



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY



Inspector General
Accredited

“Enhancing Public Trust in Government”

Investigative Report

2017-0004

Public Safety Department Theft

March 28, 2017

Insight – Oversight – Foresight



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INVESTIGATIVE REPORT 2017-0004

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PUBLIC SAFETY DEPARTMENT THEFT

SUMMARY

WHAT WE DID

On November 17, 2016, the Office of Inspector General (OIG) received a complaint from the Palm Beach County (County) Public Safety Department (PSD) involving PSD Administrative Assistant Anita Pedemey.

The complaint alleged that (1) Ms. Pedemey diverted funds from the PSD's Adult Entertainment Work Identification Card (AEID) fees to her personal use. The PSD Director estimated \$7,000.00 in funds had been diverted over the six months prior to the allegation.

As the allegation contained potential criminal activity, pursuant to Section 2-423(4) of the Inspector General Ordinance, on November 21, 2016, the information was provided to the Palm Beach County State Attorney's Office, Public Corruption Unit (PCU). The PCU agreed to the OIG conducting the initial investigation into this matter. Therefore, the OIG initiated an investigation.

WHAT WE FOUND

As to **Allegation (1)**, the information obtained and reviewed by the OIG **supports** the allegation. The OIG found that Ms. Pedemey diverted funds from the AEID fees. To accomplish this, during the period of October 1, 2013 to November 14, 2016, she altered or recreated and submitted Daily Payment Activity¹ reports that included inaccurate and understated information.

Ms. Pedemey's diversion of funds was not discovered until her voluntary admission to the PSD Director and the PSD Director Finance and Administrative Services.

The OIG's investigation disclosed that the reports submitted by Ms. Pedemey during the period of October 1, 2013 to November 14, 2016 were inaccurate and understated by at least **\$27,575.00**.

Based on the information obtained during this investigation, the OIG developed an additional allegation.

Allegation (2) that Ms. Pedemey diverted funds from the PSD Victim Services Fund

¹ A report from the AEID database which shows the fees paid by individual, amount, and payment type for a specific timeframe.

(VSF) donations/payments² to her personal use.

As to **Allegation (2)**, the information obtained and reviewed by the OIG **supports** the allegation. The OIG found that Ms. Pedemey diverted funds from the VSF donations/payments. To accomplish this, during the period of October 1, 2013 to November 14, 2016, she submitted incomplete and therefore, understated records to Finance and Administrative Services.

The OIG's investigation disclosed that the records submitted to Finance and Administrative Services by Ms. Pedemey during the period of October 1, 2013 to November 14, 2016 related to VSF donations/payments were incomplete and understated by at least **\$4,605.00**. **\$1,300.00** of these donations/payments we have identified as cash. The remaining **\$3,305.00** could not be identified as cash donations/payments due to a lack of supporting documentation or testimony; nevertheless, based on statements from Finance and Administrative Services employees the funds were not deposited into the VSF account.

During the course of our investigation, the PSD Justice Services Division created a new Standard Operating Procedure (SOP) for receiving and processing financial donations made to the VSF.

Allegations (1) and **(2)** will be referred to the PCU for action as they deem appropriate.

Based on our supported findings in **Allegations (1)** and **(2)** we consider the **\$28,875.00** that Ms. Pedemey diverted to her personal use to be identified costs³ and the additional **\$3,305.00** that was never deposited to be questioned costs.⁴

WHAT WE RECOMMEND

The OIG recommends that the County's PSD:

1. Take appropriate personnel actions.

Ms. Pedemey resigned during the OIG investigation. Therefore, we consider this recommendation closed. The County may be able to recoup misappropriated funds.

2. Consider only accepting checks, money orders, or debit/credit cards as payment methods for the AEID fees and the donations/payments made to the VSF. Approximately 70% of the fees for the AEIDs are collected in cash, a higher fraud risk.
3. In the event that PSD continues to accept cash as a payment method for the AEID fees and VSF donations/payments, PSD should consider establishing additional internal controls and methods of supervisory review to safeguard the

² The PSD Justice Services Division refers to some of the VSF proceeds as "donations." Most of the donations are ordered by the Palm Beach County Court of the Fifteenth Judicial Circuit to defendants of cases that they handle.

³ Identified costs are those dollars that have the potential of being returned to offset the taxpayers' burden.

⁴ Questioned costs can include costs incurred pursuant to a potential violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds, and/or a finding that such costs are not supported by adequate documentation, and/or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable in amount. As such, not all questioned costs are indicative of potential fraud or waste.

cash and establish responsibility in case of loss or shortage.

4. Deactivate the ability to export the Daily Payment Activity report from the AEID database.
5. Consider establishing a Standard Operation Guide wherein the cardstock utilized to print the AEIDs is reconciled

with the Daily Payment Activity report from the AEID database as a method of double checking.

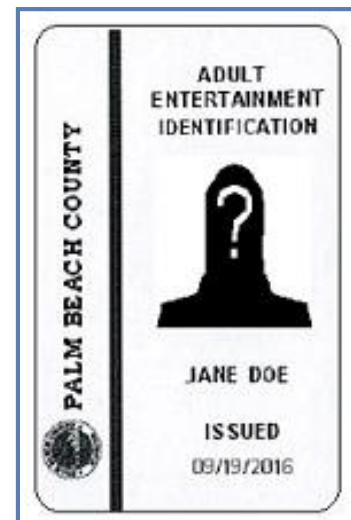
The County (PSD) concurred with our recommendations. We have included PSD's response, in its entirety, at the end of this report.

BACKGROUND

The Palm Beach County (County) Public Safety Department (PSD) is made up of six divisions: 9-1-1 Program, Animal Care and Control, Consumer Affairs, Emergency Management, Justice Services, and Victim Services. Many of these divisions deal directly with the public and collect fees from the public for some of the services PSD provides.

Section 17-153(a) of the County Code of Ordinances states that “any person desiring to perform in an adult entertainment establishment must obtain a work identification card from the public safety department...” The applicant is required to pay a \$75 fee when obtaining a new Adult Entertainment Work Identification Card (AEID). The fee to obtain a duplicate copy of an existing AEID is \$25.

On November 17, 2016, Stephanie Sejnoha, PSD Director filed a complaint with the Office of Inspector General (OIG). In her complaint, Ms. Sejnoha stated that PSD Administrative Assistant Anita Pedemey just had a meeting with Ms. Sejnoha and PSD Director Finance and Administrative Services Marianela Diaz, and through Ms. Pedemey’s own voluntary confession stated that throughout the year she had been altering documents in order to divert funds from PSD and apologized for her actions. Ms. Sejnoha also stated that Ms. Pedemey along with another employee had the authority to handle the AEID fees and Ms. Pedemey was responsible for counting the fees and generating the reports from the database. Ms. Sejnoha estimated that Ms. Pedemey misappropriated about \$7,000.00 from the PSD over the last six months, but stated that the amount could be higher. Finally, Ms. Sejnoha stated that she placed Ms. Pedemey on Administrative Leave pending a Pre-Termination hearing.



