits in 2018.**



### **REFERRAL:**

- **OIG investigative results referred to the State Attorney's Public Corruption Unit.**
- **On January 25, 2019 former employee arrested for violation of Florida Statute, Section 414.39 (5)(b) – Public Aid Fraud, \$200 - \$20,000.**

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



## **Advisory Letter Investigative Matter 2016-0003**

- **Investigative review of reported misconduct by municipalities.**
- **Thorough investigation with extensive document analysis, interviews, and coordination with affected municipality.**



### **RESULTS:**

- **December, 2018 letter detailing investigative results with suggestions for future oversight.**

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



## **State Ethics Commission Rule on Prior Investigative Report**

### **FINDINGS REFERRED TO STATE COE:**

- **Former City of West Palm Beach Director of Communications Elliot Cohen used his position at the City, City time, and City resources to conduct private business.**
- **Mr. Cohen had a “side job” with City contractor Redevelopment Management Associates.**



### **STATE COE ACTIONS:**

- **On March 13, 2019 the State Commission on Ethics filed a Final Order and Report.**
- **Mr. Cohen violated three sections of the Florida Statutes. He agreed to pay a \$4,500 fine.**

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



**April 1, 2019 – current**

## **Recent Reports Published After the Reporting Period**

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



## **Investigative Report 2018-0004 – Pahokee Holiday Schedule & Bonus Pay**

### **FINDINGS:**

- **City Manager improperly closed City Hall for days not authorized by City Ordinance.**
- **City Manager inappropriately awarded bonuses to City employees.**



### **RESULTS OF INVESTIGATION:**

- **Recommendations to City for better adherence to City Ordinance.**
- **Recommendations to City for statutory adherence when awarding bonuses.**

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



**October 1, 2018 – March 31, 2019**

## **Contract Oversight Highlights**

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



## **Contract Oversight**

**PREVENTION AND SHARING BEST PRACTICES:  
Increase public confidence that contracts are  
being awarded equitably and economically.**

- **Current Contract Activities Monitored: 82**
- **Current Contract Value Monitored: \$773.7 M**
- **Number of Procurement Meetings Attended: 43**

# INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

## Contract Oversight

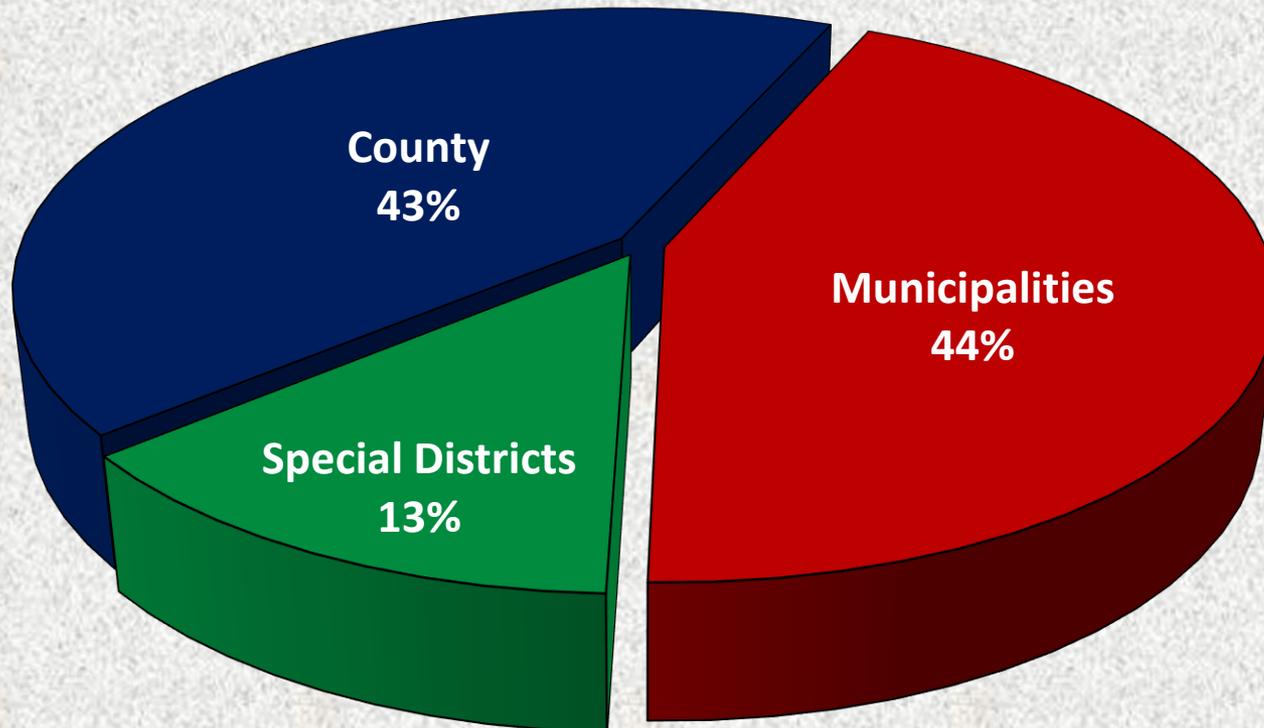
	Current 6 Months	Previous 6 Months
Issued Reports	2	2
Recommendations Made	1	12
Recommendations Accepted	1	12
Questioned Costs and Potential Cost Savings	\$0	\$294,183
Issued Tips and Trends	0	1

