



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

REPORT OF INVESTIGATION CASE NUMBER: 2014-0011



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CITY OF RIVIERA BEACH EXECUTIVE SUMMARY

WHAT WE DID

Based on information forwarded to the Office of Inspector General's (OIG) Investigations Unit by the OIG Audit Unit, we initiated an Investigation concerning expenditures by City of Riviera Beach Parks and Recreation Department Director John Williams on his City-issued Purchasing Card (P-Card). Mr. Williams used his P-Card to lease vehicles while the City's Vehicle Maintenance Division (VMD) was allegedly repairing his City-assigned vehicle. The allegation was coordinated with the Palm Beach County State Attorney's Office (SAO) for investigation. The SAO subsequently declined to prosecute. Therefore, the OIG continued its administrative investigation.

WHAT WE FOUND

Between April 2, 2013 and January 3, 2014, Mr. Williams claimed that VMD was repairing his City-assigned vehicle, and that he leased vehicles for that entire period. The leased vehicles totaled \$23,393.77, which Mr. Williams charged to his P-Card. We found that of the 277 days that Mr. Williams leased vehicles,

his City-assigned vehicle was being repaired for only 80 days. Of the \$11,099.34 in leasing charges, **\$7,932.90** (197 days) cannot be attributed to any valid business purpose. Furthermore, we discovered **\$11,604.68** in additional charges (e.g., insurance coverage options, roadside assistance) were incurred by Mr. Williams throughout the lease period as there were no City policies that prevented or allowed these types of charges.

We also found that Mr. Williams falsified City reconciliation records for approval by the City Manager by documenting that his City-assigned vehicle was still being repaired by VMD.

WHAT WE RECOMMEND

We recommend that the City take corrective personnel action, which it deems appropriate and recoup all funds associated with unnecessary expenditures. We also recommend that the City implement a policy regarding the City's insurance coverage relating to the leasing of vehicles by City employees.

BACKGROUND

On July 22, 2014, while conducting an Office of Inspector General (OIG) Audit of Riviera Beach Cash Disbursements, Auditors forwarded information to the OIG Investigations Division concerning questionable expenditures incurred by City of Riviera Beach (City) Parks and Recreation Department Director John Williams on his City-issued Purchasing Card (P-Card). The OIG Audit disclosed that between April 2, 2013 and January 3, 2014, Mr. Williams used his P-Card to lease several vehicles from Enterprise Leasing Company (Enterprise), totaling approximately \$24,000.00 while his City-issued vehicle, a 2003 Ford Expedition (City Vehicle RP825), was allegedly inoperable.



[Stock Photos of Vehicles Leased by Mr. Williams]

Based on this information the OIG initiated an investigation. The initial investigation disclosed that contrary to Mr. Williams' claim that City Vehicle RP825 was inoperable, City Public Works Department employees stated that City Vehicle RP825 was in operating condition between April 30, 2013 and June 25, 2013 and between August 15, 2013 and January 3, 2014. The initial investigation also disclosed that since August 15, 2013, City Vehicle RP825 was sitting in the parking lot of Mr. Williams' office building¹ and had never been reported as inoperable to the City's Public Works Department.

As the initial investigation disclosed potential criminal activity, pursuant to Section 2-423(4) of the Inspector General Ordinance, on September 3, 2014, the information was provided to the Palm Beach County State Attorney's Office (SAO), Public Corruption Unit, for investigation. On October 20, 2014, the SAO advised the OIG that they were declining to prosecute. The SAO's report noted that Mr. Williams maintained that he reported his vehicle being inoperable on "multiple occasions" to the City's Public Works Department via telephone. The SAO further noted that throughout the identified time, management continued to approve Mr. Williams' rental expenditures. Based on the SAO's declination, the OIG continued its administrative investigation.