As this allegation contained potential criminal activity, pursuant to Section 2-423(4) of the Inspector General Ordinance, on November 21, 2016, the information was provided to the Palm Beach County State Attorney’s Office, Public Corruption Unit (PCU). The PCU agreed to the OIG conducting the initial investigation into this matter. Therefore, the OIG initiated an investigation.

ALLEGATIONS AND FINDINGS

During the course of our investigation, we conducted multiple interviews. We reviewed numerous pages of records from PSD, including: Daily Packages to include: cash receipt forms, Daily Payment Activity⁵ reports, cash reconciliation sheets if applicable, hardcopy AEID applications, deposit slips and bank statement pages that display deposit information. We reviewed an Excel spreadsheet maintained by the PSD’s Victim Services

⁵ A report from the AEID database which shows the fees paid by individual, amount, and payment type for a specific timeframe.

Division (VSD) and records related to the donations/payments made to the Victim Services Fund (VSF) to include: cash receipt forms, Victim Fund Donation Letters of Receipt, images of payments if the donations were made by check or money order, court documents if applicable, deposit slips and bank statement pages that display deposit information. We reviewed electronic records for the Comprehensive Emergency Management Plan (CEMP) fees to include: cash receipt forms, receipts and several invoices, check payments, deposit slips and bank statement pages that displayed deposit information. Finally, we reviewed PSD's policies and procedures, Standard Operation Guide (SOG), County policies and procedures, and surveillance videos of the PSD Emergency Operations Center (EOC) building.

We also reviewed records recovered with the assistance of County Information Systems Services (ISS) including: Ms. Pedemey's incoming and outgoing emails with selected attachments; web history and files from Ms. Pedemey's work desktop; web history from Ms. Pedemey's work tablet; and, records related to the donations/payments made to the VSF.

Allegation (1):

Public Safety Department Administrative Assistant Anita Pedemey altered or recreated the Daily Payment Activity reports for the Adult Entertainment Work Identification card activity in order to divert funds for her personal use. If supported, the allegation would constitute a violation of Section 7.02 D, (1), (2), (14), (17), (24), (32), (33), and (36) of the Palm Beach County Merit Rules and Regulations, a violation of Department of Public Safety Administration Division Receipt of Cash or Credit Card for Adult Identification policy and procedure (PPM-PSO-020), Department of Public Safety Receipt of Cash policy and procedure (PPM-PSF-005), and a potential violation of Florida Statute § 812.014(1) and (2)(b)1.

Finding:

The information obtained **supports** the allegation based on the OIG review of records and witness interviews. Ms. Pedemey was not interviewed due to the referral to the State Attorney's Office.

We found that Ms. Pedemey diverted funds from the AEID fees. To accomplish this, during the period of October 1, 2013 to November 14, 2016, she altered or recreated and submitted Daily Payment Activity reports that included inaccurate and understated information.

Chronology leading to Ms. Pedemey's Confession

OIG interview of Lashawna Howard Mitchell, former PSD Senior Clerk Typist

Ms. Howard Mitchell stated that she was employed from 2008 until April 2015 and that from 2011 until she left the position she reported directly to Ms. Pedemey. Ms. Howard Mitchell stated that one of her job duties was processing AEIDs and performing the related cash reconciliations. She said that she was not provided a daily change fund and that if change was needed she had to get change from Ms. Pedemey, who kept petty cash. Ms.

Howard Mitchell stated that at the end of the day she ran a report from the AEID database to verify that the money matched the report, locked the money, and placed it in her drawer. The next business day she recounted the money from the prior day, printed the report from the AEID database and performed reconciliation in the presence of Teresa Toto, PSD Fiscal Specialist II, and gave her (Ms. Toto) the copies of the AEID applications. Ms. Howard Mitchell believes that someone in Finance prepared the deposit slip. Ms. Howard Mitchell mentioned that she was not allowed to review the deposit slip.

Ms. Howard Mitchell stated that when she was on lunch breaks and the PSD employee covering for her processed an AEID, that employee would put his/her name somewhere on the application to document that he/she processed the AEID and he/she would write who the person gave the resulting cash to at the end of the shift. In addition, Ms. Howard Mitchell stated that to the best of her knowledge, if she was on vacation, at the end of the business day Ms. Pedemey kept the money in a safe in her office.

Ms. Howard Mitchell recalled a shortage of cash incident that happened one time while she was out on vacation either the end of 2014 or the beginning of 2015. She stated that she came back from vacation and after reconciling she noticed that there was \$75 missing from the cash box for one of the days that she was out. She informed Ms. Pedemey about the issue. Subsequently, they found that PSD Senior Secretary Nancy Hayes had processed the AEID. Ms. Hayes stated that she had given the money to Ms. Pedemey. Ms. Pedemey told Ms. Howard Mitchell that she found the \$75 in a safe and Ms. Howard Mitchell told Ms. Pedemey to give the cash to Ms. Toto. Pedemey informed Ms. Howard Mitchell that she would take care of it. Ms. Howard Mitchell stated that afterwards she asked Ms. Toto if Ms. Pedemey had given her the \$75 that had been found and Ms. Toto stated that Ms. Pedemey had not. Ms. Howard Mitchell stated she did not follow up any further.

Ms. Howard Mitchell mentioned various changes that took place in the processes and procedures over time based on Ms. Pedemey's instructions to her. For instance, Ms. Pedemey instructed her to stop scanning the AEID applications and storing them on the network drive. Subsequently, she began giving the copies of the applications to Ms. Pedemey and she no longer scanned and placed them on the network drive.

OIG interview of Nancy Hayes, PSD Senior Secretary

Ms. Hayes stated that she has been employed by the PSD since June 21, 2005. She stated that one of her job duties is substituting for the Senior Clerk Typist during breaks or absences. Ms. Hayes clarified that she along with two other Senior Secretaries and Ms. Pedemey took turns in order to substitute for the Senior Clerk Typist. Each one of them had one day to substitute at 10:00 a.m. for 15 minutes, 1:00 – 2:00 p.m. during lunch break and around 4:00 p.m. for 15 minutes. Additionally, she stated that on Fridays they would rotate.