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



**October 1, 2018 – March 31, 2019**

**Contract Oversight Division  
82 Contract Activities Monitored**



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



## **Contract Oversight Report CA-2019-0021 City of Belle Glade Torry Island Observation Tower**



### **FINDINGS:**

- **Several instances in which contract requirements were not met.**
- **Final payment was issued to the Contractor prior to documented approval of final inspection and acceptance of completed work.**

### **RECOMMENDATION**

**Implement written policy and procedures for contract management that include ensuring that contract and/or project managers adhere to the contract requirements.**

# INSPECTOR GENERAL'S SIX MONTH REPORT



## OIG Insights Update/Report: One-Penny Sales Surtax

### OVERVIEW:

Published a 2018 Annual Update guide on the One-Penny Sales Surtax program from the County and Municipalities detailing:

- Surtax revenue received between 1/1/2017-9/30/2018: **\$214M**
- Surtax funds expended during FY 2017: **\$54.9M**
- Surtax budgets for FY 2018: **\$122M**
- Surtax budgets for FY 2019: **\$149M**
- Overall, **82.7%** of the surtax revenue received was expended or committed in FYs 2017 & 2018; a direct economic impact of **\$177M**



**YOUR ONE PENNY  
SALES TAX  
AT WORK**

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



## **OIG *Insights* Update/Report: One-Penny Sales Surtax**

### **OIG GUARDING TAXPAYER SURTAX DOLLARS BY:**

- **Observing Surtax Citizen Oversight Committee meetings and reviewing annual reports.**
- **Reviewing project lists, ordinances, resolutions, agendas, and announcements.**
- **Tracking monthly surtax revenue distributions from the State.**
- **Monitoring contract performance on surtax projects.**
- **Reporting the result of our contract oversight activities to the public.**



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



**Contract Oversight Activities**  
**Much of our impact happens “below the water line.”**



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



**October 1, 2018 – March 31, 2019**

## **Audit Highlights**

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



**October 1, 2018 – March 31, 2019**

## **Audit Activities**

**Current 6  
Months**

**Previous 6  
Months**

	<b>Current 6 Months</b>	<b>Previous 6 Months</b>
<b>Issued Reports</b>	<b>5</b>	<b>8</b>
<b>Recommendations Made</b>	<b>131</b>	<b>71</b>
<b>Recommendations Accepted</b>	<b>131</b>	<b>67</b>
<b>Questioned Costs and Potential Cost Savings</b>	<b>\$1,226,623</b>	<b>\$2,231,475</b>
<b>Referrals</b>	<b>10</b>	<b>7</b>
<b>Issued Tips and Trends</b>	<b>1</b>	<b>0</b>
<b>Completed Projects (no report)</b>	<b>1</b>	<b>2</b>

# INSPECTOR GENERAL'S SIX MONTH REPORT



## Audit Report 2019-A-0001 – Town of Lake Clarke Shores Water Utility Cross-Connection Program

### Findings:

- Agreement lacked proper approval.
- Inadequate review of invoices.
- Inadequate monitoring.