ALLEGATIONS AND FINDINGS

Allegation (1):

City of Riviera Beach Parks and Recreation Director John Williams misused his City-issued Purchasing Card to lease vehicles from Enterprise Leasing Company. If supported, the allegation would constitute a violation of Section III.A.1., 5., and

¹ Mr. Williams' office is located at the City's Barracuda Bay complex.

15.; and C.2. and 4.; and Section VIII.B., of the City's Procurement Card Manual; and a violation of the City's Procurement Cardholder Agreement, signed and dated by Mr. Williams on October 17, 2011.

Allegation (2):

City of Riviera Beach Parks and Recreation Director John Williams falsified official City records when he documented on Procurement Card Reconciliation/Expense Report forms that his assigned City vehicle was inoperable and being repaired by the City's Maintenance Department, even though the vehicle was considered operable and had been returned to him. If supported, the allegation would constitute a violation of Section III.A.1., 5., and 15.; and C.2. and 4.; and Section VIII.B., of the City's Procurement Card Manual; and a violation of the City's Procurement Cardholder Agreement, signed and dated by Mr. Williams on October 17, 2011.

Findings:

The information obtained **supports** Allegations (1) and (2).

The OIG reviewed the following records provided by the City's Public Works Department Vehicle Maintenance Division (VMD), which disclosed the following repairs to City Vehicle RP825 between April 2, 2013 and January 3, 2014:

- **April 2, 2013 – April 30, 2013:** City Vehicle RP825 was at VMD for service/repair. It was returned to Mr. Williams in operating condition on April 30, 2013.
- **June 25, 2013 – August 15, 2013:** City Vehicle RP825 was returned to VMD on June 25, 2013 for service/repair and remained there through August 15, 2013. It was returned to Mr. Williams in operating condition on August 15, 2013.

Between April 2, 2013 and January 3, 2014, Mr. Williams submitted seven Procurement Card Reconciliation / Expense Report forms (Reconciliation Forms) to his direct supervisor, City Manager Ruth Jones, all of which stated that City Vehicle RP825 was being repaired by VMD. However, based on VMD's records, between April 30, 2013 and June 25, 2013 and between August 15, 2013 and January 3, 2014, Mr. Williams' vehicle was no longer being repaired by VMD and in fact, had been returned to him in operating condition.

Statements of Public Works Department Employees, City of Riviera Beach

- Public Works Director Brynt Johnson confirmed VMD's records as accurate and stated that there would be no reason for Mr. Williams to rent vehicles while his vehicle was operable. Furthermore, Mr. Johnson stated that during the times in question, Mr. Williams did not call him, nor did Mr. Johnson recall any VMD staff receiving calls and/or instructions regarding City Vehicle RP825 being inoperable.

- Public Works Equipment Supervisor Keith Hintzen, stated that he was familiar with City Vehicle RP825 and stated that neither Mr. Williams or Parks and Recreation Department Assistant Director Aladia Franks contacted him about Mr. Williams' vehicle being inoperable during these times. According to Mr. Hintzen, City Vehicle RP825 had been parked at Mr. Williams' office since being returned to him (August 15, 2013).



City Vehicle RP825 parked in front of the Parks and Recreation Department
[photo taken on August 29, 2014]

- VMD Senior Mechanic Devon Hill and Mechanic Richard Paglino stated that on August 15, 2013, they retrieved City Vehicle RP825 from Mullinax Ford (Lake Park, Florida) and drove it back to Mr. Williams' office where it was parked in the front parking lot of the building. Mr. Paglino stated that he provided the keys to an unidentified female as Mr. Williams was out of the office. Mr. Hill and Mr. Paglino both stated that City Vehicle RP825 was operable at the time it was returned to Mr. Williams. Other than the two periods that City Vehicle RP825 was being repaired by VMD, Mr. Hill and Mr. Paglino stated that neither Mr. Williams nor any other Parks and Recreation Department employee informed them that the vehicle was inoperable.
- VMD Automotive Record Specialist Dante Wright stated that according to VMD records, City Vehicle RP825 was being repaired between April 2, 2013 and April 30, 2013 and between June 25, 2013 and August 15, 2013. Mr. Wright stated that City Vehicle RP825 was considered operable during all other times as it had not been returned for other repairs. During this time, neither Mr. Williams nor any other Parks and Recreation Department employee informed VMD that the vehicle was inoperable.