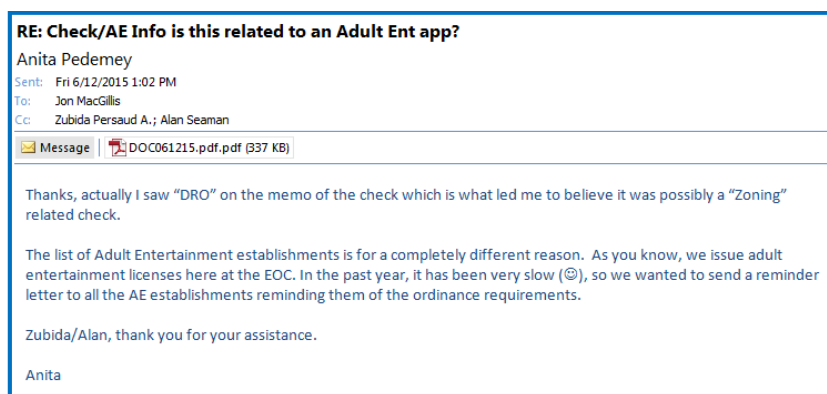
Ms. Hayes told us that while substituting for the Senior Clerk Typist, the Senior Secretaries never had access to the cash box. She stated that the Senior Clerk Typist always has the key or Ms. Pedemey had a key. Ms. Hayes explained that to the best of

her knowledge, both the cash box and the drawer were locked at all times. She explained that if a customer came in and they needed change, Ms. Pedemey or someone in a higher position had to be called in order to get the change. Ms. Hayes said that once they had the cash they paper-clipped it to the application. Then, when the substituting shift was over, they got the application(s) signed by the person receiving the cash, scanned the application(s), and emailed it to document that the money exchanged hands. She added that in the past, if one of the Senior Secretaries ever substituted for a full business day then at the end of the day, the cash was given to Ms. Pedemey or Ms. Sejnoha and it was documented.

OIG interview of Megan Morrissey, former PSD Senior Clerk Typist

Ms. Morrissey stated that she was employed by PSD as a Senior Clerk Typist from June 1, 2015 until August 2016 and that while she was in this position she reported directly to Ms. Pedemey. Ms. Morrissey said that one of her job duties was processing AEIDs. She said that she was provided with a \$100 daily change fund and at the end of the day, she and Ms. Pedemey reconciled by counting the cash, adding the value of the applications that were processed on that day, and making sure that all the funds were accounted for. If the amount of cash was more than \$75.00, Ms. Morrissey gave Ms. Pedemey the cash and the original applications and she believes Ms. Pedemey placed everything in a locked drawer in her (Ms. Pedemey's) office desk. If the amount of cash at the end of the business day was only \$75.00, then the cash would be placed in Ms. Morrissey's locked drawer. She believes Ms. Pedemey prepared the deposit slip and then gave it to Ms. Toto. Ms. Morrissey informed us that when she was on lunch breaks, a designated Senior Secretary covered for her. If the Senior Secretary processed an AEID while Ms. Morrissey was on break, they would either: (1) hold on to the cash (if the customer gave the exact cash equivalent to the fee) or (2) call Ms. Pedemey if they needed to give change to the customer and Ms. Pedemey would open the cash box with the key that was left in a drawer and provide the change to the Senior Secretary.

On June 12, 2015, Ms. Pedemey sent an email to employees of the County Planning Zoning and Building department requesting a list of adult entertainment establishments. A portion of the email reads: *"...As you know, we issue adult entertainment licenses here at the EOC. In the past year, it has been very slow (☹), so we wanted to send a reminder letter to all the AE establishments reminding them of the ordinance requirements..."*



On January 29, 2016, emails from Ms. Morrissey revealed that on that day at least two letters were emailed to adult entertainment establishments as reminders that according to ordinance and resolution, adult entertainment establishments may only hire or contract with people who have a County AEID and as a result adult entertainers in the County must obtain a picture identification card from the PSD.

OIG interview of Teresa Toto, PSD Fiscal Specialist II

Ms. Toto, stated that she processes revenue from the AEID operation. If there was revenue from the AEID operation, she would receive a Daily Package from Ms. Pedemey on Tuesdays and Thursdays with the payments (cash or credit card receipts) sealed in a deposit bag. The Daily Package would include: the Daily Payment Activity report, a pink copy of the deposit slip and the associated AEID applications. Ms. Toto made sure that the funds from AEID operation including the cash deposited twice a week were reflected in the bank statement. She stated based on her knowledge, that there were no written procedures related to the AEID operation for her to follow.

Ms. Toto stated that about a year ago she began to notice that she would physically see a customer, for instance on a Monday, requesting an AEID but the next day (on Tuesday) she would not receive a Daily Package and would be told by Ms. Pedemey that there was no revenue from the prior day.

Based on these instances, Ms. Toto began having concerns and mentioned to her supervisor at the time, and to Ms. Sejnoha (via an August 31, 2015 email), "there needs to be an SOG [Standard Operation Guide] for IDS [AEIDs]."

OIG interview of Patricia (Ramirez) Aguilar, PSD Senior Clerk Typist

Ms. Aguilar has been employed by PSD since October 17, 2016. She reported to Ms. Pedemey and her job duties include issuing AEIDs. She said that since she is new to the position she had been undergoing training and during the first days of employment was not given the key to the cash box. During her training, Ms. Pedemey processed most of the AEIDs and Ms. Aguilar only processed a few. Ms. Aguilar stated since she was not fully trained when she first started and she would not know at the end of the day how many transactions were processed and how much cash should be in the cash box as a result of those transactions. Therefore, Ms. Pedemey ran the report, did the cash counting and prepared the reconciliation. Ms. Aguilar believes that the deposit slip was also prepared by Ms. Pedemey but was not certain.

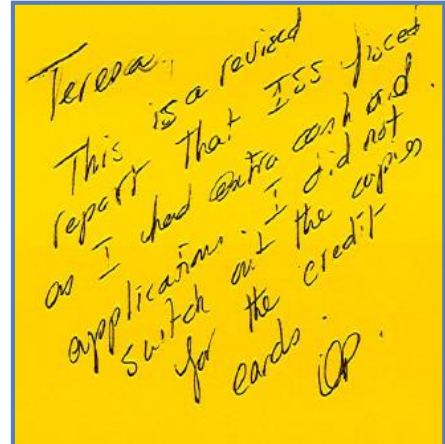
OIG Note: We found this to be the procedure. Ms. Pedemey ran the reports, did the cash counting, prepared the reconciliation, and the deposit slips.

Ms. Aguilar stated that after a couple of weeks she was given the key to the cash box on a daily basis, the procedure was that at the end of the business day she had to leave the key holder containing both the key to the cash box and the key to the drawer, in a location designated by Ms. Pedemey where it would remain overnight.

OIG interview of Marianela Diaz, PSD Director Finance and Administrative Services

Ms. Diaz stated that on **November 15, 2016**, she met with Ms. Toto regarding Ms. Toto's concerns related to the AEID "reconciliation form and only having one signature." During this meeting, Ms. Diaz realized that she had access to the Daily Payment Activity reports from the AEID database. Ms. Diaz ran a report for a recent period where the deposit had been processed. She realized that **there was a difference in the amount displayed on the report from the AEID database versus the amount displayed in the Advantage⁶ system from the subsequent deposit. Ms. Diaz ran several more reports and noticed differences in those amounts as well.**

Ms. Diaz recalled that while she was meeting with Ms. Toto, Ms. Pedemey came in "and actually saw what I had on the screen." Ms. Diaz said that "within minutes" Ms. Pedemey who had submitted a Daily Payment Activity report that morning, brought in a revised report with extra cash attached to the revised report. Ms. Diaz recounted that Ms. Pedemey said to Ms. Toto, "I left you a revised report on your desk, there's cash there." Ms. Pedemey kept returning to Ms. Diaz' office while she was meeting with Ms. Toto. At the end of their meeting, Ms. Diaz asked Ms. Toto to provide her the reports for the last six months. Ms. Diaz wanted to review them before she mentioned anything.