**Questioned Costs**  
**\$9,010**  
**Identified Costs**  
**\$356**  
**Avoidable Costs**  
**\$1,068**

### Corrective Actions Taken:

- Revise Ordinances and Resolutions.
- Amend the agreement.
- Improve the monitoring and oversight for vendor.



# INSPECTOR GENERAL'S SIX MONTH REPORT



## Broward County Related Audit Water Utility Cross-Connection Program

“Port workers failed to do required annual inspections on backflow devices on port property meant to ensure the drinking water is safe, ‘potentially exposing port employees, visitors, and lease holders to contaminants in their drinking water.’”

South Florida  
**Sun-Sentinel**



Backflow assembly device

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



## **Audit Report 2019-A-0002 – Village of Tequesta Sidewalks Rehabilitation and Construction Contract**

### **FINDINGS:**

- **Permits not issued for all projects.**
- **Inspections not completed for all projects.**
- **Unclear contract terms.**
- **Work outside of contract scope.**
- **Invoice payments violated Prompt Payment Act and Purchasing Policy.**

**Questioned Costs  
\$444,419.50  
Identified Costs  
\$8,821.74  
Avoidable Costs  
\$322.00**

### **Corrective Actions Taken:**

- **Recouped funds owed from Contractor**
- **Issued master permit**
- **Completed final inspections on all projects**
- **Updated written guidance**



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



## **Audit Report 2019-A-0003 – City of Riviera Beach – Purchasing Cards and Council Members' Out-of-State Travel**

### **FINDINGS:**

- **Lacked proper approvals, adequate documentation, and documented business purpose.**
- **Purchased prohibited items.**
- **Purchased items could not be located.**
- **Lack of proper authorization for cardholders and card limits.**
- **Disallowed travel expenditures and improper or insufficient documentation for Council Members' out-of-state travel expenditures.**