Statement of Aladia Franks, Parks and Recreation Department Assistant Director, City of Riviera Beach

Ms. Franks advised that there were approximately twelve City vehicles assigned to her Department, including City Vehicle RP825. Ms. Franks stated that City Vehicle RP825 was often inoperable, leaving Mr. Williams to drive his own personal vehicles for work purposes; however, Ms. Franks acknowledged that her information was based on Mr. Williams' statements and not on her personal knowledge. Ms. Franks confirmed VMD's statements that City Vehicle RP825 was returned to Mr. Williams' office location on August 15, 2013; however, Mr. Williams told her that the vehicle was inoperable. Ms. Franks stated that since being returned on August 15, 2013, City Vehicle RP825 had been parked in the Parks and Recreation Department lot and has not been moved.

Ms. Franks stated that she orally notified Mr. Hintzen (unknown date) that City Vehicle RP825 was inoperable and that she also sent e-mails to VMD advising them of the same information and that the vehicle needed to be picked up. The OIG Investigator asked Ms. Franks to provide copies of those e-mails; however, she subsequently clarified that the e-mails did not relate to City Vehicle RP825 being inoperable. During Mr. Hintzen's interview with the OIG, he stated that neither Ms. Franks nor Mr. Williams contacted him regarding City Vehicle RP825 being inoperable.

Statement of Benjamin Guy, Purchasing Department Director, City of Riviera Beach

Mr. Guy explained that P-Card holders are required to sign the City's Procurement Cardholder Agreement and by doing so, acknowledge their understanding of the policies and procedures governing their use. Mr. Guy stated that he did not give permission to Mr. Williams to lease any vehicles as Mr. Williams' direct supervisor was the only person who could grant permission. Mr. Guy stated that it was not until a "couple of months" after Mr. Williams began leasing vehicles that he (Mr. Guy) became aware of Mr. Williams' leasing expenditures. Mr. Guy stated it was his understanding that Mr. Williams leased the vehicles because City Vehicle RP825 was being repaired.

Mr. Guy opined that the leasing of vehicles would not be considered inappropriate if Mr. Williams' City vehicle was being repaired, there were no other Parks and Recreation Department vehicles available for his use, and the vehicles were comparable. Mr. Guy was provided with descriptions of the vehicles leased by Mr. Williams and stated that the Buick Enclave and GMC Yukon were comparable to Mr. Williams city vehicle, a 2003 Ford Expedition; however, Mr. Guy stated that he could not justify the leasing of a Chevy Camaro or Chrysler 200. Mr. Guy stated that there would be no reason for Mr. Williams to lease any vehicles if City Vehicle RP825 was operable.

Statement of Danny Jones, Deputy City Manager, City of Riviera Beach

Mr. Jones stated that on or about April 2, 2013, Mr. Williams requested authorization² to lease a vehicle because City Vehicle RP825 was inoperable and would require an unknown length of time for repairs by VMD. Mr. Jones stated that he authorized the expenditure based on Mr. Williams explanation, but believed that Mr. Williams would only be leasing one vehicle. Mr. Jones stated that Mr. Williams never notified him that City Vehicle RP825 had been repaired and returned. Mr. Jones advised that authorization to lease any vehicles would not have been given to Mr. Williams while City Vehicle RP825 was operable. Mr. Jones further stated he was not aware that Mr. Williams expenditures totaled \$23,393.77, calling it "excessive."