Ms. Diaz stated that in the early morning of November 17, 2016, she met with Ms. Pedemey to discuss some issues that they had been having with the AEID operation including issues with the system that caused ISS to get involved and issues with other employees. Ms. Diaz explained that right after her meeting with Ms. Pedemey, Ms. Diaz asked to meet with Ms. Sejnoha. Ms. Diaz told Ms. Sejnoha about the findings she made during the meeting with Ms. Toto, about reviewing six months of transactions, and about the conversation that she had with Ms. Pedemey. Ms. Sejnoha confirmed this meeting with Ms. Diaz and the content therein.

Ms. Diaz said that after returning from her lunch on **November 17, 2016**, Ms. Diaz was informed that Ms. Pedemey had been looking for her so Ms. Diaz went to see Ms. Pedemey. Ms. Pedemey was crying and told Ms. Diaz that she had done something wrong. Ms. Diaz told Ms. Pedemey that they should wait for Ms. Sejnoha to come back in order to have a conversation and went back to her office. When Ms. Sejnoha returned, both Ms. Diaz and Ms. Pedemey went into Ms. Sejnoha's office and **Ms. Pedemey confessed to taking money and modifying the reports** and asked to be forgiven. Ms. Pedemey also stated to Ms. Sejnoha and Ms. Diaz that she had been doing this (taking money and modifying the reports) for about a year.

⁶ The County utilizes CGI Advantage for financial management including purchase order processing.

OIG interview of Stephanie Sejnoha, PSD Director

Additionally, Ms. Sejnoha stated that on November 17, 2016, Ms. Pedemey and Ms. Diaz came into her office and during that meeting Ms. Pedemey voluntarily confessed that “she made a mistake and that she has been stealing money from the adult entertainment cash collection that we have at the front of the EOC.” Ms. Pedemey told Ms. Sejnoha and Ms. Diaz that she “knew it was wrong” and that “she was sorry.” Ms. Pedemey also “indicated that her husband has been spending a lot of money at Home Depot.”

Ms. Pedemey’s Description of How She Circumvented the Internal Procedures

According to Ms. Sejnoha, Ms. Pedemey explained how she circumvented the internal procedures. Ms. Sejnoha stated that at the end of the business day, the cash from the daily transactions, as well as, the change funds remained in the cash box inside a locked drawer and the keys were given to Ms. Pedemey. Then, Ms. Pedemey would run the closing report (Daily Payment Activity) from the AEID database and downloaded it into a PDF (portable document format) file. Subsequently, and before submitting the package to the accounting section, Ms. Pedemey would manipulate the report by removing the cash line(s) and removing the AEID application(s) associated with the cash line(s) that Ms. Pedemey removed from the report. Ms. Sejnoha stated that Ms. Pedemey did not manipulate anything from the AEID database because the system shows if a record is deleted. Ms. Sejnoha stated that Ms. Pedemey said “she had been doing it just this year.” Ms. Sejnoha “thinks it’s longer” based on the information Ms. Sejnoha received from Ms. Diaz prior to Ms. Pedemey’s confession.

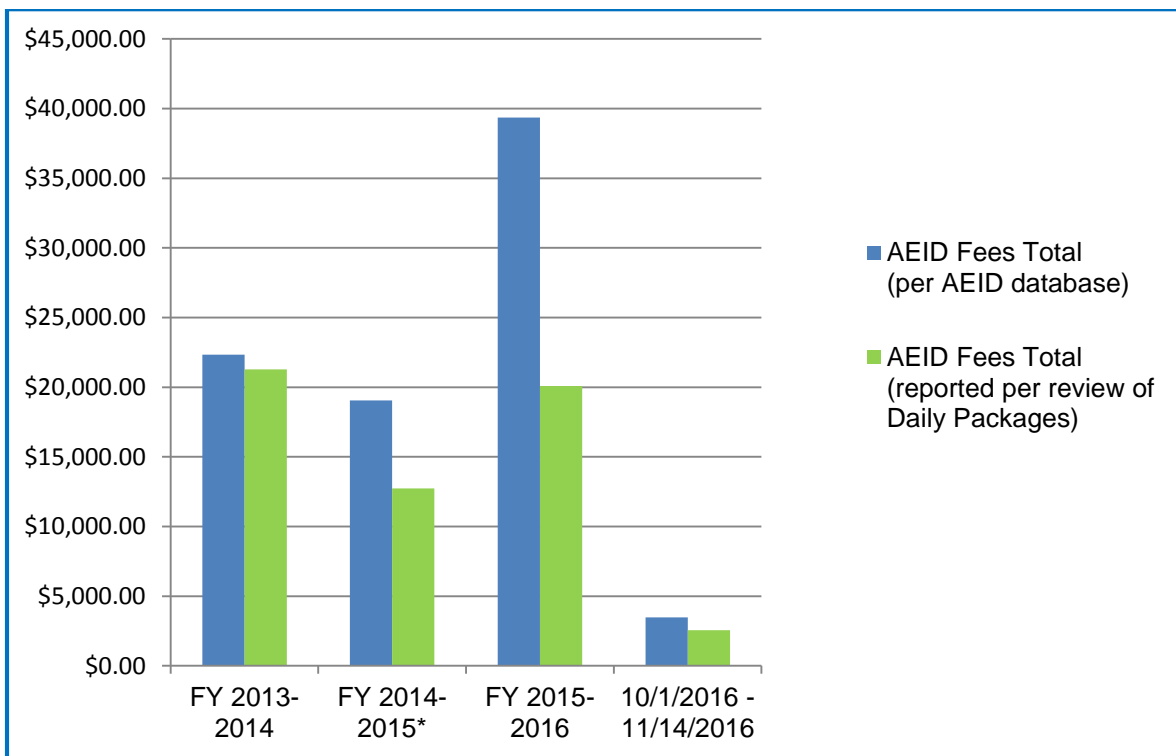
Following Ms. Pedemey’s confession to Ms. Sejnoha and Ms. Diaz, Ms. Diaz directed Ms. Toto to pull additional Daily Payment Activity reports and the associated reconciliation packages. Ms. Toto went back as far as February 2014. From February 2014 through November 17, 2016 the difference between the database reports versus the hardcopy reports submitted by Ms. Pedemey was over \$27,000.