**Questioned Costs  
\$515,576.11  
Identified Costs  
\$9,755.99  
Avoidable Costs  
\$301.39**

### **Corrective Actions Taken:**

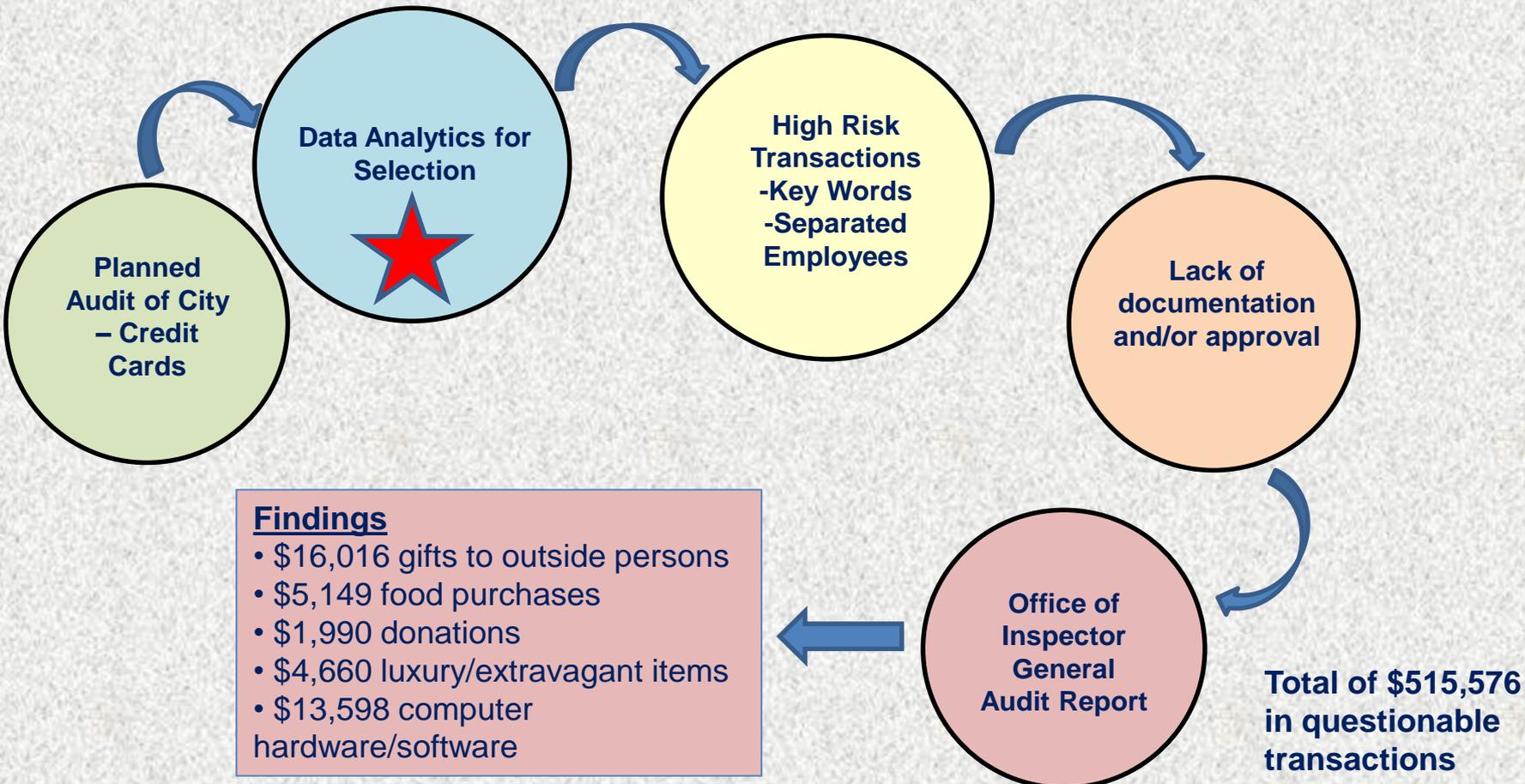
- **Developing and implementing monitoring and oversight processes.**



# INSPECTOR GENERAL'S SIX MONTH REPORT



## Audit Report 2019-A-0003 – City of Riviera Beach – Purchasing Cards



# INSPECTOR GENERAL'S SIX MONTH REPORT



## Audit Report 2019-A-0004 – Town of Jupiter Inlet Colony – Revenue

### FINDINGS:

- Lost potential interest revenue.
- Lost fuel refund/credit.
- Misclassified revenue as expenses or payables.
- Cash receipts did not reconcile with the permit computer system and financial computer system.
- Lacked sufficient controls, review, and oversight for the bank reconciliation and cash receipt reconciliation.
- Lacked adequate written policies and procedures.

**Questioned Costs**  
**\$181,729.09**

**Avoidable Costs**  
**\$41,478**



### Corrective Actions Taken:

- Negotiated higher rate of return with financial institution.
- Reviewing chart of accounts.
- Codifying existing policies and procedures.

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



## **Audit Report 2019-A-0005 – Palm Beach County Office of Financial Management & Budget Fixed Asset Management Office – Operations**

### **FINDINGS:**

- **Generally adequate controls.**
- **Non-compliance with security policies, procedures, and processes.**
- **Conflicting and inaccurate information across fixed asset computer systems.**
- **Lack of segregation of duties in securing cash and assets.**
- **Fixed asset acquisitions were not recorded and assets were not tagged within 60 days.**

**Questioned  
Costs  
\$13,784.81**



### **Corrective Actions Taken:**

- **Reviewing and revising of policies and procedures.**
- **Training staff on current and revised policies and procedures.**

# INSPECTOR GENERAL'S SIX MONTH REPORT



## Tips and Trends 2019-0001 – Invest Surplus Funds

### RESULTS:

- Recent audits revealed that some municipalities are losing thousands of dollars in revenue by not investing surplus funds in higher yield investment options.
- Entities may be able to increase revenue by using higher yield investment accounts.