1st Statement of Ruth Jones, City Manager, City of Riviera Beach

Ms. Jones explained that at the time Mr. Jones [no relation] gave Mr. Williams authorization to lease a vehicle, she was out of the office. Ms. Jones advised that she did not become aware of Mr. Williams' vehicle leases until a month or two after the expenditures when she was reviewing his Reconciliation Forms. Ms. Jones explained

² Mr. Jones advised that typically, it would be Ms. Jones who would give authorization to Mr. Williams for an expenditure as such; however, she was not in the office at the time.

that after reviewing the first Reconciliation Form, she met with Mr. Williams and questioned the necessity of leasing a vehicle, to which Mr. Williams stated that City Vehicle RP825 was being repaired and that he had obtained initial authorization from Mr. Jones. Ms. Jones stated that she relied on Mr. Williams' word, as well as his documentation on City forms, that his vehicle was inoperable and still being repaired by VMD. Ms. Jones acknowledged that she never contacted the Public Works Department to inquire about the status of City Vehicle RP825.

The OIG presented Ms. Jones with records obtained from VMD, related to City Vehicle RP825, which showed when the vehicle was reported inoperable. Ms. Jones was referred to the section of the report where the vehicle was considered operable between April 30, 2013 and June 25, 2013 and between August 15, 2013 and January 3, 2014. Ms. Jones stated that if Mr. Williams' vehicle was considered operable during those times, Mr. Williams falsified his Reconciliation Forms in order to obtain her continued authorization of his expenditures related to the leasing of vehicles. Ms. Jones further stated that had she been made aware that City Vehicle RP825 vehicle was repaired and operable, she would not have continued to approve the expenditure(s).

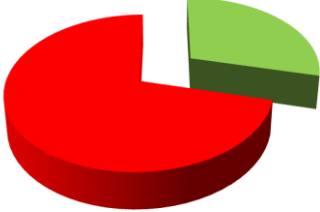
- **According to the OIG's review of records provided by Enterprise, Mr. Williams incurred the following expenses on his P-Card between April 2, 2013 and January 3, 2014:**

DATES	VEHICLES RENTED	AMOUNT
April 2, 2013 – April 25, 2013	Chevy Camaro ³	\$ 2,336.34
	Chrysler 200	
	Buick Enclave	
April 25, 2013 – May 30, 2013	Buick Enclave	\$ 3,383.31
May 30, 2013 – July 2, 2013	Buick Enclave	\$ 3,024.66
July 02, 2013 – August 09, 2013	GMC Yukon	\$ 3,427.68
August 09 – September 30, 2013	GMC Yukon	\$ 5,372.06
September 30, 2013 – November 13, 2013 ⁴	GMC Yukon	\$ 3,810.80
	GMC Yukon	
November 13, 2013 – January 03, 2014	GMC Yukon	\$ 2,038.92
TOTAL EXPENSES INCURRED BY MR. WILLIAMS		\$ 23,393.77

³ It is noted that according to information disclosed during PCU's investigation, no other comparable vehicles were available for lease during this time period, therefore, the Chevy Camaro was leased to Mr. Williams at a discounted price.

⁴ The initial charge to Mr. Williams' P-Card totaled \$4,306.09; however, Mr. Williams was subsequently credited \$495.29.

- Mr. Williams used his P-Card to lease at least four different vehicles over 277 days. These expenditures cost the City \$23,393.77. Of this total, only 80 days, or \$3,856.19, can be attributed to the leasing of vehicles for a valid business purpose, whereas 197 days, or \$7,372.19, cannot be attributed to the leasing of vehicles for any valid business purpose. Mr. Williams also incurred a total of \$560.71 in sales taxes while the City maintains a tax-exempt status.
- Furthermore, we discovered \$11,604.68 in additional charges (e.g., insurance coverage options, roadside assistance) incurred throughout the lease period as there were no City policies that prevented or allowed these types of charges. The following is a breakdown of all non-business related expenses⁵:

277 Total Days Vehicles Were Leased		Description	Amount
		 <p>Valid Days (80) Invalid Days (197)</p>	Vehicle Lease (197 Invalid Days)
	Sales Tax (226 Days) ⁶	\$ 560.71	
	Additional Insurance Coverage Options ⁷ (197 Invalid Days)	\$ 7,919.63	
	Additional Insurance Coverage Options (80 Valid Days)	\$ 3,685.05	
	Miscellaneous Charges (95 Invalid Days) ⁸	\$ 129.04	
	TOTAL	\$ 19,537.58	

Statement of John Williams, Parks and Recreation Department Director, City of Riviera Beach

Upon being advised that VMD’s records disclosed dates that City Vehicle RP825 was returned after having been repaired, Mr. Williams stated that their records were inaccurate and “could have been made up.” Mr. Williams further stated that although VMD considered his vehicle operable, he considered City Vehicle RP825 to be unsafe and inoperable. Mr. Williams maintained that he notified VMD to retrieve the vehicle three to four times from the Parks and Recreation Department parking lot, but no one responded to his requests or retrieved his vehicle. When advised that VMD employees maintained that they had never been contacted by Mr. Williams during this time period, Mr. Williams stated, “that was not so.”

⁵ This includes additional expenses incurred by Mr. Williams during valid times where he leased vehicles, but such additional expenses were not allowed (sales tax, additional insurance coverage options).

⁶ Pursuant to Section III.A.5., of the City’s Procurement Card Manual, sales tax charges are not allowable. The City maintains a tax exempt status.

⁷ This issue is addressed in the Additional Information section of this report.

⁸ Miscellaneous Charges represent standard fees associated with the leasing of vehicles (vehicle surcharges, tire and battery fees, etc.); however, because the entire lease period was not attributed to any valid business purpose, these miscellaneous charges were included.

When asked why he continued to indicate on his Reconciliation Forms that his vehicle was still in the process of being repaired by VMD when his vehicle actually remained in the parking lot of the Parks and Recreation Department, Mr. Williams acknowledged this fact. However, he maintained that the vehicle was inoperable and that VMD was aware of it. When asked to explain why VMD did not retrieve his vehicle if VMD employees were aware that his vehicle was inoperable, Mr. Williams stated that he had "issues" with several of VMD's employees.

DATE	Purpose and Description of Item
05/30/13	Rental of Vehicle for Mr. John L. Williams for usage of City Business until original vehicle is being repaired by Vehicle Maint. (RP825)

DATE	Purpose and Description of Item
11/13/13	Rental of Vehicle for Mr. John L. Williams for usage of City Business until original vehicle repaired by Vehicle Maint. (RP825)

Sample Reconciliation Forms Submitted by Mr. Williams

Mr. Williams also acknowledged that when questioned about his expenditures by Ms. Jones, he told her that his vehicle was being repaired by VMD and never disclosed to her that his vehicle was still sitting in the parking lot of the Parks and Recreation Department. Mr. Williams further stated that he did not escalate this issue to Ms. Jones because he felt that as a Director it was not necessary to notify his supervisors and that VMD employees should listen to his requests. Mr. Williams stated that it was Ms. Jones' responsibility to question his expenditures and when she did not, he continued to lease vehicles from Enterprise until January 3, 2014 (when he received his new City vehicle).

Based on Mr. Williams' statements related to Ms. Jones' continued authorization of his expenditures, Ms. Jones was re-interviewed by the OIG.

2nd Statement of Ruth Jones, City Manager, City of Riviera Beach

Ms. Jones re-confirmed that she did not become aware of Mr. Williams' vehicle leases until she reviewed his first Reconciliation Form at which time she questioned the expense. Ms. Jones reiterated that Mr. Williams advised her that City Vehicle RP825 was inoperable and that VMD was repairing it. Ms. Jones stated that based on Mr. Williams explanation, she approved the initial expenditure. Ms. Jones stated that she continued to approve the subsequent expenditures because Mr. Williams represented on his Reconciliation Forms that VMD was still in the process of repairing City Vehicle RP825. Ms. Jones stated that at no time whatsoever did Mr. Williams tell her that City Vehicle RP825 remained in the parking lot of the Parks and Recreation Department and that it was not in the process of being repaired by VMD.