Analysis of Ms. Pedemey’s Actions**OIG interview of Benjamin Perez, County ISS Systems Integrator**

Mr. Perez stated that prior to his current position he was a PSD employee until 2012. He recalled that around 10 to 12 years ago PSD converted the AEID issuance process from paper to computer. Mr. Perez explained that the software used by the PSD to issue AEIDs is a third-party software, intended to create badges with the use of a printer. He modified the software to fit PSD’s needs. Mr. Perez stated that the software is not safe from a financial stand point because it is not designed to track financial transactions. He further stated that the users do not have a unique username and password and he believes an AEID may be printed and issued without saving the transaction in the AEID database. Mr. Perez stated that the software tracks every change made in the database. In addition, Mr. Perez stated that the user has the ability to make changes and or delete transactions in the database. However, the changed or deleted transaction will still appear in the Daily Payment Activity report because it is recorded on the audit log and the user does not have access to that log. As a result, a user would have to request Mr.

Perez or anyone having access to the audit log to delete a transaction. Mr. Perez recalled that he received sporadic requests to make corrections and or deletions in the audit log. Mr. Perez further explained that when he received requests to delete a transaction he asked that the request be in an email and he saved the emails. Whenever he made the change or deletion, he replied to the email containing the request. Mr. Perez explained that once he deleted the transaction in the audit log, the transaction is gone. The transaction can only be recovered by restoring a database back-up. However, he believes the back-ups are only kept for about six months. Mr. Perez stated that there is a security group within PSD that is allowed to run the Daily Payment Activity report and Ms. Pedemey was one of the people allowed to do so. Mr. Perez believes that the export tool option, given to users who have the ability to run the Daily Payment Activity report, could be deactivated.

Mr. Perez was shown a Daily Payment Activity report submitted by Ms. Pedemey. He stated that perhaps the report was not exported and subsequently modified. Mr. Perez pointed out that all exported reports had the time stamp but this Daily Payment Activity report did not. In addition, Mr. Perez looked at the letter “I” in the word “Issued” and the “\$” after the word “Total” and noticed that the Daily Payment Activity report generated by the AEID database and the Daily Payment Activity report submitted by Ms. Pedemey have different fonts. Based on these two details, Mr. Perez suggested that the Daily Payment Activity report submitted by Ms. Pedemey may have been recreated and not exported from the AEID database.



We identified the first Daily Payment Activity report that reflects a discrepancy as the one for the period of October 24, 2013 through October 28, 2013. The report submitted shows

that only one AEID was issued during those dates; the report also shows a new card was issued on October 28, 2013 and that the fee for the card was paid by using a Visa or MasterCard (MC). The total in the report submitted with the deposit was \$75.00. The Daily Payment Activity report generated by the AEID database for the same period (October 24, 2013 through October 28, 2013), shows that three new AEIDs were issued during those dates. The AEID database report reveals that one of the cards was issued on October 25, 2013 and the fee was paid by Visa/MC; the other two cards were issued on October 28, 2013 and their respective fees were paid in cash. The total in the report from the database is \$225.00, a discrepancy of \$150.00.

During our review of Ms. Pedemey's emails we noted various emails from the designated Senior Secretaries covering for the Senior Clerk Typist when she was on breaks or not in the reception area. The Senior Secretaries typically sent an email to the other Senior Secretaries, the Senior Clerk Typist and Ms. Pedemey, with a scanned copy of any AEID application that they processed. From those emails, we acquired 18 AEID applications related to cash transactions that were excluded from the Daily Payment Activity reports submitted by Ms. Pedemey.

Similar reviews/comparisons of all subsequent Daily Payment Activity reports submitted by Ms. Pedemey with the AEID database reports revealed the following:

- For fiscal year 2014, October 1, 2013 through September 30, 2014, we identified at least **7** reports which were inaccurate and understated by at least **\$1,050.00** (including the \$150.00 discrepancy referenced above for the period of October 24, 2013 through October 28, 2013) that were submitted by Ms. Pedemey.
- For fiscal year 2015,⁷ October 1, 2014 through September 30, 2015, we identified at least **31** reports which were inaccurate and understated by at least **\$6,325.00** that were submitted by Ms. Pedemey.
- For fiscal year 2016, October 1, 2015 through September 30, 2016, we identified at least **70** reports which were inaccurate and understated by at least **\$19,275.00** that were submitted by Ms. Pedemey.
- For October 1, 2016 through November 14, 2016, we identified at least **7** reports which were inaccurate and understated by at least **\$925.00** that were submitted by Ms. Pedemey.

During the period of October 1, 2013, through November 14, 2016, Ms. Pedemey diverted from PSD AEID fees a total of at least **\$27,575.00**. We consider this amount to be identified costs.⁸

We use the phrase “at least” above for the following reasons. As previously stated, Mr. Perez said that he believes an AEID may be printed and issued without saving the transaction in the AEID database. Our review of PSD records revealed that there was a discrepancy between the Daily Payment Activity report for November 3, 2016 to November 7, 2016 submitted by Ms. Pedemey and the report generated by the AEID

⁷ Due to a lack of PSD records, the OIG was unable to determine if funds were diverted during September 17, 2015 through September 23, 2015.

⁸ Identified costs are those dollars that have the potential of being returned to offset the taxpayers' burden.

database for the same period. The Daily Payment Activity report generated by the AEID database for the above dates indicates that there were two AEIDs issued on November 3, 2016 with cash as the payment method; and, another two AEIDs issued on November 4, 2016 with Visa/MC as the payment method. The Daily Payment Activity report submitted by Ms. Pedemey for the same period indicates that there was one AEID issued on November 3, 2016 which was paid in cash and two AEIDs issued on November 4, 2016 which were paid by Visa/MC. We obtained from PSD, video surveillance recordings of the reception area of the EOC from November 1, 2016 through November 17, 2016.⁹ We observed the video surveillance recordings for November 3, 2016 and November 4, 2016. On November 3, 2016, it appears that nine individuals came into the EOC to obtain AEIDs. Ms. Hayes took care of two of the customers while Ms. Pedemey took care of the other seven. On November 4, 2016, it appears that four individuals came into the EOC to obtain AEIDs. Ms. Aguilar took care of two of the customers and Ms. Pedemey took care of the other two customers. Based on the date and time stamp on the credit card receipts and the date and time on the video surveillance, it appears that the two AEIDs issued on November 4, 2016 with Visa/MC as the payment method were processed by Ms. Aguilar.

Adult Entertainment Identification Cards Activity			
<u>Source</u>	<u>11/3/2016</u>	<u>11/4/2016</u>	<u>Total Transactions</u>
Observation of EOC Video Surveillance recordings	9	4	13
Review of Daily Payment Activity Report generated by the database	2	2	4
Review of Daily Payment Activity Report submitted by Ms. Pedemey	1	2	3

Our efforts to determine an amount that Ms. Pedemey diverted to her personal use as it relates to this allegation is based on the information in the AEID database as it compares to those inaccurate and understated Daily Payment Activity reports submitted by Ms. Pedemey. As you can see from our review of the video surveillance recordings for these 2 days, it appears that only 4 out of 13 AEIDs that were issued are in the AEID database; and, only 3 of those 4 were reported with accompanying payments by Ms. Pedemey.