### Suggestions:

- Consider investing surplus funds in the investment options permitted by Florida law in order to increase revenue.
- Consider adopting an investment policy to increase options available for investing surplus funds.

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

**October 1, 2018 – March 31, 2019**



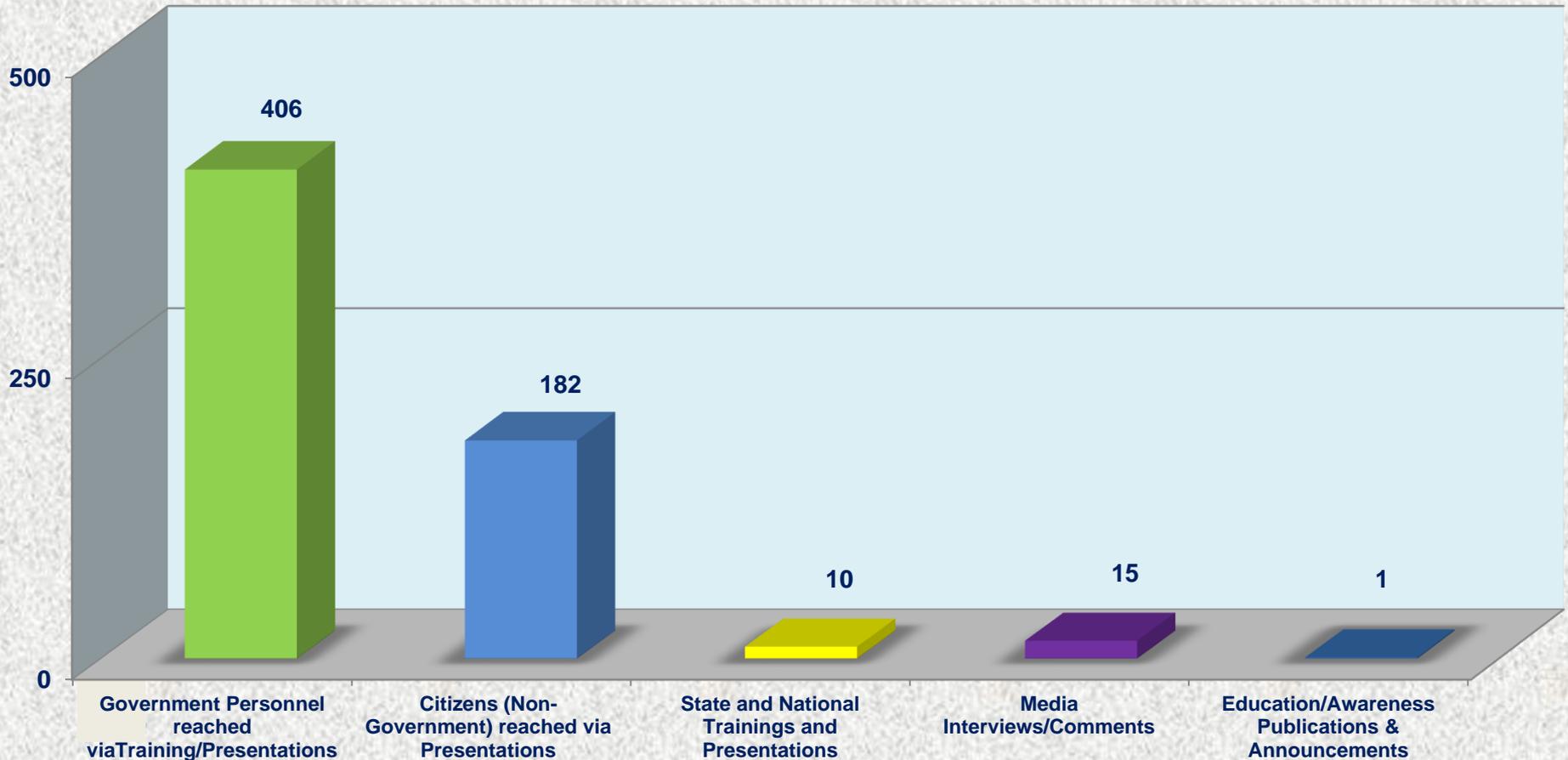
## **Training and Outreach**

# TRAINING AND OUTREACH



October 1, 2018 – March 31, 2019

*An ounce of outreach is worth a pound of enforcement.*



# TRAINING AND OUTREACH



Education/Awareness Publications, Announcements, and Activities



**PB County Internal  
Auditors/Inspectors  
General Forum**

## LESSONS LEARNED



“Words to the wise.”



“If the shoe fits, wear it.”



OFFICE OF INSPECTOR GENERAL  
PALM BEACH COUNTY

TIPS AND TRENDS #2019-0001  
MARCH 2019

John A. Carey  
Inspector General



Inspector General  
Accredited