Ms. Jones stated that questioning Mr. Williams' expenditures was ultimately her responsibility; however, Ms. Jones stated that she also relies on each of her Directors to be professional and trustworthy, and in Mr. Williams' case, he was not. Ms. Jones further stated that Mr. Williams, as a Department Director has the first line of responsibility to the City to budget his expenses accordingly. Moreover, if there were any issues, such as this matter, he should have notified her immediately so that she

could address the issue. Ms. Jones opined that in this case, Mr. Williams failed to budget his expenses appropriately. Ms. Jones stated that at no time whatsoever did Mr. Williams advise her that he was having issues with VMD.

ADDITIONAL INFORMATION

During this investigation, the following additional information was obtained by the OIG:

Between April 2, 2013 and January 3, 2014, Mr. Williams leased vehicles from Enterprise for 277 days. During that time, Mr. Williams incurred \$11,604.68 in additional coverage options, which included Damage Waivers (DW), Personal Accident Insurance (PAI), Roadside Assistance Plan (RAP), and Supplemental Liability Protection (SLP).

Statement of Marie Sullin, Risk Management Department Manager, City of Riviera Beach

Ms. Sullin stated that Mr. Williams should not have incurred any charges related to additional coverage options on his P-Card. Ms. Sullin explained that the City maintains coverage for employees when leasing vehicles and opined that Mr. Williams, as a long-term employee and Department Director, should have known this. Ms. Sullin stated that City's coverage does not include damage to the vehicle; however, the City has had some discussions regarding the creation of a policy to address allowing City employees to purchase the Damage Waiver option when leasing vehicles. Ms. Sullin stated that the City has not yet created and/or implemented this policy.

Because the City has no policy or direction governing the leasing of vehicles by City employees as it relates to obtaining additional insurance coverage (roadside assistance, personal liability, etc.) the City incurred **\$11,604.68 in unnecessary costs.**

RECOMMENDED CORRECTIVE ACTIONS

Based on the *supported* findings in Allegations (1) and (2), the OIG recommends the City take the following corrective actions:

1. Take corrective personnel action, which it deems appropriate.
2. Recoup all funds associated with expenditures that did not have a valid business purpose.

Based on the findings in the Additional Information section of this report, the OIG recommends the following corrective actions:

1. Implement a written policy addressing the City's insurance coverage as it relates to the leasing of vehicles by employees and disseminate to all employees.

IDENTIFIED AND QUESTIONED COSTS**Identified Costs: \$15,852.53⁹****Questioned Costs: \$3,685.05¹⁰****ARTICLE XII, SECTION 2-427**

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, on December 15, 2014, Mr. Williams was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this investigative report within ten (10) calendar days; however, no such response was received as of December 29, 2014.

⁹ This total is representative of expenses incurred by Mr. Williams where the expense was not attributed to any valid business purpose: Vehicle Lease period of 197 days (\$7,243.15); Sales Tax for 226 days (\$560.71); and Miscellaneous Charges for 95 days (\$129.04). Although the City does not currently have any policies regarding Additional Insurance Coverage Options, any charges (\$7,919.63) incurred during lease periods not attributed to any valid business purpose (197 days) were also counted in the Identified Costs.

¹⁰ Because the City has no policy or direction governing the leasing of vehicles by City employees as it relates to obtaining additional insurance coverage (roadside assistance, personal liability, etc.) the City incurred \$11,604.68 in unnecessary costs; however, the OIG only questions \$3,685.05 of those costs because they were incurred by Mr. Williams during periods in which his City Vehicle was being repaired.

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