Based on our review of EOC video surveillance recordings for these two days as they relate to the information in the AEID database, we believe Ms. Pedemey's diversions of funds may be much greater than what can be determined by the review of PSD records alone.

⁹ EOC video surveillance recordings are kept for 30 days unless copied to an optical disk upon special request.

Allegation (2):

Public Safety Department Administrative Assistant Anita Pedemey did not comply with the Public Safety Department's Receipt of Cash policy in order to divert donations/payments made to the Victim Services Fund for her personal use. If supported, the allegation would constitute a violation of Section 7.02 D, (1), (2), (14), (17), (24), (32), (33), and (36) of the Palm Beach County Merit Rules and Regulations, a violation of Department of Public Safety Department Receipt of Cash policy and procedure (PPM PSF-005) and a potential violation of Florida Statute § 812.014(1) and (2)(b)1.

Finding:

The information obtained **supports** the allegation based on the OIG review of records, statements made by donors who were contacted, and witness interviews. Ms. Pedemey was not interviewed due to the referral to the County's State Attorney's Office.

OIG interview of Ms. Diaz

Ms. Diaz said that on November 17, 2016 in the morning and prior to her confession, Ms. Pedemey gave her a letter of receipt¹⁰ with three \$100 bills and told her that was a cash donation made to Victim Services and it needed to be deposited. Ms. Diaz gave the letter of receipt and the cash to Ms. Toto, who was surprised because she never receives cash donations for deposit from VSD for the VSF.

Ms. Diaz stated that Ms. Pedemey had access to a network drive, where an employee of VSD has kept an Excel spreadsheet containing a list of the donations (including cash donations) that have been made since August 2015. Within the Excel spreadsheet are hyperlinks¹¹ that would connect to a letter of receipt given to the donor, and copies of the checks if the donor paid with a check. Ms. Diaz stated that as far as she knows, Finance and Administrative Services has never received cash from donations made to VSD for the VSF. Ms. Diaz stated Ms. Sejnoha told her that cash (a little over \$4,000) resulting from donations to the VSF was missing.

OIG interview of Nicole Bishop, PSD Director Justice Services

Ms. Bishop explained that her previous Senior Secretary, Stacey English, used to hand-deliver the donations made to the VSF to the EOC in order for them to be deposited and then Ms. English provided a copy of the letters of receipt to one of the Justice Services' Supervisors, Holly Dibenedetto. Ms. Bishop explained that when Mildred Triana started working as her Senior Secretary, without Ms. Bishop's knowledge, Ms. Pedemey instructed Ms. Triana to mail the cash donations directly to her (Ms. Pedemey) via inter-office mail. Ms. Bishop stated that she became aware Ms. Triana had been sending the cash donations via inter-office mail to Ms. Pedemey after Ms. Pedemey's voluntary admission to Ms. Sejnoha and Ms. Diaz.

¹⁰ A letter provided to a VSF donor that includes the amount of the donation/payment, a case number (if applicable), and the signature of the VSD staff receiving the donation.

¹¹ A link to another location or file, typically activated by clicking on a highlighted word or image on the screen.

Ms. Bishop explained that the donations made to the VSF were not being recorded into any particular computer system but were being documented by Ms. Triana in an Excel spreadsheet. Ms. Bishop stated that since Justice Services has been trying to go paperless, they began to scan the letters of receipt with the original hardcopy given to the donor. The scanned images were stored on a network drive with hyperlinks to the scanned images in the Excel spreadsheet maintained by Ms. Triana.

OIG interview of Mildred Triana, PSD Justice Services Senior Secretary

Ms. Triana explained that when she started working in this position, Ms. Pedemey trained her. During the training, Ms. Pedemey showed her where the donations file was within the network drive and trained and/or instructed Ms. Triana to send her the donations and related documentation via inter-office mail. Ms. Triana clarified that upper management was aware that she had been trained and/or instructed by Ms. Pedemey to send the donations and related documentation via inter-office mail.

Ms. Triana explained that the Main Judicial Center receives the majority of the donations made to the VSF. She related that she adheres to the following procedures as instructed by Ms. Pedemey when she receives the donations/payments:

- The information and/or court document(s) provided by the donor is used to prepare a letter that includes the amount of the donation/payment, a case number (if applicable), and the signature of the VSD staff receiving the donation.
- The original letter is given to the donor and a copy is kept by the VSD staff as a record. If other VSD branches receive a donation they send the donation and copy of the letter to Ms. Triana via inter-office mail.
- She scans the documents (the copy of the letter from the above step, court papers, and copy of the check, if applicable) and enters the donation in the Excel spreadsheet she created when she started in this position. She explained that the Excel spreadsheet contains the following information: (1) item received (i.e. donation); (2) date the item is received; (3) name of the file; (4) date that the item is mailed out; (5) the hyperlink and (6) the amount (if the item is a donation).
- She then uses inter-office mail to send the donation (actual cash/check/money order) along with the copy of the letters/receipts to Ms. Pedemey at the EOC in a closed envelope labeled "Confidential."
- After she mails the closed envelope, she sends an email to Ms. Pedemey to inform her she will be receiving donations.

Ms. Triana stated that she was unable to give an amount for the cash that was derived from donations/payments. However, she said that the amounts of cash missing can be tracked by adding up the amounts listed in her Excel spreadsheet.

Ms. Triana provided the following documents:

- Hardcopies of emails between her and Ms. Pedemey in reference to VSF donations where she informed Ms. Pedemey those donations were sent via inter-office mail.
- Hardcopy and electronic copy of the Excel spreadsheet she has maintained for the donations since she started working in this position.

Our review of the Excel spreadsheet maintained by Ms. Triana revealed that the spreadsheet has three tabs: 2015, 2016, and 2017 but the 2017 tab does not have any data. The donations listed in the 2015 and 2016 tabs do not include a column that specifies the method of donation (i.e.: cash, money order or check). Some of the columns on the 2015 and 2016 tabs are: "Date Sent Out" which is the date when the donation was sent via inter-office mail; "Sent to" which has the name and place to whom the donation was sent via inter-office mail; and, "Comments" which has the hyperlink to the scanned images with the path of the hyperlink visible.

Donations 2016					
DATE RECEIVED	TYPE OF DOCUMENT	DATE SENT OUT	SENT TO	NAME	COMMENTS

The 2015 tab has 27 donations from August 18, 2015 through December 14, 2015 totaling \$5,700.56 excluding one of the 27 where the amount of donation is not listed; hyperlinks for eight of the donations listed in the 2015 tab were not working properly because the PDF files are no longer stored on the network drive.