### Invest Surplus Funds to Increase Revenue

*You may be able to increase revenue by thousands of dollars each year by investing surplus funds.*



# TRAINING AND OUTREACH



Education/Awareness Publications, Announcements, and Activities



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



**October 1, 2018 – March 31, 2019**

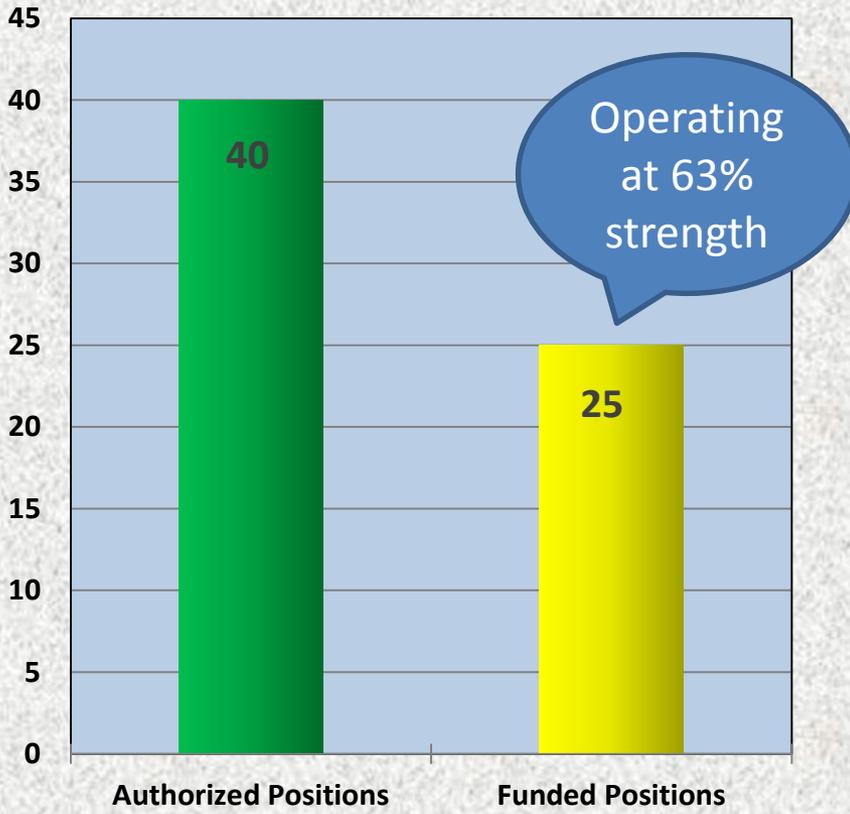
## **Budget, Staffing, and Personnel**

# INSPECTOR GENERAL BUDGET & STAFFING



October 1, 2018 – March 31, 2019

## OIG Budget & Staffing



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



## **Legal Update**



# COURT RULING ON COMPLAINTS TO OIG

**ISSUE:** On March 13, 2018, a citizen filed a Petition asking the Court to order the OIG to provide him with a copy of a complaint relating to an open investigation and award him costs, including attorney's fees, under the Florida Public Records Law.



Citizen argued that an initiating complaint is not exempted from disclosure by section 119.0713(2)(b), Florida Statutes.