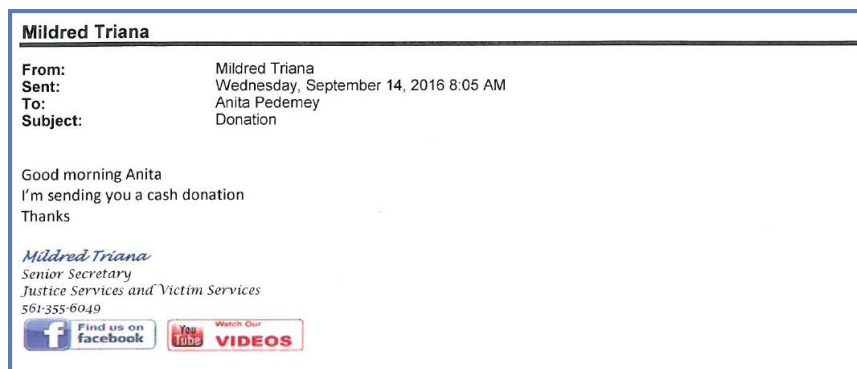
The 2016 tab has 66 donations from January 5, 2016 through November 14, 2016 totaling \$12,146.39; none of 66 hyperlinks were working properly because the PDF files are no longer stored on the network drive.

The OIG requested assistance from ISS in an attempt to recover the PDF files associated with the cash donations. ISS was able to recover 47 of the 66 PDF files missing for 2016 donations but they were not able to recover the eight PDF files missing for 2015 donations.

The 47 PDF files that were recovered by ISS (for 2016) were reviewed and revealed the following:

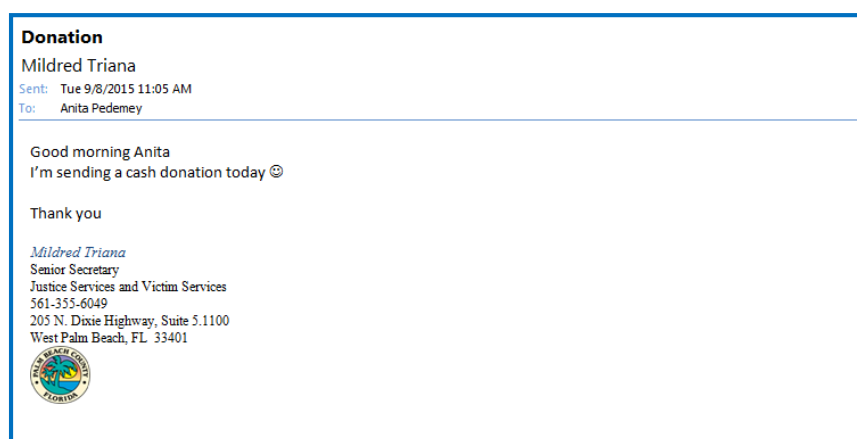
- 30 donations were made by check;
- 14 donations were made by money order; and,
- 3 donations totaling \$650.00 appear to have been made with cash since the PDF files recovered do not include images of a check or a money order.

An email sent by Ms. Triana to Ms. Pedemey on September 14, 2016 saying: "Good morning Anita I'm sending you a cash donation Thanks" confirmed that one of those three donations was a cash donation (\$200.00).

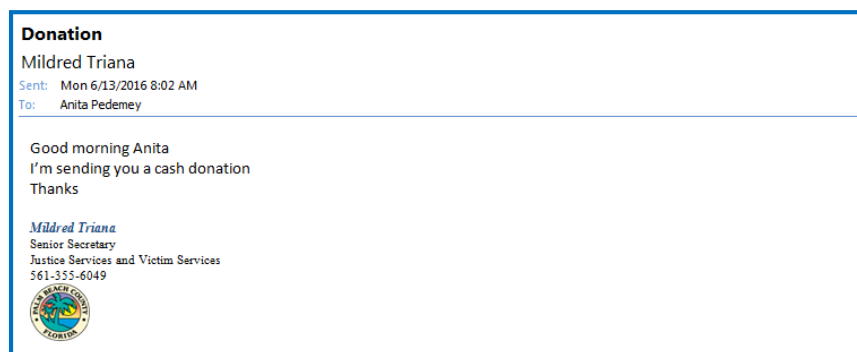


Further review of Ms. Triana's emails, disclosed two additional cash donations associated with broken hyperlinks; one from 2015 and the other from 2016.

An email sent by Ms. Triana to Ms. Pedemey on September 8, 2015 saying: "Good morning Anita I'm sending a cash donation today 😊 Thank You" confirmed a cash donation (\$100.00).



An email sent by Ms. Triana to Ms. Pedemey on June 13, 2016 saying: "Good morning Anita I'm sending you a cash donation Thanks" confirmed a cash donation (\$250.00).



For the remaining 24 unrecoverable hyperlinks, the OIG researched the case numbers listed in the Excel spreadsheet in the County Clerk & Comptroller database. Through this

research, names and dates of births of the donors were obtained and additional research was conducted to obtain the donor's telephone numbers.

The OIG attempted to contact 19 donors, 3 of them confirmed that the donation they made to the VSF was in cash. However, only one of the three donors provided the OIG with the letter of receipt from VSD.

The OIG's review disclosed that the records submitted to Finance and Administrative Services by Ms. Pedemey during the period of August 18, 2015 to November 14, 2016 related to VSF donations/payments were incomplete and understated by at least **\$4,605.00**. **\$1,300.00** of these donations/payments we have identified as cash. The remaining **\$3,305.00** could not be identified as cash donations/payments due to a lack of supporting documentation or testimony. Nevertheless, based on statements from Finance and Administrative Services employees they were not deposited.

Donations					
DATE RECEIVED	TYPE OF DOCUMENT	DATE SENT OUT	SENT TO	NAME	COMMENTS
9/8/2015	Donation	9/8/2015	Anita/EOC	\$100.00	R:\Victim Services\DONATIONS\Donations\Sept8,2015-2015CT011788AXX.pdf
3/24/2016	Donation	3/25/2016	Anita/EOC	\$250.00	R:\Victim Services\DONATIONS\Donations 2016\March 23,2016 2014CT013345AXX.pdf
6/9/2016	Donation	6/13/2016	Anita/EOC	\$250.00	R:\Victim Services\DONATIONS\Donations 2016\June 9,2016 2015CT020212AXX.pdf
9/9/2016	Donation	9/14/2016	Anita/EOC	\$200.00	R:\Victim Services\DONATIONS\Donations 2016\Sept 9,2016-2016MM006028AXX.pdf
11/9/2016	Donation	11/10/2016	Anita/EOC	\$500.00	R:\Victim Services\DONATIONS\Donations 2016\Nov 3,2016-2016CF002711AXX.pdf
Total				\$1,300.00	

We consider the **\$1,300.00** to be identified costs and the additional **\$3,305.00** that was never deposited to be questioned costs.¹²

Ms. Bishop stated that a new County Victim Services Program Standard Operating Procedure (SOP) was created after the incident with Ms. Pedemey and has been put into effect. The SOP requires that the division use a numbered receipt book that will correspond to the letter of receipt. She also stated that per the new SOP, a safe has been acquired to store the donations and an armored car vendor is now picking up the deposits directly from VSD.

¹² Questioned costs can include costs incurred pursuant to a potential violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds, and/or a finding that such costs are not supported by adequate documentation, and/or a finding that the expenditure of funds for the intended purpose is not necessary or unreasonable in amount. As such, not all questioned costs are indicative of potential fraud or waste.