**RULING:** On August 28, 2018, the trial court ruled that the complaint was “information received, produced, or derived from an investigation” and was therefore exempt from disclosure until the investigation was complete.

On January 29, 2019, Citizen filed his Initial Brief appealing the trial court's decision.

The OIG Answer Brief is due May 31, 2019.

*Other OIGs are considering filing amicus briefs.*

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



## **Plans, Objectives, and Initiatives**

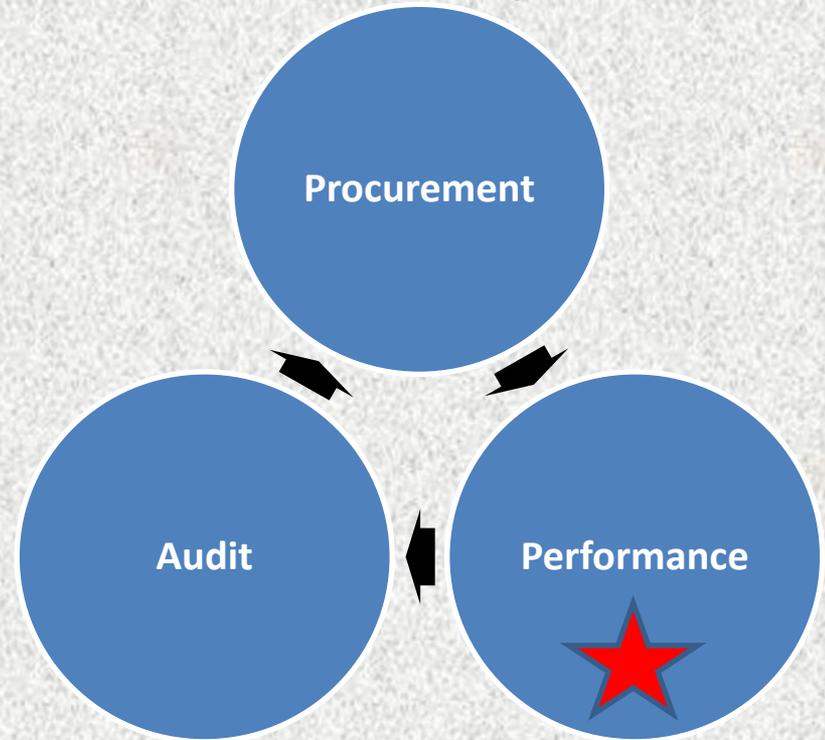
# PLANS, OBJECTIVES, AND INITIATIVES



## Focusing OIG limited resources

- More integrated use of OIG resources
- Expanding Contract Oversight

## Contract Cycle (-)



# PLANS, OBJECTIVES, AND INITIATIVES



WE'RE COMING TO  
PALM BEACH COUNTY, FLORIDA!

**SAVE THE DATE!**

ASSOCIATION OF INSPECTORS GENERAL®  
2019 TRAINING CONFERENCE  
SEPTEMBER 25 - 27, 2019



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



## **SUMMARY OF MAJOR ACCOMPLISHMENTS TO DATE**



# ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2019

## Guarding Taxpayers' Dollars

\$46.3M

*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.

\$23.8M

*Potential Cost Savings* in dollars being returned to offset the taxpayers' burden or in the future if the OIG's recommendations are implemented.

**OUTPUT: At the End of the Day, "Enhancing Public Trust in Government."**



# ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2019

Promoting Integrity/Fighting Fraud, Waste, and Abuse

**152**

Referrals to Law  
Enforcement,  
County, or State  
Commissions on  
Ethics

**Ethics  
Matters**



**19**

Arrests or  
Prosecutions as a  
result of OIG  
investigations/audits

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



# ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2019

## Making Government Better



**921**

**Recommendations**

**94%**

**Acceptance Rate**

To improve government operations and to save taxpayer dollars.



**11,000 (+)**

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."**



***THANK YOU!***

***visit us online at [www.pbcgov.com/OIG](http://www.pbcgov.com/OIG)***