ADDITIONAL INFORMATION**Possible Access to Additional PSD Cash Fees by Ms. Pedemey**

We reached out to management of the remaining PSD divisions: 9-1-1 Program, Animal Care and Control, Consumer Affairs, and Emergency Management to determine if they collected cash for any of their operations; and if so, was Ms. Pedemey involved in the processing/handling of those cash fees. Based on the information obtained during our conversations with each of the aforementioned directors/managers, it was determined that there was a possibility that Ms. Pedemey had access to cash from fees paid to the Emergency Management division's Comprehensive Emergency Management Plan Review Program (CEMP). Our review of the CEMP records shows that \$883.75 in cash was collected from October 1, 2013 through November 14, 2016. Based on the amount of cash collected in CEMP fees, as well as, statements from Mr. Perez and Ms. Morrissey that Ms. Pedemey did not have access to this cash we did not investigate this matter any further.

Review of Ms. Pedemey's Emails and Internet History

During her confession to Ms. Sejnoha, Ms. Pedemey "indicated that her husband has been spending a lot of money at Home Depot." We did not review Ms. Pedemey's personal finances for this investigation. However, we did review her work email and internet history.

Ms. Pedemey's work email and internet history did not contain any information about her husband. A few of Ms. Pedemey's personal emails (using her County email account) referred to a house in France, one email stating, "*I do not have anything in savings to cover anymore as I had to send everything to France for the roof!*"

IDENTIFIED AND QUESTIONED COSTS

Identified Costs: \$28,875.00

Questioned Costs: \$3,305.00

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends that the County's PSD:

1. Take appropriate personnel actions.

Ms. Pedemey resigned during the OIG investigation. Therefore, we consider this recommendation closed. The County may be able to recoup misappropriated funds.

2. Consider only accepting checks, money orders, or debit/credit cards as payment methods for the AEID fees and the donations/payments made to the VSF. Approximately 70% of the fees for the AEIDs are collected in cash, a higher fraud risk.
3. In the event that PSD continues to accept cash as a payment method for the AEID fees and VSF donations/payments, PSD should consider establishing additional internal controls and methods of supervisory review to safeguard the cash and establish responsibility in case of loss or shortage.

During the course of the investigation, the PSD created a new SOP for its VSF donations/payments; the SOP's (ADM 005 – Receipting of Donations) purpose is to “provide direction to the staff responsible for receiving and processing financial donations made to the Victim Fund to ensure compliance with the County policy and general accounting practices.” The SOP establishes that cash donations will be accepted at the Central Courthouse but cannot be accepted at any field or annex courthouse location. The SOP also establishes that in addition to preparing an Acknowledgement of Donation Letter, the Central Courthouse Secretary has to record the donation information, such as donor name, amount and type of donation (cash, check, or money order) in a sequentially numbered office receipt book.

Furthermore, the SOP establishes the following: two people (the Central Courthouse Secretary and the Senior Secretary) verify that the cash, checks, and money orders match the Cash Reconciliation sheet and will be required to sign off; the Senior Secretary prepares a deposit and puts together a deposit bag; the deposit bags needs to be stored in a secured cabinet until it is picked-up by the County's armored car vendor.

4. Deactivate the ability to export the Daily Payment Activity report from the AEID database.
5. Consider establishing a SOG wherein the cardstock utilized to print the AEIDs is reconciled with the Daily Payment Activity report from the AEID database as a method of double checking.

ACKNOWLEDGEMENT

The Investigations Division would like to thank the PSD staff for their cooperation throughout this investigation. We would also like to thank the ISS staff for their assistance in providing, and in some cases recovering and providing, records needed for this investigation.

RESPONSE FROM MANAGEMENT

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, on March 15, 2017, Anita Pedemey and the Palm Beach County Public Safety Department were provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this Investigative Report within ten (10) calendar days. On March 24, 2017, PSD provided their response. As of the date of this Final Report, neither Ms. Pedemey nor her representative responded. The PSD written response, in its entirety, is attached to this report.

PSD concurred with the OIG's Recommendations and advised the following:

- Effective May 1st, 2017 cash will no longer be accepted as payment for AEID transactions. Donations to the Victim Fund will continue to be accepted in the form of cash, check, or money order. However, a new Standard Operating Procedure (SOP) has been implemented.
- Saving or printing the Daily Payment Activity report as a PDF document cannot be restricted or limited; however, the department will continue to work with ISS on the AEID database.
- The department will implement a process to reconcile the inventory of blank ID cards to the Daily Payment Activity report.

This Investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.



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Interoffice Correspondence

To: Jeff Himmel, Director of Investigations
From: *for* Stephanie Sejnoha, Director Public Safety Department *Stephanie*
Date: *for* March 24, 2017
Subject: **OIG Investigative Report, 2017-0004**

This is in response to the draft Investigative Report 2017-0004.

As to the Recommended Corrective Actions:

- 1. Take appropriate personnel actions as deemed appropriate.**
Recommendation is closed.
- 2. Consider only accepting checks, money orders, or debit/credit cards as payment method for the AEID fees and the donations/payments made to the VSF. Approximately 70% of the fees for the AEIDs are collected in cash, a higher fraud risk.**
Response: Agreed. Effective May 1st, 2017 cash will no longer be accepted as payment for AEID transactions. The department will continue to accept money orders and Visa or MasterCard payments. All adult entertainment establishments registered with the Tax Collector's Office, will be notified. Donations to the Victim Fund will continue to be accepted in the form of cash, check, or money order. However, a new Standard Operating Procedure (SOP) has been implemented.
- 3. In the event that PSD continues to accept cash as payment method for the AEID fees and VSF donation/payment, PSD should considered establishing additional internal controls and methods of supervisory review to safeguard the cash and establish responsibility in case of loss or shortage.**
Response: Agreed. The draft Investigative Report refers in detail to the new SOP established by the department.

4. Deactivate the ability to export the Daily Payment Activity report from the AEID database.

Response: Agreed. The Daily Payment Activity report can be printed or saved as a PDF file. The department contacted Information Systems Services (ISS) for assistance. Unfortunately, saving or printing as a PDF document cannot be restricted or limited. In addition, access to PDF Pro allows a user to modify PDF documents. PDF Pro is essential for employees in administrative/fiscal roles in order to update forms/documents and effectively perform their job. The department will continue to work with ISS on the AEID database.

5. Consider establishing a SOG wherein the cardstock utilized to print the AEIDs is reconciled with the Daily Payment Activity report from the AEID database as a method of double checking.

Response: Agreed. The department will implement a process to reconcile the inventory of blank ID cards to the Daily Payment Activity report. Blank ID cards will be stored in a secured location. The employee responsible for processing the adult IDs will be issued a total of 10 blank ID cards. An inventory balancing process will take place daily. Cards remaining must equal the beginning balance, less ID cards issued. The process will be performed under dual control and documented with dual signatures.